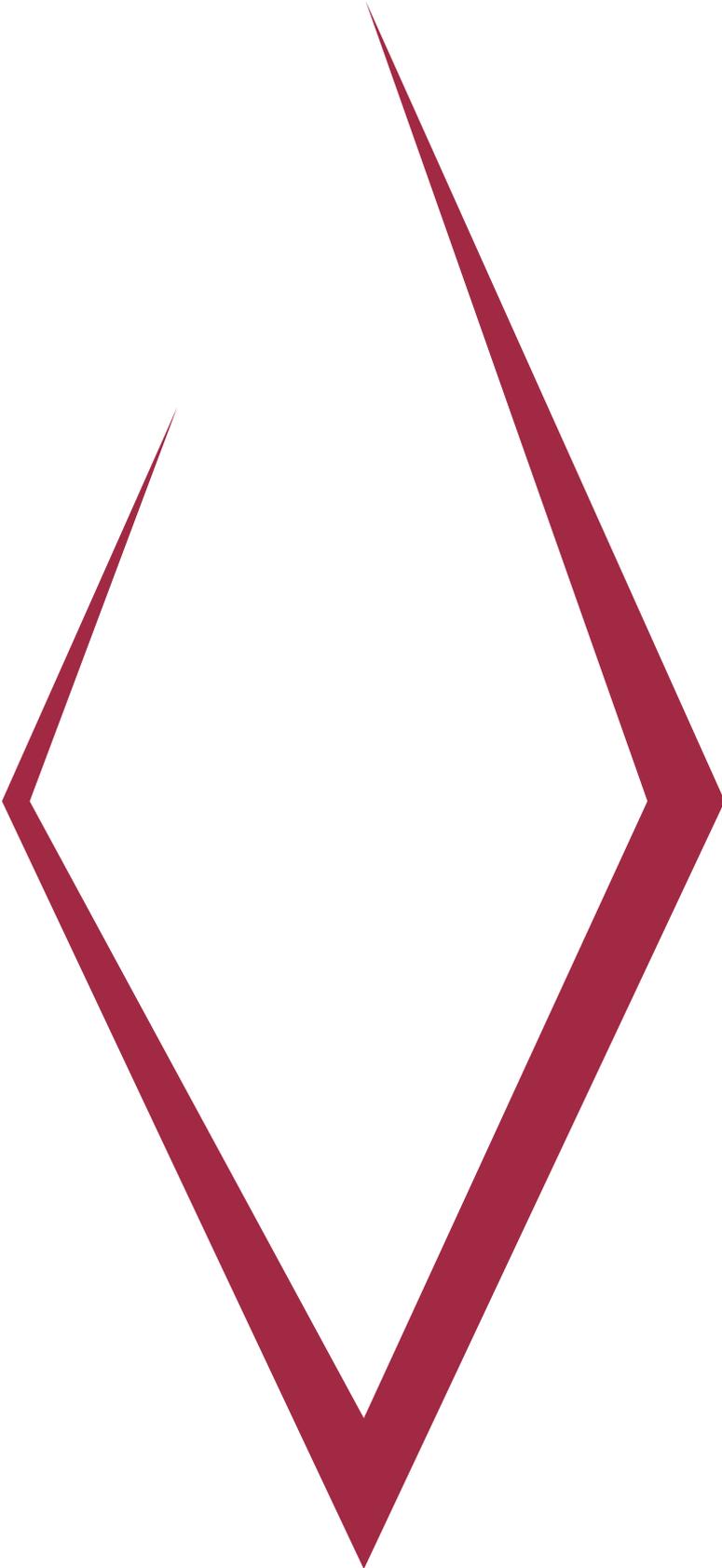


# Annual Report 2020

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# 2020 ANNUAL REPORT

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# OUR GOVERNANCE

Board of Directors as of 31 December 2020

## ◇ Board of Directors

Chairman	Etienne FRANZI	
Chief Executive Officer	Francesco GROSOLI	
Members	Monica AUGUSTA H.E.M. José BADIA Francesco CARLONI H.E.M. Claude GIORDAN Alessandro RAGNI Sveva SEVERI Francesco Saverio VINCI Marco VITTORELLI	<i>Executive Vice-Chairman Netjets Europe Plenipotentiary Minister Deputy Central Director Mediobanca Ambassador of Monaco to the Holy See Director Mediobanca Director Mediobanca General Manager Mediobanca Company Director</i>

## ◇ Executive Committee

Chairman	Etienne FRANZI
Members	Francesco CARLONI Francesco GROSOLI Alessandro RAGNI Sveva SEVERI Francesco Saverio VINCI

## ◇ Management Committee

Chief Executive Officer	Francesco GROSOLI
Chief Operating Officer	Kamran DJAVADI
Chief of Staff	Olivier PAGÈS
Head of Private Banking	Sophie SAURINI
Head of Premier & Business Banking	Federico LIMITI
Head of Infrastructure & Change Management	Stephan SIEDER
Head of Products & Services Distribution	Jérôme MAMAN
Chief Risk Officer	Gianmarco BASSETTI
Chief Financial Officer	Stefano ARGENTON
Chief Investment Officer	Robert LAURE
Head of Human Ressource	Nathalie ARESI

## ◇ Statutory Auditors

Christian BOISSON  
André GARINO

# OUR GOVERNANCE

Board of Directors as of 31 May 2021

## ◇ Board of Directors

Chairman	Etienne FRANZI	
Chief Executive Officer	Francesco GROSOLI	
Members	H.E.M. José BADIA Massimo BERTOLINI Francesco CARLONI Mario Germano GIULIANI Elisabeth MARKART Caroline ROUGAIGNON VERNIN	<i>Plenipotentiary Minister Head of Mediobanca Group Governance area Deputy Central Director Mediobanca Director Royalty Pharma PLC French foreign trade advisor Chairman of the Economic, Social &amp; Environmental Council Director Mediobanca Company Director Group Head of Human Resources Mediobanca</i>
	Sveva SEVERI Marco VITTORELLI Alexandra YOUNG	

## ◇ Executive Committee

Chairman	Etienne FRANZI
Members	Massimo BERTOLINI Francesco CARLONI Francesco GROSOLI Sveva SEVERI Alexandra YOUNG

## ◇ Management Committee

Chief Executive Officer	Francesco GROSOLI
Chief Operating Officer	Kamran DJAVADI
Chief of Staff	Olivier PAGÈS
Head of Private Banking	Sophie SAURINI
Head of Premier & Business Banking	Federico LIMITI
Head of Infrastructure & Change Management	Stephan SIEDER
Head of Products & Services Distribution	Jérôme MAMAN
Chief Risk Officer	Gianmarco BASSETTI
Chief Financial Officer	Stefano ARGENTON
Chief Investment Officer	Robert LAURE
Head of Human Ressource	Nathalie ARESI
Head of Legal	Edouard CURÉ
Head of Compliance	Philippe AUDRA

## ◇ Statutory Auditors

Sandrine ARCIN  
Stéphane GARINO

# EDITORIAL BY THE CHAIRMAN

Etienne FRANZI



The watchword for 2020 was undoubtedly « resilience ».

First of all, the resilience of our institution, which posted revenue that topped the previous year and forecasts, thanks in particular to strong momentum in our investment activity. Net income increased by 21% over the previous financial year, despite a global recession. The further increases in our Basel III capital ratio (to 47.4%) and our liquidity coverage ratio (to 208%) and the measures taken to strengthen our capital, are evidence of just how robust our balance sheet is.

The unprecedented scale and severity of the global pandemic that marked 2020 revealed CMB Monaco's tremendous flexibility and capacity to adapt.

At our Bank, we saw the crisis as an opportunity to accelerate change. Some of the major advances

made in 2020 included the simplification of processes, adoption of remote working, launch of new products and services and the widespread use of new technologies.

All this was made possible by the significant efforts made, led by our Chief Executive Officer Francesco GROSOLI, to ensure our IT resources are of the highest standard and to further strengthen our cybercrime tools, in order to provide our clients and staff with a perfectly secure means of communication.

The increasing digital transformation imperative, propelled by the political will of H.S.H Prince Albert II with the Extended Monaco initiative, is one of the transformative choices made by the Board of Directors - even before the COVID-19 pandemic, and is now a key strength in our development.

All of this speaks to the resilience of our institution, not to mention our staff, who have been able to adapt to remote working and the requirements of a rigorous public health protocol to enable CMB Monaco to continue operating without ever having to choose between their health and the maintenance of a high standard of service for our clients.

I know what this has demanded of them in terms of personal investment.

On behalf of the Board, I would like to thank each and every member of staff for the commitment they have shown once again to our Bank.

Etienne FRANZI



# EDITORIAL BY THE CEO

Francesco GROSOLI



## An extraordinary year

Last year was out of the ordinary in many ways. Over the course of my decades-long career in finance, I have experienced many crises, but nothing like the one that has just swept the globe. In these unprecedented times and with no prior experience to guide us, we have had to navigate troubled waters, with extreme uncertainty and an unparalleled human tragedy on one side, and market activity nevertheless remaining robust on the other. In a highly volatile environment, the financial markets plummeted and bounced back very quickly, with liquidity injections by governments contributing to a rebound that was both strong and rapid. The human cost of the crisis has been high and the need to isolate has caused anxiety for many.

As I write these lines, efforts to combat the pandemic continue, but the horizon is brightening. Over the past year, all the major industries, including financial institutions, have faced one of their biggest challenges in decades. Some sectors were hit hard, while others benefited from changes caused by the crisis, which presented a number of opportunities for investors.

## Our results

I am proud to report that CMB Monaco has successfully weathered this challenging period, thanks not only to our agility and strong liquidity ratios, but also to the extraordinary resilience and adaptability shown by our employees. Our main goal was to protect our employees and ensure continued excellence in the services we provide to our customers. By remaining faithful to this two-pronged aim, we managed to achieve excellent financial results, despite the unprecedented and turbulent environment.

CMB Monaco's shareholders' equity passed the one billion mark and its net banking income reached a record level of €106 million, up 3% over the year. At the same time, we supported the local effort to fight COVID-19 by contributing to a historic donation to the Princess Grace Hospital. I would like to thank our customers who took part in this major solidarity initiative.

Our shareholder's results should also be highlighted, since CMB Monaco is an integral part of the Mediobanca Group's wealth management (WM) division. The group reported solid results during the 2020 financial year and this trend has been confirmed during the first six months of the 2020-2021 financial year: revenues were up 10% over the period, with a 6% increase in the wealth management division. The development of the WM division is one of the key drivers of Mediobanca's medium-term strategic plan.

### Our new positioning

In this unprecedented environment, our institution implemented one of the most significant changes in its history. In September 2020, Compagnie Monégasque de Banque officially became CMB Monaco. Behind the name change - and the biggest communication campaign conducted by our institution since its creation in 1976 - is the desire to recognise the far-reaching changes initiated over the past two years. More than sixty large-scale projects have been carried out to implement our strategic plan, based on the following focus areas:

- ◇ **Tailoring our range of products and services more closely to our new customer segmentation,** targeting the following categories: Premier customers, most of whom are residents of the Principality, Private Banking, with local and international customers, independent wealth managers, and the Principality's local economic fabric and institutions.
- ◇ **Reinventing ourselves by rebranding,** as mentioned above, introducing a new visual identity and building on the « Banking ahead » concept, which reflects our aim to be a resolutely forward-looking institution constantly seeking out emerging trends and the best investment opportunities for our customers.
- ◇ **Strengthening synergies with our shareholder Mediobanca** to facilitate development of the Private Investment Banking business: supporting our private customers in investment banking transactions and offering them first-rate alternative investments (private equity, direct deals).
- ◇ **Developing skills and expertise in investment products, led by a dedicated team.** Our offering is geared towards greater digitisation, which enables us to better anticipate and react to market developments.

- ◇ **Enabling our customers to achieve their plans by offering mortgage and/or lombard loans,** thanks to the responsiveness and financing capacity facilitated by our strong balance sheet.
- ◇ **Overhauling our structure so as to attract the best local and international talent,** then finding the right profile for each position, because to achieve excellence, every employee in every department has a key role to play.
- ◇ **Investing significantly in an ambitious three-year digital transformation plan** to keep us at the forefront of technological advances so that we can provide simplified services and processes to our customers.
- ◇ **Supporting each of these growth areas within a regulatory framework that meets the highest requirements** for combating money laundering and ensuring financial and information security.

### Our future

While it is too early to gauge the full impact of the economic and social upheavals caused by the pandemic, we nevertheless have good reason to focus on the positives, including the Organisation for Economic Co-operation and Development (OECD) forecast of a 5.8% increase in global GDP in 2021. At the local level, the Principality managed the crisis excellently and contained the spread of the pandemic like no other state. Lastly, this « new normal » that we have learned to adapt to this year has opened up some investment opportunities worth considering.

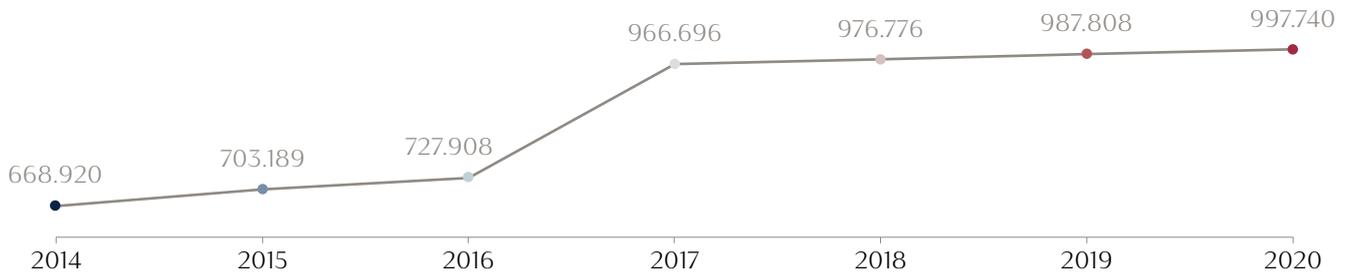
There are certainly many challenges ahead, the recovery is far from being homogeneous, and the imbalance between supply and demand increases price volatility. This crisis has destabilised the world and created new balances. Nevertheless, I am convinced that companies that can demonstrate strength, agility and a clear vision of what they want to achieve will be the winners in the new post-COVID world that is emerging.

Francesco GROSOLI

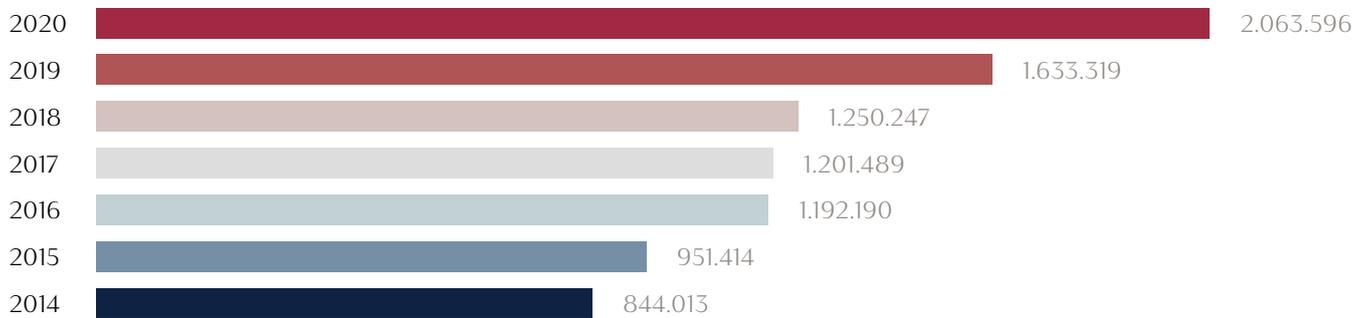


# KEY FIGURES

## Equity (K€)



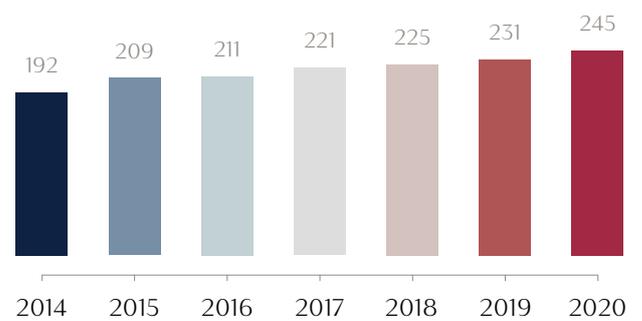
## Customers' loans volume (K€)



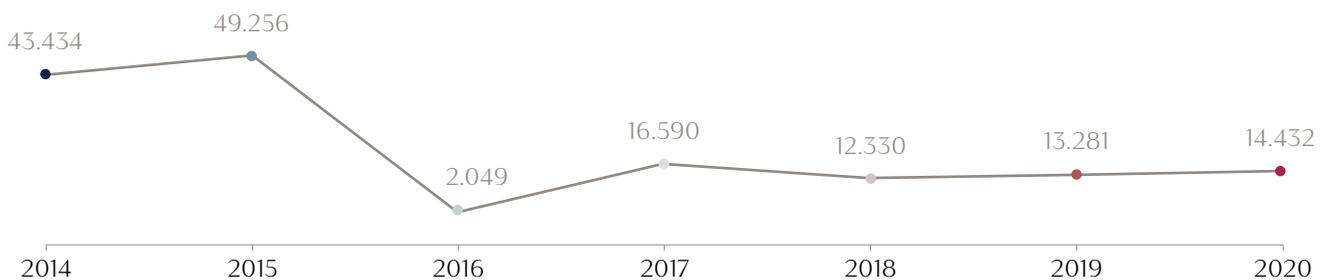
## Net banking income (K€)



## Employees



## Net profit (K€)



FINANCIAL REPORT

# STATUTORY ACCOUNTS



# REPORT OF THE BOARD OF DIRECTORS

to the ordinary general meeting of 31 May 2021

## **An extremely brutal shock**

The year 2020 was marked by a global recession on an unprecedented scale.

Limited at first to China, the COVID-19 health crisis spread rapidly around the world before being officially classed as a pandemic by the World Health Organisation on 11 February.

This situation led various governments to adopt an exceptional health protection measure, namely « lockdown ». At its peak, more than four billion people in nearly 100 countries were forced or encouraged to stay at home, bringing global economic activity to an abrupt halt.

Financial markets fell sharply, hitting a low on 23 March. Oil prices collapsed, and even became negative for a short spell in April, while gold played its safe-haven role, peaking at more than \$2,000 an ounce in August amid negative real interest rates and a weakening US dollar.

In April, 20.5 million jobs were lost in the United States, tripling the unemployment rate to 14.7%, a figure not seen since the Great Depression.

## **The most accommodative policy mix in history**

Through massive injections of liquidity and the maintenance of low interest rates, central banks scaled up their unorthodox monetary policies and implemented major government bond purchasing programmes alongside unprecedented fiscal support plans. The European Central Bank released a total intervention budget of €2.500 billion.

In the US, Jerome POWELL announced a major shift in monetary policy and indicated that the Fed would now target an average inflation rate of 2%, allowing it to rise above this level over an unlimited period of time.

In the Eurozone, the 19 states reached agreement for the first time on the establishment of a €750 billion joint stimulus fund entitled « Next Generation ». Aid in the various Member States took different

forms, including guaranteed loans to businesses, partial unemployment measures, helicopter money, etc.

On top of all that, the world entered an era of free money, allowing France, for example, to borrow at rates of -0.6% and -0.3% at 1 year and 3 years respectively.

## **The return of trust**

These measures helped contain the market panic. After the most sudden and violent correction in history, global markets thus saw dramatic rebounds in the second half of the year, driven upwards by US equities and large cap technology companies.

From an economic point of view, among developed countries, the United States, which lifted its lockdowns sooner and provided stronger support to the economy in the spring, suffered less than Europe. China was the first to restart, having contained the epidemic as of March.

Aided by the prospect of a vaccine, year-end economic indicators mostly came in above expectations, with in particular a rise in manufacturing confidence in Europe and a solid economic recovery in China. Renewed confidence was also boosted by the achievement of a Brexit deal following tough negotiations, Joe Biden's victory in the US presidential election, which helped to reduce geopolitical uncertainty, and the US Congress finally agreeing to a new \$900 billion stimulus package (4% of GDP).

## **Growth in most asset classes**

The year 2020 thus ended with growth in most asset classes, after a period of exceptional volatility.

The MSCI All Countries World Index rose by 14.3%, while the S&P 500 rose by 16.3%, despite having fallen 33% between 21 February and 23 March - a rebound of nearly 68% in less than nine months! Europe, however, continues to lag behind with some indices having declined over the year, such as the Eurostoxx (-1.6%) and the CAC 40 (-7.1%).

To a large extent, these differences can be explained by the influx of money into tech stocks and various ways of handling of the health crisis.

Bolstered by monetary stimuli, the sovereign debt markets of the major developed economies also performed positively. US Treasuries rose by 11.5%, Italian government bonds by 8.1%, UK gilts by 5.9%, Bunds by 4.0% and French bonds by 3.3%.

Apart from oil (-20% in 2020), which failed to recover fully from the fall in prices in April, commodity prices mainly ended the year in positive territory, in the wake of the steep climb in the prices of precious metals, which played their safe haven role to the full.

In the currency markets, the US dollar served as a safe haven for emerging market currencies only. It depreciated significantly against other major currencies, falling by 8.3% against the euro and by 5.3% against the yen.

Against this backdrop, the Bank continued to grow while also implementing an ambitious transformation plan, « CMB 2.0 ».

Consolidated net banking income hit a record level of €106 million, up 3% compared with 2019.

All sectors of the business contributed to this excellent result.

Investment management, both private and collective, remained strong with volumes comprising nearly 30% of customer assets. Advisory business has grown significantly and now covers €600 million in assets, which is a real source of satisfaction. Together, these two activities account for nearly 21% of net banking income.

In this year of high market volatility, brokerage positively boomed, bringing its share of NBI up to 23%, thanks in particular to business in the new « Investment products and services distribution » department.

In lending, our market share has increased. With growth of around 18%, total loan receivables thus passed the €2 billion mark for the first time without any slackening of our principles of rigour and prudence, as evidenced by a provisioning rate of virtually nil.

With this same concern for rigour, cash continued to be invested solely either in bonds issued by major governments and international organisations or with our Group under agreements that correspond to the average duration of our funding, enabling us to limit the heavy impact of the fall in interest rates.

General operating expenses increased by 6%, due to the full-year effect of the arrival of new staff members in 2019, the implementation of a major IT investment plan that will continue over the next two years, the costs incurred to enhance our image and positioning, particularly in terms of our product and service offering, and pricing. The additional costs caused by the health crisis (remote working, protection of customers and employees, etc.) were offset by the savings generated on representation and event costs.

This brought consolidated gross operating income to a little over €35 million. After taking account of provisioning, other non-operating items and an €18.9 million impairment charge due to property valuations, consolidated net income came to €14.4 million, a 9% rise over 2019.

On a stand-alone basis, net income for the bank rose by 21% over the previous year to €15.3 million.

In a continuation of our policy to further strengthen our capital, and although the balance sheet is already extremely solid, as evidenced by the further increases in our Basel III capital ratio and liquidity coverage ratio (LCR) to 47.4% and 208% respectively, the Board of Directors proposes that net income be appropriated as follows:

Net income for 2020	€ 15.333.393
Brought forward from previous year	€ 786
<b>Total income for appropriation</b>	<b>€ 15.334.179</b>
Allocation to extraordinary reserve	€ 15.334.000
Carried forward	€ 179
<b>Total income appropriated</b>	<b>€ 15.334.179</b>

This will bring stand-alone shareholders' equity to €996 million as at 31 December 2020 and consolidated shareholders' equity to €998 million.

During the year, a certain number of transactions referred to in Article 23 of the Sovereign Ordinance of 5 March 1895 were entered into: Day-to-day banking transactions and reciprocal services with institutions having directors in common with the Bank;

IT and administrative services provided to our subsidiaries Compagnie Monégasque de Gestion and CMB Asset Management SAM.

The group employed 245 people as at 31 December 2020.

The Board of Directors wishes to thank Senior Management and all members of staff for the quality of their work, their efforts and the results obtained during this most unusual financial year. The Board would also like to thank all our clients for their loyalty to our Bank.

*The Board of Directors*

# BALANCE SHEET

as of 31 December 2020 and 2019 before allocation of net profit

In thousands of euros	2020	2019
Cash, Central Banks	293.520	270.061
Due from banks	2.734.001	2.469.934
Customer loans	2.063.596	1.633.319
Bonds and other fixed income securities	560.953	590.939
Equities and other variable income securities	25.235	31.570
Participating interests and other financial investments	48	48
Interests in related companies	7.608	6.940
Goodwill and other intangible assets	13.675	9.578
Property and equipment	166.309	185.483
Other assets	12.533	11.323
Accrued charges - deferred income	17.222	13.755
<b>TOTAL ASSETS</b>	<b>5.894.700</b>	<b>5.222.950</b>
Due to banks	535.065	220.028
Due to customers	4.305.676	3.958.938
Other liabilities	31.669	32.895
Accrued charges - deferred income	24.195	23.115
Provisions for contingencies and charges	2.019	2.731
General banking risks reserve	12.268	16.768
Share capital	111.110	111.110
Additional paid-in-capital	4.573	4.573
Reserves	852.791	840.082
Retained earnings	1	1
Net profit	15.333	12.709
<b>TOTAL LIABILITIES</b>	<b>5.894.700</b>	<b>5.222.950</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>Commitments given</b>		
Confirmed lines of credit	871.095	526.962
Guarantees given	55.419	28.017
Commitments relating to securities transactions	34.254	34.254
<b>Commitments received</b>		
Confirmed lines of credit		
Guarantees given		
Commitments relating to securities transactions		525

# INCOME STATEMENT

as of 31 December 2020 and 2019

In thousands of euros	2020	2019
<b>Banking income and expense</b>		
Interest income	57.075	65.760
Interest expense	(13.062)	(22.514)
Income from variable income securities	2.414	1.814
Commission and fee income	64.175	56.803
Commission expense	(5.457)	(4.549)
Net gain (or loss) on disposals of trading account securities	887	1.844
Net gain (or loss) on disposals of securities held for sale	505	2.297
Other banking income	582	603
Other banking expense	(4.293)	(4.063)
<b>NET BANKING INCOME</b>	<b>102.826</b>	<b>97.995</b>
General operating expenses	(62.946)	(58.527)
Depreciation and other write-downs of property, equipment and intangible assets	(4.508)	(3.470)
<b>GROSS OPERATING INCOME</b>	<b>35.372</b>	<b>35.998</b>
Depreciation on revaluation reserve on property	(18.850)	(18.850)
Movement of provisions on loans and off-balance sheet items	(353)	(984)
<b>OPERATING INCOME</b>	<b>16.169</b>	<b>16.164</b>
Gains and releases of provisions on long-term investments	0	0
<b>INCOME BEFORE TAX AND NON-OPERATING ITEMS</b>	<b>16.169</b>	<b>16.164</b>
Non operating income	(154)	(818)
Income taxes	(5.182)	(4.887)
Provisions / Reversals for General Banking Risks and regulated provisions	4.500	2.250
<b>NET PROFIT</b>	<b>15.333</b>	<b>12.709</b>
Group share	15.333	12.709
<b>BASIC EARNINGS PER SHARE</b>	<b>0.028</b>	<b>0.023</b>
<b>DILUTED EARNINGS PER SHARE</b>	<b>0.028</b>	<b>0.023</b>

# STATEMENT

## of sources and application funds

In thousands of euros	2020	2019	Variation	%
Interbank loans	3.027.521	2.739.995	287.526	10.49%
- Repayable on demand	2.669.434	2.275.953	393.481	17.29%
- Time loans	358.087	464.042	(105.955)	(22.83%)
Customer loans	2.063.596	1.633.319	430.277	26.34%
- Sight account	610.362	442.863	167.499	37.82%
- Other loans	1.453.234	1.190.456	262.778	22.07%
Security portfolio	586.188	622.509	(36.321)	(5.83%)
<b>TOTAL</b>	<b>5.677.305</b>	<b>4.995.823</b>	<b>681.482</b>	<b>13.64%</b>
Interbank deposits	535.065	220.028	315.037	143.18%
- Repayable on demand	24.990	20.004	4.986	24.93%
- Time deposits	510.075	200.024	310.051	155.01%
Customer deposits	4.305.676	3.958.938	346.738	8.76%
- Repayable on demand	3.746.141	2.922.248	823.893	28.19%
- Time deposits	543.121	1.023.571	(480.450)	(46.94%)
- Special savings accounts	16.414	13.119	3.295	25.12%
<b>TOTAL</b>	<b>4.840.741</b>	<b>4.178.966</b>	<b>661.775</b>	<b>15.84%</b>

# STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

In thousands of euros	Share capital	Additional paid-in Capital	Reserves	Revaluation difference	Retained earnings	General banking risks reserve	Profit for the period	Total
<b>Balance as of 31 Dec. 2019</b>	111.110	4.573	653.152	186.930	1	16.768	12.709	<b>985.243</b>
Appropriation of 2019 net profit			12.709				(12.709)	<b>0</b>
Revaluation difference amortization			18.850	(18.850)				<b>0</b>
Profit for the period 2020							15.333	<b>15.333</b>
Decrease in provision						(4.500)		<b>(4.500)</b>
<b>Balance as of 31 Dec. 2020</b>	111.110	4.573	684.711	168.080	1	12.268	15.333	<b>996.076</b>
Appropriation of 2020 net profit			15.333				(15.333)	<b>0</b>
Revaluation difference amortization			18.850	(18.850)				<b>0</b>
<b>Balance as of 31 Dec. 2020 after appropriation</b>	111.110	4.573	718.894	149.230	1	12.268	0	<b>996.076</b>

# NOTES

to the Financial Statements for the year ended 31 December 2020

## 1. OWNERSHIP

At 31 December 2020, the Bank had share capital of €111.110.000 consisting of 555.550 shares with a nominal value of €200 each, which were held as follows, the percentages being rounded:

**Mediobanca: 99.998%**  
**i.e.: 555.540 shares**

**Directors: 0.002%**  
**i.e.: 10 shares**

The Bank's accounts are consolidated in the financial statements of Mediobanca Spa, Piazzetta Cuccia Enrico, 1 - 20121 Milan - Italy.

## 2. ACCOUNTING PRINCIPLES AND VALUATION METHODS

The accounting principles and valuation methods used to prepare the financial statements comply with the provisions of Regulation 2014-07 of the French Accounting Standards Authority (Autorité des Normes Comptables - ANC) on the financial statements of banking sector companies.

### 2.1 Provisions for doubtful receivables

Provisions are established for doubtful receivables where there is a probable risk of total or partial non-recovery. Provisions attached to specific receivables are recognised as a deduction from assets in accordance with ANC Regulation 2014-07 on the financial statements of banking sector companies. The Bank periodically reviews the status of the various cases and adjusts the provisions accordingly.

### 2.2 Interest and fees

Interest is recognised in the income statement on a pro rata basis.

Fee income is recognised when it is due and payable, with the exception of fees that are treated as interest, which are recognised on a pro rata basis

accordingly. Unpaid interest is subject to a provision if its recovery appears compromised, in which case it is excluded from net banking income.

### 2.3 Income from the securities portfolio

Income from the securities portfolio includes the net gains on disposals of securities, bonds and equities. Dividend income on equities is recorded as and when it is received.

Interest income on bonds held in the portfolio is recognised on a pro rata basis.

### 2.4 Gains on foreign currency transactions

Assets, liabilities and off-balance sheet commitments denominated in foreign currency are expressed in euros at the market exchange rates or official fixed exchange rates ruling on the reporting date. Forward foreign currency transactions are recognised at the forward exchange rate on the reporting date and the financial gain or loss is recorded under « Gains on financial transactions ».

### 2.5 Gains on interest rate or currency swaps

These transactions are treated in the same way as lending or borrowing transactions, either in one currency or in two different currencies.

The amounts received or paid in respect of these transactions are included in the income statement on a pro rata basis.

### 2.6 Securities transactions

#### *Trading account securities*

Pursuant to the provisions of Articles 2321-1 and 2 and 2322-1 to 3 of ANC Regulation 2014-07, trading account securities are those that are acquired or sold with the intention of reselling or repurchasing them in the short term. They are recognised on their date of acquisition at cost, excluding acquisition-related expenses but including accrued interest, where applicable. At each reporting date, they are valued at their market price. The difference between the acquisition value and the market price is taken to the income statement.

### *Available-for-sale securities*

Pursuant to the provisions of Articles 2331-1 and 2332-1 to 4 of ANC Regulation 2014-07, available-for-sale securities are securities acquired with the intention of holding them for the medium or long term, other than held-to-maturity securities (or equity interests). They are recognised at cost on their date of acquisition. Any accrued interest recorded on the acquisition of the securities is recorded as a receivable.

Where the acquisition price of fixed-income securities exceeds their redemption price, the difference is amortised over the remaining time to maturity. Where the acquisition price of fixed-income securities is lower than their redemption price, the difference is recognised in income over the remaining time to maturity. At each reporting date, an impairment is recognised for any unrealised capital losses arising from the difference between the carrying amount, as adjusted for the amortisation of differences between cost and redemption price, and the market price.

Unrealised gains are not recognized.

### *Equity investments*

Equity investments are recognized at their historical cost. At year-end, they are valued on the basis of their « value in use ».

## **2.7 Provision for retirement benefits**

Commitments covered by a provision for retirement benefits were valued at €1.9 million at the end of December 2020.

## **2.8 Fund for general banking risks**

At 31 December 2020, the provision recorded as a prudent measure to hedge against general risks inherent in banking transactions was brought to a total of €12 million (ANC Regulation 2014-07).

## **2.9 Fixed assets, depreciation and amortisation**

Property, plant and equipment are recognised at cost and depreciated on a straight-line basis over their useful lives.

On 1 January 2017, the bank performed a revaluation of its property portfolio, resulting in the recognition of a revaluation reserve of €224.63 million.

This revaluation surplus gives rise to additional depreciation, which is calculated over the residual depreciation period of the assets concerned.

Goodwill included in intangible assets is amortised over a ten-year period. Goodwill relates to the acquisition of the Monaco branch of ABN AMRO for €8 million in November 2006, fully amortised at 31 December 2016, the acquisition of the Monaco business of Capitalia Luxembourg for €18.2 million in March 2008, fully amortised at 31 December 2018, and the acquisition of part of the business assets of CFM Indosuez Monaco, acquired in two tranches of €5.3 million and €1.2 million in December 2016 and February 2017 respectively.

## **2.10 Off-balance sheet items**

Forward financial instruments and hedging transactions are accounted for in accordance with Regulation 2015-05.

The off-balance sheet financial instruments shown under « commitments given » are mainly held for interest rate hedging purposes. Gains or losses on these instruments are recorded in the income statement on a pro rata basis.

## **2.11 Tax expense**

For the 2020 financial year, the bank remains within the scope of application of the tax on profits at the rate of 28%, instituted by Sovereign Ordinance no. 3152 of 19 March 1964.

## **2.12 Related parties**

The Bank carries out market transactions and cash pooling with its parent company, Mediobanca, under normal market conditions.

## **2.13 Impact of the COVID-19 epidemic on the financial statements for the year**

The company adapted its organisational and operating methods, in terms of both personnel and IT systems, so that the services provided to its customers and third parties could be maintained.

### 3. OTHER INFORMATION

#### 3.1 Fixed assets

Fixed assets can be analyzed as follows as of 31 December 2020 :

In thousands euros	31/12/2019	Increase	Decrease	31/12/2020
<b>Gross amount</b>				
Goodwill, intangible assets	42.244	7.101		49.345
Property and equipment	268.935	1.178		270.113
Prepayments to suppliers	4.264	6.205	(8.856)	1.613
<b>Total fixed assets</b>	<b>315.443</b>	<b>14.484</b>	<b>(8.856)</b>	<b>321.071</b>
<b>Depreciation</b>				
Goodwill, intangible assets	(33.979)	(2.946)		(36.925)
Property and equipment	(83.731)	(20.413)		(104.144)
<b>Total depreciation</b>	<b>(117.710)</b>	<b>(23.359)</b>	<b>0</b>	<b>(141.069)</b>
<b>Provisions for impairment of assets</b>	<b>(2.672)</b>		<b>2.654</b>	<b>(18)</b>
<b>NET VALUE</b>	<b>195.061</b>	<b>(8.875)</b>	<b>(6.202)</b>	<b>179.984</b>

#### 3.2 Investments in subsidiaries and participating interests

As of 31 December 2020, investments in subsidiaries and participating interests were as follows:

In thousands euros	Share capital	% interest	At cost	2020 net profit	Shareholder provisions loans	Provisions	Net book value 31/12/2020
CMB Asset Management	150	99.20%	150	4	0		150
CMG	600	99.92%	592	1.495	6.000		6.592
Other companies			48				48
Certificate of association FGDR			866				866

- ❖ CMB Asset Management, Société Anonyme Monégasque: a firm committed to manage funds under discretionary mandate.
- ❖ CMG Compagnie Monégasque de Gestion, S.A.M: as of 31 December 2020 this subsidiary manages 23 O.P.C, in compliance with local legislation as well as an open-end investment fund under Luxembourg law.

### 3.3 Provisions for contingencies

In thousands euros	Balance at 31/12/2019	Provisions made during the year	Provisions reversed during the year	Utilised during the year	Balance at 31/12/2020	Loans at 31/12/2020	% of coverage
<b>Provisions for contingencies</b>							
Private risks	542	33	(35)	(2)	538	661	81%
Provisions for contingencies and charges	2.731	3.160	(1.682)	(2.190)	2019		
<b>Total</b>	<b>3.273</b>	<b>3.193</b>	<b>(1.717)</b>	<b>(2.192)</b>	<b>2.557</b>	<b>661</b>	

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

In thousands euros	2020			2019		
	Available for sale	Hold for trades	Total portfolio	Available for sale	Hold for trades	Total portfolio
<b>Bonds</b>						
Governments	205.193		205.193	211.584		211.584
Central authorities	10.180		10.180	10.387		10.387
Banks	36.821		36.821	40.117		40.117
Other financial institutions	308.495		308.495	317.603		317.603
Other non-financial institutions	264		264	9.143	2.105	11.248
<b>Subtotal</b>	<b>560.953</b>		<b>560.953</b>	<b>588.834</b>	<b>2.105</b>	<b>590.939</b>
<b>Shares &amp; others</b>						
Equities, warrants, others, mutual funds	2.300	22.935	25.235	2.907	28.663	31.570
<b>Subtotal</b>	<b>2.300</b>	<b>22.935</b>	<b>25.235</b>	<b>2.907</b>	<b>28.663</b>	<b>31.570</b>
<b>TOTAL</b>	<b>563.253</b>	<b>22.935</b>	<b>586.188</b>	<b>591.741</b>	<b>30.768</b>	<b>622.509</b>
<i>Of which provisions for impairment</i>	(804)			(3.678)		
<i>Of which provisions for contingencies</i>	4.518			3.682		

Securities breakdown by type of transferable securities	2020	2019	Trading account securities breakdown	2020	2019
Fixed income bonds	535.699	565.110	Listed on an active market	22.935	28.040
Floating income bonds	25.254	25.829	Others		2.728
Equities, warrants, others, mutual funds	25.235	31.570			
<b>TOTAL</b>	<b>586.188</b>	<b>622.509</b>	<b>TOTAL</b>	<b>22.935</b>	<b>30.768</b>

### 3.5 Breakdown of balance sheet items

In thousands of euros	Foreign currencies	Euros	Total euro equivalent
Due from banks	1.358.339	1.669.182	3.027.521
Customers loans	221.675	1.841.921	2.063.596
Accrued charges - deferred income	475	16.747	17.222
Other assets	3.835	8.698	12.533
Participating interests and portfolio securities	155.797	438.047	593.844
Property, equipment, goodwill and intangible assets		179.984	179.984
<b>TOTAL ASSETS</b>	<b>1.740.121</b>	<b>4.154.579</b>	<b>5.894.700</b>
Due to banks	9.705	525.360	535.065
Due to customers	1.738.540	2.567.136	4.305.676
Accrued charges - deferred income & prepaid expenses/provisions for contingencies and charges	564	25.650	26.214
Debt represented by a security			
Other liabilities	4.190	27.479	31.669
Shareholders' equity		996.076	996.076
<b>TOTAL LIABILITIES</b>	<b>1.752.999</b>	<b>4.141.701</b>	<b>5.894.700</b>

### 3.6 Forward commitments

In thousands of euros	2020	2019
<b>Currency transactions:</b>		
- Foreign currencies receivable	880.216	822.452
- Foreign currencies to be delivered	879.805	821.503
<b>Commitments on derivative financial instruments:</b>		
- Interest rate options	60.143	60.543
- Currency options	154.204	89.203

### 3.7 Securities due and receivable under delayed delivery transactions

In thousands of euros	Securities due	Securities receivable
Securities awaiting settlement	34.254	0
<b>TOTAL</b>	<b>34.254</b>	<b>0</b>

### 3.8 Analysis of assets and liabilities by maturity

In thousands of euros	Less or equal to 3 months	3 months to 1 year	1 to 5 years	Beyond 5 years
Due from banks	2.865.453	156.845		
Accrued income	1068			
Customer loans	1.085.692	101.983	536.062	337.081
Accrued income	2.778			
Bonds	118.986	226.736	215.231	
<b>TOTAL ASSETS</b>	<b>4.073.977</b>	<b>485.564</b>	<b>751.293</b>	<b>337.081</b>

	Less or equal to 3 months	3 months to 1 year	1 to 5 years	Beyond 5 years
Due to banks	24.990	100.000	410.000	
Accrued expense	75			
Due to customers	3.990.859	228.695	85.000	
Accrued expense	1.122			
<b>TOTAL LIABILITIES</b>	<b>4.017.046</b>	<b>328.695</b>	<b>495.000</b>	

Commitments and contingencies	Less or equal to 1 year	1 to 5 years	Beyond 5 years
Confirmed lines of credit	235.268	37.205	598.622
Guarantees given	9.568	43.949	1.902
Commitments relating to securities transactions	34.254		
<b>Commitments given</b>	<b>279.090</b>	<b>81.154</b>	<b>600.524</b>
Confirmed lines of credit			
Guarantees given			
Commitments relating to securities transactions			
<b>Commitments received</b>			

### 3.9 Accrued interest and other accruals included in balance sheet items

In thousands euros	2020	2019
<b>Related accounts receivable (incl. Accrued income)</b>	<b>6.297</b>	<b>8.476</b>
Due from banks	1.068	2.709
Customer loans	2.778	2.899
Bonds and other fixed income securities	2.451	2.868
<b>Accrued charges - deferred income</b>	<b>17.222</b>	<b>13.755</b>
Commitments on derivative financial instruments	15.045	12.071
Prepaid expense	1.005	743
Accrued income	1.171	910
Other accruals	1	31
<b>TOTAL ASSETS</b>	<b>23.519</b>	<b>22.231</b>
<b>Accrued expense</b>	<b>1.197</b>	<b>3.751</b>
Due to banks	75	24
Due to customers	1.122	3.727
<b>Accrued charges - deferred income</b>	<b>24.195</b>	<b>23.115</b>
Commitments on derivative financial instruments	2.355	2.886
Deferred income	165	235
Accruals	21.611	19.977
Other accruals	64	17
<b>TOTAL LIABILITIES</b>	<b>25.392</b>	<b>26.866</b>

### 3.10 Employees

	2020	2019
Managers	168	156
Supervisors	75	69
Employees	2	6
<b>TOTAL</b>	<b>245</b>	<b>231</b>

### 3.11 Analysis of income and expenses

In thousands euros	Expense	Income
<b>Interest</b>		
Interbank transactions	(3.641)	19.216
Customer transactions	(9.421)	29.437
Bonds and other fixed income securities		8.422
<b>Subtotal</b>	<b>(13.062)</b>	<b>57.075</b>
<b>Income from variable securities</b>		
Participating interests		2.414
<b>Subtotal</b>		<b>2.414</b>
<b>Commissions</b>		
Customer transactions	(909)	15.002
Securities transactions	(4.548)	49.173
<b>Subtotal</b>	<b>(5.457)</b>	<b>64.175</b>
<b>Trading account securities</b>		
Currency transactions		1.647
Disposals of trading account securities	(760)	
<b>Subtotal</b>	<b>(760)</b>	<b>1.647</b>
<b>Securities held for sale</b>		
Net gains or losses	(1.337)	
Net changes in provision		1.842
<b>Subtotal</b>	<b>(1.337)</b>	<b>1.842</b>
<b>General operating expenses</b>		
Personnel expenses		
- Salaries and bonuses	(32.116)	
- Social security contributions	(9.839)	
General and administrative expenses	(20.991)	
<b>Subtotal</b>	<b>(62.946)</b>	

# RESOLUTIONS

presented to the Ordinary General Meeting of 31 May 2021

## First resolution

Having considered the reports of the Board of Directors and Statutory Auditors, the shareholders approve the balance sheet and income statement, together with the transactions reflected in those statements and summarised in those reports.

*This resolution is unanimously adopted by the shareholders attending or represented at the meeting.*

## Second resolution

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

Net income for 2020	€ 15.333.393
Brought forward from previous year	€ 786
<b>Total income for appropriation</b>	<b>€ 15.334.179</b>
Allocation to extraordinary reserve	€ 15.334.000
Carried forward	€ 179
<b>Total income appropriated</b>	<b>€ 15.334.179</b>

*This resolution is unanimously adopted by the shareholders attending or represented at the meeting.*

## Third resolution

The shareholders approve the Statutory Auditors' fees set by the Board of Directors as they appear in the expenditure of the financial year.

*This resolution is unanimously adopted by the shareholders attending or represented at the meeting.*

## Fourth resolution

Having considered the special report of the Statutory Auditors on the conventions provided for by Article 23 of the Sovereign Ordinance of 5 March 1895, the shareholders take note of the transactions entered between the Company and its Directors.

*This resolution is unanimously adopted by the shareholders attending or represented at the meeting.*

## Fifth resolution

The shareholders give powers to the Directors to enter into the transactions referred to in Article 23 of the Sovereign Ordinance of 5 March 1895, provided that the Directors report thereon to the Ordinary Annual General Meeting.

*This resolution is unanimously adopted by the shareholders attending or represented at the meeting.*

## Sixth resolution

The shareholders discharge the Directors from any liability arising from the exercise of their functions in respect of the financial year ended 31 December 2020.

*This resolution is unanimously adopted by the shareholders attending or represented at the meeting.*

## Seventh resolution

The General Meeting, having noted that the term of office of all Directors expires at this Meeting, resolves to renew for a period of three years, i.e. until the General Meeting called to approve the financial statements for the 2023 financial year, the terms of office of the Directors named below:

- Madame Sveva SEVERI
- H.E.M Monsieur José BADIA
- Monsieur Francesco CARLONI
- Monsieur Etienne FRANZI
- Monsieur Francesco GROSOLI
- Monsieur Marco VITTORELLI

And to appoint as Directors:

- Madame Alexandra YOUNG
- Madame Caroline ROUGAIGNON-VERNIN
- Madame Elisabeth MARKART
- Monsieur Massimo BERTOLINI
- Monsieur Mario Germano GIULIANI

Ms Elisabeth MARKART, Ms Caroline ROUGAIGNON-VERNIN, Ms Sveva SEVERI, Ms Alexandra YOUNG, H.E. Mr José BADIA, Mr Massimo BERTOLINI, Mr Francesco CARLONI, Mr Etienne FRANZI, Mr Mario Germano GIULIANI, Mr Francesco GROSOLI and Mr Marco VITTORELLI have each declared that they accept their reappointment or appointment as directors and that they comply with the legal rules on multiple directorships.

*This resolution is unanimously adopted by the shareholders attending or represented at the meeting.*

#### **Eighth resolution**

Full and final discharge shall be given to Ms Monica AGUSTA, H.E.M Mr Claude GIORDAN, Mr Alessandro RAGNI and Mr Francesco Saverio VINCI, who relinquish their positions as director at this Ordinary General Meeting ruling on the financial statements for the current year.

*This resolution is unanimously adopted by the shareholders attending or represented at the meeting.*

#### **Ninth resolution**

The General Meeting, having noted that the term of office of the Statutory Auditors expires at this Meeting, appoints Mr Stéphane GARINO and Ms Sandrine ARCIN as principal statutory auditors for the next three financial years, i.e. until the General Meeting called to approve the financial statements for the 2023 financial year, and appoints Ms Bettina RAGAZZONI and Ms Delphine BRYCH as alternate statutory auditors.

*This resolution is unanimously adopted by the shareholders attending or represented at the meeting.*

# BALANCE SHEET

of 31 December 2020 and 2019 after allocation of net profit

In thousands of euros	2020	2019
Cash, Central Banks	293.520	270.061
Due from banks	2.734.001	2.469.934
Customer loans	2.063.596	1.633.319
Bonds and other fixed income securities	560.953	590.939
Equities and other variable income securities	25.235	31.570
Participating interests and other financial investments	48	48
Interests in related companies	7.608	6.940
Goodwill and other intangible assets	13.675	9.578
Property and equipment	166.309	185.483
Other assets	12.533	11.323
Accrued charges - deferred income	17.222	13.755
<b>TOTAL ASSETS</b>	<b>5.894.700</b>	<b>5.222.950</b>
Due to banks	535.065	220.028
Due to customers	4.305.676	3.958.938
Other liabilities	31.669	32.895
Accrued charges - deferred income	24.195	23.115
Provisions for contingencies and charges	2.019	2.731
General banking risks reserve	12.268	16.768
Share capital	111.110	111.110
Additional paid-in-capital	4.573	4.573
Reserves	868.124	852.791
Retained earnings	1	1
<b>TOTAL LIABILITIES</b>	<b>5.894.700</b>	<b>5.222.950</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>Commitments given</b>		
Confirmed lines of credit	871.095	526.962
Guarantees given	55.419	28.017
Commitments relating to securities transactions	34.254	34.254
<b>Commitments received</b>		
Confirmed lines of credit		
Guarantees given		
Commitments relating to securities transactions		525

# GENERAL REPORT

of the statutory auditors on the year ended 31 December 2020

To the Shareholders,

In accordance with the provisions of Article 25 of the Monegasque law of 20 January 1945 (No. 408), we hereby report to you on the general and permanent engagement entrusted to us pursuant to a decision taken at the Ordinary General Meeting of 26 April 2018 for the financial years 2018, 2019 and 2020.

The financial statements and company documents drawn up by your Board of Directors were made available to us within the legal timeframes.

- ◇ **Total balance sheet assets are €5.894.700k**
- ◇ **The income statement shows net income of €15.333k**

The global crisis linked to the COVID-19 pandemic created unusual conditions for the preparation and audit of the financial statements for this financial year. This crisis and the exceptional measures taken in the context of the health emergency had multiple consequences for businesses, particularly on their activity and financing, and gave rise to increased uncertainties about their future prospects. Some of these measures, particularly travel restrictions and remote working, also had an impact on the internal organisation of companies and the procedures for performing audits.

We are required to express an opinion on the accompanying financial statements. We conducted our audit in accordance with professional standards and by applying the rules relating to the audit of institutions that are subject to banking regulations. As part of our audit, we have examined the transactions entered into by your company during the year ended 31 December 2020, the balance sheet as at 31 December 2020 and the income statement and notes to the financial statements for the year then ended.

These documents were prepared in accordance with the legal requirements and in the same form

and using the same valuation methods as for the previous year, and adopted as set out above.

We have verified the various components of assets and liabilities together with the methods used to measure them and to evaluate expenses and income. We conducted our audit in accordance with generally accepted accounting standards, which require that our work be planned and performed to obtain reasonable assurance that the financial statements are free from material misstatement.

An accounting audit involves performing procedures, using sampling techniques, to obtain audit evidence regarding the amounts and disclosures in the financial statements. It also involves evaluating the appropriateness of the accounting policies used and the reasonableness of the main accounting estimates made by the managers of your company.

In our opinion, the accompanying annual financial statements for the year ended 31 December 2020, which are submitted for your approval, give a true and fair view, in accordance with the applicable legal requirements and professional standards, of the assets and liabilities of your Company as at 31 December 2020 and of the results of operations for the twelve-month period then ended.

We have also verified the financial disclosures contained in the report prepared by your Board of Directors, together with the proposed allocation of income and compliance with the legal and statutory provisions governing the operation of your Company. We have no matters to report.

Monaco, 20 April 2021

The Statutory Auditors  
André GARINO, Christian BOISSON.

# SPECIAL REPORT

of the statutory auditors on the year ended 31 December 2020

To the Shareholders,

In accordance with the provisions of Article 24 of the Monegasque law of 20 January 1945 (No. 408), we hereby report to you on the transactions referred to in Article 23 of the Sovereign Ordinance of 5 March 1895 that were completed during the year ended 31 December 2020 and on the general meetings held during that year.

## Transactions referred to in Article 23 of the Sovereign Ordinance of 5 March 1895

We remind you that these relate to any undertaking or transaction comprising a series of successive services of the same nature or of a similar nature, entered into with the company or on its behalf and in which a director of your company has a direct or indirect interest.

The execution of these transactions during the financial year ended 31 December 2020 is described in the special report prepared by the Board of Directors of your company. We have verified the information contained in this report and have no matters to report in that regard.

## General meeting held during the year

During the financial year, you met:

- ◇ on 29 April 2020, at the annual Ordinary General Meeting to approve the financial statements for the year ended 31 December 2019;
- ◇ on 22 July 2020, at an Extraordinary General Meeting of the shareholders to approve the amendment of paragraph 1 of Article 1 « Form and name of the Company » and Article 19 « Officers of the Board » of the Articles of Association.

For these meetings, we verified:

- ◇ compliance with the legal and statutory requirements governing the holding of such meetings;
- ◇ the execution of the approved resolutions.

We did not observe any irregularities.

Monaco, 20 April 2021

The Statutory Auditors  
André GARINO, Christian BOISSON.

FINANCIAL REPORT

# CONSOLIDATED ACCOUNTS



# CONSOLIDATED BALANCE SHEET

as of 31 December 2020 and 2019 before allocation of net profit

In thousands of euros	2020	2019
Cash, Central Banks	293.520	270.061
Due from banks	2.734.001	2.469.934
Customer loans	2.063.596	1.633.319
Bonds and other fixed income securities	561.353	591.339
Equities and other variable income securities	25.235	31.570
Participating interests and other financial investments	48	48
Interests in related companies	866	589
Goodwill and other intangible assets	13.675	9.577
Property and equipment	166.309	185.483
Other assets	13.162	11.782
Accrued charges - deferred income	20.379	17.158
<b>TOTAL ASSETS</b>	<b>5.892.144</b>	<b>5.220.860</b>
Due to banks	535.065	220.028
Due to customers	4.299.900	3.952.403
Other liabilities	31.758	32.948
Accrued charges - deferred income	25.662	24.942
Provisions for contingencies and charges	2.019	2.731
General banking risks reserve	12.268	16.768
Share capital	111.110	111.110
Additional paid-in-capital	4.573	4.573
Reserves	855.356	842.075
Retained earnings	1	1
Net profit		
Net profit - Group share	14.432	13.281
<b>TOTAL LIABILITIES</b>	<b>5.892.144</b>	<b>5.220.860</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>Commitments given</b>		
Confirmed lines of credit	871.095	526.962
Guarantees given	55.419	28.017
Commitments relating to securities transactions	34.254	34.254
<b>Commitments received</b>		
Confirmed lines of credit		
Guarantees given		
Commitments relating to securities transactions		525

# CONSOLIDATED INCOME STATEMENT

of 31 December 2020 and 2019

In thousands of euros	2020	2019
<b>Banking income and expense</b>		
Interest income	57.075	65.760
Interest expense	(13.062)	(22.514)
Income from variable income securities	14	14
Commission and fee income	71.593	65.627
Commission expense	(5.457)	(4.549)
Net gain (or loss) on disposals of trading account securities	887	1.844
Net gain (or loss) on disposals of securities held for sale	505	2.297
Other banking income	5	28
Other banking expense	(5.492)	(5.526)
<b>NET BANKING INCOME</b>	<b>106.068</b>	<b>102.981</b>
General operating expenses	(66.506)	(62.614)
Depreciation and other write-downs of property, equipment and intangible assets	(4.508)	(3.470)
<b>GROSS OPERATING INCOME</b>	<b>35.054</b>	<b>36.897</b>
Depreciation on revaluation reserve on property	(18.850)	(18.850)
Movement of provisions on loans and off-balance sheet items	(353)	(984)
<b>OPERATING INCOME</b>	<b>15.851</b>	<b>17.063</b>
Gains and releases of provisions on long-term investments	0	0
<b>INCOME BEFORE TAX AND NON-OPERATING ITEMS</b>	<b>15.851</b>	<b>17.063</b>
Non operating income	(154)	(79)
Income taxes	(5.765)	(5.953)
Provisions / Reversals for General Banking Risks and regulated provisions	4.500	2.250
<b>NET PROFIT</b>	<b>14.432</b>	<b>13.281</b>
Group share	14.432	13.281
<b>BASIC EARNINGS PER SHARE</b>	<b>0.026</b>	<b>0.024</b>
<b>DILUTED EARNINGS PER SHARE</b>	<b>0.026</b>	<b>0.024</b>

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

In thousands of euros	Share capital	Additional paid-in capital	Consolidated reserves and retained earnings	Revaluation difference	Retained earnings	General banking risks reserve	Profit for the period	Total
<b>Balance as of 31 December 2019</b>	111.110	4.573	673.995	168.080	1	16.768	13.281	<b>987.808</b>
Appropriate of 2019, net profit			13.281				(13.281)	<b>0</b>
Decrease in provision						(4500)		<b>(4.500)</b>
Revaluation difference amortisation			18.850	(18.850)				<b>0</b>
Net profit 2020							14.432	<b>14.432</b>
<b>Balance as of 31 December 2020</b>	<b>111.110</b>	<b>4.573</b>	<b>706.126</b>	<b>149.230</b>	<b>1</b>	<b>12.268</b>	<b>14.432</b>	<b>997.740</b>

# NOTES

## to the consolidated financial statements for the year ended 31 December 2020

The consolidated financial statements of the CMB group have been prepared in accordance with the general accounting principles applicable in France for credit institutions.

### CONSOLIDATED ACCOUNTING TREATMENT

The group applies the ANC regulation on the rules of consolidation for companies governed by the ANC. The Bank's accounts are consolidated in the financial statements of Mediobanca Spa, Piazzetta Cuccia Enrico, 1 - 20121 Milan - Italy.

### CONSOLIDATION METHODS

#### Fully consolidated companies

Companies over which the group exercises exclusive control are fully consolidated, including companies following a different chart of accounts whose business is an extension of the banking and financial businesses or concerns related activities, such as real estate and services companies.

The group has exclusive control, through the direct or indirect holding of the majority of the voting rights, of the following consolidated companies: CMG, CMB Asset Management.

Other equity investments are excluded from the scope of the consolidated financial statements because CMB does not exercise significant influence over their activity.

### CONSOLIDATION RULES

Intercompany accounts and income and expenses arising on intra-group transactions that have a material impact on the consolidated financial statements are eliminated where they concern fully consolidated subsidiaries.

### ACCOUNTING PRINCIPLES AND VALUATION METHODS

We refer to the developments in the notes to the stand-alone financial statements (2 - paragraphs 2.1 to 2.11).

### IMPACT OF THE COVID-19 EPIDEMIC ON THE FINANCIAL STATEMENTS FOR THE YEAR

The company adapted its organisational and operating methods, in terms of both personnel and IT systems, so that the services provided to its customers and third parties could be maintained.



### a. Consolidated goodwill, intangible assets, property and equipment

In thousands of euros	31/12/2019	Increase	Decrease	31/12/2020
<b>Gross amount</b>				
Goodwill, intangible assets	40.346	7.101		47.447
Property and equipment	251.901	1.178		253.079
Prepayments to suppliers	4.265	6.205	(8.856)	1.614
<b>Total fixed assets</b>	<b>296.512</b>	<b>14.484</b>	<b>(8.856)</b>	<b>302.140</b>
<b>Depreciation</b>				
Goodwill, intangible assets	(32.082)	(2.945)		(35.027)
Property and equipment	(66.698)	(20.413)		(87.111)
<b>Total Depreciation</b>	<b>(98.780)</b>	<b>(23.358)</b>	<b>0</b>	<b>(122.138)</b>
<b>Provisions for impairment of assets</b>	<b>(2.672)</b>		<b>2.654</b>	<b>(18)</b>
<b>NET VALUE</b>	<b>195.060</b>	<b>(8.874)</b>	<b>(6.202)</b>	<b>179.984</b>

### b. Consolidated provisions for contingencies

In thousands of euros	Balance at 31/12/2019	Provisions made during the year	Provisions reversed during the year	Utilised during the year	Balance at 31/12/2020	Loans at 31/12/2020	% of coverage
<b>Provisions for contingencies</b>							
Private risks	542	33	(35)	(2)	538	661	81%
Provisions for contingencies & charges	2.731	3.160	(1.682)	(2.190)	2.019		
<b>Total</b>	<b>3.273</b>	<b>3.193</b>	<b>(1.717)</b>	<b>(2.192)</b>	<b>2.557</b>	<b>661</b>	

**c. Consolidated accrued interest and other accruals included in balance sheet items**

In thousands of euros	2020	2019
<b>Related accounts receivable (incl. Accrued income)</b>	<b>6.297</b>	<b>8.476</b>
Due from banks	1.068	2.709
Customer loans	2.778	2.899
Bonds and other fixed income securities	2.451	2.868
<b>Accrued charges - deferred income</b>	<b>20.379</b>	<b>17.158</b>
Commitments on derivative financial instruments	15.045	12.071
Prepaid expense	1.067	784
Accrued income	4.266	4.272
Other accruals	1	31
<b>TOTAL ASSETS</b>	<b>26.676</b>	<b>25.634</b>
<b>Accrued expense</b>	<b>1.197</b>	<b>3.751</b>
Due to banks	75	24
Due to customers	1.122	3.727
<b>Accrued charges - deferred income</b>	<b>25.662</b>	<b>24.942</b>
Commitments on derivative financial instruments	2.355	2.886
Deferred income	165	235
Accruals	23.078	21.804
Other accruals	64	17
<b>TOTAL LIABILITIES</b>	<b>26.859</b>	<b>28.693</b>

#### d. Analysis of income and expense

In thousands of euros	Expense	Income
<b>Interest</b>		
Interbank transactions	(3.641)	19.216
Customer transactions	(9.421)	29.437
Bonds and other fixed income securities		8.422
<b>Subtotal</b>	<b>(13.062)</b>	<b>57.075</b>
<b>Income from variable securities</b>		
Participating interests		14
<b>Subtotal</b>		<b>14</b>
<b>Commissions</b>		
Customer transactions	(909)	14.990
Securities transactions	(4.548)	56.603
<b>Subtotal</b>	<b>(5.457)</b>	<b>71.593</b>
<b>Trading account securities</b>		
Currency transactions		1.647
Disposals of trading account securities	(760)	
<b>Subtotal</b>	<b>(760)</b>	<b>1.647</b>
<b>Securities held for sale</b>		
Net gain or losses	(1.337)	
Net changes in provision		1.842
<b>Subtotal</b>	<b>(1.337)</b>	<b>1.842</b>
<b>General operating expenses</b>		
Personnel expenses		
- Salaries and bonuses	(34.076)	
- Social security contributions	(10.240)	
General and administrative expenses	(22.190)	
<b>Subtotal</b>	<b>(66.506)</b>	

# REPORT OF THE STATUTORY AUDITORS

on the consolidated financial statements for the year ended 31 December 2020

To the Shareholders,

We have audited the accompanying consolidated financial statements of CMB Monaco for the year ended 31 December 2020.

The consolidated financial statements have been approved by the Board of Directors. It is our responsibility to express an opinion on these financial statements based on our audit.

- ◇ **Total balance sheet assets are €5.892.144k**
- ◇ **The income statement shows net income of €14.432k**

The global crisis linked to the COVID-19 pandemic created unusual conditions for the preparation and audit of the financial statements for this financial year. This crisis and the exceptional measures taken in the context of the health emergency had multiple consequences for businesses, particularly on their activity and financing, and gave rise to increased uncertainties about their future prospects. Some of these measures, particularly travel restrictions and remote working, also had an impact on the internal organisation of companies and the procedures for performing audits.

We conducted our audit in accordance with professional standards, which require that we follow procedures to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit involves the use of sampling techniques in order to obtain audit evidence to substantiate the amounts and disclosures contained in the financial statements. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the major accounting estimates made to draw up the financial statements, and assessing their overall presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities, financial position and results of operations of the consolidated group of entities.

We have also verified the disclosures relating to the Group contained in the report of the Board of Directors. We have no matters to report as to the fair presentation and consistency of these disclosures with the consolidated financial statements.

Monaco, 20 April 2021

The Statutory Auditors  
André GARINO, Christian BOISSON.







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**Printing**

Multiprint Monaco

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







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