

## **The CBM Group, Inc.**

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December 17, 2004

To: Our Clients and Friends

First of all, we would like to wish you a wonderful Holiday Season, and a very Happy New Year 2005.

We would like to take this opportunity to thank you for your continued support and friendship during the past year and to report to you on our activities in 2004.

During 2004, The CBM Group, Inc. completed a dozen projects for clients in the United States Europe and Asia:

- 42 % of our work was repeat business with institutions with whom we have well-established relationships, some of them going back a decade.
- New clients, all leading global financial institutions, generated about 58 % of our volume in 2004.

The clients we served in 2004 included:

1. The largest US global bank
2. One of the top 5 US multi-line insurance companies
3. One of the largest European global insurance companies
4. One of the largest financial advisor networks in Italy, with 5000+ advisors
5. The Canadian derivatives exchange and its clearinghouse
6. The technology company associated with a leading European exchange
7. One of the major Bermuda monoline financial guaranty insurers
8. One of the leading US mortgage insurers
9. A leading US regional bank
10. A US specialty finance company, subsidiary of a regional bank
11. A small US retirement plan administration company (“TPA”)

The key areas and topics on which we focused during this past year and continue to work on at this moment include:

Wealth Management

- Strategy development in “wealth management” businesses (asset management, private banking)
- Evolution of retail investment product markets in Europe and Asia
- Management of investment and insurance sales forces, in the US and Europe
- Unit-linked insurance and retirement product opportunities in Europe
- Retail brokerage business strategy

Exchanges and Clearing & Settlement Institutions

- Energy derivatives clearing
- Credit derivatives
- Technology developments

Monoline financial guaranty insurance and structured finance

- Development of pricing and RAROC models
- Review of international developments in financial guaranty insurance
- Securitization of insurance premium finance receivables

Impact of regulatory change on US banks’ securities businesses

In May 2004, Andre Cappon was a guest speaker at the International Options Markets Association (IOMA) conference in Osaka, Japan, hosted by the Osaka Securities Exchange and made a presentation on New Product Opportunities for Derivatives Exchanges and Clearinghouses. The presentation, which proposed the creation of exchange-traded and cleared credit derivatives, is available upon request.

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Should you have any questions or interest in any of the above topics, feel free to give us a call. Since our founding in 1992, we have served over 50 different clients, all leading financial services firms. Of these, some 15 clients represented about 80% of our business. We are proud of our long-term relationships with our clients. On average, we have worked with each one of our key clients for several years, and have served many for a decade or longer!

We look forward to working with you in 2005.

Sincerely Yours,

André Cappon  
President

Guy Manuel  
Managing Director