

Management's Report

The past year was in many ways a year of major changes, and at Maduro & Curiel's Bank it was a year in which we further strengthened our Bank to face the challenges that lie ahead.

On October 10, 2010, the Kingdom of the Netherlands was restructured and as of that date comprises four constituent countries: the Netherlands, Aruba, Curaçao and St. Maarten, each having an autonomous status within the Kingdom. The Netherlands Antilles ceased to exist as of that date. The islands of Bonaire, St. Eustatius and Saba, which were part of the Netherlands Antilles before that date, do not have an autonomous status and became municipalities of the Netherlands. We thus saw the birth of two new autonomous countries in which our Bank operates, Curaçao and St. Maarten, which join Aruba, autonomous since 1986, as island-countries in the Dutch Kingdom. At the same time, our Bank in Bonaire and branches in St. Eustatius and Saba now operate in new Dutch municipalities. This reformation of the Kingdom and peaceful dissolution of the Netherlands Antilles was a major undertaking and unique in today's world. It was successfully accomplished through years of hard and creative work by many in the governments and societies of the Netherlands, the Netherlands Antilles and the islands which comprised the former country.

In our Board of Supervisory Directors, we also saw a number of changes during the past year. We took leave of Eugene Holiday, who assumed the high position of

Governor of St. Maarten after having been so appointed by Queen Beatrix of the Kingdom of the Netherlands. We are fortunate that Miguel Alexander, who is not only a respected civil law notary but also knows the community of St. Maarten like the back of his hand, agreed to join our Board upon the resignation of Eugene Holiday. Pat Minicucci, who was one of Scotiabank's representatives on our Board, stepped down as a Supervisory Director as result of a career change, and we wish him much success in all his future endeavors.

Finally, our Management Board also underwent a number of changes at year's end. Ron Gomes Casseres, who had been with our Bank for 32 years, almost 15 of which as Managing Director, and who is one of the Bank's best known faces in our community, left the services of our Bank on a well-earned retirement. At the same time, Moira Blok-Arenda, with our Bank almost 30 years and for 10 years as an important member of our Management, also retired after significant achievements at our Bank. Michael de Sola, Assistant Managing Director, was appointed by the Bank's Shareholders in October 2010 as Managing Director to assume the responsibilities which Ron previously held. In the Commercial and Corporate Credit Department, Jerry van Gijn, previously Manager Credit, was appointed Assistant to the Managing Directors to assume a number of Moira's responsibilities. We had several opportunities to thank Ron and Moira for their contributions to the growth of our Bank in the past several decades and we do so again in this Report.

And so it is that we enter 2011 newly energized, newly strengthened, in new countries and with a renewed sense of purpose to continue the profitable growth of our Bank so we can continue to provide new and challenging opportunities to our employees, new products and services to our clients, new assistance and support to our communities and, last but not least, continued growth of their investment for our Shareholders.

OUR COUNTRY AND OUR ECONOMY

The major events of the past year were, of course, the changes that came about on October 10th, which are mentioned above. Leading up to this change were two sets of elections, which resulted in a change of government whereby the previous opposition in Curaçao and St. Maarten now form the government coalitions in each of the respective countries.

Two of the most salient economic consequences of the constitutional restructuring are the assumption by the Netherlands of 70% of the national debt of the Netherlands Antilles, Curaçao and St. Maarten and the dollarization of Bonaire, St. Eustatius and Saba, together referred to as the BES islands. The assumption of national debt by the Netherlands led to



Gedeputeerden van Staatkundige Structuur over nieuw land

'10-10-10 een nieuw
begin voor volk Curaçao'

WILLEMSTAD — Het nieuwe land Curaçao met een... genereerd, komen nu aan... stelt zich...

The transformation of the Netherlands Antilles into separate entities was celebrated on all the islands. In Curaçao the celebration took place at Brionplein in front of a big crowd. On picture left, from left to right: (the first) Prime Minister of Curaçao Gerrit Schotte, (the last) Prime Minister of the Netherlands Antilles Emily de Jongh-Elhage and Aruba's Prime Minister Mike Eman.

a very large inflow of liquidity in the monetary markets in 2008 and 2009, which has led to strong competitive pressure on interest rates and even lower deposit rates than banks, investment institutions and savers have been experiencing around the world since the banking crisis of 2008.

The transformation of the economy of the BES islands from Antillean Guilders to US dollars impacted myriads of areas in our Bank. From our G/L to our Bankomatiko ATMs, from foreign exchange transactions to POS terminals, to the mass exchange of cash from NAf to US\$ as of January 1st, it is not an exaggeration to say that all aspects of banking have been or will be affected. This exercise, for a population of only some 18.000 persons on three islands, occupied the time and efforts of the greater part of our technology resources through a large part of 2010, and we are pleased and proud that the change was made at midnight of December 31st without even so much as a hiccup.

One other important change that these new countries bring about is the transfer of prudential supervision. The former Bank van de Nederlandse Antillen became the Central Bank of Curaçao and St. Maarten (CBCS), whereas for our Banks on the BES islands the prudential supervisor is now De Nederlandsche Bank (DNB) and the Dutch Autoriteit Financiële Markten (Financial Markets Authority.)

The CBCS estimates that the Curaçao economy grew a rather weak 0.4% after contracting 0.5% in 2009. The main drivers of economic expansion were the financial services sector and the public sector. Venezuelan tourism dropped significantly due to a devaluation of the Bolivar early in 2010 and tightened restrictions on access to foreign currency in Venezuela; an increase in tourist arrivals from North America and Europe mitigated this contraction of the tourism industry. For 2011, a subdued growth of 0.6% is projected.

For St. Maarten, CBCS considers that there was no growth in the economy in 2010 compared to a 0.9% contraction in 2009. Tourism to St. Maarten increased in 2010 by 3% in the first half of that year due to an increased number of visitors from the US, France and Brazil. Expectations are for St. Maarten's economy to expand slightly by 0.3% in 2011.

OUR BANK

At year's end, it was clearly visible that our new flagship building in Curaçao at Rooi Catootje, our Lio Capriles Banking Center, will become a beauty to the eye, to working conditions for our employees and for service to our clients alike. Barring further weather delays, we should be providing service in this new building in the third quarter of 2011. In St. Maarten the construction

of the expansion and renovation of our head-office is proceeding as scheduled, and we celebrated the 50th anniversary of the founding of The Windward Islands Bank. All our Banks joined together this past year in one inter-island Sports Weekend; the competitive yet family spirit was contagious to all who were in Aruba for that event. Both the inter-island Sports Weekend and our messages in connection with the October 10th constitutional restructuring, "Together we make our future", show that being separate and autonomous goes perfectly well with working together towards one goal. In Curaçao, our Bank celebrated the new autonomous status with our PaisPositivo messages in press, radio and TV and thus contributed to a vision of an energetic new beginning of working together to form the new country.

We again took and continued a number of initiatives this past year to provide even better service to our clients. The benefits and efficiencies created by our Shared Services help position our Bank to be stronger for the future, as does our new and nascent Customer Contact Center. During the year we also implemented a mobile banking solution, MCB Mobile, targeted to users of smart phones, and the service has quickly become a popular one. Finally, we introduced a new Bankomatiko EMV Smart debit card, with which our cardholder clients uniquely earn FunMiles with each and every POS transaction. This EMV Smartcard is the first Maestro card in the Caribbean region to employ a chip for enhanced security, and we were honored at its launch by a visit of the president of this MasterCard region and other important MasterCard officers.

This year, we held our bi-annual Employee Appreciation Day with the theme "The Power of Appreciation". This is a unique MCB event, which was again appreciated by all in our Bank on all six islands. We also held our Employee Satisfaction Survey, which, as always, provided us with very valuable feedback on our Bank's policies and practices and provided us with a road map for the next couple of years. In 2011 we will be launching a new Rewards and Recognition program which we are sure will further enhance the engagement of our staff.

The past year will be remembered in Curaçao not only as the year the island became an autonomous country, but also as the year of Tomás. This tropical storm passed north of the island on the night of November 1st, but left behind floods that were more damaging than any other event of nature in collective memory. In fact, due to unusual atmospheric conditions, the last four months of the year were among the wettest on record and contributed to damage the island's infrastructure, commercial buildings and personal dwellings. As was

the case when our Bank and our employees banded together to assist with a major donation to the victims of the horrific earthquake in Haiti early in the year, so our Bank and our colleagues again got together to contribute to the efforts to repair the homes of the less fortunate as well as schools and community centers on our own island of Curaçao.



Of course, we also supported with very favorable terms the rebuilding efforts of our commercial and retail clients.

Tomás and the earthquake in Haiti underlined the importance of rescue organizations in all communities. In Curaçao, it is the Citizens Rescue Organization, CITRO, manned exclusively by volunteers, which we look to when there is a swimmer or boat lost at sea or when disaster strikes. At times, tragedy also strikes CITRO itself, and they very sadly lost one volunteer worker at a rescue event during the night of Tomás. For all that CITRO has done and sacrificed over almost 30 years, they deserved and were awarded the 2010 MCB Prize by a grateful MCB family.

CORPORATE GOVERNANCE

Our Board of Supervisory Directors and Management continue to be committed to the principles of sound corporate governance. The Board supervises Management through its active Audit, Credit, Risk and Succession & Compensation Committees.

Our Bank remains, as before, committed to the principles of sound Know Your Customer-due diligence and to combating money laundering and terrorist financing. Our Compliance Office plays a crucial role in training and raising the awareness of our staff, for monitoring our

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business and for complying with reporting requirements. This past year, MCB's principal Compliance Office in Curaçao successfully assisted our St. Maarten bank, The Windward Islands Bank, in upgrading its Anti-Money Laundering/Terrorist Financing (AML/TF) activities. AML/TF training took place on all islands for all our staff while this year we introduced computer- and web-based training and testing to enable us to provide refreshers more consistently and more frequently to our staff. We have completed the updating of our AML/TF manuals to take into account all recent legislation in Curaçao and St. Maarten. The AML/TF requirements in the BES islands will mirror those of Curaçao in 2011 but will change rather drastically in 2012 to mirror those in force in the Netherlands; our Compliance Office will be intensively involved in this regard.

OUR FINANCIAL STATEMENTS AND OTHER HIGHLIGHTS

The MCB Group consists of 15 companies operating onshore and international businesses based in Curaçao, Aruba, St. Maarten, Bonaire, St. Eustatius and Saba. The information contained in these consolidated highlights represents the total of the financial statements of all 15 members of the MCB Group.

Companies in which we hold a minority share, specifically Royal & Sun Alliance Insurance (Antilles) N.V., Caribbean Factoring Services B.V. and FactorPlus Aruba N.V., are not consolidated.

PROFIT & LOSS STATEMENT

The income presented in our financial statements is derived from both the onshore and international activities of the Group. This income is well diversified.

Despite the challenging year, the Group's net result after taxes, but before the transfer to the Reserve for General Banking Risks, increased with nearly 16 million or 13% to Naf. 135 million. This increase in profit was partly also due to extraordinary proceeds from the sale of available-for-sale securities. Excluding this extraordinary profit, MCB Group's Net result after taxes increased with a healthy 10% or Naf. 11 million. It was very satisfying that all our markets contributed to this increase in profits.

BALANCE SHEET AND EQUITY

MCB Group's total assets increased with Naf. 191 million or 3% and for the first time passed the 6 billion guilder mark at Naf. 6,034 million.

Net loans and advances to customers increased by 7% with 228 million guilders to Naf. 3,401 million. Despite this substantial growth in loans, the gross interest income decreased 1%, because of a decrease in the interest rates in our markets. Our customer deposits increased a modest 75 million guilders to Naf. 5,192 million or 1% over the amount on deposit at the end of

2009. Because of the historically low interest rates on savings and deposits with banks, customers are looking for other ways to earn a return on their funds.

Our shareholder's equity was strengthened considerably with Naf. 44 million, surpassing the Naf. 500 million mark for the first time. Excluding minority interest, total Stockholders' equity ended the year at Naf. 535 million. This strong capitalization continues to represent a key strength of our Group and one that our community, our clients and our staff can rely and count on.

LOANS

The 7% growth in loans and advances to customers was accomplished thanks to both our corporate customers and our retail customers with 8% and 6% growth, respectively.

In 2010, MCB in Curaçao alone extended nearly 5500 new personal loans, car loans and residential mortgages for an amount of over Naf. 152 million. In Curaçao, during 2010, the bank put extra emphasis and commitment to the small business sectors and our Small Business Unit approved nearly 500 small business loan requests, and our micro-finance department extended 96 Granito loans. Since inception at the end of 2006, MCB has granted more than 450 micro-finance loans. We were pleased that the Innovation Center Curaçao recognized the significant contributions by our Small Business Unit and awarded it the 2010 Innovation Prize for the greatest economic contribution.

TAXES

MCB Group's profit tax obligation resulting from our operations in 2010 is NAf. 31 million, while the group also paid NAf 3.2 million in turnover taxes. Our employees paid wage taxes amounting to NAf. 32 million.

MCB Group collects foreign exchange license fee/tax for the Central Bank, which in turn pays it to the respective Governments of Curaçao and St. Maarten. In 2010 MCB collected and paid NAf. 46 million in license fees for Curaçao, St. Maarten and Bonaire. In Aruba, Caribbean Mercantile Bank collected AWG 10 million in exchange tax which it paid to the Central Bank of Aruba for the Government of Aruba.

Together, the taxes mentioned above contributed NAf. 122 million to the treasuries of our countries.

All these activities again show that at the MCB Group, we consider it our responsibility to share with our communities and are committed to do so.

THE FUTURE

All in all, 2010 was a year that was not short on events or accomplishments. While we look back with some nostalgia to the Netherlands Antilles we were so familiar with for over 55 years, we also look forward with excitement to the opportunities presented by our new countries Curaçao and St. Maarten and the new BES municipalities of Bonaire, St. Eustatius and Saba. New countries also provide an opportunity to change 'business as usual' to 'business not as usual', in the widest and best sense of these words. That is the case also within our Bank. With new members of our Management and

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EMPLOYMENT

MCB Group employed 1473 persons in the different countries and islands at the end of 2010. During the year, MCB Group paid its employees NAf. 89 million in salaries alone, not counting social benefits, pensions, medical and other insurances.

COMMUNITY

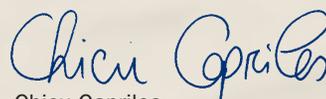
As always, we continue to share with our communities on all islands through our numerous donations and contributions. On Curaçao alone we contributed with nearly 4500 donations or almost NAf. 3 million to support the important work and activities from cultural, social, religious, sport and educational organizations benefiting the youth, neighborhoods and different charitable institutions.

We are especially proud of our donation of NAf. 500 thousand for the relief of the unprecedented damage caused by the flooding that followed tropical storm Tomás in Curaçao and our NAf. 100 thousand contribution for Haiti following the devastating earthquake early in the year.

In the second week of December, we celebrated our 6th "Siman di Kurason Positivo" in Curaçao whereby many of our employees voluntarily provided direct social assistance to less fortunate individuals in our society.

On the occasion of the historic constitutional changes, our Bank was the main sponsor of a very comprehensive 20th century art exhibit in the Curaçao Museum, which was opened by HRH Prince Willem-Alexander and HRH Princess Máxima. Visual art is a significant part of our diversified culture and the main aim of "Antepasado di Futuro" was therefore to promote knowledge and appreciation for art in Curaçao, and tribute to those who were the pioneers of today's visual art. Because of the importance for the general public to learn more about the art on this island, entrance was free during the entire three month period of the exhibit.

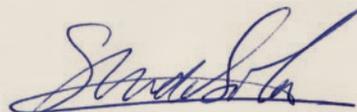
Supervisory Boards, we look forward to new ways of doing business, to new services and new products, and to new ways of engaging our staff. In this, we know that we can count on our Regulators, our Shareholders, our Supervisory Directors and our Employees. We are grateful for the support we enjoyed in 2010 and surely will enjoy in 2011. Perhaps even more importantly, we are confident that the peoples of our six islands also know that "Together we make our future", and we look forward to doing so in the years ahead.



Chicu Capriles
President and CEO



Joe van Dongen
Managing Director



Michael de Sola
Managing Director