

**BIG HEROES**

*of*



**SMALL**

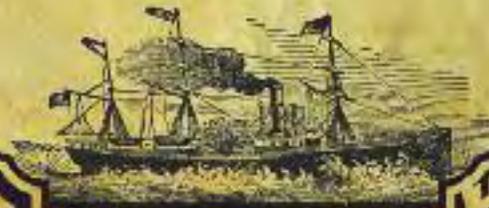


**BUSINESS**

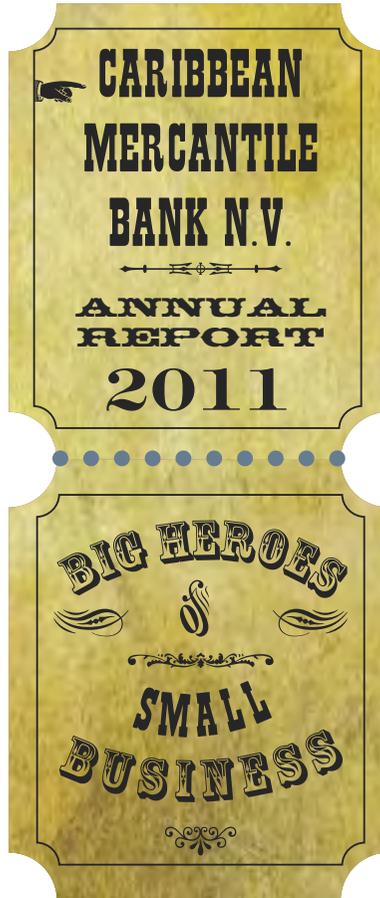
**CARIBBEAN MERCANTILE  
BANK N.V.**

**ANNUAL REPORT**

**2011**







**CARIBBEAN  
MERCANTILE  
BANK N.V.**

— — — — —  
**ANNUAL  
REPORT  
2011**

**BIG HEROES**  
of  
**SMALL  
BUSINESS**



**“WHEREVER YOU SEE A SUCCESSFUL BUSINESS,  
SOMEONE ONCE MADE A COURAGEOUS DECISION.”**

**PETER DRUCKER**

*Influential writer, professor and management consultant*

As children, we are raised on tales of extraordinary individuals who accept difficult journeys that promise only uncertain futures, high risks, challenges and sacrifice. Through them we learn lessons of survival and self-reliance. We come to understand that perseverance can unearth hidden treasures and that singular acts can define destinies and change the world around us.

With adulthood come careers and, inevitably, dreams of leaving a job to start a business and be your own boss. Most never take the leap. Why? It takes courage to walk away from certainty, benefits and steady paychecks to willingly assume risk in the unforgiving world of entrepreneurship.

By our own childhood definition, we encounter heroes every day in small businesses. Hard-working, courageous and persistent professionals who have the strength to act to get the results they want. Passionate individuals who live and breathe their businesses. People who choose difficult paths to success despite the odds while accepting that the buck always stops with them.

Some of these heroes are driven by survival, freedom and profit. Others are motivated by helping customers or solving everyday problems. All are powered by optimism, inspiration, an often contagious enthusiasm and the belief that the best way to predict a successful future is to create it.

More than just supporting them, CMB salutes them...

*“CMB believed in my idea from the beginning and supported me all the way.”*



 **HEROES** : **CHIBI VAN DER HANS**

## THE CARNIVAL PROMOTER

**FOR 14 YEARS RUNNING, CMB HAS ASSISTED FRIEDRICH “CHIBI” VAN DER HANS AND HIS BUSINESS STUDIO MILENIO TRES IN PRODUCING *BACCHANAL*, ARUBA’S OFFICIAL CARNIVAL GUIDE.**

Throughout the years, Chibi van der Hans has developed *Bacchanal* from an interesting idea into the best product of its kind in Aruba. Instrumental in promoting Aruba’s annual attraction locally and abroad, the publication is virtually synonymous with carnival and captures the essence of festivities in words and imagery that depicts Aruba’s culture, music, dance and colorful history and promises unforgettable memories.

“CMB believed in my idea from the very beginning and supported me all the way,” recalls Chibi. “Once the bank introduced its Small & Medium Enterprise Unit, our relationship and interactions just became even stronger. I rely on regular brainstorming sessions with my account manager to help me identify the best avenues for marketing my solutions, increasing value and optimizing my business.”

Distributed nationwide by the Aruba Tourism Authority, the Aruba Carnival Foundation, radio stations and other channels, *Bacchanal* is a business in itself. Affectionately known as the “Bible of carnival”, it is simultaneously a guide, a magazine, a tribute and a revenue-generating marketing and advertising platform. As editor, publisher, sales person and account manager, Chibi already has his hands full before addressing the other demands of his communications business.

“With the continuous workload and personal service I offer my clients, my time is limited and I have to work as efficiently as possible every day,” explains Chibi. “CMB’s online banking products are a relief because they save so much time and make it easier for company owners to work on – and in – their businesses. There is also a creative component to my work that requires focus and peace of mind. I get both thanks to CMB’s advice, their understanding of my business needs and the knowledge that my account manager’s door is always open to me.”



*“CMB has been with us at every step.”*



**HEROES**  
**LINDA PIMIENTA**

## **THE OLD FISHERMAN**

**THE OLD FISHERMAN IS MORE THAN JUST A POPULAR, IDEALLY SITUATED RESTAURANT SERVING THE PERFECT BLEND OF INTERNATIONAL AND LOCAL CUISINE. THIS TREASURED HOT SPOT IN DOWNTOWN ORANJESTAD ALSO HAPPENS TO BE A WONDERFUL CMB SUCCESS STORY.**

When Linda and Ramon Pimienta started their small business, they could only dream that it would one day evolve into its current status as an iconic Aruban eatery and a perennial favorite of tourists and locals alike.

“Our dream began in 1989 and CMB has been with us at every step,” reminisces Linda Pimienta, co-owner of the restaurant. “The bank immediately believed in us. Their confidence and financing enabled us to open and strategically grow the restaurant over time. Their understanding and advice have been tremendous throughout the years.”

Providing specialist services to small and medium enterprises, CMB’s Small & Medium Enterprises (SME) Unit drives and safeguards the success of businesses in Aruba through tailored expertise, products and services. The Old Fisherman is a terrific example of how you can begin with a promising concept and work hard and strategically to make it a success. A small business idea is like a seed. Expert planning, financing, guidance and support help to nourish and cultivate it to realize its full potential. The Old Fisherman started as a desire to sell fresh fish and eventually became a flourishing institution.

“CMB has always guided us in the best ways to conduct business,” adds Pimienta. “When we started, we had the will and commitment, but no actual restaurant business experience. The bank followed our developments closely to assist and advise us on achieving our goals, operating efficiently and expanding. Their team has always been happy to help us.”

“More than just big picture supporters, the bank remains a part of our everyday business,” Pimienta concludes. “We use their credit line financing services and pay salaries directly to the Bancomatico accounts of our employees through the CMB@Business solution. Our family also does all of our personal banking with CMB. The levels of service and communication are excellent.”



*"I showed them that I can and they showed me they believe in me."*



## THE BLACK SHEEP

**ON THE MAIN SHOPPING STREET IN THE CAPITAL OF ARUBA, ONE STORE ATTRACTS PARTICULAR ATTENTION THROUGH DECIDEDLY DIFFERENT OFFERINGS AND A STYLE THAT REFLECTS THE SUBCULTURE AND LIFESTYLE OF ITS OWNER.**

After a shopping trip to the United States in 2009, Gregory Tromp returned to Aruba acutely aware that there was a niche market in Oranjestad with needs that were not being met.

“At the time, the only way for teenagers and young adults in Aruba to get the types of brands and products that we’re now selling was to buy them online,” says Tromp. “That pales in comparison to the in-person, immediate and shareable experience of shopping within a community and store that embraces and encourages your lifestyle and ability to express it.”

Dynamic skate, club, casual and beach wear. Artistic T’s, caps and hoodies. Attitude denim and eye-catching dresses. Diverse on-site piercing options and a wide selection of body jewelry. Infuse all of this with a strong sense of culture and community and you have a sense of Tromp’s vision for Black Sheep Apparel Aruba.

“After conducting research and completing insightful courses, I drew up my business plan and approached CMB for assistance in launching my business,” reflects Black Sheep’s owner. “My real concern was not being taken seriously because of my young age.”

Instead of skepticism, Gregory was surprised to be received with an open-mindedness and respect that CMB felt he merited based on his professionalism, due diligence, vision, detailed plans and start-up capital. Gregory’s impressive proposal and demeanor transformed into CMB’s assistance, financing and support and Black Sheep Apparel Aruba was able to open its doors.

Two years later, Tromp and Black Sheep are thriving in a part of downtown where business is traditionally extremely competitive and challenging. Happy with their client’s performance, CMB’s Small & Medium Enterprise (SME) Unit proudly points to Gregory and his approach as an example for other young Arubans with business aspirations.

“When CMB placed its confidence in me, it was a relief,” recalls Tromp. “With the guidance of my account managers, I had an experienced team in my corner. I showed them that I can and they showed me they believe in me. Now I benefit from personal contact and someone is always there to help me. On a daily basis, the bank’s services like CMB@Business save me a lot of time and effort gathering information and paying international and local suppliers. The CMB team is there to help my business grow.”



*“CMB had 100% confidence in my business and gave me confidence.”*



## THE SNACK KING

**AS ONE OF THE LEADING PROVIDERS OF WHOLESALE SNACKS AND FOODS TO THE ISLAND OF ARUBA, CARMEN SNACKS IS A MODEL OF A BUSINESS THAT HAS EXPANDED STRATEGICALLY WHILE STAYING TRUE TO ITSELF.**

Rafael Hilario remembers when he first sensed the potential in making the much-loved delicacies of his mother, Carmen, accessible to a wider audience. “I had dreamed of starting my own business for a long time and I was passionate about cooking,” reflects Hilario. “My mother had so many delicious recipes, so that was an obvious starting point. However, I really had no idea how to establish a business.”

As Rafael gradually took steps to bring his idea to fruition, he sought guidance from Ted Noble, then Assistant Managing Director in charge of the Small & Medium Enterprise Unit (SME) at CMB. “Ted once told me to focus on really getting to know my current and potential customers,” states Hilario. “He told me that if you understand who you are dealing with, their needs will guide the way you should grow and do business. To date, that is some of the best advice I’ve ever received.”

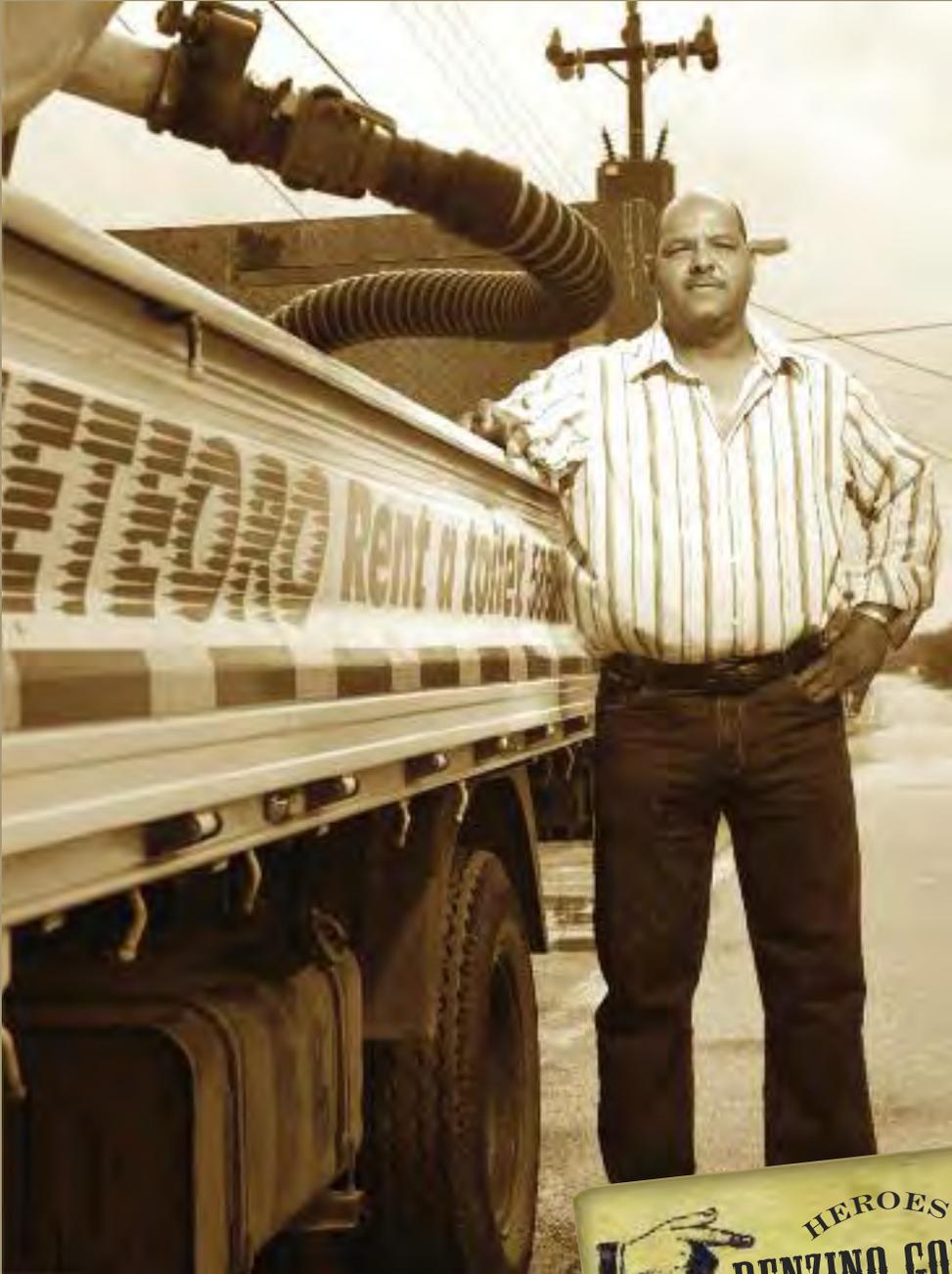
Hilario officially founded Carmen Snacks in 2005. Driven by demand, a humble operation that started out in a mother’s kitchen soon transitioned to an apartment, then a house and subsequently a dedicated facility that now serves all of Aruba. CMB was there to offer support at each stage of the business.

“CMB had 100% confidence in my business and gave me confidence,” Rafael explains. “They helped me to expand tremendously, modernize, increase capacity and grow my client base to include mini-markets, supermarkets and hotels. When a home-based operation became too limiting, CMB reviewed my business plan and approved financing for a new location in less than two weeks. Just like that, another dream became a reality.”

“The more contact you have with your business account manager, the better,” advises the Snack King. “This enables them to understand your business and give you valuable, timely advice. I am very satisfied with the quality of services and support received from CMB’s Small & Medium Enterprise (SME) Unit over the years. I also regularly use CMB@Business Internet banking, their ATMs and the night depository – though I still prefer to visit my branch and my account manager whenever I get the chance.”



*“What I value most about my bank and its people is their honesty.”*



## THE WIZARD OF OOZE

### SKILLED AND INDEPENDENT, RENZINO GOMEZ IS A CREATIVE ARUBAN ENTREPRENEUR WITH A KNACK FOR BRINGING HIS INNOVATIVE IDEAS TO LIGHT.

Renzino Gomez launched Meteoro Septic Tank Service when he bought a septic service truck that was recognized in a small community in Aruba. While servicing satisfied customers, Renzino was already thinking of ways to expand his business beyond four wheels and his existing market.

During one service call, Renzino enthusiastically shared some of his plans and ideas for the future of his business. Impressed by his vision, work ethic and obvious enthusiasm, the client befriended Gomez, offered him some suggestions and volunteered to be a periodic sounding board. Unbeknownst to Renzino at the time, his client was none other than Ted Noble, CMB's current Assistant Managing Director.

“When we met, I had no idea that Ted worked at CMB,” recounts Renzino. “He freely gave me his time and offered me advice even though I banked elsewhere. We kept in touch and then one day I expressed my desire to expand my business by purchasing several portable restroom units. That was when Ted informed me that he worked at CMB and that his bank could help me.” Just days later, Renzino had the funds to finance his new line of business.

“I have learned a great deal from Ted and taken a lot of his advice to heart,” continues Gomez. “For instance, he encouraged me to drive my business through innovation in addition to competitive service. Taking marketing courses helped me to focus my energy, shape ideas and find improved ways of differentiating Meteoro and serving my customers more efficiently.”

With a keen business sense and the support of CMB's Small & Medium Enterprise Unit, Gomez has expanded Meteoro Septic Tank Service to include two large trucks, a smaller service vehicle and a fleet of 60 portable restroom units. Unlike most conventional offerings Meteoro's portable solutions are illuminated and some are powered by solar energy. Renzino installed these features himself and also personally customized the mechanisms on his truck: practical improvements that were later duplicated by the company he partners with in the United States.

“What I value most about my bank and its people is their honesty,” reflects Renzino. “CMB has always been attentive and straightforward with me while acting in the best interests of my business. They care about our relationship and provide hands-on advice that helps me to move forward and stay ahead of my competition. My company has made considerable advances in just five years and I could not have done it alone. I am very grateful to CMB and its team.”





**BIG HEROES**

*of*



**SMALL**

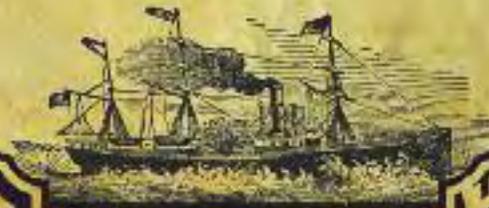


*and*  
**BUSINESS**

**CARIBBEAN MERCANTILE  
BANK N.V.**

**ANNUAL REPORT**

**2011**





**“IF YOU WISH TO PROSPER,  
LET YOUR CUSTOMER PROSPER.”**

Frederic Bastiat  
*French economist and politician*



## MANAGEMENT'S MESSAGE

The year 2011 was one of recovery and optimism as Aruba continued to rebound from the residual economic downturn caused by the global crisis in 2008/2009. Large-scale investment was a catalyst to general recovery as the BoAruba urban renewal project began to renovate city centers, improve neighborhoods and create job opportunities. The government also introduced fiscal incentives associated with its *Product Aruba* initiative to stimulate the economy, business growth, consumer confidence and disposable income while developing Aruba as a comprehensive destination that offers much more than just white beaches and sun.

A boost in tourist arrivals and private sector investments such as the Ritz Carlton project (320-room hotel and casino), retail megastores and utility companies also had a positive economic impact. All indicators show an Aruban economy steadily on the rise, though we expect progress to be somewhat tempered by the recently announced suspension of operations of the oil refinery on Aruba in 2012.

Per the theme of this report, the government of Aruba also shifted its focus to supporting the small- and medium-size businesses that represent approximately 60% to 70% of the island's commerce community. One of the administration's stated goals for 2011 was to promote the quality and capacity of Aruba's entrepreneurs by encouraging greater accessibility to capital, expert guidance and developmental support. CMB responded with the specialized knowledge and care provided by its Small & Medium Enterprises (SME) Unit, as well as targeted credit financing products, campaigns, promotions and events.

Our efforts were fruitful as overall loans and advances to customers increased by more than 60 million florin from the previous year. Corporate loans grew by over 8% while retail loans rose by 12 million florin (7 million florin from personal loans and 5 million florin in auto loans). Our efforts even delivered a marginal 2% increase in residential mortgages to 45.6 million florin.

### **BELIEVE AND ACHIEVE**

As the achievement of personal dreams is a primary motivator of entrepreneurs and investors, CMB sought to connect with them on a more personal level. In 2011, we engaged in targeted campaigns tailored to specific key demographics. Each effort positioned CMB in a meaningful way as a supportive facilitator of personal and professional success.

Fueled by the results of a commissioned brand image survey and the desire to capitalize on government initiatives, we aligned our overall messaging with the sentiments of belief in oneself, achievement, friendly support and confidence. This alignment included a major redesign of [cmbnv.com](http://cmbnv.com) and the adoption of a more humanized, personalized feel throughout all CMB messaging to promote improved results and, ultimately, more revenues for the bank.

Transitioning away from animations and computer graphics, we introduced our new marketing approach in a TV commercial that featured Aruban workers performing real-life activities in their daily efforts to build a better Aruba. A very positive response led to a series of ads that prominently featured actual representatives of the demographic segments identified

as a result of our commissioned brand image survey. The new positioning was also successfully integrated into two retail loan renewal campaigns that were launched in the first quarter of the year (*Renoba y Haya Mas* and *Saca Bo Som y Saca Bo Auto Nobo*). Each initiative resonated on an emotional level while appealing to the impetuses that precipitate most loan applications: medical, travel, home improvement and automobile. The aforementioned results speak to the effectiveness of our new branding.

#### **SOCIAL CONNECTION**

At the start of 2011, CMB launched a Facebook page as a means of creating a more direct channel to clients and prospects while expanding the reach and life of our marketing initiatives. The launch coincided with a very effective cross-media campaign that generated an impressive 4,000+ fans in just four weeks. CMB's page currently has over 7,000 fans.

#### **CALL OF THE LION**

During Carnival season in early 2011, CMB launched a never-before-seen-in-Aruba branding campaign entitled *E Leon Ta Los*. It was a public jingle competition based on a popular urban legend of a lion that was apparently seen in the area of Boroncana. Featured in press releases, editorials and on radio for many weeks, this viral, interactive campaign generated substantial PR mileage for CMB. Anticipating the receipt of 30 jingles, we were surprised when the competition generated 108 submissions of which 82 qualified. The contest built noticeable goodwill and awareness among participating schools, community groups, musicians and artists.

#### **PERENNIAL STUDENTS**

For over a decade, CMB's annual Student Campaign has proved instrumental in our ability to consistently capture 49% to 52% of new student accounts each year. Given the nature of the demographic, we took our 2011 campaign into the realm of social media with the *You Made the Grade* contest. While realizing our usual rate of new account sign-ups at a lower overall marketing cost, the campaign inspired more than 500 students to join CMB on Facebook.

CMB garnered the further attention of this young market segment with a community-oriented, image-building program called *Maestro di Aña*, which involved an eventual *Teacher of the Year* selection from a pool of 1,200 teachers submitted by students. The program also involved online voting on the Department of Education's site as well as CMB-branded bios for each candidate featured on national television during special segments of the nightly news. The positive response and energy generated by this program were fantastic and brought CMB ever closer to the student niche and leaders of tomorrow, as well as their parents and teachers.

#### **WOMEN IN LEADERSHIP**

Midway through the year, CMB executed plans to connect with female business professionals on Aruba. Following a month of intensive promotions, our first uniquely CMB-sponsored *Women In Leadership Conference* completely sold out after attracting 110% of the number of anticipated attendees. Our new status as the main host enabled us to further promote CMB's solutions to both established and prospective female

entrepreneurs and executives on Aruba. CMB then reinforced this connection by featuring female professionals in the subsequent launch of advertisements for newly branded products such as our *Hopi-teca* mortgage product.

#### **DRIVE FOR GROWTH**

In August of 2011, CMB re-branded its car financing product as *MasAuto* and launched a campaign to stimulate the purchase of 2012 model vehicles in a very flat sales market. By focusing on attractively packaged financing deals which included insurance, FuMiles loyalty rewards and our own Kompa Leon credit card, CMB secured a very healthy 25% share of all cars sold on Aruba in 2011.

#### **ONE STEP AT A TIME**

In November, CMB organized the *Noordloop*: a highly publicized and talked about footrace. This branded event attracted 550 race participants, nationwide press coverage and live coverage by helicopter camera. Many more people were in attendance for the post-race celebrations that included a concert and Zumba show and CMB's brand was present throughout.

The year closed with the release of CMB's new Bancomatico Smart Card, print magazine spreads and a series of TV com-

mercials that further cemented CMB's leadership position, including a special 3:30 minute commercial that recapped CMB's activities in 2011. Set to the music of celebrated Aruban-Dutch vocalist Roger Peterson, the commercial was a success on television as well as on Facebook where it generated 200,000 views in less than a month.

#### **LOOKING AHEAD**

American entrepreneur, author and public speaker, Seth Godin, once said that "setting your own standards – and living up to them – is a better way to profit... not to mention a better way to make your day worth all the effort you put into it." This has certainly proven to be true at CMB. The highest standards of conduct and quality will continue to drive CMB's success and innovation in the years ahead.

It has been said that the willing heart finds a thousand ways while the unwilling heart finds only a thousand excuses. The heart of CMB remains our outstanding employees whose diligence and commitment inspires the continued loyalty of our valued customers and makes success possible. It is thanks to their efforts and the confidence of our clients that CMB excels in its position of trust as an enthusiastic and supportive partner in the development of the community of Aruba and its business heroes.



J.E. Wolter  
General Managing Director



L.T.F. Wright  
Deputy Managing Director



## CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2011 AND 2010

IN THOUSANDS OF ARUBAN FLORINS • 000s OMITTED

<b>ASSETS</b>		<b>2011</b>		<b>2010</b>
Cash on hand	AFL.	28,966	AFL.	30,759
Due from banks		354,226		369,306
Aruban government papers and other securities		48,190		42,790
Loans and advances to customers		858,534		798,386
Bank premises and equipment (net)		15,281		13,338
Customers' liability under acceptances		4,162		31
Other assets		<u>19,338</u>		<u>21,088</u>
<b>Total Assets</b>	<b>AFL.</b>	<b><u>1,328,697</u></b>	<b>AFL.</b>	<b><u>1,275,698</u></b>

Number of staff members: 285



### NOTES

- Loans are stated net of unearned income and allowance for impairment on loans and advances; such allowance is based on management's evaluations of the loan portfolio.
- The bank complies with the General Rules of Conduct (as adopted by the Aruban Bankers' Association) concerning the relationship with customers in the areas of customer identification, compliance with the law and confidentiality.

Aruban Florins: AFL. 1.79 = US\$ 1.00



**CONSOLIDATED BALANCE SHEET**

DECEMBER 31, 2011 AND 2010

IN THOUSANDS OF ARUBAN FLORINS • 000S OMITTED

**LIABILITIES AND EQUITY**

**LIABILITIES**

	2011		2010
Demand deposits	AFL. 676,162	AFL.	517,469
Saving and time deposits	<u>444,295</u>		<u>587,673</u>
Total deposits	1,120,457		1,105,142
Due to banks & parent	20,157		7,702
Acceptances outstanding	4,162		31
Other liabilities	<u>42,729</u>		<u>34,914</u>
<b>Total Liabilities</b>	<b>AFL. 1,187,505</b>	<b>AFL.</b>	<b>1,147,789</b>

**EQUITY**

Authorized 500 shares of AFL. 10,000 each; issued and outstanding 400 shares	4,000		4,000
Reserves and undistributed profits	<u>137,192</u>		<u>123,909</u>
<b>Total Equity</b>	<b>AFL. 141,192</b>	<b>AFL.</b>	<b>127,909</b>
<b>Total Liabilities and Equity</b>	<b>AFL. <u>1,328,697</u></b>	<b>AFL.</b>	<b><u>1,275,698</u></b>

Commitments and contingent liabilities for guarantees and delivery orders	17,380		16,712
--	--------	--	--------



**CONSOLIDATED STATEMENT OF INCOME**

DECEMBER 31, 2011 AND 2010

IN THOUSANDS OF ARUBAN FLORINS • 000S OMITTED

		2011		2010
Net interest income	AFL.	76,850	AFL.	74,074
Other income including dividend income		<u>42,460</u>		<u>38,317</u>
<b>Total Net Income</b>		<b>119,310</b>		<b>112,391</b>
Salaries & employee benefits		32,397		29,679
Other operating expenses including net impairment losses		<u>26,873</u>		<u>27,940</u>
<b>Total Non-Interest Expenses</b>	<b>AFL.</b>	<b>59,270</b>	<b>AFL.</b>	<b>57,619</b>
Operating profit before taxes		60,040		54,772
Profit tax		<u>16,076</u>		<u>14,753</u>
<b>Profit After Tax</b>	<b>AFL.</b>	<b><u>43,964</u></b>	<b>AFL.</b>	<b><u>40,019</u></b>



## **ACCOUNTING POLICIES**

### **GENERAL**

Caribbean Mercantile Bank N.V. (the “Bank”) and subsidiaries are wholly owned by Maduro & Curiel’s Bank N.V., Curaçao (the “Parent Bank”) and carry out commercial banking, mortgage and consumer financing operations on the island of Aruba. The address of the Bank is Caya G.F. Betico Croes 53.

The principal accounting policies adopted in the preparation of the consolidated financial statements of Caribbean Mercantile Bank N.V. and its subsidiaries are set out below. These explanatory notes are an extract of the detailed notes included in the consolidated financial statements and are consistent in all material respects with those from which they have been derived.

The consolidated financial statements are presented in Aruban florins (‘AFL’) and are rounded to the nearest thousand florins.

### **BASIS OF PREPARATION**

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards. The policies used have been consistently applied by the Group and its subsidiaries and are consistent, in all material respects, with those used in the previous year.

For financial statement presentation purposes certain 2010 items were reclassified in order to be in conformity with the 2011 presentation.

### **CONSOLIDATION**

The consolidated financial statements include the accounts of the Bank and its wholly owned subsidiary Progress CMB N.V. Intercompany balances and transactions have been eliminated on consolidation.

During 2001, the Bank acquired all shares of Maduro & Curiel’s Bank International N.V. and 76.6% of the shares in Windward Islands Bank International N.V. As the Bank does not have full control over these companies, these investments are presented as investments in associate companies under the heading Other Assets.



## **ACCOUNTING POLICIES**

### **INVESTMENT SECURITIES**

The Bank classifies its investment securities as financial assets at fair value through profit or loss and held-to-maturity. Management determines the classification of its investment securities at initial recognition.

The category 'financial assets at fair value' has two sub-categories: 'financial assets held for trading' and 'financial assets designated at fair value through profit or loss at inception'. A security is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Investment securities with fixed maturities where management has both the intent and ability to hold to maturity are classified as held-to-maturity.

'Financial assets at fair value through profit or loss' are initially recognized at cost and subsequently carried at fair value. The gains and losses arising from changes in the fair value of 'financial assets at fair value through profit or loss' are included in the statement of income in the period in which they arise.

Unlisted equity securities for which no readily available market exists are carried at cost less impairment, if applicable which approximates fair value.

All purchases and sales of investment securities are recognized at settlement date.

### **LOANS AND ADVANCES**

Loans and advances are carried at amortized cost, less an allowance for impairment on loans and advances ('allowance'). A commercial loan is classified as impaired if there is an indication that the Bank will not be able to collect all amounts due according to the original contractual loan terms. The amount of the allowance is based on management's assessment of the recoverable amount, which includes amounts recoverable from guarantees and collateral. Changes in impairment are charged to the statement of income. Loans deemed uncollectible are written-off against the allowance for possible loan losses. Subsequent recoveries are credited in the statement of income.

Amounts set aside that exceed the allowance have been accounted as reserve for general banking risks as part of the other reserves within shareholder's equity.



## SPECIFICATION OF ACCOUNTS

### ASSETS

#### INVESTMENT SECURITIES

Details of government paper and other securities at December 31, 2011 and 2010 are as follows:

		2011		2010
<i>Held-to-maturity</i>				
Aruba government bonds	AFL.	42,190	AFL.	42,190
Aruba government treasury notes		<u>4,000</u>		-
		46,190		42,190
<i>Financial assets at fair value through profit or loss</i>				
Aruban equity securities		600		600
<i>Financial assets held for trading</i>				
Debt securities Aruba		<u>1,400</u>		-
		<u>48,190</u>		<u>42,790</u>

#### LOANS AND ADVANCES TO CUSTOMERS

An analysis of loans at December 31, 2011 and 2010 is as follows:

Loans and advances to customers	AFL.	875,088	AFL.	813,711
Allowance for impairment on loans and advances		<u>(16,554)</u>		<u>(15,325)</u>
		<u>858,534</u>		<u>798,386</u>

### LIABILITIES

#### CUSTOMERS' DEPOSITS

		2011		2010
Demand deposits	AFL.	676,162	AFL.	517,469
Saving deposits		329,193		340,861
Time deposits		<u>115,102</u>		<u>246,812</u>
		<u>1,120,457</u>		<u>1,105,142</u>

#### *Aruban profit tax*

Operating income from domestic banking activities is subject to Aruban profit tax at the rate of 28%.

Tax is payable at the applicable rate on net operating income from domestic banking activities.



**REPORT OF THE INDEPENDENT AUDITOR  
ON THE SUMMARY FINANCIAL STATEMENTS**

**TO THE STOCKHOLDERS AND BOARD OF DIRECTORS OF  
CARIBBEAN MERCANTILE BANK N.V. AND ITS SUBSIDIARIES, ARUBA**

We have audited the consolidated financial statements of Caribbean Mercantile Bank N.V. and its subsidiaries (the “Company”) for the year ended December 31, 2011, from which the accompanying condensed consolidated balance sheet, consolidated statement of income and explanatory notes were derived, in accordance with International Standards on Auditing.

Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards.

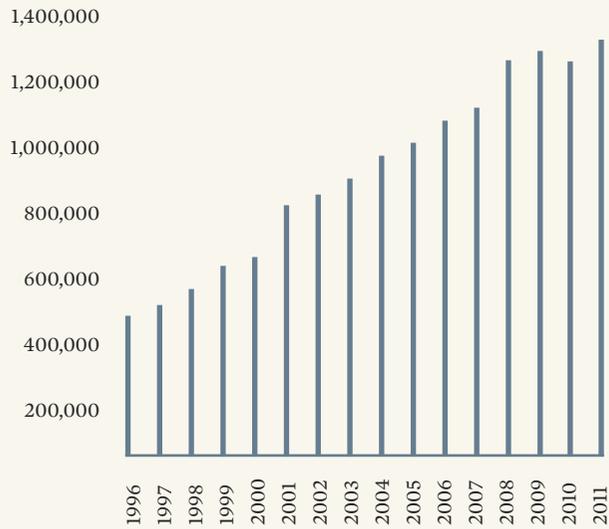
In our auditor’s report dated February 10, 2012, we expressed an unqualified opinion on the consolidated financial statements from which these condensed consolidated balance sheet, consolidated statement of income and explanatory notes were derived.

In our opinion, the accompanying condensed consolidated balance sheet, consolidated statement of income and explanatory notes are consistent, in all material respects, with the consolidated financial statements from which they have been derived.

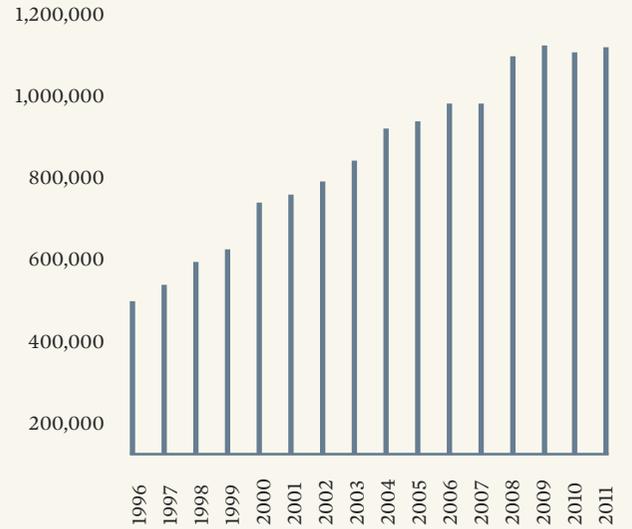
For a better understanding of the Company’s financial position and the results of its operations for the period and of the scope of our audit, the condensed consolidated balance sheet, consolidated statement of income and explanatory notes should be read in conjunction with the consolidated financial statements from which they have been derived and our auditor’s report thereon.

Curaçao, March 29, 2012  
KPMG ACCOUNTANTS B.V.  
M.L.M. Kesselaer RA

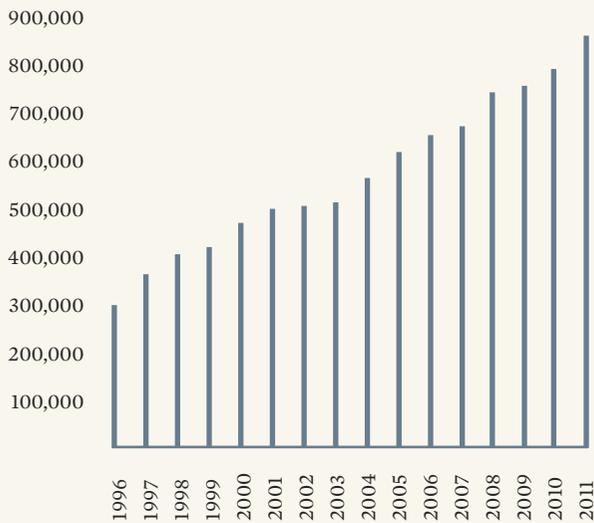
TOTAL ASSETS 000s omitted



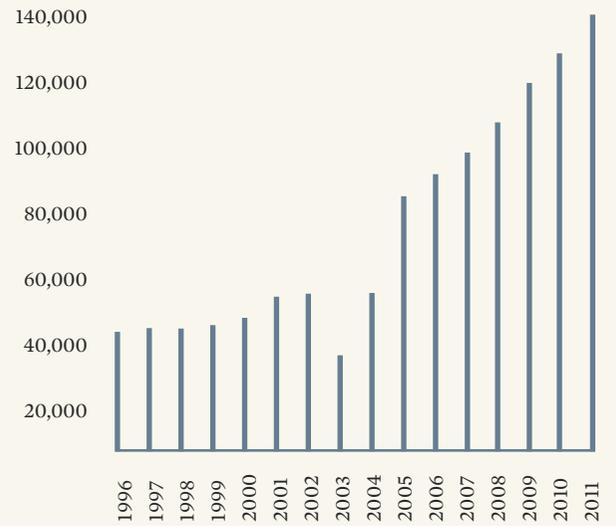
DEPOSITS 000s omitted



LOANS 000s omitted



CAPITAL FUNDS 000s omitted





## BOARD OF DIRECTORS

**CHAIRMAN** L. Capriles II

R. Gomes Casseres

J.M. Van Dongen

R.A. Buckley

J.M. Laclé

M.A. Schipper

W.G. Carson

L. Govaerts

**HONORARY BOARD MEMBER**

L. Capriles

## MANAGEMENT



J.E. WOLTER  
General Managing Director



A. DA COSTA-GOMEZ  
Managing Director



L.T.F. WRIGHT  
Deputy Managing Director



R.M. DIJKHOFF  
Assistant Managing Director



H.G. TROMP  
Assistant Managing Director



M.E. NOBLE  
Assistant Managing Director



F.A. QUANT  
Assistant to the Managing Director

## **SUBSIDIARY COMPANIES**

Caribbean Mercantile Securities Administration Co. N.V.

Progress CMB N.V.

## **LOCATIONS**

### **MAIN BRANCH**

Caya G.F. Betico Croes 53

Tel: 522-3000

Fax: 582-4373

### **BOULEVARD BRANCH**

L.G. Smith Boulevard 116

Tel: 522-3000

Fax: 582-5539

### **SANTA CRUZ BRANCH**

Santa Cruz 41

Tel: 522-3000

Fax: 585-1879

### **SAN NICOLAS BRANCH**

B. v/d Veen Zeppenfeldstraat 35

Tel: 522-3000

Fax: 584-3535

### **RETAIL LOANS DIVISION**

L.G. Smith Boulevard 124

Tel: 522-3000

Fax: 582-5116

### **AIRPORT BRANCH**

Queen Beatrix

International Airport

Tel: 522-3000

Fax: 582-9763

### **NOORD BRANCH**

Palm Beach 4-B

Tel: 522-3000

Fax: 586-0203

### **PLAYA LINDA BEACH RESORT**

J.E. Irausquin Boulevard 87

Tel: 522-3000

Fax: 586-7467

## **INTERNET**

**CMB WEBSITE** [www.cmbnv.com](http://www.cmbnv.com)

**A SUBSIDIARY OF** Maduro & Curiel's Bank N.V., Curaçao • [www.mcb-bank.com](http://www.mcb-bank.com)

**AFFILIATED WITH** The Bank of Nova Scotia, Toronto, Canada • [www.scotiabank.com](http://www.scotiabank.com)

Scan this with  
your smartphone  
to visit the new  
CMB website



## **ATM LOCATIONS**

**MAIN BRANCH (FRONT)**  
Caya G.F. Betico Croes 53

**MAIN BRANCH (BACK)**  
Middenweg z/n

**SAN NICOLAS BRANCH**  
B. v/d Veen Zeppenfeldstraat 35

**BOULEVARD BRANCH**  
L.G. Smith Boulevard 116

**NOORD BRANCH**  
Palm Beach 4-B

**SANTA CRUZ BRANCH**  
Santa Cruz 41

**AIRPORT BRANCH**  
Wayaca z/n

**AIRPORT DEPARTURE HALL**  
Queen Beatrix International Airport

**ARUBA PORTS AUTHORITY  
CRUISE TERMINAL**  
L.G. Smith Boulevard 23

**DAKOTA**  
Avenida Milo J. Croes 8-A

**EDIFICIO MARIA**  
Paradera 135

**KONG HING SUPERMARKET**  
L.G. Smith Boulevard 152

**KOOYMAN MEGASTORE**  
Avenida E.J. (Watty) Vos 20

**LING & SONS SUPERMARKET**  
Italiestraat 26

**MARINIERS KAZERNE**  
Savaneta z/n

**S. CHOW SUPERMARKET**  
Savaneta 119-A

**TANKI LEENDERT STORE**  
Tanki Leendert 245

**PASEO HERENCIA MALL**  
L.G. Smith Boulevard 382-A

**RENAISSANCE MALL**  
L.G. Smith Boulevard 82

**ROYAL PLAZA MALL**  
L.G. Smith Boulevard 94

**RUTENA MALL**  
Adriaan Laclé Boulevard z/n

**TEXACO STATION AIRPORT**  
Sabana Blanco 69

**VALERO ARUBA REFINERY**  
(On premises) San Nicolas

**VALERO BOULEVARD MART**  
L.G. Smith Boulevard 19

**VALERO ESSOVILLE MART**  
Bernhardstraat 269

**ALHAMBRA CASINO**  
J.E. Irausquin Boulevard 47

**CRYSTAL CASINO**  
L.G. Smith Boulevard 82

**EXCELSIOR CASINO**  
L.G. Smith Boulevard 230

**MARRIOTT STELLARIS CASINO**  
L.G. Smith Boulevard 101

**RENAISSANCE CASINO**  
L.G. Smith Boulevard 82

**HOLIDAY INN SUNSPREE  
RESORT ARUBA**  
J.E. Irausquin Boulevard z/n

**HYATT REGENCY ARUBA  
RESORT & CASINO (2 ATMS)**  
J.E. Irausquin Boulevard 86

**RADISSON ARUBA RESORT,  
CASINO & SPA (2 ATMS)**  
J.E. Irausquin Boulevard 81

**LA CABANA BEACH  
& RACQUET CLUB**  
J.E. Irausquin Boulevard 250

**ARUBA MARRIOTT RESORT  
& STELLARIS CASINO**  
L.G. Smith Boulevard 101

**MARRIOTT'S ARUBA  
OCEAN CLUB**  
L.G. Smith Boulevard 99

**MARRIOTT'S ARUBA  
SURF CLUB**  
L.G. Smith Boulevard 103

**OCCIDENTAL GRAND ARUBA**  
J.E. Irausquin Boulevard 83

**PLAYA LINDA BEACH RESORT**  
J.E. Irausquin Boulevard 87

**TAMARIJN ARUBA ALL INCLUSIVE**  
J.E. Irausquin Boulevard 41

**TROPICANA RESORT & CASINO**  
J.E. Irausquin Boulevard 248

**THE WESTIN RESORT  
& CASINO, ARUBA (2 ATMS)**  
J.E. Irausquin Boulevard 77

## **C O N T A C T   I N F O R M A T I O N**

### **COMMERCIAL CREDIT DEPARTMENT**

Caya G.F. Betico Croes 53  
Tel: 522-3000

### **RETAIL LOANS DIVISION**

L.G. Smith Boulevard 124  
Tel: 522-3000

### **TRANSFER DEPARTMENT**

Caya G.F. Betico Croes 53  
Tel: 522-3000

### **DEPOSIT ACCOUNTS DEPARTMENT**

Caya G.F. Betico Croes 53  
Tel: 522-3000

### **CREDIT CARD DIVISION**

Palm Beach 4-B  
Tel: 522-3000

### **INSURANCE DIVISION**

L.G. Smith Boulevard 124  
Tel: 522-3000

### **INVESTMENT DIVISION**

Palm Beach 4-B  
Tel: 522-3000

### **TELE-BANCO**

Electronic Telephone Banking Service  
Tel: 522-3000

### **ELECTRONIC BANKING SERVICES**

Internet Banking for Home & Business  
Tel: 522-3000

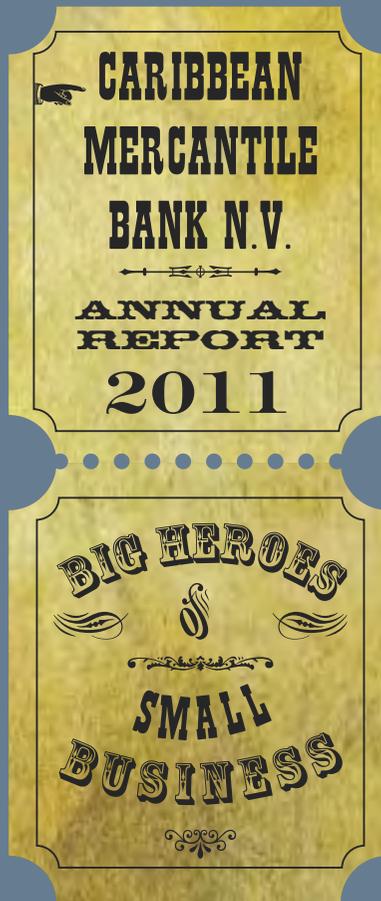
  
~~~~~  
• **NOTES** •  
~~~~~



As part of our commitment to preserve the environment and natural resources, CMB has used recycled materials and green technology to produce an Annual Report that is more environmentally friendly and cost-effective.

This report is printed on FSC certified recycled paper that contains 100% post-consumer fiber and is manufactured using chlorine-free processes and biogas energy. By using this material instead of virgin paper, CMB has helped to save mature trees, preserve water as well as reduce air pollutant emissions and solid waste.

A LUX PRODUCTION  
NIGHTS PUBLICATIONS • ARUBA



P.O. Box 28 - Caya G.F. Betico Croes 53 - Oranjestad, Aruba

A subsidiary of Maduro & Curiel's Bank N.V., Curaçao

Affiliated with The Bank of Nova Scotia, Toronto, Canada

Tel: (297) 522-3000 - Fax: (297) 582-4373 - swift: CMBAAWAX

[www.cmbnv.com](http://www.cmbnv.com)