SUMMARY ANNUAL REPORT 2020 FINABANK N.V.

FinaBank

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PROFILE OF FINABANK N.V.

Finabank N.V. (“the Bank” or “Finabank”) has a two-tier governance system, consisting of an Executive Board (Management) and a Supervisory Board (SB). The latter advises and supervises the former. Executive Board members are employees of the Bank, while Supervisory Board members are not.

Profile of Finabank N.V.

Finabank N.V. is a Suriname-based commercial bank established in 1991. It is 100% privately owned. The Executive Board is responsible for day-to-day management, while the Supervisory Board is responsible for the supervision of the Management’s policy and provides it with advice. Finabank operates under the laws and regulations of Suriname and is under supervision of the Central Bank of Suriname (CBvS). As of December 31, 2020 the Bank’s assets amounted to SRD 3,531 million.

The Bank focusses on five sectors: Business Market, Mass Retail Market, High-end Retail Market, Government and Financial Institutions. It offers a wide range of financial products and services. Currently, the Bank has a headquarter in the center of Paramaribo and four branches: one in Paramaribo North and in Paramaribo South, one in the district of Wanica and one in in the district of Nickerie.

VISION, MISSION AND CORE VALUES

Vision
We are the number one financial solutions provider.

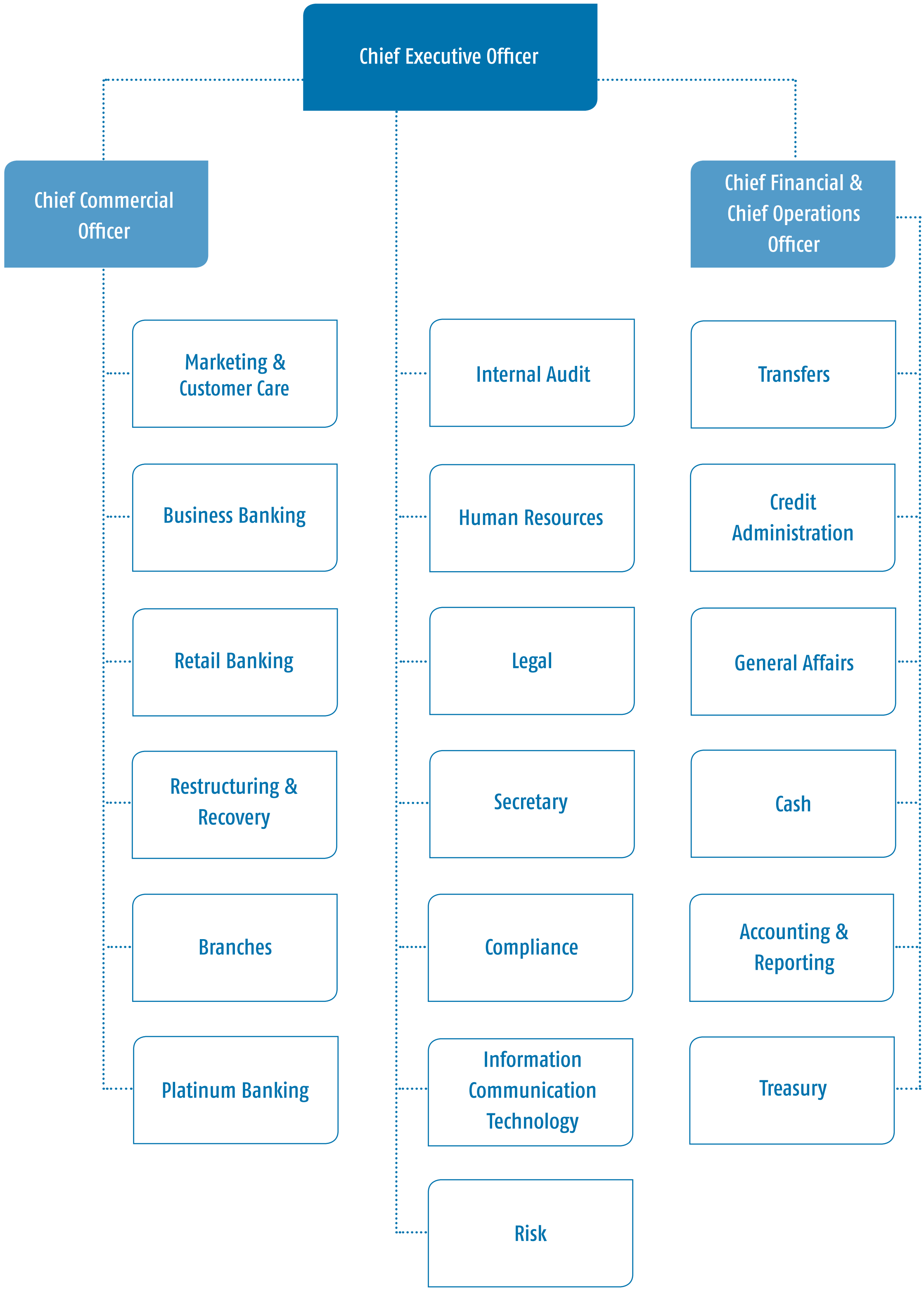
Mission
With our dedicated and caring professionals we successfully enable your ambitions financially.

Core values
- **Trust:** We act responsible
- **Partnership:** We work as one team
- **Agility:** We go the extra mile
- **Innovation:** We improve continuously
- **Expertise:** We are the best in class

Strategy statement
Our strategy is to obtain a 17% market share in terms of private sector loan portfolio in 2024, by having our committed team provide the best tailored financial solutions based on superior risk assessment through innovative digital and personal channels, to our customers within the Business, Retail and High-End Retail market. For this growth we aim to achieve lower cost at a cost to income (C/I) level of 65-70%, reflecting a scalable organization with lower variable costs, while maintaining a target capital ratio of 15% to ensure trust and lending capacity. The focus will be on:

- Strengthening lending capacity and operations
- Simplifying & automating workflow processes
- Strengthening risk & compliance foundations
- Optimizing income mix
- Organizing for successful implementation

ORGANIZATIONAL CHART



STATEMENT OF THE EXECUTIVE AND SUPERVISORY BOARDS

Chief Executive Officer
Eblein G. Frangie

Statement of the Executive Board

Introduction

Although 2020 was an unprecedented year we delivered strong commercial and financial results. As a bank, we faced an economic crisis that was more severe than we expected, and on top of that we also had to deal with the COVID-19 pandemic and its impact on the economy. The year 2020 was also earmarked by the parliament elections in May, which resulted in a government change in August. The new government took immediate draconic measures in an attempt to turn the economic downward tide. The share for government on the fuel price was increased, the SRD-USD exchange rate was depreciated from 7.52 to 14.29 for 1 USD, payment deferral was requested from borrowers and discussions with the International Monetary Fund (IMF) started for balance of payment support. Despite the huge challenges in the economic environment, we have managed to increase our client base and increase our market share to 12% in terms of private sector loan portfolio. Our intensive and strict liquidity management sustained our strong liquidity position both in foreign currency as well as in SRD.

Finabank is well positioned to cope with the consequences of any further economic downturn and a possible continuation of the COVID-19 crisis. The net result increased from SRD 5.8 million in 2019 to SRD 58.1 million in 2020, an increase of 900% primarily due to a foreign exchange translation result gain because of the devaluation of the SRD compared to USD and a release of a provision relating to the ring-fenced cash reserves. Total assets have increased by 48% compared to 2019 to SRD 3,531 million primarily due to the devaluation of the SRD compared to USD. As mentioned before, the net result of 2020 includes a release of a provision of SRD 6.1 million on the Bank's exposure to the Central Bank of Suriname related to the ring-fenced cash reserves set aside in 2019 as a result of the investment of the majority of the ring-fenced cash reserves were in investment grade securities in 2020.

The world around us

The global economy in 2020 went into recession due to the COVID-19 pandemic and was characterized by periods of full and partial lockdown in most countries, disruption of economic and social activities, a sharp fall in international trade and a health care system that came under pressure in most countries. Economic growth of the global economy for 2020 is estimated (in January 2021) at a contraction of 3.5% by the IMF. In many countries, consumption went down because of the lockdown periods, investment declined, many jobs were lost, and global poverty has increased. The survival of many medium and small enterprises (SMEs) worldwide has been affected by the crisis, especially in the transport and tourism sector.

Government policy in most countries has been expansionary, in order to accommodate the population in the form of financial transfers, capital injections for businesses, asset purchases, loans, credit guarantees and other expenditures. This resulted in a massive increase of the public debt in many countries. Because of the accommodative monetary policies in many countries, it is expected that international interest rates will be low for the coming years. Due to the recession commodity prices, especially fuel and energy prices went down.

The average world market price of crude oil decreased by approximately 33% to USD 41.30 per barrel in 2020. On the other hand, precious metals in particular gold, did well and increased by approximately 27% to an average USD 1,769.60 compared to last year. The economic growth of the Region Latin America and the Caribbean in 2020 is estimated (in January 2021) at -8.1% by the IMF. The local economy contracted by an estimated 13% last year, following a minimal growth of 0.3% in 2019. The gold production decreased by 19.4% due to infections of workers with COVID-19 and the lockdown. Because of the pandemic, production and services in certain sectors, especially the tourism sector, transportation (air and land) and supply companies for tourism and the aviation sector, came to a complete standstill most of the year. Other sectors did not operate optimally and limited their business hours. COVID-19 protocols were developed for most sectors. The pandemic and low world market prices had little effect on the production of the State Oil Company Staatsolie. In 2020 the production of crude oil and refinery products decreased marginally by 1 and 4% respectively according to the Suriname Trade and Industry Association. The unemployment rate rose by approximately 2.6% to an estimated 11.2% according to the IMF.

The current account (LR) of the balance of payments (BoP) improved significantly at the end of 2020 to about 6.6% of GDP, while the capital and financial account showed a deficit of approximately 6.2%. A negative statistical difference on the BoP has caused the International Reserve to decrease by USD 63 million in 2020 to the amount of USD 585 million. The improvement of the current account was a result of an increase in exports of goods and service by 6.9%, while imports decreased significantly by 23.5%. The export value of goods and services amounted to USD 2.4 billion and can mostly be attributed to the gold sector and to a lesser extent the exports of timber & wood products and rice. Due to the economic recession and high inflation, imports of goods and services decreased drastically to USD 1.8 billion. While imports of consumer and household goods fell by approximately 14.5%, imports of investment goods fell by approximately 7.7% in 2020. A negative capital and financial account were the result of an outflow of Foreign Direct Investments (FDI), an increase in foreign currency deposits from banks abroad and an increase in the outflow of foreign claims on the rest of the private sector, particularly from the large mining companies.

The broad money base (M2) in 2020 increased significantly by 62.1% compared to 2019. This increase in the money supply is the result of the devaluation of the Central Bank of Suriname exchange rate in September 2020 by about 90% and of money creation for the government through funds provided by the Central Bank. The estimated liquidity ratio (M2 / GDP) went up by approximately 10% to an estimated 83.6%. Last year the exchange rate came under extreme pressure. The government's unauthorized use of part of the banks' cash reserve deposits and term deposits (USD 197 million) at the Central Bank of Suriname has seriously damaged public confidence in the previous government. This led to a huge foreign currency capital flight in the first two months of 2020. The scarcity of foreign currency inflow due to the pandemic and the adoption of the Act on Currency Control and Transaction Offices in March 2020, resulted in the emergence of a black market for foreign currencies and significantly increased the exchange rates. This eventually led to the devaluation of the Central Bank exchange rate in September 2020 by 90% to SRD 14.29 for the USD. Inflation (end of period) went up to 61% due to the volatile exchange rates during the year, the exchange rate devaluation in September and the growth of the money supply against declining production levels and imports.

The total credit portfolio (in SRD and foreign currencies) of the banking sector increased by 37.3% in nominal terms, while growth in real terms decreased by approximately 14.7%. According to the Financial Soundness Indicators of the banking sector for June 2020 published by the Central Bank of Suriname, the capital adequacy solvency ratio was 11.7% and above the required 10%. In the first half of 2020 non-performing loans were rising and the profitability of the banking sector had significantly decreased. The liquidity ratios in this period however, had improved somewhat.

Because of the elections of May 25, 2020, a new political government came into office. Government finance statistics for 2019 were published and indicated that the overall deficit for 2019 amounted to approximately 21.2% of GDP. In the first three quarters of 2020 the deficit is calculated at approximately 10.6% of GDP and is estimated at 17.2% for the whole year. Because of the crisis, government income decreased significantly, while expenditures went up due to the elections and some government support to the public to overcome the crisis. The overall deficit is mostly financed with funds from the Central Bank of Suriname. The effective government debt at the end of September 2020 (before the devaluation of the

SRD compared to the USD) was approximately USD 3.2 billion and constituted approximately 116% of GDP, while the legal debt-GDP ratio was approximately 114%.

In December 2020, the international credit rating agency Fitch Ratings changed the long-term foreign currency credit rating of the country to C. The rating on the international Oppenheimer bond and notes of total USD 675 million was also downgraded to a Default (D) rating, because the government was unable to meet the second interest payments on these debts. The government has hired the international law firm White & Case LLP and the international financial consultancy Lazard Frères to negotiate and develop a debt restructuring and payment plan with the Oppenheimer creditors.

FINANCIAL SUMMARY AND KEY FINANCIAL INDICATORS 2018-2020

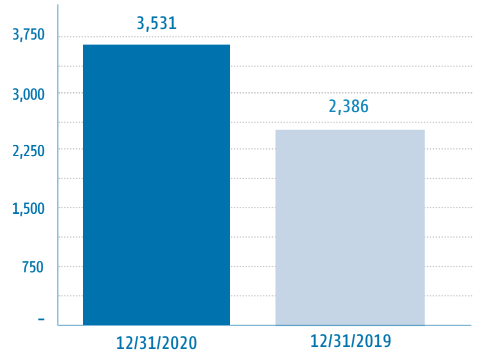
(in thousands of SRD)	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
RESULTS			
Net interest result	118,277	94,545	84,314
Investment income	1	1	(13)
Net commission and fee income	24,717	26,375	21,777
Other Income (Expense), Net	42,199	11,460	(7,208)
Total income	**185,194**	**132,381**	**98,870**
Expenses	107,525	92,082	79,687
Expected Credit Loss	(13,104)	31,224	458
Profit before tax	90,774	9,075	18,725
Profit	**58,095**	**5,808**	**11,984**
BALANCE SHEET			
Assets			
Cash and cash equivalents	259,934	135,201	81,956
Amounts due from banks	929,482	893,306	708,701
Loans and advances to customers	1,321,312	910,656	747,639
Loans and advances to Government	77,819	-	-
Purchased Originated Credit Impaired financial assets	348,499	-	-
Other assets	594,083	446,627	462,507
Total assets	**3,531,129**	**2,385,790**	**2,000,803**
Shareholders' equity and liabilities			
Amounts due to banks	171,215	62,105	112,586
Customers' current, savings and deposit accounts	2,974,573	2,032,266	1,610,285
Other liabilities	211,963	169,416	157,281
Shareholders' equity	173,378	122,003	120,651
Total shareholders' equity and liabilities	**3,531,129**	**2,385,790**	**2,000,803**
KEY RATIOS			
Return on equity	39	5	12
Return on assets	2	0	1
Loans & overdraft Expected Credit Loss ratio	1	1	2
Stage 3 Impaired ratio	1	5	2
Stage 3 Coverage ratio	82	8	67
Non performing ratio (by Central Bank of Suriname definition)	1	1	2
Loan to deposit ratio	45	45	48
Cost income ratio	58	70	81
Profit ratio	42	30	19
Capital ratio (shareholders' equity / total assets *100)	5	5	6
Solvency ratio (by Central Bank of Suriname definition)	11	12	11
Pay-out ratio	13	-	16
Number of employees at a full time equivalent basis	207	203	184

The financial policy and analysis of the bank

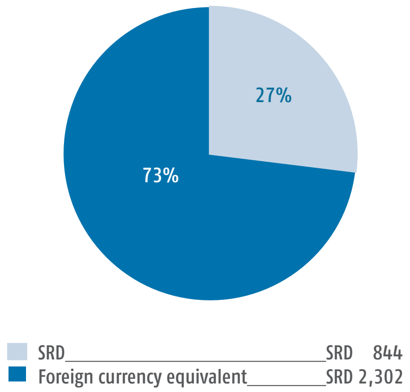
In 2020, the Bank's total assets increased by 48% from SRD 2,386 million to SRD 3,531 million. Net profit amounted to SRD 58.1 million; an increase of 900% compared to 2019 primarily as a result of the foreign exchange translation result because of the devaluation of the SRD compared to the USD and as a result of a release of a provision related to the ring-fenced cash reserves. Management is content with this result since the macroeconomic conditions were less favorable.

The growth of the total assets of Finabank was mainly due to an increase of the entrusted funds and the depreciation of the SRD vis a vis the USD and EUR. This reflects the increasing confidence customers have in the bank. We also adjusted our policy to the changes in our market given the competitive conditions. The increasing digitalization combined with the changing customer expectations rapidly change the way banks operate. The COVID-19 crisis increases the use of our digital channels.

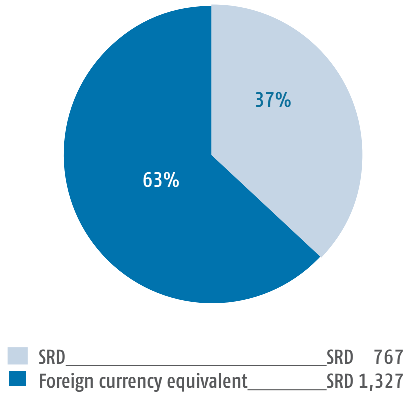
Total assets as at December 31
(x SRD 1 million)



Composition of funds entrusted in SRD and foreign currency as at December 31, 2020 (x SRD 1 million)

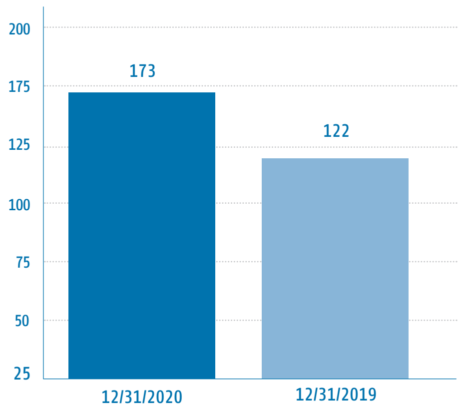


Composition of funds entrusted in SRD and foreign currency as at December 31, 2019 (x SRD 1 million)

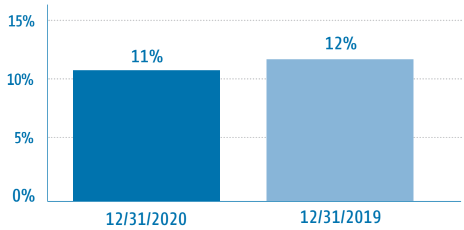


Shareholders' equity increased by 42% from SRD 122 million to SRD 173 million. Finabank has a solid solvency ratio of 11%, is highly liquid, and has a strong governance structure. Moreover, we offer all digital channels (Online and Mobile Banking) and are customer oriented. We are continuously improving our operational processes and are creating an integrated digital platform to service our customers' financial needs and to provide new and relevant products and services. Idem due to COVID-19 the usage of our digital channels increased. Of our payment transactions 60% are now processed through our digital and electronic channels. The solvency ratio according to Central Bank of Suriname standards decreased from 12% in 2019 to 11% in 2020 due to the devaluation of the SRD compared to the USD.

Shareholders' equity as at December 31
(x SRD 1 million)

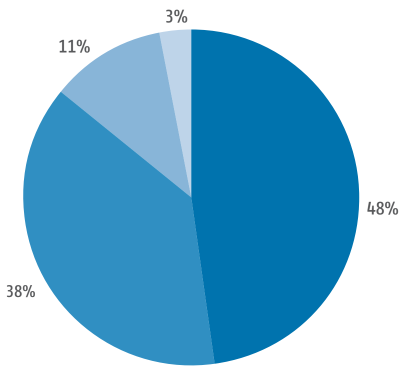


Solvency Ratio (CBoS definition) as at December 31



On the asset side of the statement of financial position, there was an increase in cash and cash equivalents by 92% which is mostly caused by the devaluation of the SRD and by a faster increase in the funding portfolio compared to the increase in the loan portfolio. The net credit portfolio increased by 76% from SRD 1,213 million to SRD 2,130 million, also mainly reflecting the devaluation of the SRD and the growth in business lending. Also, growth in the retail market increased by 60% in 2020 compared to 2019. The dollarization of the total assets amounts to 70% for 2020 compared to 65% in 2019 due to the depreciation of the foreign currency.

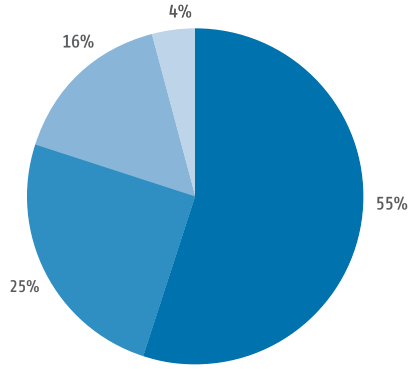
Net credit portfolio as at December 31, 2020 (x SRD 1 million)



Composition of net credit portfolio (x SRD 1 mln)

Business Market	SRD	1,020
Government & Central Bank of Suriname	SRD	809
Mass Retail Market	SRD	226
Retail High-end Market	SRD	75
Total net credit portfolio as at 31-12-2020	**SRD**	**2,130**

Net credit portfolio as at December 31, 2019 (x SRD 1 million)

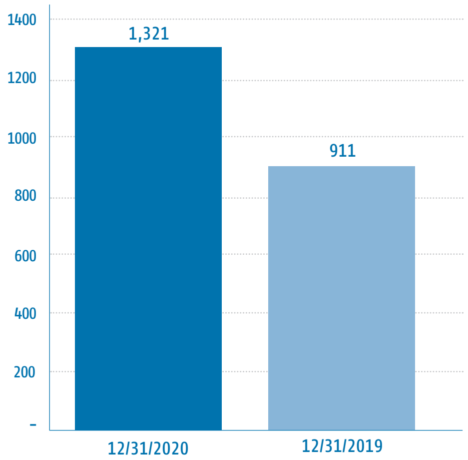


Composition of net credit portfolio (x SRD 1 mln)

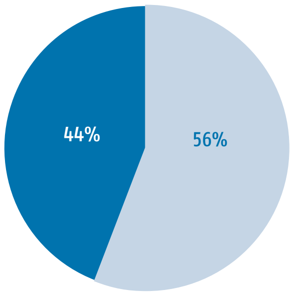
Business Market	SRD	671
Government & Central Bank of Suriname	SRD	302
Mass Retail Market	SRD	187
Retail High-end Market	SRD	53
Total net credit portfolio as at 31-12-2019	SRD	1,213

The increase in net loans and advances to the private sector mainly reflects the devaluation of the SRD and growth in business lending.

Net Loans and advances to private sector as at December 31 (x SRD 1 million)



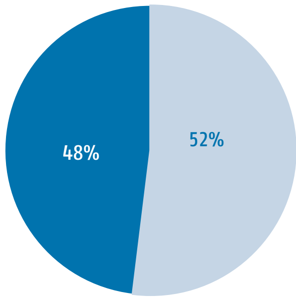
Composition of net loans and advances to private sector in SRD and foreign currency as at December 31, 2020 (x SRD 1 million)



Foreign currency equivalent	SRD	734
SRD	SRD	587

Total loans and advances to customers SRD 1,321

Composition of net loans and advances to private sector in SRD and foreign currency as at December 31, 2019 (x SRD 1 million)

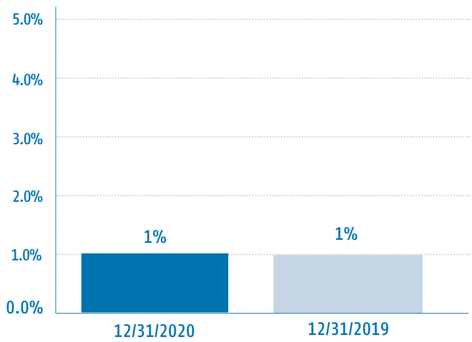


Foreign currency equivalent	SRD	474
SRD	SRD	437

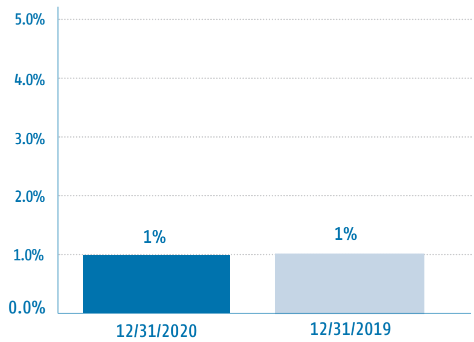
Total loans and advances to customers SRD 911

The non-performing ratio remained low at 1% for 2020. Management is content that despite the macro-economic conditions the non-performing ratio is low. The private sector Loans and overdraft Expected Credit Loss (ECL) ratio remained low at 1% for 2020.

Non performing ratio as at December 31

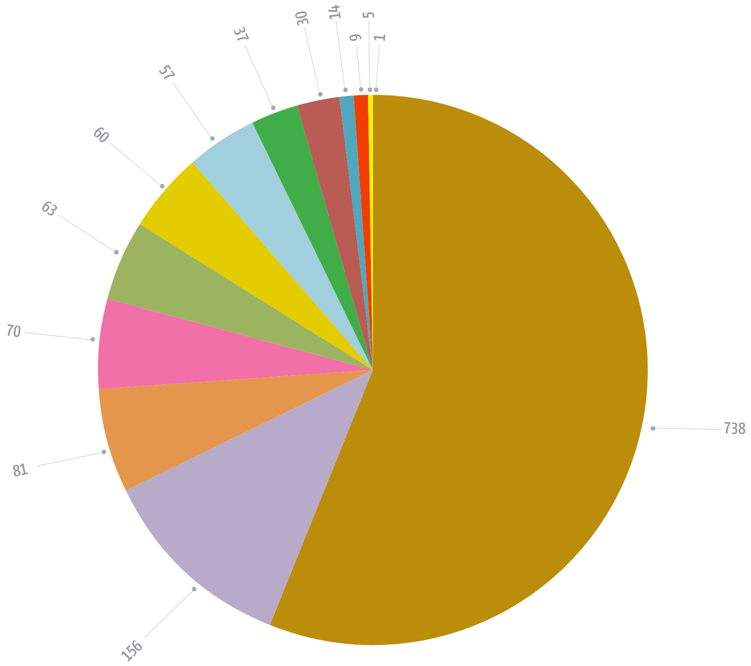


ECL ratio as at December 31



Net loans and advances to customers, divided by sector, are as follows:

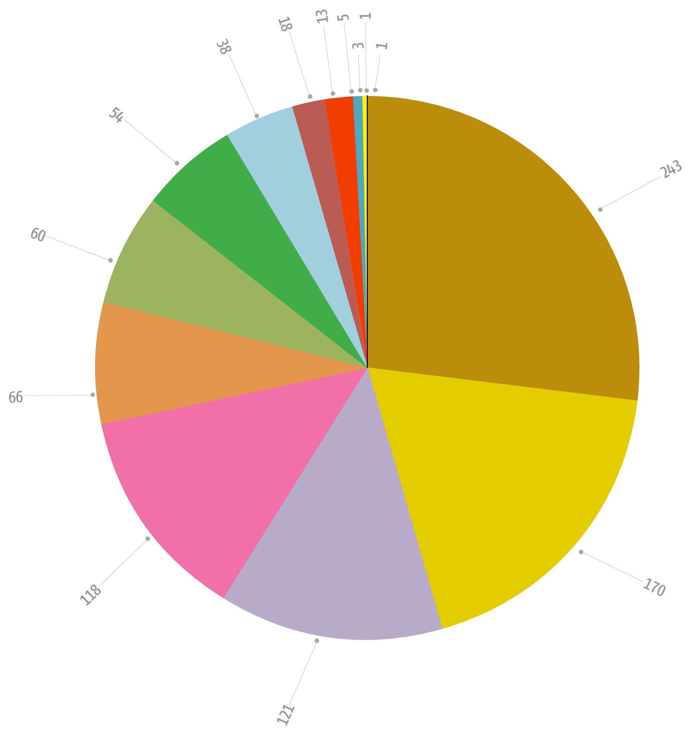
Net loans and advances to private sector (exclusive interest) by sector as at December 31, 2020 (x SRD 1 million)



- Commercial loans (SRD 738)
- Construction and Installation (SRD 156)
- Personal Lending (SRD 81)
- Services (SRD 70)
- Residential mortgages (SRD 63)
- Trade (SRD 60)
- Car financing (SRD 57)
- Industry (SRD37)
- Mining (SRD 30)
- Agriculture (SRD 14)
- Transport, storage & communication (SRD 9)
- Forestry (SRD 5)
- Electricity, gas and water (SRD 1)

Total net loans and advances to private sector (SRD 1,321)

Net loans and advances to customers (exclusive interest) by sector as at December 31, 2019 (x SRD 1 million)



- Commercial loans (SRD 243)
- Trade (SRD 170)
- Construction and Installation (SRD 121)
- Services (SRD 118)
- Personal Lending (SRD 66)
- Residential mortgages (SRD 60)
- Industry (SRD 54)
- Car financing (SRD 38)
- Mining (SRD 18)
- Transport, storage & communication (SRD 13)
- Agriculture (SRD 5)
- Forestry (SRD 3)
- Electricity, gas and water (SRD 1)
- Non residential mortgages (SRD 1)

Total net loans and advances to private sector (SRD 911)

The largest sectors in our 2020 loan portfolio are:

- Commercial loans (SRD 738 mln)
- Construction and installation (SRD 156 mln)
- Personal lending (SRD 81 mln)
- Services (SRD 70 mln)

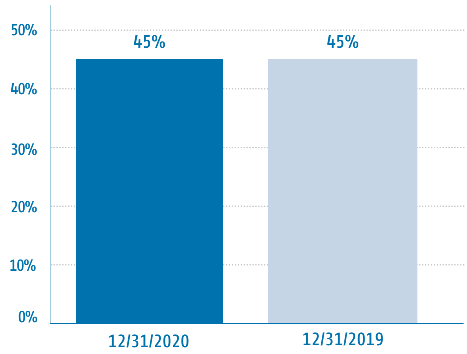
The largest sectors in our 2019 loan portfolio were:

- Commercial loans (SRD 243 mln)
- Trade (SRD 170 mln)
- Construction and installation (SRD 121 mln)
- Services (SRD 118 mln)

Commercial loans remain the largest sector in our loan portfolio. Increase is mostly caused by the growth in business lending and the devaluation of SRD.

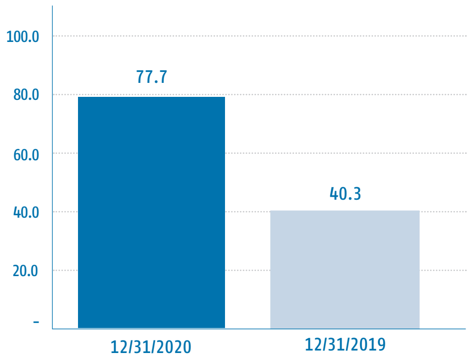
Our loan to deposit ratio remained at 45%.

Loan to deposit ratio as at December 31



The net result of the Bank increased by SRD 52.3 million (900%) from SRD 5.8 million to SRD 58.1 million. As a result, hereof earnings per share increased by 900% from SRD 26.03 to SRD 260.4. Profit before tax excluding expected credit losses increased by 93% from SRD 40.3 million in 2019 to SRD 77.7 million in 2020.

Profit before tax excluding expected credit losses as at December 31 (x SRD 1 million)

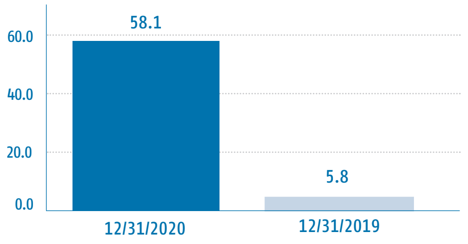


Total income of SRD 185 million is SRD 53 million (40%) higher compared to the previous year. The net interest result has contributed positively to this flux with SRD 24 million, while net commission and fee income decreased by SRD 2 million because of a decline in dormant and inactive account charges. Other income shows an increase of SRD 31 million compared to previous year which is mostly due to positive foreign exchange trading results.

Total expenses increased by SRD 16 million (17%) to SRD 108 million from SRD 92 million. Important cost drivers were the increase in number of personnel from 203 FTE to 207 FTE including an increase in salaries and in other long-term employee benefits. Expected Credit Loss on financial assets resulted in release of expenses of SRD 13 million in 2020 mostly due to the exposure on the foreign currency cash reserves at the Central Bank of Suriname that is invested for the largest part in investment grade financial instruments in 2020 compared to the exposure on the Central Bank of Suriname in 2019.

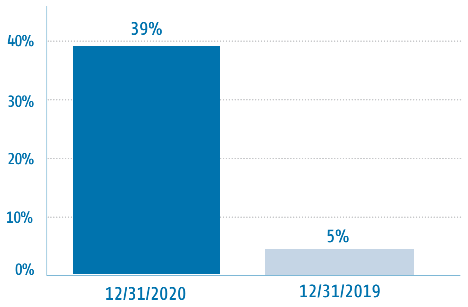
The table below shows the movement in net profit.

Net profit for the year ended December 31
(x SRD 1 million)

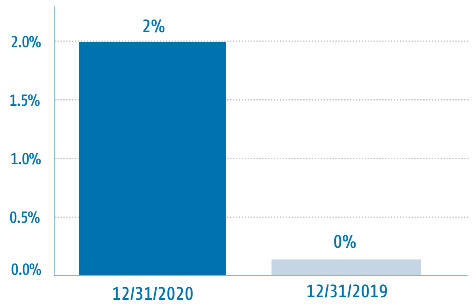


The return on equity and the return on assets of the Bank increased because of a stronger growth of the net profit compared to the average shareholders' equity and the average total assets, respectively.

Return on equity as at December 31



Return on assets as at December 31



Our corporate strategy 2020-2024

In 2019, we were assisted by a top international consulting firm to formulate our strategy for 2020-2024. Our strategy is based on growth of the market share to 17%, with a focus on our current markets mass retail, high end retail and business. The supporting conditions of growth of our market share are that we want to maintain a solvency ratio of 15% and a cost income ratio of 65% -70%. In order to achieve the strategic growth, we have identified 5 themes:

- Strengthening lending capacity and operations
- Simplifying & automating workflow processes
- Strengthening risk & compliance foundations
- Optimizing income mix
- Organizing for successful implementation

The current economic situation puts great pressure on the bank to continue to follow the chosen strategy. Still, we are committed to fully implement the program.

Our commercial strategy

Confidence of our clients and of the market in Finabank increased in 2020 and was reflected by the increase in the funds entrusted by 50% from SRD 2,094 million in 2019 to SRD 3,146 million in 2020. The credit portfolio has grown by 76% or SRD 917 million in 2020 from SRD 1,213 million in 2019 mostly due to the devaluation of the SRD and the loan to the Government amounting to SRD 78 million. Furthermore, the increase in credit portfolio is the result of our excellent service level and attractive product conditions. We are content with the growth of the funds entrusted and also with the increase in the credit portfolio due to our increase in market share from 11% in 2019 to 12% in 2020 in terms of the credit portfolio. The non-performing ratio is 1% which is far below the Central Bank of Suriname's standard of 5% and a remarkable result given the economic crisis and COVID-19 crisis. Our commercial strategy is to maintain strong relationships with our customers and to increasingly offer services to our customers digitally through mobile and web-based channels.

Our human capital

We are proud of our committed employees. Finabank continually invests in education through skills training, offline and online-courses and learning on the job. We have institutionalized continuous learning for our employees by partnering with Dutch Banking Education Institute, the well-recognized financial learning center in the Netherlands, to develop a tailor-made financial education program which is part of our FinAcademy program to continuously improve the learning cycles.

Our employees quickly adapted to the new way of working during the COVID-19 crisis. Protocols and procedures were put in place to adhere to national policies of implementing social distancing and included working from home. Finabank's compensation to its employees is on average above the average of its peer group based on an independent benchmark study. This reflects our ambition to be the employer of choice to retain the best employees to further realize our ambitious goals.

Our IT environment

In March 2020, we finalized the implementation of our new core banking system T24 which we acquired from Temenos, one of the world's best banking software providers. T24 provides a foundation for our banking activities and enables us to develop and implement a full digital service portfolio for our clients. The completion of the project is a milestone in the history of Finabank as it involved an investment of USD 6.5 million with 20% of our employees working full-time on the project. We are working on performance and stability improvements and have retained new vendors to streamline the delivery of new functionalities and services as part of our digital roadmap to accelerate and refine our digital service offering.

To enable working from home and to deal with the impact of the COVID-19 crisis, we have invested in the use of the Microsoft 365 platform, such as using MS Teams for communication, MS SharePoint and OneDrive for document management, and using the additional applications, such as MS Bookings which allows clients to schedule online or physical appointments, and MS Forms for obtaining internal and external feedback. In response to the global trend of increasing cybercrime, resulting from the increasing (internet) connectivity between people and devices in a world where employees work from home and customers bank digitally, Finabank has invested in precautionary measures to improve cybersecurity resilience. We have also invested in improving our recovery time and availability of services in the event of emergencies.

Seizement of money shipment

In 2019, the CBoS won the complaint against the Dutch Public Prosecution Service regarding the seizure of the money shipment facilitated by the Central Bank of Suriname. The Dutch Public Prosecution Service started a cassation procedure, and the ruling is expected on May 25, 2021. The attorney general at the supreme court, being its independent advisor, has advised the supreme court to deny the complaint of the prosecution service and uphold the decision of immunity. The courts of cassation will interpret the correct application of the relevant laws but will not re-examine the facts of the case.

Integrity framework

In 2020, we fully revised our integrity manual and transformed our Compliance function into an Institution of Integrity to emphasize the role of the department to implement – together with the entire organization – policies, procedures and behavior that ensures outstanding integrity. Our integrity framework comprises onboarding, transaction monitoring, financial crime investigation, education and reporting. To combat money laundering and terrorism financing and transactions with doubtful integrity, we implemented a Financial Crime Module within our core banking system that automatically filters such transactions for further review. We also increased our efforts to update our customer files. The customer files are being updated by a separate team to accelerate the process in addition to the ongoing process of updating customer's files.

Regulations

Following the misallocation of cash reserves by the Central Bank of Suriname, the cash reserve guideline was revised in January 2020 to reduce the share of foreign currency cash reserves to be held at the Central Bank of Suriname from 50% to 40% for the USD reserve base and from 100% to 70% for the EUR reserve base. The 40% share of the required cash reserves in USD and the 70% share of the required cash reserves in EUR were ringfenced on foreign accounts of the Central Bank of Suriname while the difference was converted into a loan from the banks to the Central Bank of Suriname. The required foreign currency cash reserves remained 50% of the reserve base. The revised cash reserve guideline contains a provision that required the Central Bank of Suriname to establish a Strategic Investment Committee that would safeguard and manage the cash reserves according to an investment policy. The investment policy was signed on March 6, 2020 by the Central Bank of Suriname and the Suriname Banking Association and updated by the Strategic Investment Committee on January 18, 2021. The Strategic Investment Committee comprises of one member of the Central Bank of Suriname and two representatives of the Suriname Banking Association with two back-up members, respectively.

Due to the COVID-19 pandemic the Central Bank of Suriname and the Suriname Banking Association agreed to a moratorium facility for customers of the banks affected by the effects of the COVID-19 pandemic. Under the moratorium facility, banks may defer repayment of loans to their customers. Banks are also allowed to provide their customers with loans with an interest rate of 7.5% to finance operational costs to survive the crisis.

On April 15, 2020 the Central Bank of Suriname changed the foreign currency exchange rate policy from a fully free-floating foreign currency rate policy to a controlled-free floating foreign currency rate policy. The controlled-free floating foreign currency rate policy implies that the Central Bank of Suriname determines the foreign currency rate on a periodic basis based on macro-economic indicators. On September 21, 2020, the Central Bank of Suriname issued a guideline to further provide operational guidance of the foreign currency trade and changed the official foreign currency exchange rate to SRD 14.018 per USD and 14.290 per USD for supply and demand, respectively. The foreign currency exchange rate for SRD per EUR will be based on the international exchange rate for EUR per USD and the official foreign currency exchange rate for SRD per USD.

On December 29, 2020, the Central Bank of Suriname changed the local currency cash reserve policy from 35% to 39% to tighten the SRD liquidity in the market.

On March 3, 2021, the Foreign Exchange Commission issued guidelines with the obligation for exporting companies to sell 30% of their foreign currency export income to the Central Bank of Suriname. The Central Bank of Suriname provided a process description on March 10, 2021 on how importers of selected goods can apply for foreign currency sold by the exporters to the Central Bank of Suriname. The purpose of the authorities is to regulate the foreign currency cash flows to eliminate speculation on currency rates and upward price effects of the selected goods.

Shortfall of Bank's cash reserves at the Central Bank of Suriname

In May 2019, the Central Bank issued a guideline requiring 50% of the Bank's USD cash reserves and 100% of the Bank's EUR cash reserves to be held at foreign accounts at the Central Bank of Suriname. The guideline includes a provision that required the Central Bank of Suriname to establish a Strategic Investment Committee that would safeguard the cash reserves according to an investment policy. A large part of the Bank's cash reserves was already in accounts of the Central Bank. These funds included the foreign currency repayments by the Central Bank of Suriname of the swaps issued in 2014, foreign currency cash reserves of banks without corresponding relationships and foreign currency cash reserves that banks held at the Central Bank of Suriname to optimize solvency. The Bank supported the guideline because the funds that were already at the Central Bank of Suriname would be secured, and a separate investment committee would be established with representatives of the Suriname Banking Association. In January 2020, Finabank and the other three large banks were informed by the Government of the Republic of Suriname and the Central Bank of Suriname about a shortfall of the coverage of the foreign cash reserves held at the Central Bank of Suriname amounting to approximately USD 100 million. After months of discussions and negotiations, Finabank reached an agreement in May 2020 with the Central Bank of Suriname, for the Central Bank of Suriname to repay

Finabank's part of the foreign cash reserves held at the Central Bank of Suriname amounting to USD 29 million. The loan is currently being repaid by the Central Bank of Suriname according to the repayment schedule. The remaining part of the cash reserves are ringfenced according to the regulation. Almar Giesberts, one of the executive board members of Finabank, is part of the Strategic Investment Committee of The Central Bank of Suriname to manage these funds.

Our corporate social responsibility

In 2020, Finabank, once again financially supported the 10-minute Children's News, the only news program for children in Suriname. Due to the COVID-19 pandemic, the Finabank two-day walk in Nickerie was canceled. The year 2020 marked the year of the elections and to create awareness for the importance of the elections, we sponsored 'Suriname Kiest' on ABC TV. Furthermore, we sponsored 'Klokje van Zeven', a daily radio program to promote and stimulate reading with and for children. Internally, we started the road to digitalization in 2019, by creating the opportunity to work from home to help reduce our energy and paper waste. In 2020 we continued on this road by offering our products and services digitally to reduce our paper waste even further.

COVID-19 crisis

As of mid-March 2020, the impact of COVID-19 became part of our lives in Suriname. As in other parts of the world, social distancing and lock-down measures were taken by Finabank, by other companies, institutions, and the Government. We had to change our opening hours to protect our employees from the hazards of potential spreading of COVID-19. At the same time, we changed our service delivery model to assist our clients electronically. We were the first bank in Suriname to offer customers affected by the impact of COVID-19 the option of postponing repayment of their loans to survive the crisis. Approximately 150 clients of the Bank made use of this facility throughout 2020 and into 2021. In addition, the Central Bank of Suriname issued a facility by lowering the SRD cash reserve requirement to provide COVID-19 short term loans to clients at a low interest rate of 7.5% annually. Finabank and some other banks cancelled fees for selected financial products provided to companies in the travel sector, that were severely affected in particular, to help them overcome the COVID-19 crisis. As of December 2020, 7.7% of our loan portfolio consist of moratorium loans and we issued SRD 35.8 million of 7.5% COVID-19 loans. All moratorium loans are earmarked as stage 2 loans.

IDB Invest partnership

On October 26, 2020 we strengthened our partnership with IDB Invest with an intensified commitment from both parties. The intensified commitment will enable us to support the further development of both the SME segment and the private sector. Finabank will be able to provide further SME financing and trade financing to stimulate entrepreneurship in Suriname. The trade facility was increased by USD 5 million from USD 3 million to USD 8 million and includes a credit line of USD 5 for SME financing. We will be able to create (new) jobs and support the local economy with support from IDB Invest. This partnership also provides Finabank with the opportunity to access international capital markets for attracting investors and to further strengthen and expand our network of correspondent banks. With intensified support from IDB Invest on environmental, social and corporate governance, we will be able to develop an environmental and social management system. This will enable us to distinguish Finabank as sustainable financier.

On December 10, 2020, we were selected by IDB Invest as the winner of the Foreign Trade Financing Facilitation Program (TFFP) 15th Anniversary Awards in the Featured Partner Bank with Technical Assistance category for Central America and the Small & Island Countries. The TFFP program comprises of approximately 125 financial entities in Latin America and the Caribbean, and more than 130 global financial entities. For 15 years, the TFFP program has financed almost 17,000 operations for an amount of approximately USD 12.3 billion. We have won the prize for our commitment to building a network of sustained relationships and sustainable financing that drives foreign trade and generates development for the region in which IDB Invest has enabled Finabank and our clients to boost international trade and secure international sustainable relationships which is fully in line with our purpose to bring prosperity to society and business in Suriname.

Economic outlook for 2021

The global economy is projected to grow at a rate of 5.5% this year, due to the approval of various COVID-19 vaccines and the start of vaccination campaigns in many countries. World market prices, also oil prices, are expected to increase this year. The local economy is expected to contract further by approximately 2% in 2021 due to the restructuring program that will be implemented by the government. Because of the implementation of the Crisis and Recovery plan 2020-2022 with support of the IMF, the government will take revenue-increasing measures by raising taxes, electricity tariffs will become more commercialized and other measures that will be taken, resulting in inflation of about 50-70%. This will further decrease the purchasing power of the public and will have a negative impact on economic activities. If the pandemic in the country can be resolved soon, the contraction of the economy will be at a lower rate.

Fitch downgraded Suriname's credit rating on July 2, 2020 from CCC to C and further down to Restricted Default (RD) on July 13, 2020 due to non-performance and payment restructuring of specific international bonds. After the installation of the new government and after an agreement was reached between the new government and bondholders, Fitch upgraded Suriname's rating to CC on July 16, 2020. The rating was downgraded to C on October 26, 2020 and further to RD on December 1, 2020 due to non-performance and restructuring of the international bonds to be upgraded again to C on December 10, 2020. The government asked for consent for a further moratorium on repayment of international bonds in March 2021 for which a rating change can be expected depending on the willingness of bond holders to further extend the moratorium.

Although the near future of the Surinamese economy is challenging, we foresee a bright future for Suriname as the investments of the large oil companies in the offshore starts in 2021.
The agreement on an IMF program is a necessity to restructure the fundamentals of the economy.

The Bank's outlook for 2021

After the migration to our new core banking system Finabank will fully focus on the internal and external digitalization. Internally we will redesign key processes and digitalize those processes with the purpose to make the bank more efficient in terms of customer response, cost management and simplicity. Externally we will focus on making our digital customer journey more enjoyable and supportive to the needs of our customers. With our digitalization strategy we aim to make the bank more scalable and provide our customers with a better journey.

To withstand the current economic challenge and to execute our strategy management focus will be on keeping a strong solvency, maintaining our natural hedge for foreign currency movements, having a strong liquidity position, and managing the credit portfolio.

In 2021 we will also celebrate our 30th anniversary. As part of this celebration, we will have special promotions for our customers throughout the year. Furthermore, as part of our CSR policy, we will also commemorate various target groups in our community.

Thank you

As 2020 was and 2021 to date still is a challenging year primarily due to the economic and COVID-19 crisis, we thank our clients for their continued feedback and trust in us and we thank our employees for their flexibility and commitment.

Paramaribo, April 26, 2021

Eblein G. Frangie
Chief Executive Officer

Corporate governance

Composition of the Executive Board

The Executive Board and its members are responsible for the integrity, compliance, and execution of the strategy of the Bank. Each member of the Executive Board has its own responsibilities while the Chief Executive Officer is the ultimate responsible person of the Executive Board. The Executive Board is currently composed of two members:

Mr. Eblein G. Frangie
Chief Executive Officer

Current positions:
2011: Chief Executive Officer (Finabank N.V., Suriname)
2018: Chairman Suriname Bankers Association

Previous two positions:
2011: Director Business Banking (Finabank N.V., Suriname)
2006: Account Manager Corporate Credits (Hakrinbank N.V., Suriname)

Mr. Almar Giesberts
Chief Commercial Officer

Current positions:
2014: Chief Commercial Officer (Finabank N.V., Suriname)
2020: Member Strategic Investment Committee Cash Reserves Central Bank of Suriname

Previous two positions:
2012: Senior Manager (KPMG, Corporate Finance, Suriname)
2009: Manager Mergers and Acquisitions (KPMG, Corporate Finance, The Netherlands)

Composition of the Supervisory board

The Supervisory Board and its members are responsible for the supervision, with integrity, of Finabank N.V.'s corporate social responsibility. The Supervisory Board is bound by existing and future regulations based on law and legislation regarding integrity. It is also bound by the policy determined with the Executive Board, with respect to the integrity of business operations and ensuring the good reputation of Finabank as defined in its General Code of Conduct. The Supervisory Board is composed of seven members. In deciding the composition of the Supervisory Board, the following was considered:

1. The nature and scope of the bank
2. The size and nature of banking risks in the short, medium and long terms
3. The expertise and background required of board members

Every member of the Supervisory Board needs to be able to assess, in headlines, the total policy of the Bank. The Supervisory Board is composed in such a way that members can operate critically and independently of each other, the Executive Board, and any special interest. In this report the Supervisory Board asserts that it safeguards the independence of the individual members as well as the Supervisory Board as a whole.

During the Annual General Shareholders Meeting for the year 2019, Mr. Dilweg and Mr. Jadnanansing were re-elected as chairman and member of the Supervisory Board, respectively. Mr. Dilweg was re-elected for the period up to the next Annual General Shareholders Meeting because he reached the statutory age limit of 70 years to fulfill a Supervisory Board position and Mr. Jadnanansing was re-elected for 3 years. Mr. Dilweg was re-elected for the period up to the next Annual General Shareholders Meeting to guide Mr. Van Essen towards the position of Charmain of the Supervisory Board to succeed him.

Mr. Cornelis Dilweg
Chairman reappointment in 2020
Chief Executive Officer of N.V. Randoe Suriname

Mr. Sonny Kertoidjojo
Member reappointment in 2018
Member of the Supervisory Board Finatrust, De Trustbank N.V. h.o.d.n
Trustbank Amanah

Mr. Feroz Ishaak
Member reappointment in 2019
Director of Ishaak Law Firm

Mrs. Djaienti Hindori
Member reappointment in 2019
Member of the Advisory Council of Newmont Suriname, LLC

Mr. Vishal Jadnanansing
Member reappointment in 2020
Chief Financial Officer of C.Kersten en Co N.V.

Mr. Alvin Venetiaan
Member appointment 2018
Senior Manufacturing and Operations Manager of Fernandes Bottling Company N.V.

Mr. Kurt van Essen
Member appointment 2018
Chief Executive Officer of Fernandes Bakkerij N.V.
and member of Fernandes Group Management Team

Composition of the Shareholders

According to the regulations of the Central Bank of Suriname, Finabank N.V. complies with the regulation that no individual shareholder has more than 20% ownership. The owners with shares greater than 10% are:

- C. Kersten en Co N.V. 20%
- Stichting Pensioenfonds van de N.V. Alcoa Minerals of Suriname 20%

Conformity statement

The Executive Board is required to prepare the Annual Report of Finabank N.V. for each financial year in accordance with Suriname law. The Executive Board is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgement and estimates that are prudent and reasonable. The Executive Board is also responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the Supervisory Board, so that the timeliness, completeness, and correctness of the external financial reporting is assured.

The signatory hereby confirms that to the best of his knowledge:
The Finabank N.V. statement of financial position and the statement of profit or loss give a true and fair view as per December 31, 2020.

Paramaribo, April 26, 2021

Eblein G. Frangie
Chief Executive Officer

Chairman
Cornelis Dilweg

Statement of the Supervisory Board

The Supervisory Board of Finabank is content with the performance of the Bank in 2020 given the circumstances of the economic crisis and the COVID-19 crisis. Although there were challenges in the economic environment and international requirements and regulations on banks were (and still are) becoming stricter at a rapid pace, the Bank increased its asset base by 48% from SRD 2,386 million to SRD 3,531 million primarily due to the devaluation of the SRD compared to the USD. The solvency position of the Bank is adequate, and the liquidity position of the Bank remained strong. We are confident that the Bank's financial and market position is robust enough to face the challenges ahead. The position of Chief Financial and Chief Operations Officer is currently vacant. During our strategic sessions we will determine how the governance structure of the Bank can be strengthened given the challenging labor market in Suriname.

Supervisory Board Meetings

The full Supervisory Board met 14 times in 2020 of which all were regular meetings. On average, 90% of the Supervisory Board members were present at the meetings. This attendance illustrates the engagement of the members in Finabank N.V. The Executive Board was present at all meetings. Furthermore, the Supervisory Board met 8 times in 2020, with an average of 90% of the members present. During the regular Supervisory Board meetings, the following topics were discussed:

- The measure in which the objectives of the Bank were achieved
- The strategy, risk management and appetite with regard to the banking activities
- The set-up and methodology of the internal risk management and control system
- The financial reporting process
- The remuneration policy
- Compliance with law and legislation
- The relationship with the shareholders
- The performance of the independent auditor
- The social aspects of banking

The Supervisory Board periodically assesses the entire organizational structure and the functioning of the risk management and control systems set up by Management. The Supervisory Board authorizes changes and adjustments to these systems. In this respect the Internal Audit, Risk Department and Compliance Department report quarterly to the Supervisory Board regarding risks and mitigating measures taken. The Supervisory Board, together with Management, is responsible for the corporate governance structure of the Bank and for compliance with the respective code. In this respect, it reports to the General Shareholders' Meeting.

According to the Corporate Governance structure of Finabank N.V., the Internal Audit Department reports simultaneously to both the Chief Executive Officer and the Audit Committee of the Supervisory Board. RMD and OILLA simultaneously report to both the Chief Executive Officer and the Risk Committee of the Supervisory Board. The Executive Board and Executive Board affairs are discussed within the Selection and Remuneration Committee. The committee chair reports to all members of the Supervisory Board.

Audit Committee

The Audit Committee is responsible for advising the Board on matters of financial strategy and performance. Other fields of attention are the appointment of the external auditor, accounting and financial reporting systems and standards, internal controls and internal auditing.

This committee consists of the following members:
- Mr. Vishal Jadnanansing – Chair
- Mr. Feroz Ishaak – Member
- Mr. Kurt van Essen – Member

The Audit Committee met 5 times in 2020. On average 100% of the committee members were present at the meetings. The Audit Committee meets quarterly with the Internal Audit Department to discuss the audit results based on the year plan. During these meetings the independent external auditor is also present to discuss the audit results, the management letter and the latest developments of IFRS and audit strategies.

Risk Committee

The Risk Committee is responsible for advising the Supervisory Board on matters of risk management and risk audit. It prepares the Supervisory Board's position on these subjects. The Risk Committee has the lead when it comes to authorizing the risk policy of the Bank and monitoring the risk profile. It has the supervision over the proper functioning of the risk management functions, risk mitigating structures and controls. It also oversees the Bank's solidity, liquidity, funding, as well as legal and compliance affairs.

This committee consists of the following members:
- Mr. Feroz Ishaak – Chair
- Mr. Vishal Jadnanansing – Member
- Mr. Alvin Venetiaan– Member

The Risk Committee met 4 times in 2020. On average 100% of the committee members were present at the meetings. In addition, the Risk Committee met regularly during the year to discuss and approve credit proposals that are in scope of the credit limits of the Supervisory Board. The risk committee meets quarterly with the RMD and OIILA to discuss the risk and compliance results based on the year plan. During the meetings held with the RMD the Enterprise Risk Framework, which is fully updated quarterly, is discussed. Also, the controls that need to be in place are discussed.

Selection and Remuneration Committee

This Committee is responsible for the preparation of the selection and/or re-appointment of members of the Supervisory Board and Executive Board. It drafts the selection criteria, re-appointment schedules and oversees legacy planning for both Boards. The Selection and Remuneration Committee gives advice with respect to salaries and fringe benefits of members of the Executive Board, senior management and high-ranking executives responsible for risk management and compliance management.

This committee consists of the following members:
- Mrs. Djaienti Hindori – Chair
- Mr. Sonny Kertoidjojo – Member
- Mr. Alvin Venetiaan – Member

The Selection and Remuneration Committee met 5 times in 2020. On average 100% of the committee members was present at the meetings. The committee members had their regular performance meetings three times with the Executive Board members.

Furthermore, the committee members discussed the remuneration of the Supervisory and Executive Board and the Human Resource policy regarding all employees of the Bank. A consultant was hired to advise the committee members regarding the remuneration of the Executive Board and all other employees of the Bank.

Continuous Education

Educational sessions were organized for the Supervisory Board in the period August 6, 2020 – September 3, 2020 comprising the topics customer due diligence, corporate governance, integrity awareness, financial statement analysis, corporate culture and risk analysis. Some Supervisory Members started with additional educational sessions on banking and compliance.

Corporate Strategy

The Supervisory Board together with the Executive Board and senior staff defined the new strategy 'Hermes' for the period 2020 – 2024 in 2019. In 2020, the Supervisory Board, together with the Executive Board and senior staff, reviewed the strategy and concluded that the Bank is on the right track to implement this strategy.

External auditor, risk and compliance

The Supervisory Board nominates the external auditor, after being advised by the Executive Board and the manager of the Internal Audit Department. Regarding the supervision of risk management, the Supervisory Board discusses with the Executive Board the strategy, the policy, long-term plans, and the risks involved in the Bank's activities. At strategic level, the Supervisory Board assesses whether the capital allocation and the liquidity impact are in accordance with the authorized risk appetite. In this respect the Supervisory Board approves the strategic plan, the annual operational policy, the general budget, including the investment budget, the Internal Audit plan, the Risk Compliance Commission (RCC) charter, the RMD Charter, RMD Test plan and RMD policy. The Supervisory Board supervises compliance with the internal procedures set up by the Executive Board for drafting and publishing the annual report and possible other periodical and incidental publications. In addition, the Supervisory Board supervises the set-up and maintenance of internal control systems regarding financial reporting, while considering the Internal Audit plan. These systems are designed to ensure that all key financial information is known to the Supervisory Board and the Executive Board and to ensure the timeliness, completeness, and accuracy of the internal and external financial reporting. In this respect, the Internal Audit Department fulfills an independent, objective assurance position. The respective manager of the department informs the chairman of the respective Supervisory Board committee of the findings, if necessary, through a direct line of reporting.

Financial Reporting and results

The application of the Accounting Standards is based on the International Financial Reporting Standards and is rooted in the ambition of the Bank to increase transparency towards our shareholders, customers and other stakeholders. It is also an important part of strengthening our corporate governance structure both internally and externally driven by the increasing globalization and the environment wherein the Bank operates.

In order to comply with the provisions of article 30, paragraph 3 of the articles of association of Finabank N.V., we report that we have engaged our Internal Audit Department to provide assurance of Finabank N.V.'s year accounts over the period ending December 31, 2020. We propose to the shareholders to adopt the financial statements. This adoption will discharge the Executive Board from its management responsibility and the Supervisory Board from its supervisory responsibility. The Supervisory Board is satisfied with the financial results obtained given the economic circumstances in which the bank had to operate. The statement of financial position total assets of the Bank increased by SRD 1,153 million (48%) to SRD 3,531 million compared to December 31, 2019 and the net result of the Bank increased with 900% to SRD 58.1 million compared to December 31, 2019 primarily due to the foreign currency translation result because of the devaluation of the SRD compared to the USD and to the release of a provision related to the foreign currency cash reserves. The non-performing ratio remained at 1 % on December 31, 2020 and is far below the Central Bank of Suriname's limit of 5% and a remarkable result given the economic crisis and COVID-19 crisis.

The Supervisory Board will inform the shareholders upon advice of the Executive Board, considering the results of the Bank given the economic crisis and the COVID-19 crisis to pay-out dividend of SRD 33.62 per share amounting to SRD 7.5 mln.

Personal note

We are pleased to express our appreciation and gratitude for the way the Executive Board and staff have performed during the financial year given the challenging economic conditions. Their efforts have contributed to the current position of Finabank N.V. in the market.

Paramaribo, April 26, 2021

On behalf of the Supervisory Board
Cornelis A. Dilweg
Chairman

SUMMARY ANNUAL FINANCIAL STATEMENTS 2020

SUMMARY STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

	December 31, 2020	December 31, 2019
	SRD	SRD
ASSETS		
Cash and cash equivalents	259,933,788	135,201,164
Amounts due from banks	929,482,249	893,306,152
Financial assets at fair value through profit and loss	38,350	38,058
Investments	383,028,115	302,038,017
Loans and advances to customers	1,321,312,007	910,656,104
Loans and advances to Government	77,818,823	-
Purchased Originated Credit Impaired financial assets	348,498,736	-
Property, plant and equipment	38,200,060	40,750,114
Intangible assets	32,175,249	29,149,045
Right of use (assets)	19,978,030	23,709,589
Deferred tax assets	12,402,215	8,975,143
Other assets	108,260,889	41,966,842
Total assets	**3,531,128,511**	**2,385,790,228**
LIABILITIES		
Amounts due to banks	171,214,500	62,104,956
Customers' current, savings and deposit accounts	2,974,573,185	2,032,265,855
Current tax liabilities	19,977,354	-
Deferred tax liabilities	25,381,375	12,521,344
Net defined benefit liabilities	12,655,070	5,328,938
Payable to employees for pensions	7,637,315	4,097,063
Provision for anniversary payments	3,481,647	2,325,394
Lease liability	34,450,596	24,930,952
Other liabilities	108,379,245	120,212,643
Total liabilities	**3,357,750,287**	**2,263,787,145**
SHAREHOLDERS' EQUITY		
Share capital	2,230,770	2,230,770
Share premium	33,527,575	33,527,575
Reserves and retained earnings	64,732,685	65,644,986
Perpetual bond	14,792,000	14,792,000
Profit for the period	58,095,194	5,807,752
Total shareholders' equity	**173,378,224**	**122,003,083**
Total shareholders' equity and liabilities	**3,531,128,511**	**2,385,790,228**

SUMMARY STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2020

	December 31, 2020	December 31, 2019
	SRD	SRD
Interest income	172,680,182	146,556,257
Interest expense	54,402,814	52,011,472
Net interest result	**118,277,368**	**94,544,785**
Investment income /(expense)	**1,292**	**1,000**
Commission and fee income	26,866,417	29,088,950
Commission expense	2,149,471	2,713,928
Net commission and fee income /(expense)	**24,716,946**	**26,375,022**
Other income (expense), net	**42,198,935**	**11,459,770**
Total income	**185,194,541**	**132,380,577**
Expected Credit Loss on financial assets	(13,103,697)	31,223,634
Personnel expenses	50,296,496	42,568,988
Other operating expenses	57,228,001	49,513,342
Total expenses	**94,420,800**	**123,305,964**
Profit before tax	**90,773,741**	**9,074,613**
Income tax expenses	32,678,547	3,266,861
Profit for the period	**58,095,194**	**5,807,752**
Earnings per share	**260.43**	**26.03**

SUMMARY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2020

	December 31, 2020	December 31, 2019
	SRD	SRD
Profit attributable to shareholders of the Bank	**58,095,194**	**5,807,752**
Other comprehensive income:		
Actuarial (losses) and gains on defined benefit obligation	(8,492,521)	(2,089,108)
	(8,492,521)	(2,089,108)
Income tax on other comprehensive loss	**3,057,308**	**752,079**
Other comprehensive loss (net of taxes)	**(5,435,213)**	**(1,337,029)**
Total comprehensive income	**52,659,981**	**4,470,723**

SUMMARY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT DECEMBER 31, 2020

	Share capital	Share premium	Perpetual bond	Reserves and retained earnings	Revaluation reserve	Profit for the period	Total equity
	SRD	SRD	SRD	SRD	SRD	SRD	SRD
Closing balance as previouly reported at December 31, 2018	**2,230,770**	**33,527,575**	**14,792,000**	**53,660,140**	**4,456,108**	**11,984,057**	**120,650,650**
Appropriation of profit 2018	-	-	-	11,984,057	-	(11,984,057)	-
Profit of 2019	-	-	-	-	-	5,807,752	5,807,752
Other comprehensive income	-	-	-	(1,337,029)	-	-	(1,337,029)
Dividends 2018	-	-	-	(2,230,770)	-	-	(2,230,770)
Depreciation revaluation	-	-	-	566,623	(566,623)	-	-
Perpetual bond (interest)	-	-	-	(887,520)	-	-	(887,520)
Closing balance at December 31, 2019	**2,230,770**	**33,527,575**	**14,792,000**	**61,755,501**	**3,889,485**	**5,807,752**	**122,003,083**
Appropriation of profit 2019	-	-	-	5,807,752	-	(5,807,752)	-
Profit of 2020	-	-	-	-	-	58,095,194	58,095,194
Other comprehensive income	-	-	-	(5,435,213)	-	-	(5,435,213)
Depreciation revaluation	-	-	-	552,602	(552,602)	-	-
Perpetual bond (interest)	-	-	-	(1,284,840)	-	-	(1,284,840)
Closing balance at December 31, 2020	**2,230,770**	**33,527,575**	**14,792,000**	**61,395,802**	**3,336,883**	**58,095,194**	**173,378,224**

SUMMARY STATEMENT OF CASHFLOWS

		December 31, 2020	December 31, 2019
		SRD	SRD
Cash flows from operating activities			
Profit for the period		58,095,194	5,807,752
Adjusted for:	- Depreciation	15,829,351	13,751,250
	- Changes through equity (excl. tax and OCI)	(8,492,520)	(2,089,108)
	- Tax expenses	32,678,547	3,266,861
	- Net impairment losses on loans and advances, net of recoveries	1,649,775	(2,160,035)
	- Net interest income	(118,277,368)	(94,544,785)
Changes in:	- Financial assets at fair value through profit and loss	(292)	-
	- Gross Advances to customers	(412,305,678)	(160,856,584)
	- Other assets	(66,294,047)	43,340,513
	- POCI	(348,498,736)	-
	- Loans & overdraft Government	(77,839,236)	-
	- Customers' current, savings and deposit accounts	942,307,330	421,980,459
	- Net defined benefit liabilities	8,482,385	1,227,882
	- Payable to employee for pensions	3,540,252	1,648,566
	- Other liabilities	(12,226,531)	12,340,690
Income tax paid		-	(11,870,086)
Interest received on loans and advances		116,770,930	103,756,617
Interest received on investments		55,909,252	42,766,545
Interest received from banks		-	33,095
Interest paid on bank deposits		(737,390)	(687,999)
Interest paid on lease liability		(3,214,674)	(2,847,446)
Interest paid on customer deposits		(50,450,750)	(48,476,027)
Net cash flow generated from operating activities		**136,925,794**	**326,388,160**
Cash flows from investing activities			
Movement investments in property and equipment		(4,821,271)	(5,862,947)
Movement investments in intangibles		(5,840,123)	(11,188,745)
Movement right of use		(1,709,929)	(9,817,975)
Movement investments		(80,990,098)	(12,681,394)
Net cash flow used in investing activities		**(93,361,421)**	**(39,551,061)**
Cash flows from financing activities			
Lease payments		9,519,644	4,613,344
Perpetual bond payments		(1,284,840)	(887,520)
Dividend paid		-	(2,230,770)
Net cash flow generated from financing activities		**8,234,804**	**1,495,054**
Net increase in cash and bank		**51,799,177**	**288,332,153**
Cash and banks at beginning of reporting period			
- Cash and cash equivalents		135,201,164	81,955,987
- Amounts due from banks		893,306,152	708,700,654
- Amounts due to banks		(62,104,956)	(112,586,434)
		966,402,360	**678,070,207**
Cash and banks at end of reporting period		**1,018,201,537**	**966,402,360**
Cash and banks at end of reporting period is represented by:			
- Cash and cash equivalents		259,933,788	135,201,164
- Amounts due from banks		929,482,249	893,306,152
- Amounts due to banks		(171,214,500)	(62,104,956)
		1,018,201,537	**966,402,360**

NOTES TO THE SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

1. REPORTING ENTITY

Finabank N.V., established on April 24, 1991 and located in Paramaribo, Suriname, is a limited liability company and is registered at the Chamber of Commerce in Suriname. The headquarters of Finabank N.V. are located at Dr. Sophie Redmondstraat 59-61 in Paramaribo, Suriname. Finabank N.V. has four branches, two located in Paramaribo, one located in Wanica and one located in Nickerie.
The main activities of Finabank N.V. are:

1. Executing general banking business in the broadest sense including:
   a. Accepting deposits from the public on current accounts or savings
   b. Attracting funding through loans, by accepting deposits and by issuing bonds, debt securities, deposit securities and other securities under whatever name and in whatever form
   c. Providing loans and discounting bills of exchanges, whether insured
   d. Trading in foreign currencies
   e. Providing services for national and international payments and/or capital traffic
   f. Performing all other financial activities that may be related to the banking business in a general sense
   g. Providing various securities on behalf of third parties
2. Obtaining, owning, selling, managing, exchanging, transferring, trading and disposing of all types of assets and values such as but not limited to: shares, bonds, funds, orders, bills of exchange, debt securities
3. Establishing, co-establishing, representing, managing and administering as well as participating, in any shape or form, in other companies and institutions of any nature whatsoever
4. Performing all that is directly or indirectly related to the above or which may promote the above

The financial statements as per December 31, 2020 were approved by the Supervisory Board on April 14, 2021.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements cover the period January 1, 2020 until December 31, 2020 and have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.2 APPLICATION OF NEW, REVISED, EFFECTIVE AND NOT YET EFFECTIVE IFRS

<u>Application of new and revised standards</u>
Below a summary of the new and revised IFRS standards effective for the reporting period ending December 31, 2020 and adopted by Management of the Finabank N.V. with an assessment of the impact on the Bank.

Several amendments and interpretations apply for the first time in 2020, but do not have any impact on the financial statements of the Bank. These are also described in more detail below. The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

<u>Amendments to IFRS 3: Definition of a business (effective January 1, 2020)</u>
In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Bank will not be affected by these amendments on the date of transition.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (effective January 1, 2020).
In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Bank's financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards (effective January 1, 2020)
The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. This amendment is expected to have limited impact on the Bank.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform (effective January 1, 2020)
In September 2019, the IASB issued amendments to IFRS 9, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. Application of the reliefs is mandatory and the reliefs continue indefinitely in the absence of any of the events described in the amendments. When an entity designates a group of items as the hedged item, the requirements for when the reliefs cease are applied separately to each individual item within the designated group of items. The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied.

The amendments must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight. Early application is permitted and must be disclosed. Since the Bank does not apply hedging this amendment is expected to have limited impact on the Bank.

Amendment to IFRS 16 COVID-19 Related Rent Concessions (effective June 1, 2020)
In May 2020, the Board issued COVID-19-Related Rent Concessions, which amended IFRS 16 Leases. This amendment introduced an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. Under that practical expedient, a lessee is not required to assess whether eligible rent concessions are lease modifications, instead accounting for them in accordance with other applicable guidance.

Use of the 2020 amendment is however time limited. Currently, the practical expedient only applies to rent concessions for which any reduction in lease payments affects solely payments originally due on or before 30 June 2022. This amendment is expected to have limited impact on the Bank.

Standards in issue not yet effective

Amendments to IAS 1 Classification of Liabilities as Current or Non-current (including Amendment to IAS 1 – Classification of Liabilities as Current or Non-current – Deferral of Effective Date issued in July 2020) (effective January 1, 2023)
Key requirements In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

Entities need to carefully consider whether there are any aspects of the amendments that suggest that terms of their existing loan agreements should be renegotiated. In this context, it is important to highlight that the amendments must be applied retrospectively. This amendment is expected to have limited impact on the Bank.

Amendments to IFRS 3 Reference to Conceptual Framework (effective January 1, 2022)
IFRS 3 prohibits the recognition of contingent assets acquired in a business combination. This prohibition was not, however, explicitly stated in IFRS 3, although it could be inferred from the IFRS 3 recognition principle and is discussed in paragraph BC276 of the Basis for Conclusion (the Basis) to the standard. Earlier application of the amendments to IFRS 3 is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards (March 2018), which was issued at the same time as the 2018 Conceptual Framework. This amendment is expected to have no impact on the Bank.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2 (effective January 1, 2021)
On 27 August 2020, the International Accounting Standards Board (IASB or the Board) published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (the amendments).

Following the decision taken by global regulators to replace Interbank Offered Rates (IBORs) with alternative nearly risk-free rates (RFRs) in 2018, the IASB commenced work to address the effects of IBOR reform on financial reporting. The IASB divided its work into two phases:
- Phase one addressed issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an RFR
- Phase two focused on issues that affect financial reporting when an existing interest rate benchmark is replaced with an RFR

The amendments are mandatory with earlier application permitted. Application is retrospective and hedging relationships must be reinstated once an entity first applies the amendments if the hedging relationship was discontinued solely due to changes required by IBOR reform and it would not have been discontinued if the phase two amendments had been applied at that time. An entity is not required to restate prior periods. This amendment is expected to have limited impact on the Bank.

Amendments to IAS 16 Property, Plant and Equipment (effective January 1, 2022)
The amendment prohibits entities from deducting from the cost of an item of Property, Plant and Equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. This amendment is expected to have limited impact on the Bank.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments to IAS 37 (effective January 1, 2022)
The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labor and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.
The amendments are intended to provide clarity and help ensure consistent application of the standard. Entities that previously applied the incremental cost approach will see provisions increase to reflect the inclusion of costs related directly to contract activities, whilst entities that previously recognized contract loss provisions using the guidance from the former standard, IAS 11 Construction Contracts, will be required to exclude the allocation of indirect overheads from their provisions. Judgement will be required in determining which costs are 'directly related to contract activities. This amendment is expected to have limited impact on the Bank.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (effective January 1, 2022)
In May 2020, the International Accounting Standards Board (Board) issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards as part of Annual Improvements to IFRS Standards 2018–2020.

The amendment to IFRS 1 simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. These amendments are currently not applicable to the Bank.

IFRS 9 Financial Instruments – Fees in the '10%' test for derecognition of financial liabilities (effective January 1, 2022).
The amendment clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY
The financial statements are measured using the currency of the primary economic environment in which Finabank N.V. operates ('the functional currency'). The financial statements are presented in Suriname Dollar (hereafter also abbreviated: "SRD"), which is Finabank N.V.'s functional and presentation currency.

2.4 BASIS OF MEASUREMENT
These financial statements have been prepared on the historical cost basis except for the following items in the statement of financial position:

Financial assets at fair value through profit or loss (FVTPL) are subsequently measured at FVTPL.
Land and buildings are measured at FVTPL minus depreciation, last valuation date was December 2018.
The defined benefit liability is measured at the present value of the defined benefit obligation, less unrecognised past service cost and unrecognised actuarial losses plus the net total of the plan's assets and unrecognised actuarial gains. The expected costs relating to anniversary payments are accrued over the period of employment using an accounting methodology similar to that used for the defined benefit liability.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.
In addition, for financial reporting purposes, fair value measurements are categorized into level 1, 2, or 3 based on the degree to which the inputs of the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety.

2.5 USE OF ESTIMATES AND ASSUMPTIONS

In preparation of the financial statements, Management has to make judgements, estimates and assumptions regarding the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the year. The actual outcome may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The process of setting assumptions takes into account internal and external studies, industry developments, environmental factors and trends, regulatory requirements and experience judgement of Management. Management made significant estimates, based on solid assessments, regarding the valuation of financial instruments, impairment of financial assets and the going concern assumptions.

Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Bank's ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit grading model, which assigns PDs to the individual grades
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as Gross Domestic Product (GDP), inflation and exchange rates, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

2.6 SIGNIFICANT ACCOUNTING POLICIES

2.6.1 RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities, except for loans and advances to customers and balances due to customers, are initially recognized at trade date, i.e., the date that the Bank becomes a party of the contractual provisions of the instrument.

This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans and advances to customers are recognized when funds are transferred to the customers' account. The Bank recognizes balances due to customers when funds are transferred to the Bank.

2.6.2 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Finabank N.V. classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost, as explained in note 2.6.8.
- FVTPL

The Bank classifies its trading portfolio at FVTPL. Finabank N.V. may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities are measured at amortized cost.

Financial assets

Due from banks, loans and advances to customers, loans and advances to Government and financial investments are measured at amortized cost.

Finabank N.V. only measures due from banks, loans and advances to customers, loans and advances to Government and other financial investments at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (SSPI) on the principal amount outstanding.
- The details of these conditions are outlined below.

Ad. A Business Model assessment

Finabank N.V. determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and in particular, the ways those risks are managed.

The business model assessment is based on reasonably expected scenarios without taking worst case or stress case scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Ad. B The SPPI test

As a second step of its classification process, Finabank N.V. assesses the contractual terms of financial assets whether they meet the SPPI test. "Principal" for the purpose of this is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are any repayments of principal or amortization of the premium / discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, Finabank N.V. applies judgement

and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set.
In contrast, contractual terms that introduce more than “de minimis” exposure to risk or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases the financial asset is required to be measured at FVTPL.

2.6.3 FINANCIAL ASSETS

2.6.3.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at FVTPL under IFRS 9. Management only designates an instrument at FVTPL upon initial recognition when the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis.

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in the fair value are recorded in profit or loss. Interest earned on instruments designated at FVTPL is accrued in interest income using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of the instrument. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as investment income when the right to the payment has been established.

2.6.3.2 INVESTMENTS

Investments are non-derivative assets with a fixed or determinable payments and fixed maturity dates that are solely held to collect contractual cash flows consisting of payment of principals and interest. As the Bank does not apply for the fair value option to eliminate an accounting mismatch, investments are valued at amortized cost.

2.6.4 FINANCIAL GUARANTEES

The Bank issues financial guarantees and loan commitments. Financial guarantees are initially recognized in the financial statements at fair value though profit or loss, being the premium received. Subsequent to initial recognition, the Bank’s liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the statement of profit or loss, and under IFRS 9 an ECL provision.

The premium received is recognized in the statement of profit or loss in fees and commission income on a straight-line basis over the life of the guarantee. Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, from January 1, 2018 these contracts are in the scope of the ECL requirements.

Regarding the nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is based on market terms, these are not recorded in the statement of financial position. The nominal values of these instruments together with the corresponding ECL’s are disclosed.

2.6.5 FINANCIAL LIABILITIES

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost. The Bank does not carry financial liabilities at fair value through profit or loss.

2.6.6 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets

Derecognition due to substantial modification of terms and conditions

The Bank derecognizes a financial asset, such as a loan to customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be purchased or originated credit impaired (POCI).

When assessing whether to derecognize a loan to a customer, amongst others, the Bank considers the following factors:

- Change in currency of a loan
- Introduction of equity feature
- Change in counterparty
- If the modification results in the fact that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition other than for substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. The Bank also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Bank has transferred the financial asset if, and only if either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset;
- Or it retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the original asset), but assumes a contractual obligation to pay those cash flows to one or more entities (the eventual recipients), when all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent, plus accrued interest at market rates
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients
- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for the investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset

Or

- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and can exercise that ability unilaterally and without imposing addition restrictions on the transfer. When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Bank's continuing involvement, in which case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

Financial liabilities
The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

2.6.7 OFFSETTING

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position, if and only when, the Bank has a legally enforceable right to offset the recognized amounts and intends to either settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

2.6.8 AMORTIZED COST MEASUREMENT

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

2.6.9 FAIR VALUE MEASUREMENT

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. If there is no quoted price in an active market, the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments. Valuation techniques include net present value and discounted cash flow models and comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date

2.6.10 IDENTIFICATION AND MEASUREMENT OF IMPAIRMENT

From January 1, 2018, Finabank N.V. has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitment and financial guarantee contracts, in this section, all referred to as financial instruments. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case the allowance is based on the 12 months expected credit loss (12m ECL).
Finabank N.V. identifies whether there has been a significant increase in credit risk in the following manner:

- For the business portfolio, the increase in credit risk is based on Finabanks' Credit Risk Scorecard (CRSC), for the retail portfolio, the increase in credit risk is based on days past due and for the other financial instruments the significant increase in credit risk is based on external ratings provided by Moody's
- The 12m ECL is the portion of LTECL's that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after reporting date. Both LTECLs and 12m ECLs are calculated individually for the business portfolio and collectively for the retail portfolio

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

a. **Stage 1:** When a loan is first recognized, the Bank recognizes an allowance based on 12mECL's. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from stage 2
b. **Stage 2:** When a loan has shown a significant increase in credit risk since origination, Finabank N.V. records an allowance for LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from stage 3
c. **Stage 3:** Loans considered credit impaired, the Bank records an impairment: impairments taken on the retail portfolio are equal to the outstanding amount at reporting date if in default above 90 days, impairments taken on the business portfolio are calculated on an individual basis (based on the IAS 39 principle)
d. **POCI:** Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit adjusted EIR. The ECL allowance is only recognized or released to the extent that there is a subsequent change in the expected credit losses

The calculation of ECL's
Finabank N.V. calculates ECL's on a several manners dependent on the portfolio, below a high-level outline is given below:

- For the business portfolio, a loss rate model is used, taking into account the actual losses of the business portfolio in the years 2016 – 2020
- For the retail portfolio, a loss rate model is used, taking into account the actual impairments of the retail portfolio in the years 2016 – 2020

- For the other financial instruments, a Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) is used. In this approach the PD and LGD are based on transition tables of Moody's rating

In its ECL model for loans and advances to customers, the Bank relies on a range of forward-looking information as economic inputs, such as:

- GDP growth
- Inflation
- Exchange rate

The inputs and model used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The calculation of the impairment of stage 3 loans, under IFRS 9 has not changed compared to the calculation under IAS 39 and is as follows:
The Bank assesses periodically and at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is "impaired" when objective evidence demonstrates a 'loss event' and that loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes, but is not limited to:
The borrower has sought or has been placed in bankruptcy or similar protection and this avoids or delays repayment of the financial asset:

- The disappearance of an active market for a security
- The borrower has failed in the repayment of principal, interest or fees and the payment failure has remained unsolved for a certain period
- The borrower has evidenced significant financial difficulty, to the extent that it will have a negative impact on the future cash flows of the financial asset
- The credit obligation has been restructured for non-commercial reasons. The Bank has granted concessions, for economic or legal reasons relating to the borrower's financial difficulty, the effect of which is a reduction in the expected future cash flows of the financial asset
- Observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group
- Economic conditions that correlate with defaults in the group

Finabank N.V. considers evidence of impairment for loans and advances and investments held at amortized cost at both a specific level and a collective level. All individually significant loans and advances and investments held at amortized cost are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and investment held at amortized cost that are not individually significant are collectively assessed for impairment by grouping together loans and advances and investments held at amortized cost with similar risk characteristics.
In assessing collective impairment, the Bank uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate. Impairment losses on assets measured at amortized cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized. If the cash flows of the renegotiated asset are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and the new financial asset is recognized at fair value.

The impairment loss before an expected restructuring is measured as follows:
If the expected restructuring will not result in derecognition of the existing asset, then the estimated cash flows arising from the modified financial asset are included in the measurement of the existing asset based on their expected timing and amounts discounted at the original effective interest rate of the existing financial asset:

- If the expected restructuring will result in derecognition of the existing asset, the gain or loss of that existing asset would be recognized as the difference between the fair value of the restructured asset and the carrying amount of the original liability
- Impairment losses are recognized in profit or loss and reflected in an allowance account against loans and receivables or investment securities. Interest on the impaired assets continues to be recognized through the unwinding of the discount. If an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss

Credit cards
The Bank's product offering includes credit cards facilities, in which the Bank has the right to cancel/or reduce the facilities with a short period's notice. The Bank does not limit its exposure to the contractual notice period, but instead calculates ECL over a period that reflects the Bank's expectation of customer behavior, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

Collateral valuation
To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECL's. To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on independent valuations or other data by third parties.

Collateral repossessed
The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date, in line with the Bank's policy. In its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the statement of financial position.

Write-offs
Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit

loss expense.

Forborne and modified loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. If modifications are substantial, the loan is derecognized, as explained in Note 2.6.6. Once the terms have been renegotiated without this resulting in the derecognition of the loan, any impairment is measured using the original EIR as calculated before the modification of terms. The Bank also reassesses whether there has been a significant increase in credit risk, as set out in Note 2.6.10 and whether the assets should be classified as Stage 3. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off. Once an asset has been classified as forborne, it will remain forborne for a minimum 12-month probation period.

2.6.11 GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis. Management's assessment of the risks associated with asset and liability management by means of an internally developed risk model, shows an increased risk exposure. The risk disclosures of each risk category are included in the Risk Management section of the annual report.

At the end of 2019 the world was struck by the outbreak and spread of COVID-19, which is still having a profound impact on the entire world. The global economy shrank in 2020 by approximately 3.5% according to the IMF, as domestic demand and supply, trade and finance have been severely disrupted. Due to the pandemic, Suriname has entered several partial and full lockdowns in 2020 and 2021, which have a stagnating effect on the economy. To mitigate the economic effect of the COVID-19 pandemic, the government and the CbvS have offered significant regulatory and monetary support to allow businesses to remain liquid and solvent, and to support customers. Due the adverse effect of COVID-19 the bank is therefore cautious about the outlook, but also positive as vaccines are being made available and rolled out.

To continue to deliver the banking services to our customers during the outbreak of the COVID-19 a Crisis Management teams was set up. This team put mechanisms in place to deal with the events. Finabank also switched partly to working from home (75% of our personnel) and we maintained contact with our clients via social channels. To facilitate this, the Bank successfully kept our IT systems going and secure. The several business continuity measures are detailed in the Risk Management section of this report.
On top of the COVID-19 pandemic Finabank faced an economic crisis which was more severe than expected. The fragile economy is characterized by a high level of public debt, fluctuating exchange rates for foreign currencies, a shortage of available foreign currency, credit rating downgrade and a lack of public trust in financial institutions. These events caused the financial sector to face increased liquidity and solvency risk.

In August 2020 a new government was installed, and the new government took immediate draconic measures in an attempt to turn the economic downward tide. The government take on fuel has been increased, the SRD-USD exchange rate was depreciated from SRD 7.52 to SRD 14.29 for 1 USD and in February 2021 released, payment deferral was requested from borrowers and discussions with IMF started for balance of payment support.

There were several up- and downgrades in 2020 to due to non-performance and payment restructuring of specific international bonds. The government asked for consent for a further moratorium on repayment of international bonds in March 2021 which resulted again in a credit downgrade to Restricted Default (RD) by Fitch on April 1, 2021. The government will start to develop a debt restructuring and rescheduling plan.

Despite the economic downturn Finabank has shown an increase in financial performance and Management is content that despite the macro-economic conditions the non-performing ratio is low (1%) and according to the standard of the CBvS. This is due to a prudent loan policy and conservative credit risk management practice.

The devaluation of the Surinamese dollar has a negative impact on the bank's solvency and liquidity. Therefore, the bank took several extra measures to strengthen the solvency and the liquidity positions, which include maintaining a long-term open currency position in both USD and EURO. As of December 31, 2020 Finabank has a solvency ratio of 11%, which is above the CbvS regulations.
Management has undertaken several initiatives and has a reasonable expectation that these initiatives will have a positive impact on the risk exposure of the Bank. Management decided to continue adopting the going concern basis of accounting for these financial statements.

2.6.12 FOREIGN CURRENCY AND INFLATION

Finabank N.V.'s financial statements are presented in Suriname Dollar, which is also the Bank's functional currency as described in note 2.3. Transactions in foreign currencies are initially recorded at the spot exchange rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Suriname Dollar at the spot rate ruling at the reporting date. Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Foreign currency gains or losses arising on translation or settlement of monetary items are recognised in profit or loss as 'Foreign currency translation results' or 'Net foreign currency transaction results' under the heading of 'Other income'.

The official closing exchange rates as published by the Central Bank of Suriname for the United States Dollar and the Euro are as follows:

OFFICIAL CLOSING EXCHANGE RATES

	December 31, 2020	December 31, 2019	December 31, 2018
	SRD	SRD	SRD
1 USD	14.02	7.40	7.40
1 EUR	17.22	8.28	8.46

As can be observed from the above-mentioned table there has been a significant devaluation of the exchange rate in 2020. In order to determine whether an economy is hyperinflationary the cumulative inflation based on the CPI index over a period of 3 years needs to amount to more than 100%. Management determined this was not the case.

2.6.13 LEASING

Under IFRS 16 a lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for a consideration. On the commencement date of a lease contract the bank recognizes a right of use and lease liability at fair value. The right of use is depreciated on a straight-line basis over the depreciable amount and the duration of the contract. The lease liability is measured at the present value of the lease payments to be made over the lease term.

Depreciation expenses and interest are expensed in the statement of profit or loss. A lessee determines whether the right-of-use asset is impaired at the end of the reporting period and where there is an indication that the financial asset may have been impaired and accounts for any impairment loss identified.

2.6.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with the Central Bank of Suriname and highly liquid financial assets with original maturities of three months or less from the date of acquisition, that are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

2.6.15 PROPERTY, PLANT AND EQUIPMENT

Land and buildings are stated at fair value and for buildings less accumulated depreciation at respective reporting dates. Land has an infinite useful life and is therefore not depreciated. The last valuation of the fixed assets was conducted in December 2018.

Depreciation is calculated on a straight-line basis over the depreciable amount and the estimated useful life. For buildings, depending on the component, the useful life is between 5 years and 30 years. When parts of buildings have different useful lives, they are accounted for as separate major components.

Equipment
Equipment is stated at cost less accumulated depreciation and any impairment losses. Included in equipment is the software necessary for proper functioning of the hardware, such as machine specific processing software and drivers. The cost of the assets and the related software is depreciated on a straight-line basis over the estimated useful lives, which are generally 3-5 years for fixtures and fittings, data processing equipment and other equipment.

Expenditure incurred on maintenance and repairs is recognised in the statement of profit or loss as incurred. Expenditure incurred on major improvements is capitalised and depreciated.

Disposals
Net gains and losses on the disposal of items of ‘Property, plant and equipment’ are determined by comparing the proceeds from the disposal with the carrying amount of the disposed asset. The net gains and losses are recognised as ‘Other income”.

2.6.16 INTANGIBLE ASSETS

Intangible assets comprise of computer software products licensed for use by Finabank N.V. Intangible assets are recognised at cost less accumulated amortisation and accumulated impairment losses over the useful lives. Amortisation is recognised on a straight-line basis over the estimated remaining useful life, normally between 5-10 years from initial recognition. On each reporting date the remaining useful life of each intangible asset is assessed and also tested for impairment.
The impairment is calculated as the difference between the net present value of expected cash inflows and/or cost reductions, attributable to that intangible asset and the carrying amount. Impairment adjustments are recognised through profit or loss.

2.6.17 TAXATION

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in OCI.

Current tax payable or receivable
Current tax liabilities comprise the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.
Current tax assets and liabilities are offset only if certain criteria are met as defined in IFRS.

Deferred tax
Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax liability is a result of temporary differences between the accounting and tax carrying values, the anticipated and enacted income tax rate, and estimated taxes payable for the current year.
The deferred taxes mainly consist of deferred tax differences on property, plant and equipment and leases.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met, as defined in IFRS.

2.6.18 OTHER ASSETS

The balance of other assets consists primarily of prepaid expenses, accrued interest receivable and other receivables not related to loans and advances. These other assets have a short-term nature.

2.6.19 DEFINED BENEFIT PLAN

Pension plan
Finabank N.V. maintains a defined benefit plan, which is insured at N.V. Self Reliance in Suriname. Annual contributions are paid to N.V. Self Reliance at a rate necessary to adequately finance the accrued liabilities of the plan calculated in accordance with the terms of the plan and the local legal requirements. The most recent (actuarial) valuations of the fair value of plan assets and defined benefit obligation were carried out as at December 31, 2020 by a registered actuary. The

fair value of the defined benefit obligation, and the related current service cost and the past service cost, were determined using the projected unit credit method.

The net defined benefit liability, calculated as the defined benefit obligations less the fair value of the plan assets, is recognised within 'net defined liabilities" in the statement of financial position.

Remeasurements of the net defined benefit liability (asset), which comprise actuarial gains and losses, the return on plan assets (excluding interest) are recognised immediately in OCI. The Bank determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. Finabank N.V. does not cover the medical expenses of staff after retirement. From age 60 and up, retirees are eligible for medical care provided by the Government.

Anniversary bonus

Employees of Finabank N.V. are entitled to anniversary bonuses. This anniversary bonuses are paid out based on the service period. The expected costs of these anniversary bonuses are accrued over the period of employment using an accounting methodology similar to that used for the defined benefit pension plan.

2.6.20 INCOME RECOGNITION

The effective interest rate method

Interest income is recorded using the effective interest Rate (EIR) method for all financial instruments measured at amortized cost and financial instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortized through interest and similar income in the statement of profit or loss.

Interest and similar income

The Bank calculates interest income by applying the EIR to the gross carrying amount of the financial assets other than credit-impaired assets.

When a financial asset becomes credit impaired and is, therefore, regarded as "stage 3" the Bank calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis. For purchased or originated credit-impaired (POCI) financial assets, the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortized cost of the asset. The credit adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortized cost of the POCI assets.

Investment income

Investment income relates to financial assets at fair value through profit or loss. It includes all realised and unrealised fair value changes and dividends. Dividend income is recognised when the right to receive income is established.

Commission, fee income and expenses
Commission, fee income and expenses that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fees and commission income – including account servicing fees, closing fees and early redemption fees – are recognised as the related services are performed.

Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are rendered.

2.6.21 EXPENSE

Expenses are recognised in the statement of profit or loss as incurred or when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognised on the basis of the matching principle, on the basis of a direct association between the costs incurred and the revenues of specific items of income. When the economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined, such as is the case with property, plant and equipment and with intangible assets, expenses are recognised in the statement of profit or loss on the basis of systematic and rational allocation procedures. In such cases the expenses are referred to as depreciation or amortisation. Expenses are recognised immediately in the statement of profit or loss when an expenditure produces no future economic benefits or ceases to qualify in the statement of financial position as an asset. An expense is also recognised in the statement of profit or loss when a liability is incurred without the recognition of an asset.

2.6.22 EARNINGS PER SHARE

Earnings per share is calculated from profit for the period on the basis of the number of ordinary shares outstanding. There are no holders of equity in Finabank N.V. other than ordinary shareholders. Also, no new shares have been emitted, nor have any stock options been granted to any party during the reporting period or during comparative periods. There is no dilution effect on the earnings per share.

2.6.23 STATEMENT OF CASH FLOWS

The statement of cash flows is prepared in accordance with the indirect method, classifying cash flows as cash flows from operating, investing and financing activities. Profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income and expense associated with investing or financing cash flows.
For the purpose of the statement of cash flows, cash consist of cash at hand (including Automated Teller Machines (ATM's)) and on unrestricted current account balances at the Central Bank of Suriname. Cash and cash equivalents include investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of three months or less from the date of acquisition. Consideration is also given to the credit risk of cash and cash equivalents irrespective the length to maturity.

Interest income and expenses are presented as part of cash flows of operating activities.

2.6.24 RELATED PARTIES

A related party is a natural person, dependents or entity that is related to the Bank.
An entity or a natural person is related to the Bank if this entity or natural person, or close relative of the natural person:
1) Has control or joint control of the Bank
2) Has significant influence on the Bank or
3) Is one of the managers at a key position within the Bank

3 OTHER INCOME/ (EXPENSE), NET

Other income (expense), net can be specified as follows:

	December 31, 2020	December 31, 2019
	SRD	SRD
Penalty fees for early repayment of loans	41,107	687,429
Net foreign currency transaction results	11,680,543	7,512,655
Foreign currency translation result	52,695,024	2,147,185
Foreign currency translation result on ECL allowances	(24,053,572)	-
Other income	1,835,833	1,112,501
	42,198,935	**11,459,770**

Net foreign currency transaction results regard Finabank N.V. trading activities, which increased due to expanding treasury business within Finabank N.V.
The foreign currency translation result plus foreign currency translation result on ECL allowances of SRD 28,641,452 (2020) is mostly due to the devaluation of the SRD in September 2020.

4 SUBSEQUENT EVENTS

The government asked for consent for a further moratorium on repayment of international bonds in March 2021 which resulted again in a credit downgrade to Restricted Default (RD) by Fitch on April 1, 2021.

On March 3, 2021, the Foreign Exchange Commission issued guidelines with the obligation for exporting companies to sell 30% of their foreign currency export income to the Central Bank of Suriname. The Central Bank of Suriname provided a process description on March 10, 2021 on how importers of selected goods can apply for foreign currency sold by the exporters to the Central Bank of Suriname. The purpose of the authorities is to regulate the foreign currency cash flows to eliminate speculation on currency rates and upward price effects of the selected goods.

Solidarity tax for wage tax and income tax is applicable from February 1, 2021 to December 31, 2021. Implementation of solidarity tax has no impact for deferred tax as at December 31, 2020.

At this time, the Bank has the ability to meet its current and future obligations and does not expect a scenario which would impair the Banks' ability to operate as a going concern.

INDEPENDENT AUDITOR'S REPORT

ERNST & YOUNG SURINAME, Branche
Ernst & Young Participaties N.V.
Cornelis Jongbawstraat 17
Paramaribo
Suriname

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND MANAGEMENT OF FINABANK N.V.

Report on the Summary Financial Statements

Opinion

The summary financial statements, which compromise of the summary statement of financial position as at December 31, 2020, the summary statement of profit or loss, summary statement of comprehensive income, summary statement of changes in shareholders' equity, and summary statement of cashflows for the year then ended and related notes are derived from the complete audited financial statements of FinaBank N.V. ("the Bank") for the year ended December 31, 2020.

In our opinion the accompanying summary financial statements are consistent, in all material respect with the audited financial statements 2020, in accordance with International Financial Reporting Standards "IFRS". In addition to the summary financial statements and our auditor's report thereon, the summary financial statements contains other information that consists of Supervisory Board and Management reports.

Our opinion on the summary financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so consider whether the other information is materially inconsistent with the summary financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by IFRS. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Theron

We expressed an unmodified audit opinion on the financial statements in our report dated 27 April 2021, in accordance with IFRS. The audited financial statements and the summary financial statements do not reflect the effects of events that occurred subsequent to the date of our auditor's report on the audited financial statements.

Responsibilities of Management for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with IFRS.

Auditor's Responsibilities for the Audit of the Summary Financial Statements

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Yours sincerely

Andrew Tom
Partner for and behalf of
Ernst & Young Suriname

Paramaribo, 27 April 2021
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