SUMMARY ANNUAL REPORT 2021 FINABANK N.V.

FinaBank

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FINABANK N.V.

Finabank N.V. ("the Bank" or "Finabank"), established in 1991, is a commercial Bank based in Suriname, and has solely private shareholders. We operate under the laws and regulations of Suriname and are under supervision of the Central Bank of Suriname (CBoS). As of December 31, 2021, our assets amounted to SRD 6,860 million. Finabank is well capitalized with a solvency ratio of 16% and in terms of assets, we are the fourth largest Bank in Suriname.

Finabank has a two-tier governance system, governed by the Executive Board (Management) under supervision of the Supervisory Board (SB).
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.

We are a customer-oriented organization and offer the best tailored financial solutions based on superior risk assessment and control through innovative digital and personal channels, such as online and mobile Banking and POS-systems. We focus on five sectors: Business Market, Mass Retail Market, High-end Retail Market, Government and Financial Institutions.

Our headquarters is in the Centre of Paramaribo and our four branches are in Paramaribo North and in Paramaribo South, the district of Wanica and in the district of Nickerie. Our team consists of 215 employees, on a full-time equivalent basis.

OUR PURPOSE, VISION, MISSION, AND CORE VALUES

Our Purpose Statement

We empower people to own the future.

Our Vision

We are the number one financial solutions provider.

Our Mission

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

Our 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

Our Key Stakeholders

Our customers are people with wishes, dreams, and goals. We provide the financial services to help them achieve their wishes, dreams, and goals. Accordingly, we do our utmost to understand our customers and offer solutions that support them in achieving their goals.

Our society is evolving. We want to make a clear, positive, and sustainable contribution to our society. In the first place by playing a constructive role in the sustainable development of the economy by means of our products and services, but certainly also by playing a leading role in the development of the financial sector in Suriname.

Our employees seek work that offers them satisfaction, commitment, security, and development. We offer a modern working environment in which everyone can develop to their fullest potential, both professionally and personally, and make a meaningful contribution to our customers, colleagues, and society.

Our shareholders make it possible for us to do our job. To reward them for their commitment, we aim for an attractive and sustainable return, which is achieved by a Bank that our shareholders can be proud of.

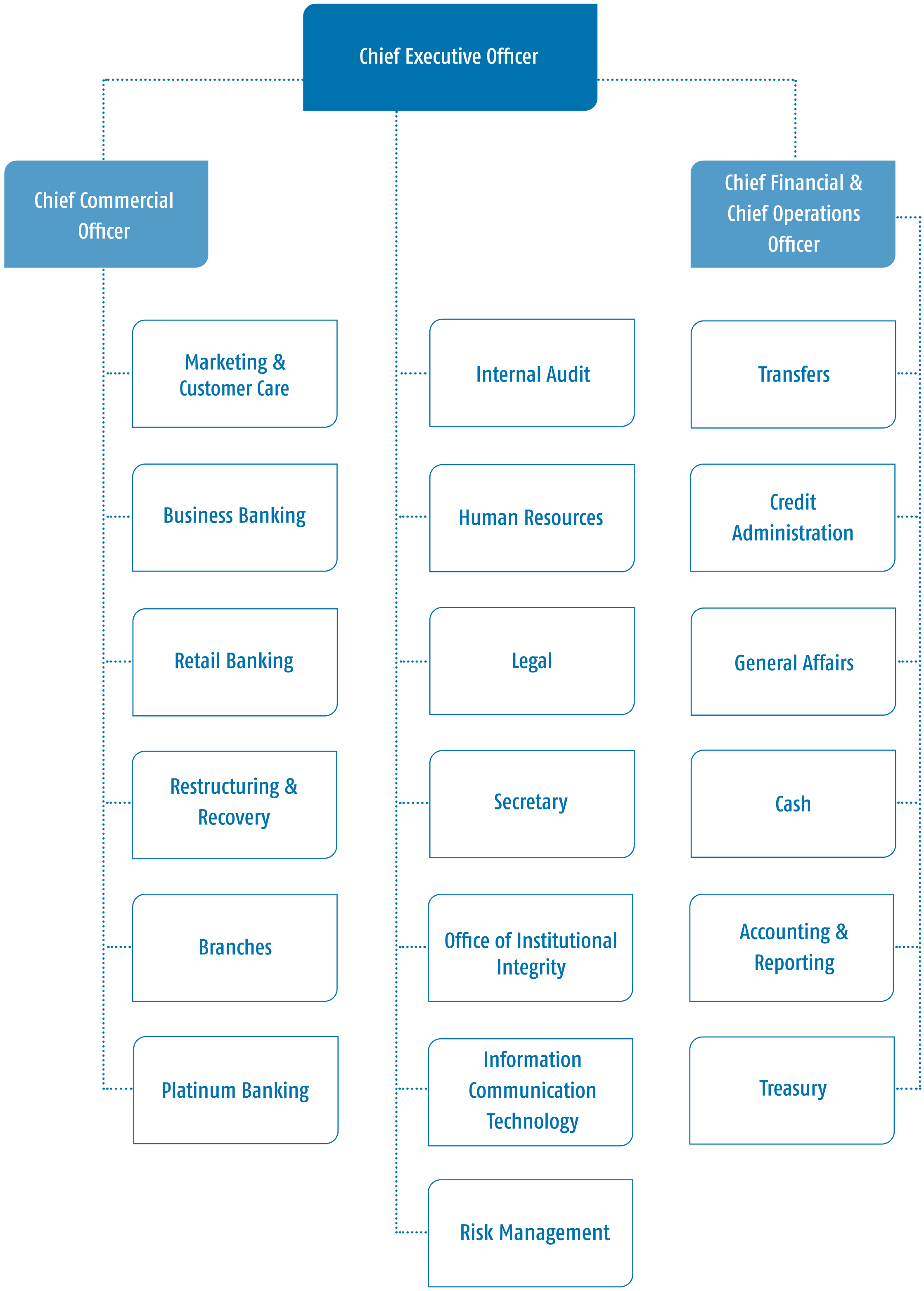
Our suppliers are our partners who support us to offer our financial services to our customers and to create a modern working environment for our employees. We offer our suppliers the opportunity to grow together with us and thus provide them with the opportunity to further develop the relationship in the future in a sustainable manner.

Our 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. Our focus is on the Business, Retail and High-End Retail market, Government and Financial Institutions. Our supporting conditions are 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 solvency ratio of 15% to ensure trust and lending capacity.
In our strategy we focus on:

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

ORGANIZATIONAL CHART



STATEMENT OF THE EXECUTIVE AND SUPERVISORY BOARDS

Statement of the Executive Board

Eblein G. Frangie, Chief Executive Officer

Introduction

As expected, the year 2021 was an extraordinary year. As a result of the continued COVID-19 pandemic and the economic crisis, the economy contracted significantly over the past two years. Due to the increase of the inflation over the past three years above 100%, Suriname is categorized as a hyperinflationary country by the IAS Board and therefore needs to apply IAS29 Hyperinflation accounting (for further details see disclosure regarding IAS29). This resulted in challenges to both manage and sustain the smooth operations of the Bank to overcome the economic crisis.

Our highest priority during 2021 was the health and safety of our employees and customers, and the health and performance of the Bank in this challenging environment. Although the circumstances we operated in were the most challenging in the history of the Bank, with efforts from our entire team we were able to realize a net profit to SRD 55 million in 2021 compared to SRD 30 million in 2020. Our total assets also showed an increase from SRD 5,781 million in 2020 to SRD 6,860 million in 2021. Our key ratios were also improved. In 2021, the cost income ratio was 48%, the solvency ratio 16% and the non-performing ratio 1%. The results, total assets and key ratios are better than expected, given the economic conditions.

The world around us

After the global economy contracted by 3.1% due to the COVID-19 pandemic in 2020, economic activity worldwide improved last year. According to the IMF the global economy grew by an estimated 5.9% in 2021. Due to the disruptions in the supply of goods because of the pandemic and weather conditions, prices across the board of different goods increased. These price increases, as well as the rising international container freight costs, have further fueled inflation in many countries. Last year the average world market price of crude oil (Brent, WTI and Dubai) increased by approximately 67% to USD 69.1 per barrel. The gold price marginally went up by about 2% to an average USD 1,799.6 toz.

The economic growth of Latin American and the Caribbean was estimated at 6.8% in 2021. The pandemic and financial economic crisis have caused a recession in two consecutive years in Suriname. In 2020 the contraction of the economy was 15.9% and was estimated at 3.5% in 2021 by the IMF. According to the CBoS statistics, gold production declined with approximately 8.4% in 2021 compared to 2020. The production of crude oil of 5.9 million barrels in 2021 was somewhat the same as 2020, while the production of the refinery was 5.5% lower in 2021 compared to 2020 according to Staatsolie Maatschappij Suriname N.V. (Staatsolie).

Due to the pandemic, the tourism sector is still struggling, while activity in the construction sector also declined significantly over the past two years. Based on IMF, the unemployment rate has decreased marginally by 0.3% to 10.9% in 2021. The percentage will further decline in the medium term as economic activity picks up. The current account balance of the balance of payment, which has been positive for the last two years, was USD 165.6 million per ultimo 2021. The capital and financial account also showed a marginal positive balance of USD 2.5 million at the end of 2021 and there was a huge positive amount of net errors & omissions of USD 179.9 million. The positive balance of payments has increased the international reserves by USD 407.2 million to USD 992.2 million as of December 2021. This increase of the international reserve, in addition to the positive balance of the current account, can mostly be attributed to an inflow of USD 230.1 million in Special Drawing Rights (SDR) received from the IMF, income tax and the solidarity levy from the gold multinationals and Staatsolie.

Monetary policy has seen many developments in 2021. In March, an exchange rate range was introduced for the SRD/USD and the SRD/Euro. The maximum rate for the USD in the period of March – May 2021 was SRD 16.30 for 1 USD. Exporters also had to repatriate 100% of their export earnings to Suriname and exchange 30% of export earnings from foreign currency to SRD at the Central Bank of Suriname (CBoS). The retention scheme did not bring in the expected amount of foreign currency for the government. On May 24, the CBoS raised the maximum rate to SRD 21 for the USD as a transition phase to a floating exchange rate mechanism as of June 7, 2021. The introduction of the floating exchange rate was one of the IMF's requirements for their technical and financial support in the implementation of the government's Crisis and Recovery Plan. Since the introduction of the flexible exchange rates in June, exchange rates for both the USD and the Euro have been fairly stable throughout the rest of the year.

Another monetary measure to support exchange rate policy and tackle inflation, was the tightening of the money supply, by expanding the Banks' SRD cash reserves from 35% to 39%. As of June, the CBoS also introduced a Reserve Money Targeting Regime, where a target is set for the monetary base (M0) as part of their monetary policy to target inflation. To tighten the SRD liquidity of the Banking sector, Open Market Operations (OMOs) were carried out by offering term deposits or securities to the Banks through an auction system. The Banks also had the opportunity to absorb short-term liquidity shortages through other instruments.

On July 2, 2021, the Governor of the CBoS and the Minister of Finance & Planning signed an MOU that prohibited the financing of government deficits by monetary means. The broad money supply (M2) rose by 43.9% at the end of 2021 compared to 2020. This increase is mainly due to the positive result of the balance of payments, resulting in a rising international reserve. Money creation from credit by Banks to the private sector is mostly the result of significant exchange rate adjustments, especially in June, which also contributed to the increase of the calculated broad money supply.

Year-on-year inflation at the end of 2021 was 60.7%, while monthly inflation peaked in the months of June at 10.8% mainly due to the introduction of the floating exchange rate, and 11.6% in August due to the tariff increase of electricity. International price increases have also contributed to the high inflation in 2021.

The stock of total nominal credit by the Banking sector increased by approximately 17.4% in 2021 compared to 2020, while growth in real terms in the same period was about -21.1%. Both deposits and credit in foreign currencies have been declining since 2019. According to the IMF report of December 22, 2021, on Suriname, local Banks have a high exposure to government debt and are facing a significant increase in non-performing loans (NPLs) due to the ongoing recession and depreciation of the SRD. In this report it is stated that approximately 55.5% of total Bank lending were foreign currency loans, of which 55% can be characterized as NPLs. The Banking sector is also highly exposed to non-performing government debt, which amounted to approximately 10% of their total assets.

In 2021 government finance continued to improve. The overall balance including statistical discrepancies for 2021 was a surplus of SRD 1.0 billion and is estimated at 1.8% of GDP. This positive balance is mainly the result of a “stand still” on most debt payments last year. Government revenues increased by approximately 9.8% compared to 2020. On the expenditure side government’s capital expenditure in 2021 was quite low around USD 58 million. Most government expenditure were for wages and salaries (31%) and subsidies and contributions (43%). The total debt service payments for 2021 were approximately USD 100 million. At the end of 2021, the effective government debt amounted to USD 3.1 billion compared to the USD 3.3 billion at the end of 2020. Domestic government debt in USD decreased during this period due to the exchange rate depreciation and repayments made on loans from domestic commercial Banks.

On December 22, the IMF approved a 36-month arrangement under the Extended Fund Facility for Suriname for SDR 472.8 million (approximately USD 688 million or 366.8% of the quota). The first tranche of SDR 39.4 million (approximately USD 55.1 million) was transferred in December. The IMF’s financial settlement will support the economic plan of the Surinamese authorities. The IMF will give support to reduce public debt to sustainable levels, improve the monetary and exchange rate policy framework, stabilize the financial system, and strengthen the institutional capacity of the country to tackle corruption and money laundering.

FINANCIAL SUMMARY AND KEY FINANCIAL INDICATORS 2020-2021

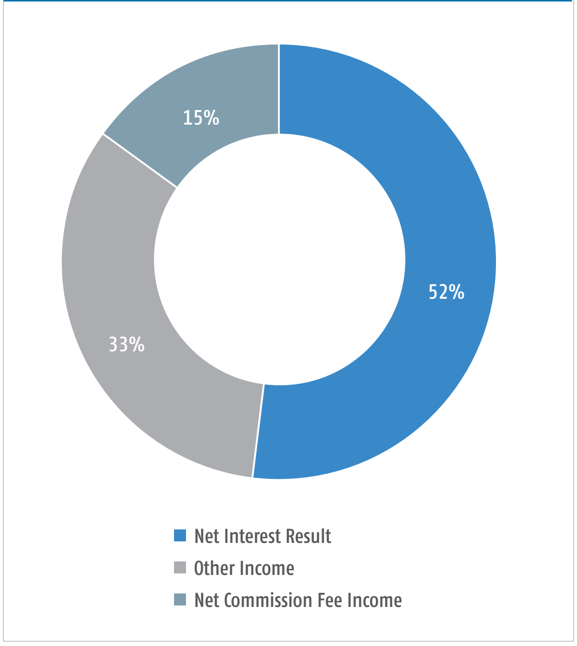
(in thousands of SRD)	December 31, 2021 Audited SRD	December 31, 2020 Restated* SRD
RESULTS		
Net interest result	248,577	226,147
Net commission and fee income	71,016	47,401
Other Income (Expense), Net	156,794	78,561
Total income	**476,388**	**352,111**
Expenses	220,052	211,984
Expected Credit Loss	(14,022)	(22,518)
Profit before tax	270,359	162,645
Profit	**55,222**	**30,158**
BALANCE SHEET		
Assets		
Cash and cash equivalents	288,740	417,586
Amounts due from banks	2,204,024	1,493,220
Loans and advances to customers	1,707,798	2,122,698
Loans and advances to Government	716,348	125,017
Purchased Originated Credit Impaired financial assets	465,760	559,866
Other assets	1,477,352	1,062,240
Total assets	**6,860,022**	**5,780,627**
Shareholders' equity and liabilities		
Amounts due to banks	793,557	275,057
Customers' current, savings and deposit accounts	5,107,947	4,778,674
Other liabilities	566,236	379,328
Shareholders' equity	392,282	347,568
Total shareholders' equity and liabilities	**6,860,022**	**5,780,627**
Key ratios		
Return on equity	15	9
Return on assets	1	1
Loans & overdraft Expected Credit Loss ratio	1	1
Stage 3 Impaired ratio	1	1
Stage 3 Coverage ratio	100	82
Non performing ratio (by Central Bank of Suriname definition)	1	1
Loan to deposit ratio	34	45
Cost income ratio	46	60
Profit ratio	54	40
Capital ratio (shareholders' equity / total assets *100)	6	6
Solvency ratio (by Central Bank of Suriname definition)	16	14
Pay-out ratio	20	13
Number of employees at a full time equivalent basis	215	207

*Amounts at the beginning of the calendar year were adjusted in accordance to note 2.6.12 Foreign currency and inflation

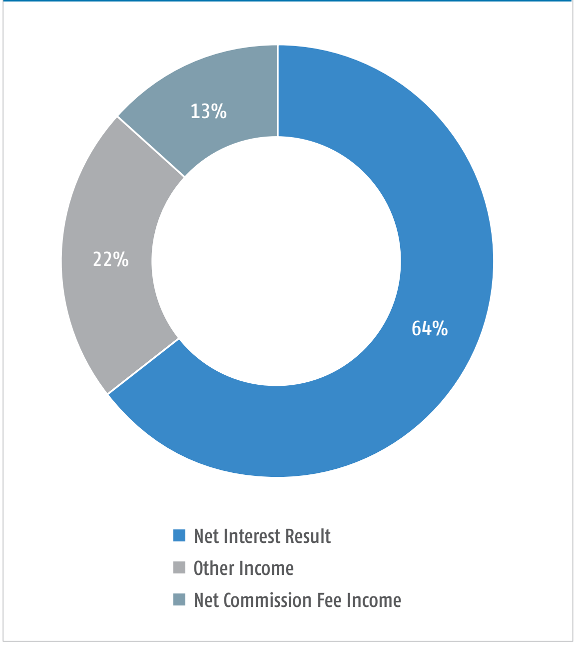
Our financial performance

Although the environment in which Finabank operated in 2021 was challenging due to the ongoing COVID-19 pandemic and the hyperinflationary economy, we achieved good results because of the efforts of our tremendous team. Net Result increased to SRD 55 million in 2021 compared to SRD 30 million in 2020, this is net of the Net Monetary Loss sustained due to the restatement of the financials to reflect the impact of hyperinflation at SRD 94 million in 2021 and 45 million in 2020.

Source of Income 2021



Source of Income 2020



Net Interest Result increased by 10% in 2021 to SRD 249 million from SRD 226 million in 2020.
This increase is due to the increase in our lending portfolio of 4% and the devaluation of SRD in relation to USD in June 2021.

The Net Commission and Fee income had a growth of 50% increasing to SRD 71 million from SRD 47 million in 2020.
The impact of the increase in the exchange rate starting June 2021, is the main source of this growth.

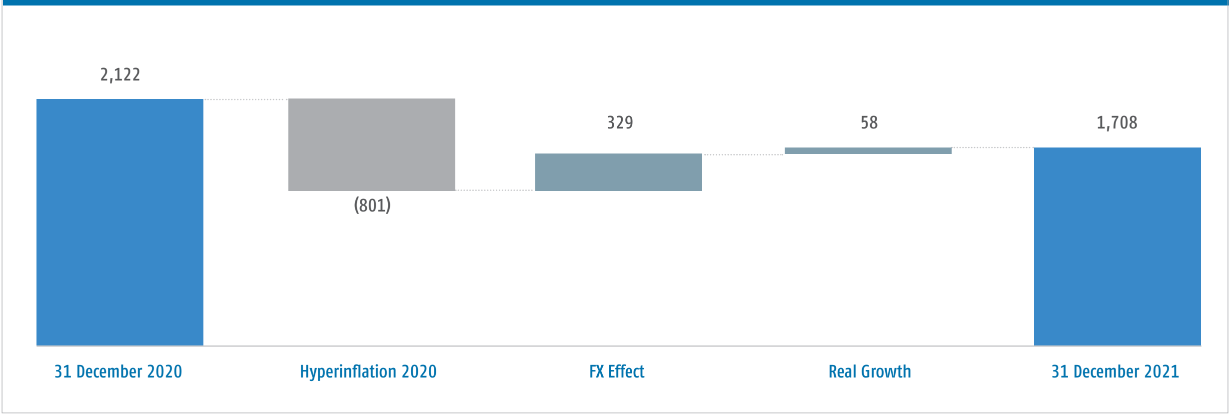
The Other Income increased by almost 100% to SRD 157 million from SRD 79 million in 2020. The biggest contributor to this increase is the translation gain that occurred due to the devaluation in June 2021. Our strategic long open currency position mitigated the adverse effect of the devaluation to a large extent. The stability in the foreign exchange market, after the introduction of the floating rates by CBoS, also gave room for foreign exchange rate trading again, which also contributed to the increase compared to 2020.

With the efforts of our team to change foreign currency expenses to SRD expenses, the increase of these expenses was limited when the devaluation occurred in the first half of 2021. With a higher income, this also had a positive effect on our cost income ratio, although the cost income ratio decreased from 60% in 2020 to 46% in 2021 due to restatement.

Our total assets increased by 19% from SRD 5,781 million to SRD 6,860 million. This growth was mainly due to an increase in the entrusted funds and the impact of the increase in the foreign exchange rate after June 2021. The dollarization of the total assets amount to 75% compared to 70% in 2020 due to the depreciation of the foreign currency. The entrusted funds increased by 7% from SRD 4,779 million in 2020 to SRD 5,108 million in 2021. The composition of our entrusted funds was 77% in foreign currency (2020: 73%) and 23% in SRD (2020: 27%).

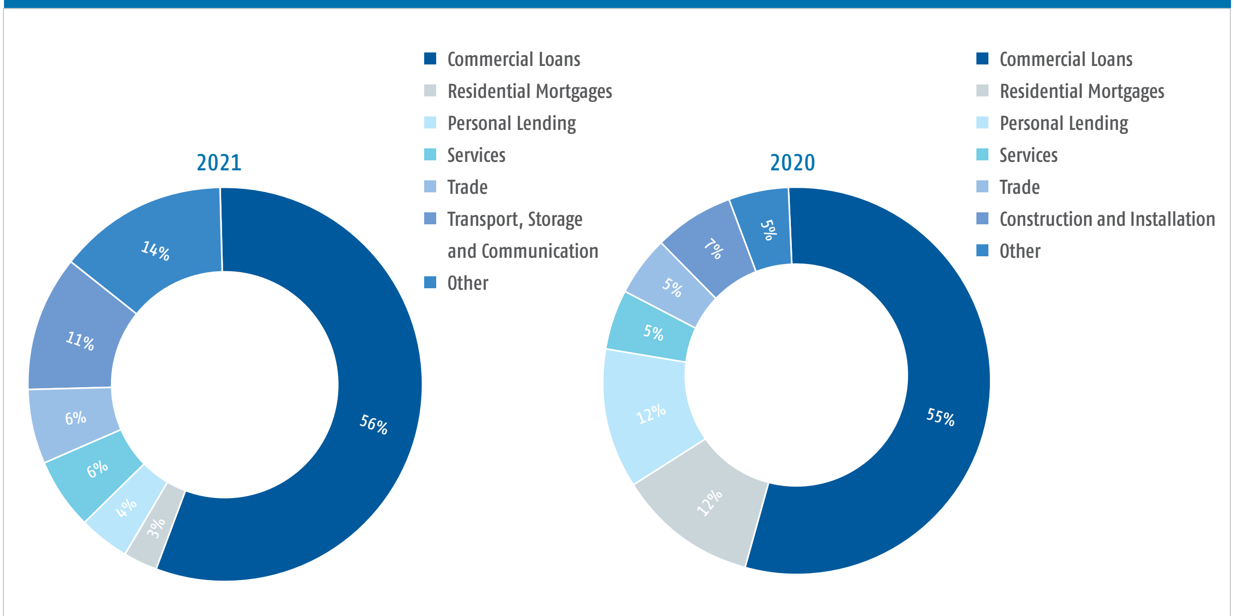
On the asset side of our statement of financial position the net loans and advances to the private sector show a decline due to the hyperinflation correction of 2020. In contrary there has been an actual growth excluding hyperinflation which has resulted in the increase of our market share in the private sector to 13.5%.

Net Loans Advances Private Sector

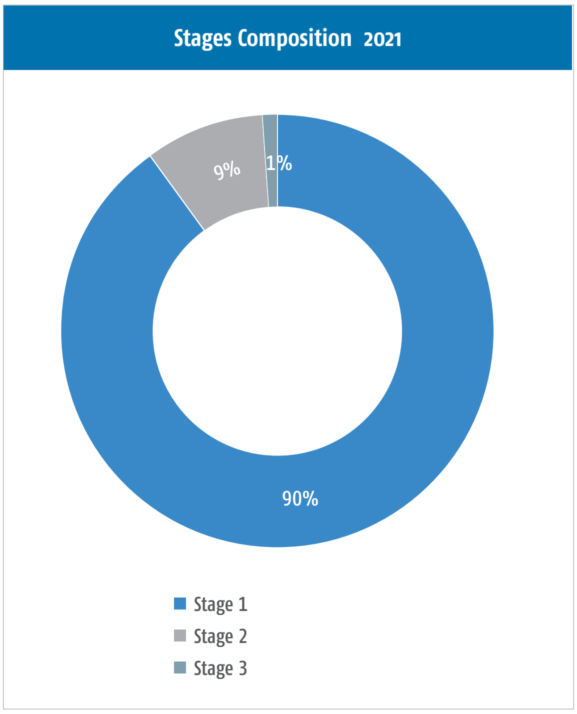


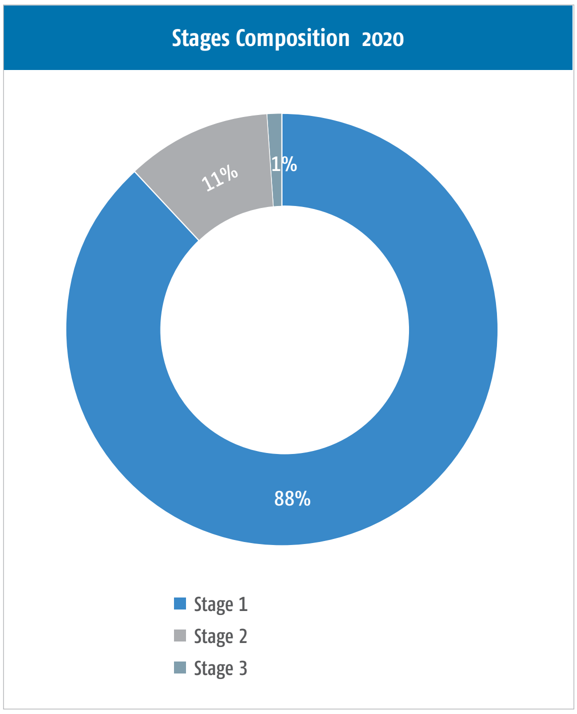
The composition of our net loans and advances to the private sector was 60% foreign currency (2020: 56%) and 40% SRD (2020: 44%). The composition of our private sector loans shows that the commercial loans remained the largest sector in 2021. The residential mortgages and personal lending increased significantly by 9% and 4% respectively.

Sector Composition Private Sector Loans



The stage 3 ratio of our loan portfolio remained low at 1% and stage 2 ratio declined by 2% to 9% in 2021, due to the decrease of moratorium loans that were provided as a COVID relief measure to our customers. The non-performing ratio and the private sector loans & overdrafts Expected Credit Loss (ECL) ratio both remained low at 1% in 2021. We are content that despite the macro-economic conditions these ratios remained low.





The loan to deposit ratio declined to 34% from 45% in 2020. This is due to the bigger growth in our entrusted funds compared to loan portfolio.

The other assets show an increase compared to 2020 because of the Open Market Operations (OMO) auctions and the increase in treasury bills from the Government.

Shareholders' equity increased by 10% to SRD 392 million from SRD 348 million in 2020. The solvency ratio increased by 2% to 16% in 2021 compared to 2020, which brings us at the 2024 Hermes target 3 years prior. The return on equity increased to 15% compared to 9% in 2020 because of a stronger growth of the net profit compared to the average shareholders' equity. The return on assets remained at 1% compared to 2020.

Our corporate strategy 2020-2024

In 2020 we started the first year of our strategic period 2020 – 2024. With our strategy Hermes, we strive to increase our market share in the private sector loans to 17% by 2024. We have set out to achieve our target by providing the best tailored financial solutions based on superior risk assessment through innovative digital and personal channels, and by focusing on our current private markets: mass retail, high end retail (platinum) and business. Even though the economic situation in 2021 challenged our strategy, we continued with the implementation of our initiatives as set in Hermes.

The supporting conditions to reach our target in 2024, are to maintain a solvency ratio of 15% and a cost income ratio between 65% and 70%. To achieve the strategic growth as set in Hermes, we have identified six clusters of initiatives:

1. Strengthening lending capacity and operations
2. Simplifying & digitize workflow processes
3. Improve retail profitability
4. Strengthening risk & compliance foundations
5. Optimizing income mix
6. Organizing for successful implementation

For 2021 our objectives and results were:

- Strengthen our financial position: We were able to strengthen our solvency ratio, ending the year at 16% and maintained a stable c/i ratio of 48%.
- Increase our market share: By focusing on our lending skills, we have been able to reach our target market share of 13.5% by the end of December 2021 as set out in Hermes.
- Design business continuity plan: Our Business Continuity Plan was designed and approved and in 2022 we will start with the implementation.
- Further develop our online and mobile banking channels: During the year we have been able to stabilize the basic functionalities in our online and mobile banking and we will continue in 2022 with further stabilization.
- Design and embed our desired Finabank culture: We started with the implementation of our BlueWave culture program to make our organization stronger and will continue in 2022.
- Implement data driven decision making: We started with the implementation of basic dashboards for all departments to support better decision making, but due to the complexity and lack of expertise within the Bank, only the dashboards for the executive board were delivered as part of our top-down approach.
- Strengthen our Finabank brand: As part of strengthening our brand, we have started with the upgrade of our customer support center availability, organized different promotional campaigns as part of Finabank 30th anniversary and we started with the redesign of our intranet. In 2022 we will start with the redesign and upgrade of our website.
- Clean up and update our customer files: The primary focus was to start with the completion and update of all customer information and upload the required documents in our T24 core banking system. We will continue with our efforts in 2022 to finalize the project.

Our commercial strategy

Confidence of our customers and of the market in Finabank increased in 2021 and was reflected by the increase in the funds entrusted and our credit portfolio. 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 with the increase in the credit portfolio due to our increase in market share from 12% in 2020 to 13.5% in 2021 in terms of the private 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. During the COVID-19 crisis we were confronted with lockdowns, adjusted opening hours, and had to take measures to protect our team and our customers. To keep serving our customers we changed our business-model and offered our products and services via our digital channels. We introduced video Banking and offered our customers the opportunity to make digital and physical appointments through our website.

Retail Banking

In 2021, Retail Banking continued with their customer-focused approach to engage with current customers and attract new customers. Increased efforts were taken to change the way we work so that we were able to remotely provide our products and services. This enabled business continuity and offered customers the opportunity to remotely complete their business with the Bank.

Extra effort was made in strengthening and motivating our sales team, and thus enabling our employees to go the extra mile in satisfying our customer's need. Despite the pandemic we were able to strengthen and maintain the relationships with our partners. Our efforts resulted in an overall increase within our lending portfolio of 42% compared to 2020.

Platinum Banking
In 2021, Platinum Banking continued to offer personalized tailor-made financial solutions to its high-end retail customers. With the use of video Banking and other digital channels, our team was able to offer the Platinum Banking service during the pandemic. As our team is a new team, extra efforts were made to improve their sales and lending skills.

Our focus was on pro-active acquisition in target markets by offering competitive products and services, tailored to the type of the high-end retail customers. We were also able to extend and deepen our relationship with our partners, which resulted in an increase of 35% in our lending portfolio compared to 2020.

Business Banking
The focus of Business Banking was on aggressive acquisition by pro-active cold acquisition and active cross selling of our products and services. This approach led to an increase in the lending portfolio of 26%, compared to 2020.

To strengthen the relationship with our top customers, customer evaluation meetings were planned together with the executive board. Due to the pandemic, the meetings were mostly digital with the use of video Banking. To increase the use of our digital payments such as POS and corporate online Banking, digital information sessions were organized to educate our customers about the benefits of digital payments.

Improving our customer experience
Our customers are becoming more demanding and use digital channels more frequently. Since the pandemic, customer contact has been primarily digital. To improve our accessibility via all our communication channels, we started with the redesign of our Customer Support Center in May 2021.
To provide our customers and prospective customers with tailored financial solutions through all our communication channels it is important that our channels are managed optimally by a dedicated team.
Our Customer Support Center is responsible for:

- Serving our customers through all communication channels.
- Providing our existing customers and prospective customers with correct and accurate information.

To further improve our customer experience, we also started working on defining our requirements for a digital lending solution, which will enable our existing and prospective customers to apply for loans digitally. This solution will lead to efficiency gains in processing loan applications and will also considerably reduce the time between loan application and payout of the loan.

Our people
We are proud of our committed employees. Finabank continually invests in culture and education through skills training, offline and online-courses and learning on the job. Our employee compensation 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 and to retain the best employees to further realize our ambitious goals.

Our employees quickly adapted to the new way of working during the COVID-19 crisis. Protocols and procedures were implemented to adhere to national policies of implementing social distancing and included working from home. We started with the redesign of our headquarters as we are planning to implement a hybrid working model combining working in the office with working from home. Our headquarters will be transformed to a social meeting point for our team, to stimulate collaboration, communication, and team togetherness.

Within the professionalization phase we are currently in, we want to make our Bank and our people stronger. As a result, we introduced our BlueWave program to design and implement a winning corporate culture, based on our core values to improve employee engagement, development, and performance.

Our BlueWave culture program

To kick off our BlueWave culture program we started off the year with an introduction presentation, a culture survey and focus group sessions with different groups of employees which were led by EdenMcCallum and our Human Resource team. The culture survey and focus group sessions were used to gather information on our culture and to identify the strengths.

The strengths of our culture can be divided into four categories:
- Strong family bond, especially within departments with the focus on engagement and team togetherness.
- Proud to be a leader, with the focus on continuous improvement and professional development.
- Clear structure, with a clearly defined hierarchy and job functions.
- Target driven, with the focus on motivation and results.

Four themes have been identified to improve our corporate culture:

1. Managers need to have a more key role, so that the Executive Board can focus on strategy.
2. The focus needs to be more on impact than on effort.
3. Collaboration between departments needs to be strengthened and improved.
4. Self- confidence and personal development need to be increased and stimulated.

Our culture program is divided into phases and is planned over three years. The main objectives for 2021 were:
- Coaching for the executive board and the management team
- Defining behaviors based on our core values and competencies
- Restructuring and redesigning of our headquarters to stimulate cooperation
- Starting with the adjustment and update of our job descriptions
- Simplifying core processes
- Improving work-life balance

We will continue with our BlueWave culture program in 2022.

Our digitalization strategy

Our digitalization strategy has two pillars:
1. Externally focused digitalization
2. Internally focused digitalization

Externally focused digitalization is aimed at further digitalizing the Banking experience for our customers. In 2021, we have implemented Skiplino, a numbering system that enables our customers to “skip the line” by getting in line virtually, via their smartphone and limit waiting time at the Bank. We fixed various issues in the online and mobile Banking applications, and we started offering 3-level payment authorization for online transactions, for our corporate customers. Local online EUR-payments are now processed straight through via the local SNEPS payment system. And finally, it is now possible to open a Bank account without ever visiting a physical Finabank branch, through online appointments via our website.

Internally focused, we have mostly automated regulatory reporting to the CBoS and implemented executive financial dashboards that give our executives an up-to-date view of the most important key performance indicators of the Bank. We have managed to reduce our printing costs by at least 50% by adapting our printer lease contracts to our post-COVID, less-paper way of doing business and we have further increased our adoption of functionality of the Microsoft 365 suite, leading to more efficiency regardless of work location.

Our IT Security

We have continued our end user IT security training program, with success. Our team is now diligently reporting threats, real or simulated. Security hygiene was improved with the company-wide rollout of a password management solution, enabling the use of strong passwords across the organization. Finabank laptops are now under mobile device management, increasing security whether employees work at the office or at home. Finally, we have continued to deploy security patches across the infrastructure, including network equipment, storage, servers, and applications, on site as well as to remote ATM locations.

Seizure 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 CBoS. The Dutch Public Prosecution Service started a cassation procedure and in July 2021 the Higher Court ruled that the case needs to be trialed again in front of the court in Amsterdam. The trial has not started but the expectations of a positive outcome for Finabank have not changed.

IDB Invest program

In 2020 we strengthened our partnership with IDB Invest with an intensified commitment from both parties. In 2021 up till now we have five projects in which we engage with IDB:

- Enhance digitalization usage of our customers
- Trade Finance Facilitation Program of USD 3 million
- SME credit line of USD 5 million
- Transform Finabank in a more sustainable Bank by developing an ESG framework and policy
- Support and strengthen our integrity framework

For the first project an external consultant has been acquired with the help of IDB Invest to review the effectiveness of our digital solutions for our customers and provide recommendations to develop a go-to-market strategy aimed at increasing the uptake of such solutions.

Finabank will be able to provide further trade financing and SME financing to stimulate entrepreneurship in Suriname. 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 an environmental and social management system was developed. This will enable us to distinguish Finabank as a sustainable financier. IDB also gave support in making an integrity gap analysis that will be used as input for the update of the Systematic Integrity Risk Analysis (SIRA) in 2022.

Regulations

On December 29, 2020, the CBoS changed the local currency cash reserve policy from 35% to 39% to tighten the SRD liquidity in the market. To further influence the SRD liquidity of the Banking sector, starting July 2021, Open Market Operations (OMOs) were carried out by offering term deposits or securities to the Banks through an auction system. The Banks also had the opportunity to absorb short-term liquidity shortages through other instruments. The term deposits have a term of 1 week, 1 month or 3 months. The 1-week term deposits are offered weekly through the auctions and the others based on the necessity to decrease the SRD liquidity further. The Banks can participate in the auctions for their own account and can offer three bids. The interest is determined after every OMO and is the average interest of the assigned bids and will be valid till the next OMO. This interest is also used as reference to determine the interest for the permanent facilities of CBoS, e.g., the Emergency Liquidity Assistance, the Interbank money market, and the Banking credit market.

In March 2021, the CBoS introduced an exchange rate range for the SRD/USD and the SRD/Euro, in which foreign currency transactions were allowed to take place. The maximum rate for the USD in the period March – May 2021 was SRD 16.30 for 1 USD. On May 24, the CBoS further liberalized its exchange rate policy by raising the maximum rate to SRD 21 and SRD 23 for the USD and EUR, respectively. This was the transition phase to a floating exchange rate mechanism as of June 7, 2021. The introduction of the floating exchange rate was one of the IMF's requirements for their technical and financial support in the implementation of the government's Crisis and Recovery Plan. The CBoS changed the reporting requirements as of September 2021 due to the IMF program. Besides the regular reporting, daily, weekly, monthly, and quarterly enhance supervision reports need to be submitted.

Integrity Risk Management

It is of the utmost importance that our stakeholders and the community we operate in can rely on us to act responsibly. Managing compliance/integrity risks effectively builds trust and is our social license to operate. It is our duty to manage the integrity risks and keep the integrity of the Banking system intact. In doing so, the Bank complies with its gatekeeper's function.

The compliance or integrity risk management function is embedded in The Office of Institutional Integrity and operates within the Enterprise Risk Management Framework with focus on identification, prevention, monitoring and detection, resolution and advisory. Specific emphasis is laid on:

- Facilitating the effective identification of risks relating to violation of relevant external requirements such as compliance laws and regulations, as well as providing advice on risk reduction measures.
- Developing and facilitating the implementation of internal controls that will provide the organization with protection from compliance risk.
- Monitoring and reporting on the effectiveness of control measures.
- Providing the business with advice regarding acceptable behavior and practices in relation to the interpretation of external and internal laws and regulations.
- Monitoring relevant regulatory developments within the compliance function's areas of responsibility.
- Ensuring awareness and training.

To help our business manage integrity risks effectively, Finabank has implemented the Integrity Risk Management Charter and Framework. As part of the framework Integrity risks are identified with a Systematic Integrity Risk Analysis (SIRA). Based on the SIRA the Bank has established the following six policies to mitigate the key integrity risks:

1. KYC-CDD (know you customer – client-customer due diligence) policy
2. Whistleblower policy
3. Anti-Bribery and Anti-Corruption policy
4. Conflict of Interest policy
5. Tax policy
6. Cash Handling policy

In the last quarter of 2021, the National Risk Assessment (NRA) report was published. The following predicate offences have been identified for Suriname:

- Corruption
- Smuggling
- Human trafficking
- Drug trade
- Illegal arms trade
- Tax evasion
- Illegal gold mining
- Illegal logging

We will incorporate the NRA findings in the update of the SIRA in 2022 to determine the effects and the control measures to further protect the Bank from the risks of the environment in which we operate.

COVID-19 crisis

Since March 2020, COVID-19 has been part of our lives and our business. In 2021 we have continued our social distancing and lockdown measures, adjusted our opening hours and business model to protect our employees and serve our customers digitally. 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.

In December 2021, our loan loss provision was approximately SRD 21 million. By December, only four of our customers received a deferment of payment, amounting to a total of SRD 135 million. This represents 7.79% of our total loan portfolio, split between retail mortgages and business lending facilities. Compared to December 2020, this is a decrease of 78%. As a result of the reopening of the economy and with the support of our team, our clients were able to begin paying off their loans.

Our corporate social responsibility

In 2021, we continued our financial support of the 10-minute Children's News, the only news program for children in Suriname and 'Klokje van Zeven', a daily radio program to promote and stimulate reading with and for children. Due to the continued COVID-19 pandemic, the Finabank two-day walk in Nickerie was canceled again and postponed to 2022. In support of our National Soccer Team (Natio) we made a financial donation to the Surinaamse Voetbalbond.

Throughout the year we have donated to different schools in support of digital education, offered financial support to Bureau Geneesmiddelen Suriname (BGVS) for the import of medication and donated to different service clubs and homes. To stimulate financial education, we participated in the digital edition of the Global Money Week, organized by the CBoS. Our focus was to create awareness for the importance of 'saving money' by organizing interactive games on our social media channels.

Our Environmental, Social and Governance policy

The world is undergoing disruptive changes due to environmental pollution, deforestation, and the depletion of important natural resources. Various initiatives have been taken worldwide to arrive at a joint approach to a sustainability policy. Some of these initiatives relate specifically to the financial sector. The best known are the 17 Sustainable Development Goals (SDGs) as agreed by the member states of the United Nations. Finabank recognizes the developments and strives to set an example in Suriname in the field of sustainability policy. On November 30, 2021, the Executive Board approved the sustainability policy. This is the starting point for the preparation of a detailed implementation plan that will be executed out over the next two to three years.

We strive to meet the needs in such a way that the needs of future generations are not endangered. This means, among other things, that we:

- Respect and protect the environment, human rights, and labor rights.
- Prevent negative influence and impact on ecological and social areas.
- Offer services and products that contribute to sustainable development of people, the environment, and our economy.
- Encourage and support stakeholders to also consider their contribution to sustainability.
- Exchange knowledge with all stakeholders.

To give substance to our sustainability policy, our policy is divided into two parts. Part, one addresses key environmental and social issues and applies to all stakeholders and products of the Bank. Part two specifically relates to sectors with an increased sustainability risk and only applies to stakeholders who are directly or indirectly active in these specific sectors.

We realize that reporting on sustainability is not only a moral obligation, but can also bring benefits, such as building trust and reducing the risk of corruption. As capital providers, transparency and accountability are important to us because we share responsibility for the social and environmental impact of all economic activities to which we lend and invest. For this reason, we will periodically inform all stakeholders about our sustainability activities.

Cashpoint
In 2020, the Suriname Bankers Association signed an agreement with BNETS to take over the Banks' Automatic Teller Machines (ATM) over a 2-year period to establish a centralized, more cost-effective, and efficient expanded ATM network. This will improve the service towards our customers.

To further stimulate financial inclusion in the interior of Suriname, BNETS placed an ATM, CASHPNT, in Goejaba, in the district of Sipaliwini on the 31st of July 2021. In Paramaribo, the first CASHPNT, which is an existing ATM and was taken over by BNETS, was operational on the 15th of October 2021 in the neighborhood of Kasabaholo.

Economic outlook for 2022
The global economy is projected to grow at a 4.4% in 2022. Inflation worldwide is expected to be high because of rising energy prices and supply chain disruptions. The COVID-19 pandemic is no longer qualified as a pandemic worldwide, but as an endemic. The endemic is managed by continuing to offer vaccinations and testing to mitigate the risk of new variants and spreading.

The Surinamese economy is expected to grow at a marginal rate of 1.8% in 2022. The macroeconomic indicators are constantly improving and the influx of financial resources from multilaterals due to the approval of the Extended Arrangement under the Extended Fund Facility for Suriname at the IMF, will contribute to the growth this year. Political stability is important to continue to execute the Crisis and Recovery Plan, monitor the progress of the economic and social conditions of the population and to maintain social rest in the country.

The Bank's outlook for 2022
In 2022 we do not expect a substantial growth of the SRD loan portfolio. We need to focus on the limited business opportunities in USD, cost control and asset & liability management while maintaining strong governance and risk & compliance management to keep the Bank's ratios healthy.

Our business focus for 2022 is:
1. Financial: to maintain a solvency ratio between 14.5% - 15.5%, increase our lending capacity and maintain a c/i ratio between 60% - 62%.
2. People: to attract, develop and retain top talent.
3. Oil & Gas: to attract suppliers to the oil & gas sector and become their preferred Bank.
4. Digitization: digitize our core processes such as payments, onboarding, and lending to further improve our service.
5. Customer: sharpen our customer focus by focusing on the customer journey to improve the customer experience.

To achieve our goals as set out in our business focus, we identified five key initiatives to start with in 2022:
I. Embed our desired Finabank culture.
II. Implement data driven decision making.
III. Redesign the comprehensive customer journey.
IV. Implement the Digital Experience.
V. Sharpen our Corporate Governance Code.

We are currently on track with the implementation of our initiatives and will continue with our efforts throughout our strategy period. Our commercial strategy is to grow both lending and funding by at least 10% in our current markets; mass retail, high end retail and business, to achieve our market share of 14.7% - 15% for 2022. Our focus is on pro-active and cold acquisition within especially the oil & gas sector and freight sector, and to increase the use of digital payments such as POS and online and mobile banking.

To strengthen the relationship with our customers, customer evaluation meetings will be planned together with the executive board for our top fifty lending and funding customers and multi nationals.

Thank you

As 2021 was a challenging year primarily due to the continued economic and COVID-19 crisis, we thank our customers for their continued feedback, loyalty, and trust in us. We also thank our employees for their flexibility, commitment, and support.

Paramaribo, April 14, 2022

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)
Previous two positions:
2018: Chairman Suriname Banking Association (until June 2021)
2011: Director Business Banking (Finabank 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 by 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 Finabank
2. The size and nature of Banking risks in the short, medium and long term
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 2020, Mr. Dilweg and Mr. Venetiaan resigned. Mr. van Essen was re-elected as chairman of the Supervisory Board and Mr. Hahn was elected as member of the Supervisory Board.

Mr. Kurt van Essen
Chairman

Managing Director of Fernandes Bakkerij N.V.
Chairman of the Executive Board of Fernandes Guyana Enterprise Inc.

Mr. Sonny Kertoidjojo, Member
Reappointment in 2018
Chairman of the Supervisory Board of Celta Vastgoed N.V.

Mrs. Djaenti Hindori, Member
Reappointment in 2019
Chairman of the Supervisory Board of Surinaamse Brouwerij N.V.
Member of the Sociaal Economische Raad
Member of the Board of Stichting Rosebel Community Fund

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

Mr. Feroz Ishaak, Member
Reappointment in 2019
Managing Director Ishaak Law Firm

Mr. Robert Hahn, Member
Appointment 2021
Manager Corporate ICT of Staatsolie N.V.
Member of the board of the National Blood Bank of Suriname
Member of the Supervisory board of N.V. VSH United

According to the Banking and Credit System Supervision Act 2011 and the articles of Association Finabank needs an odd number of Supervisory Board members. Due to the resignation of Mr. Alvin Venetiaan, the Supervisory and Executive board submitted the request to the CBoS to continue with 6 supervisory board members until the next Annual General Shareholders' Meeting. Further, the Bank requested CBoS permission to temporarily continue with more dependent supervisory board members, than independent board members.

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.	20.00%
• Stichting Pensioenfonds van de N.V. Alcoa Minerals of Suriname	20.00%

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, 2021.

Paramaribo, April 14, 2022

Eblein G. Frangie
Chief Executive Officer

Statement of the Supervisory Board

Kurt L. van Essen, Chairman

The Supervisory Board of Finabank is content with the performance of the Bank in 2021 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 increase its asset base by 19% from SRD 5,781 million to SRD 6,860 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 fourteen times in 2021 of which all were regular meetings. On average, 95% 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 4 times in 2022, 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 processes
- 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 Management Department (RMD) and Office of Institutional Integrity (OII) 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 OII 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. Robert Hahn, Member

The Audit Committee met eight times in 2021. 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. Sonny Kertoidjojo, Member

The Risk Committee met three times in 2021. On average 100% of the committee members was 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 OII 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. Kurt van Essen, Member

The Selection and Remuneration Committee met three times in 2021. 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

Compliance Awareness sessions were organized for the Supervisory Board in the period May 2021. 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 2021, 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.

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 Ernst & Young (EY) to provide assurance of Finabank N.V.'s year accounts over the period ending December 31, 2021. 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 total assets of the Bank increased by SRD 1,078 million (19%) to SRD 6,860 million compared to December 31, 2020 and the net result of the Bank increased with 156% to SRD 55 million compared to December 31, 2020 primarily due to the foreign currency translation result because of the devaluation of the SRD compared to the USD, the ability to have foreign currency trading and the reduction of foreign currency expenses. The non-performing ratio remained at 1 % on December 31, 2021 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.

Dividend policy
Finabank is driven by its purpose to empower people to own the future. This purpose is valid for all stakeholders, customers, society, employees, suppliers, and our shareholders. Our shareholders give us the opportunity to create value through the operations of the Bank. To reward them for their involvement we aspire to provide them with an attractive sustainable return on their investment while also being a Bank they can be proud of. With this in mind, the Executive Board and the Supervisory Board consider it necessary to create sustainable value for our shareholders through our strategy, which is reflected in the yearly dividend pay-out. Finabank aspires to pay an annual dividend of 20% of net income to its shareholders, with the actual payout ratio to be assessed yearly, based on the following circumstances:

1. Solvency is or will be below or above the strategic plan
2. Solvency is or will be below or above the set standards of the CBoS
3. Liquidity is or will be below or above the strategic plan
4. Necessary investments that will have an impact on the solvency or liquidity of the bank
5. Expected devaluation or economic event that will negatively impact solvency

The payment shall be in accordance with the articles of association and the Corporate Governance Code of the Bank.

The Supervisory Board proposes, upon advice of Management, to approve a dividend pay-out of
SRD 49.51 per share of nominal SRD 10, which amounts to SRD 11 million. This proposal is based on the dividend policy.

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 strong position of Finabank N.V. in the market.

Paramaribo, April 14, 2022

Kurt van Essen

On behalf of the Supervisory Board
Kurt L. van Essen
Chairman

SUMMARY ANNUAL FINANCIAL STATEMENTS 2021

SUMMARY STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

	December 31, 2021 Audited	December 31, 2020 Restated*
	SRD	SRD
ASSETS		
Cash and cash equivalents	288,739,760	417,585,604
Amounts due from banks	2,204,024,101	1,493,220,333
Financial assets at fair value through profit and loss	103,245	103,245
Investments	1,041,142,620	615,337,599
Loans and advances to customers	1,707,798,267	2,122,697,763
Loans and advances to Government	716,347,684	125,016,530
Purchased Originated Credit Impaired financial assets	465,759,605	559,865,865
Property, plant and equipment	115,131,932	112,695,096
Intangible assets	76,681,581	82,026,075
Right of use (assets)	68,828,754	58,232,276
Deferred tax assets	12,744,290	19,924,253
Other assets	162,720,351	173,921,881
Total assets	**6,860,022,190**	**5,780,626,520**
Liabilities		
Amounts due to banks	793,557,419	275,057,391
Customers' current, savings and deposit accounts	5,107,947,472	4,778,674,405
Current tax liabilities	60,724,433	32,093,774
Deferred tax liabilities	109,368,587	79,583,412
Net defined benefit liabilities	15,060,436	20,330,468
Payable to employees for pensions	15,555,425	12,269,405
Provision for anniversary payments	6,233,575	5,593,291
Lease liability	35,400,805	55,345,144
Other liabilities	323,892,396	174,112,080
Total liabilities	**6,467,740,548**	**5,433,059,370**
SHAREHOLDERS' EQUITY		
Share capital	25,356,768	25,356,768
Share premium	198,718,265	198,718,265
Reserves and retained earnings	70,083,698	52,149,732
Revaluation reserves	1,717,235	
Perpetual bond	41,184,042	41,184,042
Profit for the period	55,221,634	30,158,343
Total shareholders' equity	**392,281,642**	**347,567,150**
Total shareholders' equity and liabilities	**6,860,022,190**	**5,780,626,520**

*Amounts at the beginning of the calendar year were adjusted in accordance to note 2.6.12 Foreign currency and inflation

SUMMARY STATEMENT OF PROFIT OR LOSS OF THE YEAR ENDED DECEMBER 31, 2021

	December 31, 2021 Audited	December 31, 2020 Restated*
	SRD	SRD
Interest income	347,963,040	331,819,414
Interest expense	99,385,626	105,671,928
Net interest result	**248,577,414**	**226,147,486**
Investment income / (expense)	**1,453**	**2,256**
Commission and fee income	81,908,621	51,512,349
Commission expense	10,892,998	4,111,572
Net commission and fee income / (expense)	**71,015,623**	**47,400,777**
Other income (expense), net	**156,793,813**	**78,560,329**
Total income	**476,388,303**	**352,110,848**
Expected Credit Loss on financial assets	(14,021,999)	(22,518,326)
Personnel expenses	89,703,353	97,980,612
Other operating expenses	130,348,294	114,003,465
Total expenses	**206,029,648**	**189,465,751**
Profit before tax and loss on monetary position	**270,358,655**	**162,645,097**
Income tax expenses	(120,766,417)	(87,971,788)
Loss on monetary position	(94,370,604)	(44,514,968)
Profit for the period	**55,221,634**	**30,158,341**
Earnings per share	**247.55**	**135.19**

*Amounts at the beginning of the calendar year were adjusted in accordance to note 2.6.12 Foreign currency and inflation

SUMMARY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2021

	December 31, 2021 Audited	December 31, 2020 Restated*
	SRD	SRD
Profit attributable to shareholders of the Bank	55,221,634	30,158,341
Other comprehensive income / (loss):		
Actuarial (losses) and gains on defined benefit obligation	(3,708,457)	(14,774,951)
Income tax on other comprehensive loss	**1,705,890**	**5,318,982**
Other comprehensive loss (net of taxes)	**(2,002,567)**	**(9,455,969)**
Total comprehensive income	**53,219,067**	**20,702,372**

*Amounts at the beginning of the calendar year were adjusted in accordance to note 2.6.12 Foreign currency and inflation

SUMMARY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT DECEMBER 31, 2021

	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
Opening balance January 1,2021	**25,356,768**	**198,718,265**	**41,184,042**	**52,149,732**	**-**	**30,158,343**	**347,567,150**
Appropriation of profit 2020	-	-	-	30,158,343	-	(30,158,343)	-
Profit of 2021	-	-	-	-	-	55,221,634	55,221,634
Other comprehensive income	-	-	-	(2,002,567)	-	-	(2,002,567)
Dividends 2020	-	-	-	(10,221,810)	-	-	(10,221,810)
Revaluation reserve	-	-	-	-	1,717,235	-	1,717,235
Shareholders' equity December 31, 2021	**25,356,768**	**198,718,265**	**41,184,042**	**70,083,698**	**1,717,235**	**55,221,634**	**392,281,642**

	Share capital	Share premium	Perpetual bond	Reserves and retained earnings	Revaluation reserve	Profit for the period	Total equity
Closing balance as previously reported at December 31, 2019	**2,230,770**	**33,527,575**	**14,792,000**	**65,644,986**	**-**	**5,807,752**	**122,003,083**
Restatement of opening balance	17,778,000	123,279,006	17,705,913	(3,039,923)	-	(6,331,178)	149,391,818
Restated opening balance January 1, 2020	**20,008,770**	**156,806,581**	**32,497,913**	**2,605,063**	**-**	**(523,426)**	**71,394,901**
Appropriation of profit 2019	-	-	-	(523,426)	-	523,426	-
Profit of 2020	-	-	-	-	-	30,158,343	30,158,343
Other comprehensive income	-	-	-	(11,699,137)	-	-	(11,699,137)
Monetary gain / (loss) 2020	5,347,998	41,911,684	8,686,129	1,767,232	-	-	57,713,043
Shareholders' equity December 31, 2020	**25,356,768**	**198,718,265**	**41,184,042**	**52,149,732**	**-**	**30,158,343**	**347,567,150**

SUMMARY STATEMENT OF CASH FLOWS

		December 31, 2021 Audited	December 31, 2020 Restated*
		SRD	SRD
Cash flows from operating activities			
Profit for the period		55,221,634	30,158,343
Adjusted for:	- Depreciation	41,598,124	34,192,301
	- Changes through equity (excl. tax and OCI)	-	(13,643,298)
	- Tax expenses	120,766,417	87,971,788
	- Net impairment losses on loans and advances, net of recoveries	(14,021,999)	(22,518,326)
	- Net interest income	(248,577,414)	(226,147,486)
Changes in:	- Financial assets at fair value through profit and loss	-	-
	- Gross Advances to customers	428,921,495	251,396,263
	- Other assets	11,201,530	(65,551,438)
	- POCI	94,106,260	(559,865,865)
	- Loans & overdraft Government	(591,331,154)	(125,016,530)
	- Customers' current, savings and deposit accounts	329,273,067	(469,219,919)
	- Net defined benefit liabilities	(4,629,748)	6,158,075
	- Payable to employee for pensions	3,286,020	1,689,611
	- Other liabilities	83,749,461	(134,152,520)
Income tax paid		-	-
Interest received on loans and advances		208,898,913	228,404,283
Interest received on investments		138,269,999	103,415,131
Interest received from banks		794,127	-
Interest paid on bank deposits		(8,759,887)	(1,287,390)
Interest paid on lease liability		(5,493,604)	(5,612,418)
Interest paid on customer deposits		(85,132,135)	(98,772,120)
Net cash flow generated from operating activities		**558,141,106**	**987,159,278**
Cash flows from investing activities			
Movement investments in property and equipment		(25,999,070)	(7,745,408)
Movement investments in intangibles		(702,772)	(9,382,202)
Movement right of use		(16,868,791)	(2,747,014)
Movement investments		(425,805,021)	164,611,339
Net cash flow used in investing activities		**(469,375,654)**	**144,736,715**
Cash flows from financing activities			
Lease payments		(15,679,234)	(15,293,380)
Perpetual bond payments		(2,128,320)	(2,064,105)
Dividend paid		(7,500,000)	-
Net cash flow generated from financing activities		**(25,307,554)**	**(17,357,485)**
Net increase in cash and bank		**63,457,898**	**859,780,048**
Cash and banks at beginning of reporting period			
- Cash and cash equivalents		417,585,604	349,128,250
- Amounts due from banks		1,493,220,333	2,306,773,139
- Amounts due to banks		(275,057,393)	(160,372,840)
		1,635,748,544	**2,495,528,549**
Cash and banks at end of reporting period		**1,699,206,442**	**1,635,748,544**
Cash and banks at end of reporting period is represented by:			
- Cash and cash equivalents		288,739,760	417,585,648
- Amounts due from banks		2,204,024,101	1,493,220,290
- Amounts due to banks		(793,557,419)	(275,057,394)
		1,699,206,442	**1,635,748,544**

NOTES TO THE SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021, were approved by the Supervisory Board on April 14, 2022.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements cover the period January 1, 2021, until December 31, 2021, 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

Application of new and revised standards

Below a summary of the new and revised IFRS standards effective for the reporting period ending December 31, 2021 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 2021, 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.

New and amended standards and interpretations

In these financial statements, the Bank adopted 'Interest Rate Benchmark Reform Amendments to IFRS 9, IAS 39 and IFRS 7' (IBOR reform Phase 1) for the first time and early adopted the requirements of 'Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16' (IBOR reform Phase 2) which is effective for annual periods beginning on or after January 1, 2021 with earlier adoption permitted. The nature and the impact of these new standards are described below.

Several other amendments and interpretations apply for the first time in 2021 but did not have an impact on the Bank's financial statements.

IBOR reform Phase 1

The Bank adopted Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (IBOR reform Phase 1) with effect from November 1, 2020. IBOR reform Phase 1 includes a number of reliefs, which apply to all hedging relationships that are directly affected by 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 during the period before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (RFR). This may lead to uncertainty whether a forecast transaction is highly probably and whether prospectively the hedging relationship is expected to be highly effective. IBOR reform Phase 1 provides reliefs which require the Bank to assume that hedging relationships are unaffected by the uncertainties caused by IBOR reform. This includes assuming that hedged cash flows are not altered as a result of IBOR reform. Also, the reliefs allow the Bank to not discontinue hedging relationship as a result of retrospective or prospective ineffectiveness. IBOR Reform Phase 1 also requires additional disclosures in relation to those hedging relationships to which the reliefs are applied. The Bank continues to assess the impact of IBOR reform on our operations and continue to engage with industry associations on recent developments on the transition to risk-free status, which includes the development of supporting business processes.

IBOR reform Phase 2

IBOR reform Phase 2 includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR).
Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

The Bank has adopted early IBOR reform Phase 2 for its December 2021 year-end. IBOR reform Phase 2 provides temporary reliefs that allow the Bank's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Bank to amend the hedge destinations and hedge documentation. The Bank elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39.
IBOR reform Phase 2 provides temporary reliefs that allow the Bank's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Bank to amend hedge designations and hedge documentation. This includes redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and/or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place. For the retrospective assessment of hedge effectiveness, the Bank may elect on a hedge-by-hedge basis to reset the cumulative fair value change to zero. The Bank may designate an interest rate as a non-contractually specified, hedged risk component of changes in the fair value or cash flows of a hedged item, provided the interest rate component is separately identifiable, e.g., it is an established benchmark that is widely used in the market to price loans and derivatives. For new RFRs that are not yet an established benchmark, relief is provided from this requirement provided the Bank reasonably expects the RFR to become separately identifiable within 24 months. For hedges of groups of items, the Bank is required to transfer to subgroups those instruments that reference RFRs. Any hedging relationships that prior to application of IBOR reform Phase 2, have been discontinued solely due to IBOR reform and meet the qualifying criteria for hedge accounting when IBOR reform Phase 2 is applied, must be reinstated upon initial application.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. The amendments also specify that if a set of activities and assets does not have outputs at the acquisition date, an acquired process must be considered substantive only if: (a) it is critical to the ability to develop or convert acquired inputs into outputs; and (b) the inputs acquired include both an organized workforce with the necessary skills, knowledge, or experience to perform that process, and other inputs that the organized workforce could develop or convert into outputs. In contrast, if a set of activities and assets has outputs at that date, an acquired process must be considered substantive if: (a) it is critical to the ability to continue producing outputs and the acquired inputs include an organized workforce with the necessary skills, knowledge, or experience to perform that process; or (b) it significantly contributes to the ability to continue producing outputs and either is considered unique or scarce, or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Bank.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "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 clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Bank.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Bank.

Amendments to IFRS 16 COVID-19 Related Rent Concessions

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.
The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Bank.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaption for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Bank.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted. The Bank will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Bank.

Classification of Liabilities as Current or Non-current – Amendment to IAS 1

In January 2020, the IASB 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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The amendments are not expected to have a significant impact on the Bank's financial statements.

Property, Plant and Equipment: Proceeds before intended use –Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling 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 is effective for annual reporting periods beginning on or after January 1, 2022, and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The Bank is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

Reference to the Conceptual Framework –Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.
The amendments are effective for annual reporting periods beginning on or after January 1, 2022, and apply prospectively. The amendments are not expected to have a significant impact on the Bank's financial statements.

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. 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 and an allocation of costs directly related to contract activities. 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 are effective for annual reporting periods beginning on or after January 1, 2022. The Bank is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by (i) replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and (ii) adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Bank is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Bank is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Bank is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

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 2021.
The defined benefit liability is measured at the present value of the defined benefit obligation, less unrecognized past service cost and unrecognized actuarial losses plus the net total of the plan assets and unrecognized 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 recognized 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 assumption.

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:

- Amortized 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 as set out in Note 2.6.10.
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 in Note 2.6.10.

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 expired.

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.

1. 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.
2. 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.

3. 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).
4. 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 2017 – 2021.
- For the retail portfolio, a loss rate model is used, taking into account the actual impairments of the retail portfolio in the years 2017 – 2021.
- 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 this section 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.

As the pandemic persisted in 2021, the year continued to be unpredictable. The spread of new COVID-19 variants combined with a low community vaccination rate led to extended lockdowns and restrictions, which had a stagnating effect on the economy. While the global economy grew by an estimated 5.9% in 2021 according to IMF, the Surinamese economy contracted in 2021 by approximately 3.5%, as domestic demand and supply, trade and finance have been severely disrupted.

In 2021 there were several monetary measurements. The exchange rate policy was further liberalized to a floating exchange rate mechanism, the money supply was further tightened by expanding the Banks' SRD cash reserves from 35% to 39%, a Reserve Money Targeting Regime was introduced, and Open Market Operations (OMOs) were carried out by offering term deposits or securities to the Banks through an auction system to influence the SRD liquidity of the Banking sector.

Suriname faced another credit downgrade in 2021 to Restricted Default (RD) by Fitch on April 1st 2021, due to a request from the government for a further moratorium on repayment of international bonds. In December 2021 IMF approved a 36-month arrangement, under the Extended Fund Facility for Suriname for SDR 472.8 million (approximately US$688 million or 366.8% of the quota). The IMF will support the economic plan of the Surinamese authorities, which aims to restore public finances with a budget that is sustainable and in line with macroeconomic indicators, while also creating space in the budget to protect of the vulnerable groups in society.

Finabank anticipated on the macroeconomic developments by setting controls measures in place (frequent stress testing, tight monitoring of the (long) open currency and carrying out a conservative credit risk management policy) to mitigate the impact. With the adaptions and learning from business disruptions as COVID-19 and the severe economic contraction over the last two years, a Business Continuity Framework was set up in 2021 and will be implemented in 2022.
Despite the turbulent economic escapades, Finabank has shown an increase in financial performance and Management is content that despite the macro-economic conditions the non-performing ratio is low 1.06% and the solvency is 16 %, both well according to the standard of the CBoS.
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. Refer to the paragraphs below for the Bank's outlook.

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 recognized 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, 2021	December 31, 2020	December 31, 2019
	SRD	SRD	SRD
1 USD	20.89	14.02	7.40
1 EUR	23.72	17.22	8.46

As can be observed from the above-mentioned table there has been a significant devaluation of the exchange rate in 2021.

The consumer price index published by Suriname Bureau of Statistics indicate an increasing CPI from 2019 to 2021.

CONSUMER PRICE INDEX

	December 31, 2021	December 31, 2020	December 31, 2019
	SRD	SRD	SRD
CPI	370.30	230.50	143.40
3 year inflation	169%	77%	20%

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%. As of December 31, 2021, the three-year inflation is at 169% and continues in an upward trend. Management assessed that SRD is a hyperinflationary currency.

As a result, the accounting figures are restated by applying a general price index so that the comparative figures in the financial statements are presented in terms of measuring unit current at the end of reporting period.

The restatement was applied as if the economy has always been hyperinflationary, using a general price index that reflects the changes in general purchasing power. To apply restatement, a series of indexes were used, as prepared and published on a monthly basis by the Central Bank of Suriname and General Bureau of Statistics.

Considering the above-mentioned index, the inflation rate at the end of 2020 and 2021 is at 61%.

Below describes the restating mechanism provided by IAS 29:

Restatement of the Statements of Financial Position:

i. Monetary items (the ones that are already stated in terms of the current measuring unit) are not restated because they are already expressed in terms of monetary unit current at the end of the reporting period. In an inflationary period, an entity holding monetary assets generates purchasing power loss and holding monetary liabilities generates purchasing power gain, provided that assets and liabilities are not linked to an adjustment mechanism that offsets, in some extent, such effects. The net gain or loss on a monetary basis shall be included in the profit or loss for the period.
ii. Non- monetary items stated at current cost at the end of the reporting period, are not restated for presentation purposes in the statement of financial position, but the adjustment process must be completed to determine, in terms of constant measurement unit, the income or loss produced by holding these non-monetary items.
iii. Non-monetary items carried at cost or current cost at some earlier date before the reporting date, shall be restated by an index that reflects the general level of price variation from the acquisition or revaluation date to the closing date, proceeding then to compare the restated amounts of those assets with their recoverable amounts. Income or loss for the period related to depreciation of property, plant and equipment and amortization of Intangible assets, and other non-monetary costs shall be determined over the new restated amounts.
iv. The restatement of non-monetary assets in terms of current measurement unit at the end of the reporting period, without an equivalent adjustment for tax purpose generates a taxable temporary difference and a deferred income tax liability is recognized, and the contra account is recognized as profit or loss for the period. When, beyond restatement, there is a revaluation of nonmonetary assets, the deferred tax related to the restatement is recognized in the profit or loss for the period and deferred tax related with the revaluation is recognized in the other comprehensive income for the period.

Restatement of the statements of comprehensive income:

i. Income and expenses are restated from the date the items were recorded, except for those income or loss that reflect or included in their determination, the consumption of assets measured at the currency purchasing power from a date prior to that which the consumption was recorded, which is restated using as a basis the acquisition date of assets related to the item, except for gains or losses that derived from indexed assets or liabilities and except for income or losses arising from comparing the two measurements at the currency purchasing power of different dates, for which it requires to identify the compared amounts, to restate them separately and to repeat the comparison with the restatement amounts.

ii. The gain or loss for holding monetary assets and liability, is separately disclosed in the statement of income.

Restatement of the statements of changes in shareholder equity:

i. As the transition date (the beginning of comparative periods), the Bank has applied the following rules:
   a. The components of equity, except earnings, reserves, and unappropriated retained earnings, were restated from the date the components were contributed or otherwise arose. The capital stock disclosed in the statement of changes in shareholders equity is shown in nominal basis and this adjustment is included in "adjustment to shareholders' equity"
   b. Earnings reserves were stated at nominal value at the transition date.
   c. The Reserves and Retained Earnings were determined as a difference between the restated net asset at transition date and the other components of equity, were restatement as mentioned in the abovementioned paragraphs.
ii. After the restatement at the transition date above mentioned all equity's components were restated by applying a general price index from the beginning of the period or date of contribution, if later.

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 amortized 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 2021.

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 recognized in the statement of profit or loss as incurred. Expenditure incurred on major improvements is capitalized 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 recognized 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 recognized at cost less accumulated amortization and accumulated impairment losses over the useful lives. Amortization is recognized 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 recognized 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 of December 31, 2021, 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 recognized 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 recognized 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 recognized 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 realized and unrealized fair value changes and dividends. Dividend income is recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 amortization. Expenses are recognized 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 recognized 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

	December 31, 2021 Audited	December 31, 2020 Restated*
	SRD	SRD
Penalty fees for early repayment of loans	46	71,768
Net foreign currency transaction results	60,705,462	20,815,915
Foreign currency translation result	89,827,589	54,182,550
Other income	6,260,716	3,490,096
Total	**156,793,813**	**78,560,329**

*Amounts at the beginning of the calendar year were adjusted in accordance to note 2.6.12 Foreign currency and inflation

Net foreign currency transaction results regard Finabank N.V. trading activities, which increased due to expanding treasury business within Finabank N.V.
The flux in the foreign currency translation result is mostly due to the devaluation of the SRD in June 2021.

4 SUBSEQUENT EVENTS
No subsequent event noted for the purposes of disclosure to the Financial Statements.

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

Building a better working world

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, 2021, 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, 2021.

In our opinion the accompanying summary financial statements are consistent, in all material respect with the audited financial statements 2021, 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 the statement of the Executive and Supervisory Boards.

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 14 April 2022, 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, 21 April 2022
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