# SUMMARY ANNUAL REPORT 2022 FINABANK N.V.

www.finabanknv.com
customercare@finabanknv.com

# Table of contents


Finabank N.V. 3
- Our Purpose, Vision, Mission, and Core values 4
- Organizational Chart 5

Statement of the Executive Board 6
- Introduction 6
- The world around us 7

Financial summary and key financial indicators 2020-2022 9
- Our financial performance 10
- Our corporate strategy Hermes 1.0 2022-2025 14
- Our Re-invented Corporate strategy 2023-2025 Hermes 2.0 14
- Our commercial strategy 15
- Retail Banking 15
- Platinum Banking 15
- Business Banking 15
- Improving our digital customer experience 15
- Our people 16
- IT Security 16
- Our operational excellence focus 16
- Seizure of money shipment 16
- IDB Invest program 17
- Regulations 17
- Integrity Risk Management 17
- Our corporate social responsibility 18
- Our Environmental, Social and Governance policy 18
- Cashpoint 19
- Economic outlook for 2023 19
- The Bank's outlook for 2023 19
- Thank you 20

Corporate Governance 21
- Composition of the Executive Board 21
- Composition of the Supervisory Board 22
- Composition of the Shareholders 24
- Conformity statement 24
- The signatory hereby confirms that to the best of his knowledge: 24

Statement of the Supervisory Board 25
- Corporate Governance 25
- Supervisory Board Meetings 26
- Audit Committee 26
- Risk Committee 27
- Selection and Remuneration Committee 27
- Continuous Education 27
- Corporate strategy 27
- External auditor, risk, and compliance 28
- Financial Reporting and results 28
- Dividend policy 28
- Personal note 29

Summary statement of financial position as at December 31, 2022 32

Summary statement of profit or loss for the year ended December 31, 2022 33

Summary statement of comprehensive income for the year ended December 31, 2022 33

Summary statement of changes in shareholders' equity as at December 31, 2022 34

Summary statement of cash flows 35

Notes to the summary financial statements 36
- 1 Reporting Entity 36
- 2 Accounting policies 36
- 3 Subsequent events 55

Independent auditor's report 56

# 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, 2022, our assets amounted to SRD 12.5 billion. Finabank is one of the four system banks and leading in terms of governance, risk management, profitability, and sound banking ratios.

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 empower our customers' success and create excellent personal experiences by understanding our customers' needs and providing tailored financial solutions through innovative digital and personal channels, such as online and mobile banking and POS-systems. Our approach is built on a superior risk-based assessment and our committed team is the core of our success. Our target markets are the Business, Mass Retail and High-end Retail Market, Government and Financial Institutions.

Our headquarters is in the Centre of Paramaribo and our five branches are in the Centre of Paramaribo, Paramaribo North and Paramaribo South, the district of Wanica and the district of Nickerie.

# 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 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 Hermes 2.0 is to obtain a market share of 25% in the total market in 2025, by empowering our customers' success. We create excellent personal experiences by understanding our customers' needs and providing tailored financial solutions. Our approach is built on a superior risk-based assessment and our committed team is the core of our success. We provide best in class, innovative, digital and personal channels.
Our target markets are 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) of maximum 60% reflecting a scalable organization with lower variable costs, while maintaining a target solvency ratio of minimum 20% to ensure trust and lending capacity, a non-performing ratio of maximum 2%, a net promoter score between 20-30 and an employee engagement score of 50%.

**Our strategy themes are:**
1. Be the leader in lending
2. Design an intuitive digital customer journey
3. Improve and increase customer engagement
4. Strengthen risk and compliance foundations
5. Diversify our business
6. Organize for successful implementation
7. Build a sustainable bank

## ORGANIZATIONAL CHART

# Statement of the Executive Board

Eblein G. Frangie, Chief Executive Officer

***Introduction***

The year 2022 was a remarkable year. Just about every country in the world has faced rising prices in 2022. The global rate of inflation ends the year at 9%. Monetary tightening such as interest rate increases categorized central bank policies worldwide. The Feds and European central banks have increased the rates in the 4th quarter of 2022, the sharpest monetary tightening in forty years. This led to an increase of lending rates. The regulators became strict in implementing regulations such as the limit in open currency position (OCP). The CBoS proposed several amendments to the regulations particularly on those relating to solvency and provisioning. For many developing countries, high inflation is a current challenge. In Suriname, year-on-year inflation reached a staggeringly high of 55%. The country remains in hyperinflation in 2022. To strengthen the Bank's AML posture, we have performed the Systematic Integrity Risk Assessment and implemented the road map to protect the Bank against Anti Money Laundering/Combatting Financing of Terrorism (AML-CFT) risks. System enhancement projects are started to mitigate emerging risks in electronic transactions.

Despite the economic challenges of 2022, the Bank's empowered team was able to realize a net profit of SRD 159 million in 2022, compared to the restated net profit of SRD 85 million in 2021. Our total assets grew from SRD 10.6 billion to SRD 12.5 billion in 2022. In 2022, the cost income ratio is at 34%, solvency ratio at 17% and non-performing ratio at 1%. Management is proud of the results and the key ratios which are up to par with our strategic goals. While the results in 2022 are better than budgeted, management is aware that, due to the volatile economic situation in the country, the need to keep on focusing to protect the bank and execute the strategy is the number one priority.

### *The world around us*

Inflation due to the war between Russia and Ukraine and the economic slowdown of the world's second largest economy China because of rising COVID-19 infections and lockdown periods, has very much characterized the global economic growth in 2022. According to the latest figures of the IMF, global economic growth for 2022 is estimated at 3.4%.

The war between Russia and Ukraine has not only destroyed many lives, but it also caused a lot of material damage, and further destabilized the world economy due to high prices for goods and services, resulting in a sharp increase in the cost of living in the world. Of the two major export products of Suriname, the average international price of brent oil increased by approximately 41% to USD 97.1 per barrel, while the price of gold marginally increased by 0.1% to about USD 1,800.6 per ounce in 2022.

To tackle inflation, tight monetary policies were implemented in many countries to monitor the broad money supply. This and the strong US-dollar led to rising interest rates in the world. High international prices for commodities have affected global trade negatively but have somewhat eased the bottlenecks in the supply chain of goods in the world.

The economic growth of Latin America and the Caribbean in 2022 is estimated at 3.9%, with Guyana as the strongest growing economy in the region that grew by 57.8% last year. After two consecutive years of economic contraction, the International Monetary Fund (IMF) estimated the growth for Suriname at 1.3% in 2022.

Last year gold production went up by about 3.5% mostly due to an increase of the production of Rosebel Gold Mines (RGM) of 18.7%. Negotiations between the Canadian company IAMGOLD and the Chinese company Zijin Mining Group Co Ltd. to take over the shares of IAMGOLD in RGM started in 2022. In February 2023, the deal was finalized, and the shares were sold for approximately USD 400 million.

The production of onshore crude oil has exceeded the production target of Staatsolie Maatschappij Suriname and increased by 3.2% in 2022 to 6.2 million barrels. Final Investment Decision (FID) for offshore oil production has not yet been made by Total Energies and the Apache Corporation.

The current account of the balance of payments after 9 quarters again showed a deficit at the end of the second quarter of 2022. A decrease in the surplus on the balance of goods due to a huge increase in imports of 25% against the 13% increase in exports attributed to a smaller positive balance of the current account of USD 67.2 million at the end of 2022. Imports went up due to high import inflation and the modest economic growth of last year.

The capital and financial accounts also showed a marginal negative balance of USD 12.4 million. At the end of 2022 there was a significant positive amount of net errors and omissions of USD 140.3 million. The international reserves rose about USD 200 million to USD 1,194.6 million as of December 2022.

The increase of the international reserve, besides the positive balance of the current account, can mostly be attributed to inflows of capital from net drawdowns on external government debt (with the IMF and other International Financial Institutions) this year and foreign exchange income from the government (dividend, income tax and royalties) from the mining sector. The International Reserve position of over USD 1 billion represents the cash reserve resources and working accounts of the local banks and the balance of payments supports from the IMF program allocated to the CBoS. A minimal part of the total international reserve is available for the monetary authorities to be used.

Last year the government implemented a monetary policy with regular central bank open market operation (OMO) to monitor the monetary base (M0) to counter inflation. The Monetary Base (M0) increased by 32.4% in 2022 compared to the end of 2021. Last year large government spending on subsidies especially in the months April, July, and September, are seen as the cause of the increasing money supply, while monetary policy through open market operations contributed to help neutralize these resources. Through open market operations, the Central Bank of Suriname is selling term deposits and central bank certificates through an auction system. Because of the larger amounts of SRDs which had to be taken out of circulation and are offered at the auction, interest rates increased. For the time being, the OMOs have not influenced the credit and debit interest rates of the banking system considerably due to over liquidity in the system. This may be attributable to several factors including the increased consumer price index (CPI) and Hyperinflation. The average nominal debit (lending) and credit interest rate on SRD loans at the end of 2022 were 13.4% and 7.8% respectively.

In the second half of 2022, the exchange rates of the local currency to the USD and the Euro have come under pressure and are showing a rising trend. The increasing trend in the monetary base, increased demand for foreign currency, the lack of confidence in government policy and the economy as a whole among economic factors have significantly increased the demand for foreign currency in this period. The supply of foreign currency could not sufficiently meet the demand. In 2022, the SRD depreciated against the USD and the Euro by about 47% and 35% respectively. Average inflation last year came to 52.4% and was a result of rising fuel prices, other import inflation and the exchange rate depreciation.

In 2022, the government primary and overall balance including statistical discrepancies until November was respectively SRD 944 million and –SRD 322 million, which is estimated at 1.2% and - 0.4% of GDP. This result is well below the target of 1.7% for the primary balance within the IMF Extended Fund Facility program (IMF-EFF). The financing gap of 0.4% of GDP in this period was largely financed by foreign resources, mostly budget support loans from the multilateral organizations IMF and IDB.

At the end of 2022, the effective government debt amounted to USD 3.2 billion; the same amount as of the end of 2021. The estimated effective debt to GDP ratio is 117%. In local currency the effective government debt increased by 51% to SRD 101.2 billion. This increase is due to a higher net influx of capital from loans (disbursement minus principal payments), increased arrears on both domestic and external debt and exchange rate depreciation of the SRD against the USD and the Euro, CNY, and SDR against the USD.

In the context of the IMF-EFF, the discussion between the government of Suriname and the IMF that started last year regarding the adjustment of certain targets of the IMF-Extended Fund Facility program still need to be finalized. Depending on the evaluation result of the second, third and fourth quarters of 2022 and the first two quarters of 2023. If the IMF and the Government of Suriname reach an agreement on the new targets and these targets are met the Suriname Government may expect five tranches of budget support influx from the organization otherwise the IMF-EFF program will be terminated. The restructuring process of both the external and domestic creditors of central government is also expected to be finalized in 2023. It is for Suriname and the financial sector utmost important that the Government of Suriname comes to an agreement with the IMF and executes the program as the program has the basic measures to restore an economy like Suriname. The impact of further delay of coming to an agreement and executing the measures will result in a worsening, and increasingly difficult to improve the economic situation.

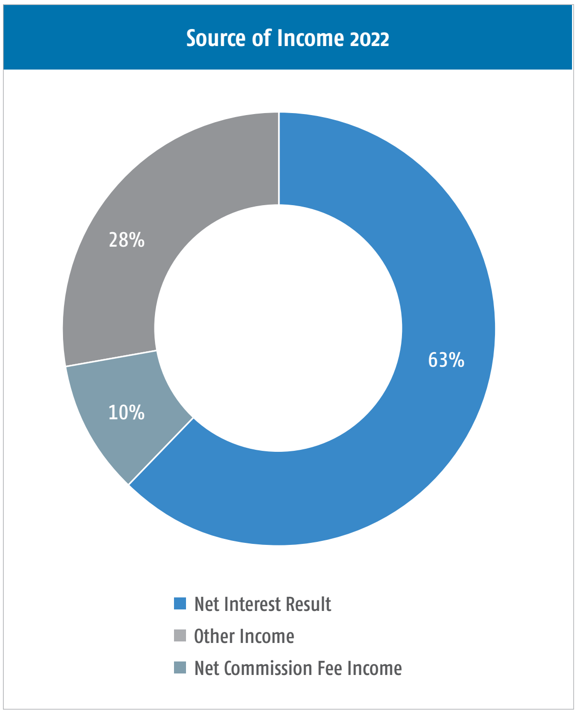
## FINANCIAL SUMMARY AND KEY FINANCIAL INDICATORS 2020-2022

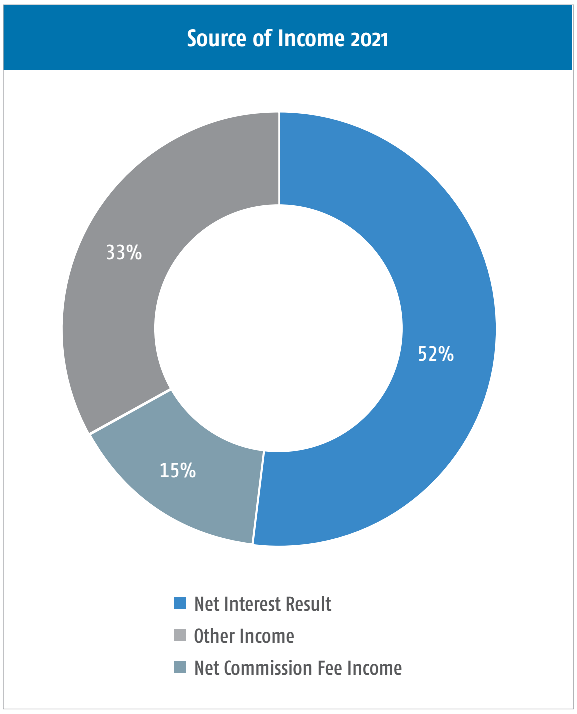
| (in thousands of SRD) | December 31, 2022 Audited | December 31, 2021 Restated* | December 31, 2020 Restated* |
|---|---|---|---|
| **RESULTS** | | | |
| Net interest result | 594,758 | 384,312 | 349,634 |
| Investment income/ (loss) | (2,127) | 2 | 3 |
| Net commission and fee income | 93,378 | 109,793 | 73,284 |
| Other Income | 262,300 | 242,410 | 121,458 |
| **Total income** | **948,309** | **736,517** | **544,379** |
| | | | |
| Expenses | 336,094 | 340,209 | 327,737 |
| Expected Credit Loss | 72,928 | (21,679) | (34,814) |
| **Profit before tax and monetary loss** | 539,287 | 417,986 | 251,456 |
| Monetary Loss | 201,667 | 145,901 | 68,822 |
| Profit before tax | 337,620 | 272,085 | 182,634 |
| **Profit** | **159,662** | **85,375** | **46,626** |
| **BALANCE SHEET** | | | |
| **Assets** | | | |
| Cash and cash equivalents | 732,917 | 446,404 | 645,606 |
| Amounts due from banks | 3,587,416 | 3,407,518 | 2,308,584 |
| Loans and advances to customers | 3,739,301 | 2,640,331 | 193,281 |
| Loans and advances to Government | 914,187 | 1,107,505 | 3,281,784 |
| Purchased Originated Credit Impaired financial assets | 619,031 | 720,085 | 865,577 |
| Other assets | 2,936,148 | 2,284,052 | 1,642,270 |
| **Total assets** | **12,529,001** | **10,605,894** | **8,937,101** |
| | | | |
| **Shareholders' equity and liabilities** | | | |
| Amounts due to banks | 926,758 | 1,226,874 | 425,251 |
| Customers' current, savings and deposit accounts | 10,249,609 | 7,897,110 | 7,388,040 |
| Other liabilities | 596,503 | 875,425 | 586,457 |
| Shareholders' equity | 756,131 | 606,485 | 537,354 |
| **Total shareholders' equity and liabilities** | **12,529,001** | **10,605,894** | **8,937,101** |
| **Key ratios** | | | |
| Return on equity | 23 | 15 | 9 |
| Return on assets | 1 | 1 | 1 |
| Loans & overdraft Expected Credit Loss ratio | 2 | 1 | 1 |
| Stage 3 Impaired ratio | 0 | 1 | 1 |
| Stage 3 Coverage ratio | 97 | 100 | 82 |
| Non performing ratio (by Central Bank of Suriname definition) | 1 | 1 | 1 |
| Loan to deposit ratio | 37 | 34 | 45 |
| Cost income ratio | 35 | 46 | 60 |
| Inflation-adjusted Cost Income ratio | 57 | 66 | 73 |
| Profit ratio | 65 | 54 | 40 |
| Inflation-adjusted Profit ratio | 43 | 34 | 27 |
| Capital ratio (shareholders' equity / total assets *100) | 6 | 6 | 6 |
| Solvency ratio (by Central Bank of Suriname definition) | 17 | 16 | 14 |
| Pay-out ratio | 20 | 20 | 13 |
| | | | |
| Number of employees at a full time equivalent basis | 229 | 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 2022 was challenging due to the hyperinflationary economy, we achieved good results because of the efforts of our tremendous team. Net Result increased to SRD 159 million in 2022 compared to SRD 85 million in 2021, this is net of the Net Monetary Loss sustained due to the restatement of the financials to reflect the impact of hyperinflation at SRD 194 million in 2022 and 146 million in 2021.




The Bank's core profitability remains to be interest income. The interest income in 2022 is higher due to the Bank's participation in Central Bank TD OMO auctions.

Total Profit Before Tax increased by a total of 29% in 2022 compared to 2021 restated balance. This increase is net of the effect of 55% inflationary adjustment in the 2021 results.

Net Interest Result increased by 55% in 2022 to SRD 595 million from SRD 384 million in restated balance of 2021.

The increase is due to the increase in the lending portfolio of 42%, in addition, interest income is increased by the net interest margin due to the Bank's participation in Central Bank's Open Market Operation (OMO) auctions. The total increase in the lending portfolio is 119%, however the 2021 lending portfolio needed to be adjusted for presentation purposes. This is further explained in the development of lending portfolio below.

The actual net commission and fee income increased by 27% compared to the 2021 results, however for presentation of the comparative figures the 2021 needs an upwards adjustment for hyperinflation. As a result, the net commission and fee income appear to have decreased by 15% compared to the 2021 restated results.

The other income increased by 7% to SRD 260 million in 2022 compared to the restated results of 2021. Our strategic long open currency position mitigated the adverse effect of the devaluation to a large extent.

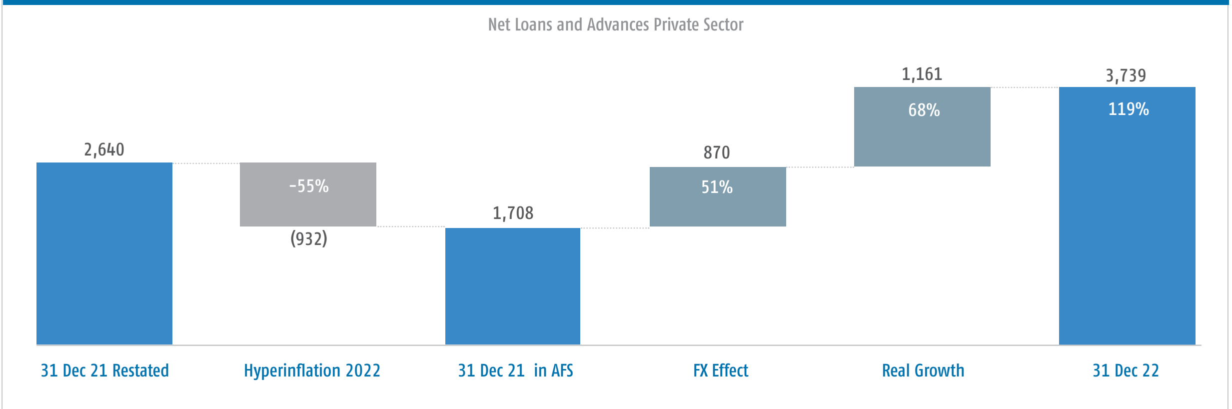
The results above were tapered off by the adjustment of 55% to account for the inflation effect. The 2021 net interest income, commission fee and income, the lending and funding portfolio needs an upward adjustment to update the figures to the current consumer price index. The resulting restated numbers are presented in the comparative numbers.

With the efforts of our team to change foreign currency expenses to SRD expenses, the increase of these expenses was limited when the currency devaluation continued in 2022. With a higher income, this also had a positive effect on our cost-income ratio, the bank's cost income ratio decreased from 66% in 2021 to 57% in 2022.

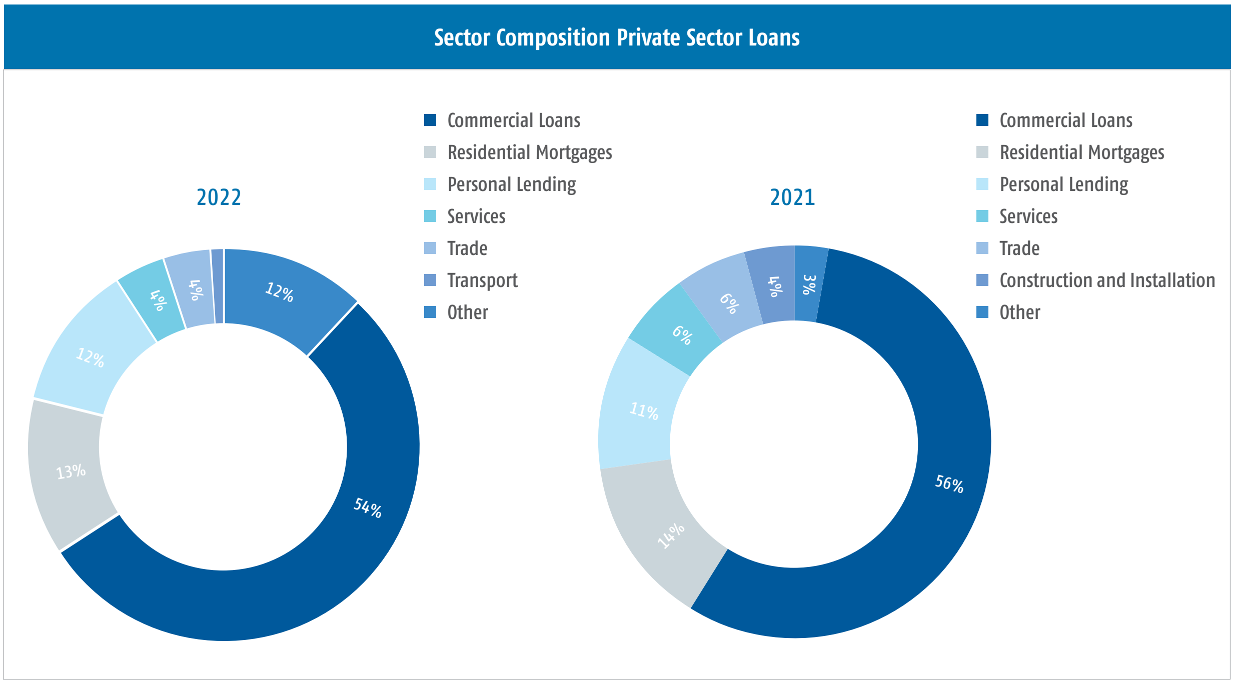
Our total assets increased by 18% to SRD 12,529 million from the restated balance of SRD 10,606 million in 2021. This growth was mainly due to an increase in the entrusted funds and the impact of the increase in the foreign exchange rate in 2022. The entrusted funds increased by 30% from SRD 7,897 million in 2021 to SRD 10,249 million in 2022. The Bank's entrusted funds are comprised of 28% SRD balance and 72% foreign currency.

With regards to net loans and advances to the private sector the bank's net lending portfolio increased to SRD 3,739 million or a total of 119% compared to the balances as of December 31, 2021. This growth is comprised of the real growth of 68% and 51% FX growth. For presentation of comparative figures, the 2021 reported balances need an upward adjustment of 55%, or SRD 2,640 million or net increase only of 42%. The increase in the lending portfolio is primarily due to our customer-centric approach to setting out loans.

**Development of Net Loans Portfolio- Private Sector Credit**



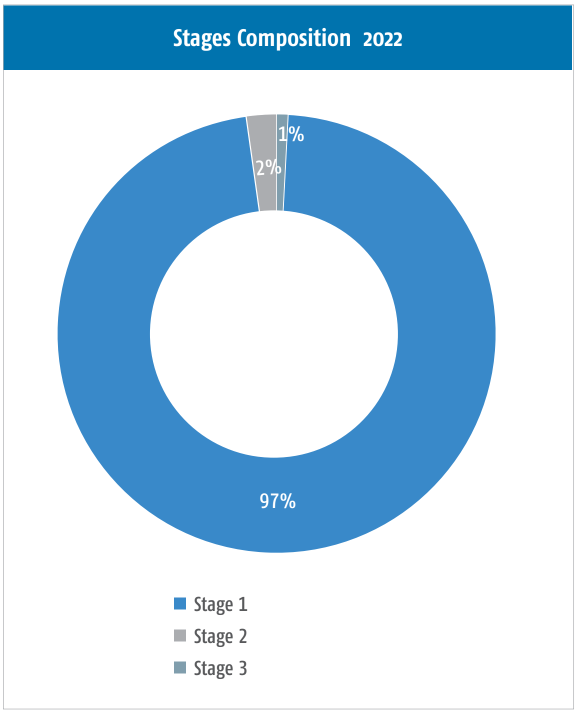

The Bank's results show growth in the lending portfolio and entrusted funds balances, are lower compared to the financials reported last year due to the adjustment in the prior period balance by 55% to account for Hyperinflation.

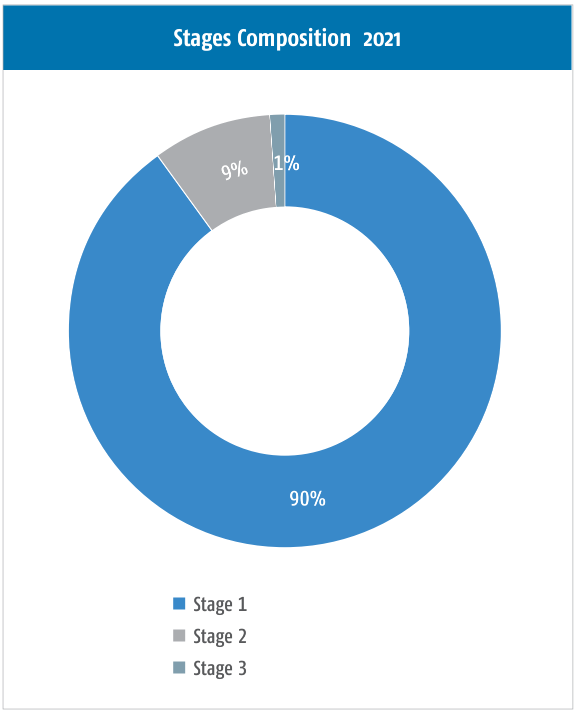



The composition of our net loans and advances to the private sector was 69% in foreign currency (2021: 60%) and 31% in SRD (2021: 40%). The composition of our private sector loans shows that the commercial loans remained the largest sector in 2022 and 2021 at 54% and 56% respectively. Residential mortgages remained stable at 13%, personal lending comprised 12% of the total lending portfolio and was on the same level in prior years.

Despite the growth in the lending portfolio, the stage 3 ratio of our loan portfolio remained low at 1% and the stage 2 ratio decreased to 2% from 9% in 2021, due to improvement in the loan portfolio. The non-performing ratio and the private sector loans & overdrafts Expected Credit Loss (ECL) ratio remained low at 1% and 1.72%, respectively in 2022. We are content that despite the macro-economic conditions these ratios remained within the acceptable levels.

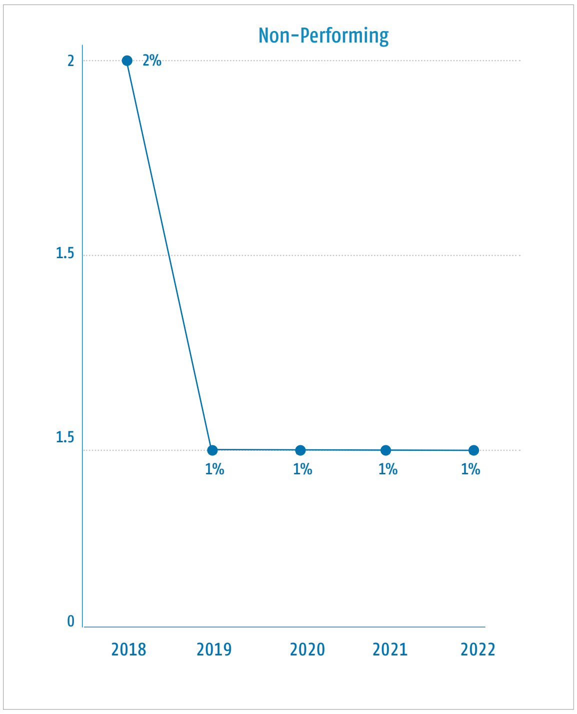
## LOANS IN IFRS STAGES



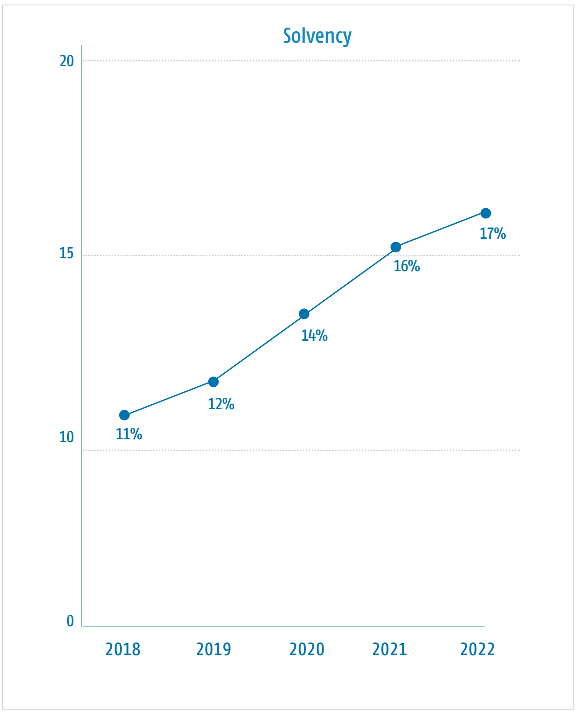

### *Non-Performing Loans*

The bank's non-performing loans remained stable at 1% due to the Bank's robust credit risk management process.




### *Development of Solvency*

The Bank continued to be resilient as shown by the strong solvency position due to capital management and Open Currency Position (OCP).



### *Our corporate strategy Hermes 1.0 2022-2025*

Our strategic objectives and results for 2022 were as follows:

- **Strengthen our financial position:** We were able to strengthen our solvency, ending the year at a Capital Adequacy Ratio (CAR) of 17%. By managing our costs, hedging our foreign exchange costs, and increasing our foreign exchange income we maintained a stable cost income ratio of 34%.
- **Increase our market share:** We focused on engaging with our customers and increasing our geographical market footprint and have been able to surpass our target market share of 17% in 2024, ending at 17.2% already in 2022.
- **Design and embed our desired Finabank culture:** We designed and started with the execution of our BlueWave culture program to make our organization stronger and more professional, and to align our culture with our strategy. In 2023, we will conclude the initial activities of our BlueWave program but are committed to continue to focus on our culture as an enabler of our strategy.
- **Implement data driven decision making:** As we strive to increase transparency within our organization, decisions need to be made based on data as we enhance our vision to create autonomous teams. We are working on embracing the capabilities of data empowered decision through dashboards.
- **Redesign the comprehensive customer journey:** Our customers are key, therefore we need to further improve our customer satisfaction, so it is crucial that we redesign both our digital and physical customer journey and the integrated customer experience. Based on data from our customer touchpoints and results from the IDB Invest study, we started with the redesign of our digital comprehensive customer journey and will continue in 2023 with the physical customer journey and other services.
- **Implement the digital experience:** As the needs of our customers change rapidly and the technology available for serving our customers continuously evolves, we need to create a more intuitive and customer focused digital experience. We are also preparing to implement payment gateways for big international companies.
- **Sharpen our Corporate Governance Code:** In volatile environments like ours it is of utmost importance to have a strong corporate governance and continuously improve, therefore the Articles of Association of the Bank, were amended, pending regulatory approval, according to the latest developments. Next step will be review of our corporate governance code.

### *Our Re-invented corporate strategy 2023-2025 Hermes 2.0*

Given the developments during the COVID-19 pandemic, the current economic crisis, the developments of the local oil & gas sector, and the fact that Finabank is growing faster than the market, it was important for us to evaluate our current strategy. In July 2022, we reviewed our strategic goals and concluded that we needed to reinvent our strategy.

Our strategy Hermes 2.0 is to obtain a market share of 25% in the total market in 2025, by empowering our customers' success. We create excellent personal experiences by understanding our customers' needs and providing tailored financial solutions. Our approach is built on a superior risk-based assessment and our committed team is the core of our success. We provide best in class, innovative, digital and personal channels.

Our target markets are 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) of maximum 60% reflecting a scalable organization with lower variable costs, while maintaining a target solvency ratio of minimum 20% to ensure trust and lending capacity, a non-performing ratio of maximum 2%, a net promoter score between 20-30 and an employee engagement score of 50%.

**Our new strategic themes are:**

1. Be the leader in lending: If our vision is to be the number one financial solutions provider, we need to issue loans more efficient and we need to be able to finance or be the syndicate leader of the most valuable investment projects.
2. Design an intuitive digital customer journey: Although our customers rated our service 3.59 out of 5, we need to improve our service level in terms of efficiency and digital experience.
3. Improve and increase customer engagement: Co-creating and co-inventing our new products and services with our customers because we are convinced that our customers are key to our success.
4. Strengthen risk and compliance foundations: In a volatile environment in which the bank operates continuous alignment of our risk and compliance with our strategy is essential.

5. Diversify our business: We want to increase our geographical and market footprint to support our growth strategy and diversify our business risks.
6. Organize for successful implementation: Culture is a key enabler to implement our strategy. We are also aware of the challenging labor market in Suriname and social developments. Therefore, we need to focus to align our structure and culture with our strategy.
7. Build a sustainable bank: Our Environment, Social and Governance (ESG) are essential elements that we must preserve for the future. Therefore, as a bank we want to make an impact to contribute to a better environment and society.

***Our commercial strategy***

In 2022 the credit portfolio increased in all business segments of Finabank and we outperformed the target of the market share of 17% in 2024 already in 2022 with 17.2%. The market share increased from 13.5% to 17.2% in 2022. Trust and confidence of customers in the bank, along with our customer-based approach, enabled its growth. The bank maintained a non-performing ratio of 1% which indicates that the bank has a solid and healthy lending portfolio. This ratio is below the norm of the Central Bank of Suriname that is set at 5%; an accomplishment of which we are proud.

We continue with our commercial strategy of maintaining a strong engaged relationship with our customers and our partners. Using a hybrid of both remote and traditional channels we can actively engage with our customers and provide different solutions for our segments. We continued to update our digital channels to improve customer experience thus driving our overall growth in market share.

***Retail Banking***

In 2022, Retail Banking undertook the customer-focused approach we initiated in earlier years. Through various customer engagement events, we strengthened our relationship with customers and our external partners. Using the flexibility of our digital channels and the strength of our psychical presence, we continued our growth in the funding and lending portfolio. We continued investing in and motivating our sales team with our goal being to better understand what our customers want and thus better satisfy their needs. As a result of our implemented customer-focused strategy our lending portfolio increased by 33% as of December 2022.

***Platinum Banking***

In 2022, Platinum Banking amongst other key target groups, purposely targeted expats from various international companies. Through partnerships with external partners, we provided specialized products tailored to our high-end retail customers' needs. The year 2022 also marked the introduction of the platinum concierge service. Through both our traditional and digital channels we were able to strengthen and deepen our relationship with our customers and our external partners, thus leading to an increase of 34% in our lending portfolio and 21% in our funding portfolio compared to December 2021.

***Business Banking***

The business strategy was focused on strengthening the relationship with our current customers and through active acquisition targeting new customers. An integral part of this was our ongoing onsite visits to our business customers. These meetings gave us valuable insights into the challenges they face and brought to light opportunities and the best solutions to meet their needs. We continued educating our customers in our digital solutions to enable maximum usage. These efforts proved to be fruitful since there was an increase in the usage of our digital channels and a decrease of the traditional way of banking. In 2022 we also started to explore new geographical areas in the Caribbean and issued our first loan in Guyana directly with the approval of the Bank of Guyana. The business banking lending and funding portfolio increased significantly. Lending increased by 45% compared to December 2021.

***Improving our digital customer experience***

Our customers are becoming more globally oriented, want more efficient ways of banking and thus use digital channels more frequently. Therefore, we started a rigorous project to redesign our whole customer journey with our customers at the center of the process. We also want to align the digital and physical customer journey, so that our customers have an omni-channel experience.

### *Our people*

We are proud of our committed employees. Finabank continually invests in education through skills training, offline and online courses, and action learning. We updated our payment structure because:

- Our market position further improved
- We want to empower our people to own the future
- We want to further embed our BlueWave culture
- We want to attract and retain the best talent
- We want to be the employer of choice
- We want to successfully achieve our strategy Hermes 2.0

We finalized the redesign of our headquarters and implemented a hybrid working model combining working in the office with working from home. Our headquarters is now a social meeting point for our team, to stimulate collaboration, communication, and team togetherness.

In 2022, we continued with our BlueWave culture program to design and implement a winning corporate culture, based on our core values to improve employee engagement, development, and performance. Our culture program has been divided into phases and is planned over three years. The main objectives and activities executed were:

- Redesign of our organizational structure
- Coaching of our management and managers
- Implementation of autonomous team planning and budgeting process
- Implementation of multidisciplinary teams
- Redesign of our payment structure
- Redesign of our Digital Employee Onboarding

In 2023, we will continue with our BlueWave culture program.

### *IT Security*

In 2022, we have further increased our focus on IT security by expanding our IT team with a dedicated security officer. Security measures taken last year are now part of a full plan-do-check-act cycle, with reports in place to identify non-conformities and actions planned and executed to address these, within IT and on top of existing auditing processes. We engaged with several vendors of software security solutions and have selected and procured an AI-based solution to increase visibility into our IT infrastructure. Finally, we have started preparations for an ISO-27001 certification project for the bank.

### *Our operational excellence focus*

To improve the delivery of our services to our customers and to reduce the workload of our team, we focus on making our processes lean by reducing waste and where needed apply technology. In 2022 we invested in Robotic Process Automation (RPA) for several business processes. These newly developed automations are scheduled to go live in early 2023 and will result i.e., in faster turnaround times for loans and new online banking accounts. Furthermore, expanding on the financial dashboards developed in 2021, we provided most of our management team with department dashboards that give insight into important key performance indicators of the Bank.

### *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 go to trial again in front of the court in Amsterdam. The trial began in 2022, and on January 10th, 2023, the court ruled again in favor of the CBoS. On January 24th, 2023, the Dutch Public Prosecution Service started a cassation procedure against the ruling of the court in Amsterdam.

### *IDB Invest program*

In 2020 we strengthened our partnership with IDB Invest with an intensified commitment from both parties. We have 3 projects in which we engage with the IDB:

1. Enhance digitalization usage of our customers
2. Trade Finance Facilitation Program of USD 3 million
3. Transform Finabank in a more sustainable bank by developing an ESG framework and policy

**Enhance digitalization usage of our customers**

With the support of IDB Invest we reviewed the effectiveness of our digital solutions for our customers and provided recommendations to develop a go-to-market strategy aimed at increasing the perception of such solutions.

**Trade Finance Facilitation Program of USD 3 million**

Finabank will be able to provide further trade financing to stimulate entrepreneurship in Suriname. This partnership also provides us with the opportunity to access international capital markets in the Caribbean and the rest of the world, to attract investors and to further strengthen and expand our network of correspondent banks.

**Transform Finabank in a more sustainable bank by developing an ESG framework and policy**

With intensified support from IDB Invest on environmental, societal, and corporate governance an environmental and social management system was developed.

### *Regulations*

In 2022, as part of the Central Bank's monetary policy, the Open Market Operation (OMO) auctions that began in 2021 were continued. In addition to the Term Deposits offered to Financial institutions, CBoS offered Central Bank Certificates (CBC), these are fixed rate, short term investment for retail customers. To further tighten the liquidity in the market, CBoS discussed raising the cash reserve requirements for SRD from 39% to 44%. This change was implemented in April 2023.

Further refinements were made in the International Monetary Fund (IMF) reporting package to support the country's reporting requirements to the IMF.

There were amendments to regulations proposed by the Central Bank in the existing regulations as follows:

1. Regulation 1: Solvency- The minimum capitalization of Banks's will be increased from SRD 10M to SRD 40 million
2. Regulation 2: Provision- IFRS 9 will be implemented as the basis in the recognition of financial instruments and provisioning requirements
3. Regulation 4: Related Party- Stringent definition and reporting requirements for related party transactions
4. Regulation 5: Immovable Properties- Requiring CBoS approval prior to acquisition of immovable property
5. Regulation 8: Internal Audit- Outlines the requirements in establishing the Internal Audit function and qualification of the Audit Manager
6. Regulation 12: Open Currency Position- Establishing the limits in open position in foreign currency as 10% of equity per currency
7. Regulation 14: Financial Reporting and Role of External Audit- Requires the use of financial reporting standards in the Bank's reporting process

We do not expect difficulty in the implementation of the above standards as our current policies and practice is aligned with international standards and best practices, and already stricter than CBoS requirements.

### *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 integrity risks effectively builds trust and is our social license to operate.
We must 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 a 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 with 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 concerning 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 seven 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
7. Counter Financing of Terrorism policy

Finabank used the outcome of the National Risk Assessment (NRA) in the SIRA conducted in 2022.

### *Our corporate social responsibility*

In 2022, 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. We also supported the LGBTQ during pride month in October.

Throughout the year we have donated to different schools in support of financial and digital education, supported both children's home and senior homes, and offered financial support to the hospitals 's Lands Hospitaal, Academisch Ziekenhuis Paramaribo, Diakonessenhuis en Regionaal Ziekenhuis Wanica. After 3 years, the Men's Cook Out was organized again, and our Finabank team participated and raised money for the social projects of the Rotary Club of Paramaribo Quota.

To further stimulate financial education, we participated in the digital edition of the Global Money Week, organized by the CBoS. On several occasions, our team also gave presentations on financial inclusion to different audiences.

### *Our Environmental, Social and Governance policy*

In March 2022, on Earth Hour Day, we officially launched our ESG policy. We strive to meet the needs so that those of future generations are not endangered. This means, among other things, that we:

- <u>Respect and protect the environment, human rights, and labor rights:</u>
  - We want equal pay and fair working conditions for all our employees: 100% in 2022
  - We want a fair representation of society in our team: 100% in 2023
  - We want fair pay and fair working conditions for all staff of our suppliers: 100% in 2025
  - We will not do business with suppliers and customers who do not respect fair pay & working conditions by 2027
- <u>Prevent negative influence and impact on ecological and social areas:</u>
  - We want to be carbon neutral in 2025
  - We want to reduce plastic and paper waste in the bank with 95% by 2026
  - We want all our suppliers to use only environmental friendly products by 2023

- **Offer services and products that contribute to sustainable development of people, the environment, and our economy:**
  - We want to introduce at least 1 green product per year
  - We want all our lending customers to comply with our ESG-requirements by 2027
  - We want all our customers to comply with our ESG-requirements by 2030
- **Encourage and support stakeholders to also consider their contribution to sustainability:**
  - We will promote financial education in schools: at least 12 schools per year
  - We will support financial inclusion by introducing a basic bank account and promote it intensively in 2024
  - We will support financial deepening by educating specific micro and small businesses to write business plans in 2026
- **Exchange knowledge with all stakeholders:**
  - We will educate annually all our employees, customers, and suppliers about our ESG goals, activities, and accomplishments

As ESG is dynamic, we will further align and expand our ESG strategy as we reach our targets.

During the year we aligned our business loan policy with our ESG policy, provided our team with a sustainable ambassador kit, organized internal awareness sessions about our ESG policy and partnered with Rotary Suriname for the 'Green Together' project. The goal of this project is to contribute to improving Suriname's ecological footprint by reducing and replacing "single use plastics" and encouraging proper waste management.

### *Cashpoint*
In 2020, the Suriname Bankers Association signed an agreement with BNETS to take over the banks' offsite 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 for our customers. In 2021 the first BNETS managed ATM called CASHPNT was placed in Goejaba in the district of Sipaliwini on the 31st of July 2021. The first CASHPNT in Paramaribo was operational on the 15th of October 2021 in Kasabaholo. In 2022, we transferred all offsite ATMs (except in the head office and branches) and the responsibility of managing these ATMs is now officially with BNETS.

### *Economic outlook for 2023*
The economic growth of the global economy will be lower this year than in 2022, because of monetary policies in many countries against inflation, resulting in rising interest rates, and reduced confidence of economic actors in the countries. Projected global growth is set at 2.9% and is still below the pre-COVID average growth rate of 3.8% in 2000-2019. In 2023, the growth of the emerging economies, including developing countries, is expected to rise marginally to around 4.0%, while growth in developed countries will decline sharply to approximately 1.2%. Most countries will continue to face increased living costs, especially for food and energy. Monetary policy to address inflation in the world is still particularly important.

The local economy is expected to grow at 2.3% in 2023. The fast-growing sectors in 2023 are mostly the service sectors, with the hospitality sector in particular, experiencing a revival after the COVID-19 period. This year we also expect that the secondary production sectors will pick up. Average inflation in 2023 will still be high at about 27%. A key factor for revitalizing the economy is the willingness and execution of the IMF-EFF measures. If those targets are not met the economy will not recover. Other important matter are the National Risk Assessment (NRA) measures which the government of Suriname need to implement. If the government does not follow up on the recommendations, it threatens the financial sector and the country.

### *The Bank's outlook for 2023*
In 2023 we will focus on enabling sustainable growth, by diversifying our business and increasing our geographical footprint. For both sustainable growth and strong ratios, we will issue bonds with a maximum aggregate principal amount of 10 million in the foreign currencies USD and EUR. We aim to support diversification of Surinamese businesses in the energy triangle,

Suriname, Guyana and Trinidad and Tobago, by serving as a gateway and financial solutions provider for both Surinamese and international companies wishing to invest.

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 increase lending by 24% and funding by 23% in our current markets; mass retail, high end retail and business, to achieve our market share of 21% by the end of 2023.

### *Thank you*

As 2022 was a challenging year primarily due to the continued economic 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 17, 2023

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 Bank's strategy. Each member of the Executive Board has its own responsibilities while the Chief Executive Officer is the ultimately 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 must be able to assess, in headlines, the Bank's total policy. 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 and the Supervisory Board. During the Annual General Shareholders Meeting for the year 2021, Mrs. Djaienti Hindori resigned, and Mr. Ishaak was re-elected as member of the Supervisory Board.

Mr. Kurt van Essen
Chairman

Chief Commercial Officer of C. Kersten en Co N.V.

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

**Mr. Vishal Jadnanansing, Member**
Reappointment in 2020
Chief Executive 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

**Angèle Ramsaransing – Karg**
Appointment 2023
Director of Staatsolie Hydrocarbon Institute

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 Mrs. Djaienti Hindori, the Supervisory and Executive Board submitted the request to the CBoS to continue with 5 supervisory board members until the next Annual General Shareholders' Meeting.

The Bank initiated an identification and selection process for candidates in accordance with the requirements anchored in the articles of association and the corporate governance code. According to the corporate governance code, the selection of Supervisory Board members should be based on:
1) The profile of the candidate
2) The strategy of the bank

During the Special General Shareholders' Meeting on the 24th of November 2022, Mr. Guido Koorndijk and Mrs. Angèle Ramsaransing – Karg, were elected as members of the Supervisory Board.

**The Supervisory Board:**
1) Kurt van Essen, Chairman
2) Sonny Kertoidjojo, Member
3) Vishal Jadnanansing, Member
4) Feroz Ishaak, Member
5) Robert Hahn, Member
6) Angèle Ramsaransing – Karg*, Member
7) Guido Koorndijk**, Member

*Approved by the CBoS on February 27th, 2023
**Awaiting approval from the CBoS

### *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%
- Assuria Levensverzekering N.V. 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, 2022.

Paramaribo, April 17, 2023.

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 2022 given the circumstances of the ongoing economic crisis. Although there were challenges in the economic environment and international requirements and regulations on Banks were (and still are) becoming stricter at a rapid pace, the Bank increased its asset base to SRD 12,529 million or a total increase of 83%, compared to the December 31, 2021, reported assets. However, in applying the IFRS standards, the 2021 balance needs to be updated to the current period price index. The restated 2021 assets in the comparative balance are SRD 10,606 million, which is a net increase in total assets of 18%. 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.

***Corporate Governance***

To successfully execute our strategy Hermes 2.0, it is important that we create a sustainable organizational structure and implement succession planning for the continuation of our bank. Over the past years, Finabank has grown rapidly and with its strong ratios became one of the four system banks in Suriname. The bank is of modest size and is operating in a difficult labor market. With new business opportunities in the oil & gas sector, our strategy to increase our geographical footprint and the continued volatile local financial and economic conditions, the Supervisory Board approved the proposed new organizational structure by Management. In this new structure the Executive Board will be strengthened with:

- Chief Finance and Risk Officer
- Chief Operations and Digital Officer

To fill the position of Chief Financial and Risk Officer, a 3-year traineeship was offered to Mrs. Maricor Del Mundo. Currently, she is assigned to the position of CFRO designate. After successful completion of the traineeship, she will be formally appointed in 2025. Maricor Del Mundo has valuable experience and expertise in financial, risk and compliance management. She independently manages the IFRS Financial Statement, budgeting, and reporting process. As CFRO designate, she will be responsible for the financial, risk and compliance management of the bank. She will work closely together with our team to ensure that the Bank's financial targets and ratios are achieved and that the risks that may affect our strategic objectives are mitigated. We are convinced that Maricor Del Mundo with her proven experience and expertise will be a valuable addition to our Executive Board.

The position of Chief Operations and Digital Officer is vacant and during our strategic sessions we will determine how this position can be filled, given the challenging labor market in Suriname.

### *Supervisory Board Meetings*

The full Supervisory Board met eleven times in 2022 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 of Finabank N.V. The Executive Board was present at all meetings. Furthermore, the Supervisory Board met 4 additional 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 regarding 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 the Chief Executive Officer and the Audit Committee of the Supervisory Board. RMD and OII report to 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 six times in 2022. 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 in authorizing the Bank's risk policy 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 solvency, 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 four times in 2022. On average 100% of the committee members were present at the meetings. In addition, the Risk Committee met regularly during the year to discuss and approve credit proposals that are in scope of the credit limits of the Supervisory Board. The risk committee meets quarterly with the RMD and 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 preparing 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:

- Mr. Sonny Kertoidjojo, Acting Chair
- Mr. Kurt van Essen, Member
- Mr. Robert Hahn, Member

The Selection and Remuneration Committee met four times in 2022. On average 100% of the committee members were 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 October 2022. 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 our strategy 'Hermes' in 2019 for the period 2020 – 2024. In 2022, due to the COVID-19 pandemic, the current economic crisis, the developments of the local oil & gas sector, and the fact that Finabank is growing faster than the market, the Supervisory Board, together with the Executive Board and senior staff, reviewed the strategy and concluded that we needed to reinvent our strategy. With our strategy Hermes 2.0 we strive to obtain a market share of 25% of the total lending market in 2025.

### 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 department manager informs the chair of the respective Supervisory Board committee of the findings, if necessary, through direct reporting.

### Financial Reporting and results

The Accounting Standards application is based on the International Financial Reporting Standards and is rooted in the Bank's ambition 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 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, 2022. 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 1,923 million (18%) to SRD 12,529 million compared to the restated balance of December 31, 2021 and the net result of the Bank increased with (88%) to SRD 160 million compared to the restated profit of December 31, 2021 primarily due to the foreign currency translation result because of the devaluation of the SRD compared to the USD and Euro, the ability to have foreign currency trading and the reduction of foreign currency expenses. The non-performing ratio is at 1% on December 31, 2022, and is far below the Central Bank of Suriname's limit of 5% which is a remarkable result given the economic 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 payout. 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 142.70 per share of nominal SRD 10, which amounts to SRD 31.9 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 17, 2023

Kurt van Essen

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

# SUMMARY ANNUAL FINANCIAL STATEMENTS 2022

## SUMMARY STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

| | December 31, 2022 Audited | December 31, 2021 Restated* |
|---|---|---|
| | SRD | SRD |
| **ASSETS** | | |
| Cash and cash equivalents | 707,170,594 | 446,404,301 |
| Amounts due from BNETS | 25,746,629 | - |
| Amounts due from banks | 3,587,415,636 | 3,407,517,682 |
| Financial assets at fair value through profit and loss | 160,624 | 159,621 |
| Investments | 2,175,941,753 | 1,609,652,039 |
| Loans and advances to customers | 3,739,301,119 | 2,640,330,834 |
| Loans and advances to Government | 914,187,364 | 1,107,504,858 |
| Purchased Originated Credit Impaired financial assets | 619,031,301 | 720,084,726 |
| Property, plant and equipment | 192,288,145 | 177,999,003 |
| Intangible assets | 113,995,068 | 118,553,079 |
| Right of use (assets) | 87,602,391 | 106,412,264 |
| Deferred tax assets | 10,952,589 | 19,703,230 |
| Other assets | 355,207,882 | 251,572,783 |
| **Total assets** | **12,529,001,095** | **10,605,894,420** |
| | | |
| **Liabilities** | | |
| Amounts due to banks | 926,758,069 | 1,226,874,487 |
| Customers' current, savings and deposit accounts | 10,249,609,345 | 7,897,110,256 |
| Current tax liabilities | 121,580,799 | 93,882,632 |
| Deferred tax liabilities | 156,489,954 | 169,088,620 |
| Net defined benefit liabilities | 1,929,454 | 23,284,093 |
| Payable to employees for pensions | 6,372,478 | 24,049,368 |
| Provision for anniversary payments | 8,341,603 | 9,637,380 |
| Lease liability | 30,423,858 | 54,731,193 |
| Other liabilities | 271,364,728 | 500,751,814 |
| **Total liabilities** | **11,772,870,288** | **9,999,409,841** |
| | | |
| **SHAREHOLDERS' EQUITY** | | |
| Share capital | 39,202,673 | 39,202,673 |
| Share premium | 307,227,131 | 307,227,131 |
| Reserves and retained earnings | 183,711,617 | 108,352,464 |
| Revaluation reserves | 2,654,921 | 2,654,921 |
| Perpetual bond | 63,672,331 | 63,672,331 |
| Profit for the period | 159,662,135 | 85,375,060 |
| **Total shareholders' equity** | **756,130,807** | **606,484,579** |
| | | |
| **Total shareholders' equity and liabilities** | **12,529,001,095** | **10,605,894,420** |

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

The accompanying notes are an integral part of these financial statements.

## SUMMARY STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2022

| | December 31, 2022 Audited | December 31, 2021 Restated* |
|---|---|---|
| | SRD | SRD |
| Interest income | 1,156,002,436 | 537,966,083 |
| Interest expense | 561,244,143 | 153,654,526 |
| **Net interest result** | **594,758,293** | **384,311,557** |
| | | |
| **Investment income /(expense)** | **(2,127,228)** | **2,246** |
| | | |
| Commission and fee income | 139,024,100 | 126,634,312 |
| Commission expense | 45,646,365 | 16,841,052 |
| **Net commission and fee income /(expense)** | **93,377,735** | **109,793,260** |
| | | |
| **Other income (expense), net** | **262,299,904** | **242,410,095** |
| | | |
| **Total income** | **948,308,704** | **736,517,158** |
| Expected Credit Loss on financial assets | 72,927,982 | (21,678,623) |
| Personnel expenses | 148,629,987 | 138,685,307 |
| Other operating expenses | 187,463,709 | 201,524,166 |
| **Total expenses** | **409,021,678** | **318,530,850** |
| | | |
| **Profit before tax and loss on monetary position** | **539,287,026** | **417,986,308** |
| Loss on Monetary Position | (201,666,899) | (145,901,084) |
| **Profit Before Tax** | **337,620,127** | **272,085,224** |
| Income tax expenses | (177,957,992) | (186,710,164) |
| **Profit for the period** | **159,662,135** | **85,375,060** |
| | | |
| **Earnings per share** | **713,51** | **381,53** |

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

The accompanying notes are an integral part of these financial statements.

## SUMMARY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

| | December 31, 2022 Audited | December 31, 2021 Restated* |
|---|---|---|
| | SRD | SRD |
| **Profit attributable to shareholders of the Bank** | **159,662,135** | **85,375,060** |
| **Other comprehensive income / (loss):** | | |
| Actuarial (losses) and gains on defined benefit obligation | 14,812,033 | (5,779,886) |
| **Income tax on other comprehensive (loss)/income** | **(5,332,332)** | **2,654,920** |
| **Other comprehensive loss (net of taxes)** | **9,479,701** | **(3,124,966)** |
| | | |
| **Total comprehensive income** | **169,141,837** | **82,250,094** |

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

The accompanying notes are an integral part of these financial statements.

## SUMMARY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT DECEMBER 31, 2022

| | 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, 2022** | **39,202,673** | **307,227,131** | **63,672,331** | **108,343,440** | **2,654,921** | **85,375,060** | **606,475,555** |
| Appropriation of profit 2021 | - | - | - | 85,375,060 | - | (85,375,060) | - |
| Profit of 2022 | - | - | - | - | - | 159,662,135 | 159,662,135 |
| Other comprehensive income | - | - | - | 9,479,701 | - | - | 9,479,701 |
| Dividends 2021 | - | - | - | (15,550,608) | - | - | (15,550,608) |
| Perpetual bond (interest) | - | - | - | (3,935,976) | - | - | (3,935,976) |
| **Shareholder's equity December 31, 2022** | **39,202,673** | **307,227,131** | **63,672,331** | **183,711,617** | **2,654,921** | **159,662,135** | **756,130,807** |
| **Closing balance as previously reported at December 31 ,2020** | **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 | - | - | - | - | 1,717,236 | - | 1,717,236 |
| Monetary results | 13,845,905 | 108,508,866 | 22,488,289 | 38,268,766 | 937,685 | 30,153,426 | 214,202,937 |
| **Shareholder's equity December 31, 2021** | **39,202,673** | **307,227,131** | **63,672,331** | **108,352,464** | **2,654,921** | **85,375,060** | **606,484,579** |

# SUMMARY STATEMENT OF CASH FLOWS

| | | December 31, 2022 Audited | December 31, 2021 Restated* |
|---|---|---|---|
| | | SRD | SRD |
| **Cash flows from operating activities** | | | |
| **Profit for the period** | | 159,662,135 | 85,375,060 |
| Adjusted for: | - Depreciation | 60,334,867 | 64,312,520 |
| | - Tax expenses | 177,957,992 | 186,710,164 |
| | - Unrealized foreign currency translation result | (160,507,948) | - |
| | - Net impairment losses on loans and advances, net of recoveries | 72,927,982 | (21,678,624) |
| | - Net interest income | (594,758,293) | (384,311,557) |
| Changes in: | - Amounts due from BNETS | 25,746,629 | - |
| | - Financial assets at fair value through profit and loss | 1,003 | - |
| | - Gross Advances to customers | (1,098,970,285) | 663,131,396 |
| | - Other assets | (106,620,334) | 17,318,055 |
| | - POCI | 101,053,425 | 145,492,395 |
| | - Loans & overdraft Government | 193,317,494 | (914,223,834) |
| | - Customers' current, savings and deposit accounts | 2,352,499,089 | 509,070,567 |
| | - Net defined benefit liabilities | (21,354,639) | (7,157,793) |
| | - Payable to employee for pensions | (17,676,890) | 5,080,331 |
| | - OCI Adjustment on pensions | (9,479,701) | - |
| | - Other liabilities | (229,387,086) | 129,480,333 |
| Income tax paid | | (106,100,476) | - |
| Interest received on loans and advances | | 346,563,210 | 322,966,858 |
| Interest received on investments | | 804,750,315 | 213,771,468 |
| Interest received from banks | | 4,688,911 | 1,227,755 |
| Interest paid on bank deposits | | (29,524,742) | (13,543,169) |
| Interest paid on lease liability | | (3,815,619) | (8,493,352) |
| Interest paid on customer deposits | | (527,903,781) | (131,618,005) |
| **Net cash flow generated from operating activities** | | **1,393,403,259** | **862,910,568** |
| **Cash flows from investing activities** | | | |
| Movement investments in property and equipment | | (41,154,233) | (40,195,700) |
| Movement investments in intangibles | | (8,278,779) | (1,086,516) |
| Movement right of use | | (4,732,747) | (26,079,889) |
| Movement investments | | (566,289,714) | (658,313,191) |
| **Net cash flow used in investing activities** | | **(620,455,474)** | **(725,675,295)** |
| **Cash flows from financing activities** | | | |
| Lease payments | | (12.680.536) | (24,240,782) |
| Perpetual bond payments | | (3.935.976) | (3,290,476) |
| Dividend paid | | (15.550.608) | (11,595,328) |
| **Net cash flow used in financing activities** | | **(32.167.120)** | **(39,126,586)** |
| | | | |
| **Net increase in cash and bank** | | **740.780.665** | **98,108,687** |
| **Cash and banks at beginning of reporting period** | | | |
| - Cash and cash equivalents | | 446,404,301 | 645,605,612 |
| - Amounts due from banks | | 3,407,517,682 | 2,308,583,961 |
| - Amounts due to banks | | (1,226,874,487) | (425,250,763) |
| | | **2,627,047,496** | **2,528,938,810** |
| **Cash and banks at end of reporting period** | | **3,367,828,161** | **2,627,047,497** |
| Cash and banks at end of reporting period is represented by: | | | |
| - Cash and cash equivalents | | 707,170,594 | 446,404,301 |
| - Amounts due from banks | | 3,587,415,636 | 3,407,517,682 |
| - Amounts due to banks | | (926,758,069) | (1,226,874,487) |
| | | **3,367,828,161** | **2,627,047,497** |

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

The accompanying notes are an integral part of these financial statements.

# NOTES TO THE SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

## 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 in Paramaribo, one in Wanica and one 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, 2022, were approved by the Supervisory Board on April 12, 2023.

## 2. ACCOUNTING POLICIES

### *2.1 BASIS OF PREPARATION*
The financial statements cover the period January 1, 2022, until December 31, 2022, 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 is a summary of the new and revised IFRS standards effective for the reporting period ending December 31, 2022, 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 2022 but do not impact the Bank’s financial statements. 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
The Bank has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective in these financial statements.

The following standards are being assessed to determine impact on the financial statements of the bank:

### 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.

### 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 modified or exchanged on or after the annual reporting period in which it 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 modified or exchanged on or after 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.

### 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.

### 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.

### 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.

### 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.

### 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 were prepared based on IAS 29- Accounting for Hyperinflation.

Monetary assets are carried at historical cost. Non-Monetary assets are revalued using the restatement method as outlined in the standards.

Land and buildings are measured at restated amounts minus restated depreciation. 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.

The comparative figures are restated using the Consumer Price Index (CPI) factor of December2022 vs. December 2022

### *2.5 USE OF ESTIMATES AND ASSUMPTIONS*

In preparation of the financial statements, Management must 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. Setting assumptions considers 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 many factors, changes in which can result in different levels of allowances. The Bank's ECL calculations are model outputs with several 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 an LTECL basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed collectively.
- Redevelopment 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 it) and the ways those risks are managed.

The business model assessment is based on reasonably expected scenarios without considering worst case or stress case scenarios. 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 to determine 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 assets must 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, considering any discount/primary 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 fixed or determinable payments and fixed maturity dates 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 financial statements at fair value though profit or loss, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the statement of profit or loss, and under IFRS 9 an ECL provision.

The premium received is recognized in the statement of profit or loss in fees and commission income on a straight-line basis over the life of the guarantee. Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, from January 1, 2018, these contracts are in the scope of the ECL requirements.
Regarding the nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is based on market terms, these are not recorded in the statement of financial position.

### *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 instrument no longer meeting 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 assets.
- 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 must remit any cash flows it collects on behalf of the eventual recipients without 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, 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 the factors market participants would consider 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 valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between them. 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 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 if there is a subsequent change in the expected credit losses.

### The calculation of ECL's

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

- For the business portfolio, a loss rate model is used, considering the actual losses of the business portfolio in 2018 – 2022.
- For the retail portfolio, a loss rate model is used, considering the impairments of the retail portfolio in 2018 – 2022.
- 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, 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. Due to this practice, the residential properties under legal repossession processes are not recorded on the statement of financial position.

### Write-offs

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

### Forborne and modified loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur.

If modifications are substantial, the loan is derecognized, as explained in Note 2.6.6. Once the terms have been renegotiated without this resulting in the derecognition of the loan, any impairment is measured using the original EIR as calculated before the modification of terms. The Bank also reassesses whether there has been a significant increase in credit risk, as set out in Note 2.6.10 and whether the assets should be classified as Stage 3. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

Once an asset has been classified as forborne, it will remain forborne for a minimum 12-month probation period.

*2.6.11 Going concern*

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

As the world recovers from COVID in 2022, the year continued to be unpredictable. The financial markets worldwide reels from the inflationary effect of measures taken for COVID-19 recovery. Central banks worldwide implemented measures to tighten the money supply by raising interest rates. While the global economy grew by an estimated 5.9% in 2022 according to IMF, the Surinamese economy only grew by approximately 2.3%, as domestic demand and supply, trade and finance have been severely disrupted.

In 2022 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% and foreign currency cash reserves to 50%, 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 2023, Suriname's rating by moody rating to Caa3, with stable outlook.

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). As of 2022, US$55M was made immediately available. The release of succeeding tranches is contingent upon result of satisfactory review.

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 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 adaptations and learning from business disruptions such as COVID-19 and the severe economic contraction over the last two years, a Business Continuity Framework was set up in 2021 and continued to 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 at 1% and the solvency is 17 %, 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, 2022 | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|---|---|---|---|---|
| | SRD | SRD | SRD | SRD |
| 1 USD | 31.77 | 20.89 | 14.02 | 7.40 |
| 1 EUR | 33.23 | 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 2022. The consumer price index published by Suriname Bureau of Statistics indicate an increasing CPI from 2020 to 2022

| CONSUMER PRICE INDEX | December 31, 2022 | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|---|---|---|---|---|
| | SRD | SRD | SRD | SRD |
| CPI | 572.50 | 370.30 | 230.50 | 143.40 |
| 3 year Inflation | 155% | 169% | 77% | 20% |

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, 2022, the three-year inflation is at 155% 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 the 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 monthly by the Central Bank of Suriname and General Bureau of Statistics.

Considering the above-mentioned index, the inflation rate at the end of 2021 and 2022 is at 55%.

Below describes the restating mechanism provided by IAS 29:

Restatement of the Statements of Financial Position:

i. (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 newly 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 restated 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 in exchange for a consideration.

On the start 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.

Cash transferred to BNETS to service the operation of offsite ATMs are booked as cash receivable.

*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 the 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 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 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 way 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 Assuria N.V. Annual contributions are paid to Assuria N.V. 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, 2022, 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), considering any changes in the net defined benefit liability (asset) during the period because 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 like 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 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.

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.

#### Nominal Interest Rate
Interest income for Held-to-Maturity (HTM) instruments are measured at amortized cost using the nominal interest rate.

### 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.

### 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 based on the matching principle, 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 based on 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 based on 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 diluting 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 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 SUBSEQUENT EVENTS

In January 2023, the Suriname Tax Authority implemented the Value Added Tax (VAT). The imposition of the indirect tax has minimal effect on the bank's services as revenue from the bank's core business model is zero rated (0%). While the bank's costs are deemed vatable, the excess vat payment is recoverable from the government as tax refund.

Further in 2023, Finabank obtained the approval from the CBoS to issue a perpetual bond with a face amount of USD 5 million, and EUR 5 million respectively. The bonds will require semi-annual interest payment with a coupon rate of 8%. Finabank expects the fund to be fully subscribed within the first half of 2023.

In April 2023, as part of the CBoS monetary policy to tighten the money supply, the cash reserve requirements for SRD was increased from 39% to 44%. This increase in the reserve requirement is expected to increase the overall lending rates.

Ernst & Young - Suriname, Branche
Ernst & Young Participaties N.V.
Cornelis Jongbawstraat 17
Paramaribo
Suriname

Tel: +597 7499460
ey.com

# INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND MANAGEMENT OF FINABANK N.V.

## Report on the Summary Financial Statements

### Opinion

The summary financial statements, which compromise of the summary statement of financial position as at December 31, 2022, 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, 2022.

In our opinion the accompanying summary financial statements are consistent, in all material respect with the audited financial statements 2022, 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 17 April 2023, 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.

Building a better working world

**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 on behalf of
Ernst & Young Suriname

Paramaribo, 17 April 2023
11891845 ATO/24299

Finabank hoofdkantoor Dr. Sophie Redmondstraat 59-61 T.:(+597) 472266

***Finabank filialen***
Finabank Zuid Mr. J. Lachmonstraat 49 T.: (+597) 430300
Finabank Noord Hoek Jozef Israëlstraat/Kristalstraat T.: (+597) 455169
Finabank Nickerie A.K. Doerga Sawhstraat 72 T.: (+597) 230027
Finabank Wanica Indira Ghandiweg 144 T.: (+597) 581885
Website: www.finabanknv.com
E-mail: customercare@finabanknv.com

***Finabank Online***
Finabank Facebook Messenger
Finabank Mobile Banking
Finabank Online Banking
Website: www.finabanknv.com
E-mail: customercare@finabanknv.com

FinaBank