SUMMARY ANNUAL REPORT 2023 FINABANK N.V.

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FinaBank

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FINABANK N.V.

Finabank N.V. is a Suriname-based commercial bank established in 1991 and 100% privately owned. One of the four systematically important banks, leading in terms of governance, risk management, profitability, and sound banking ratios. As of December 31, 2023, our assets amounted to SRD 16.3 billion. Finabank is the only financial institution in Suriname with a credit risk rating of CariCris local A+/A.

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. Embedded within our bank are our core values trust, partnership, agility, innovation, and expertise, serving as the foundation of our culture.
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, Financial Institutions.

Our headquarters is located 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.

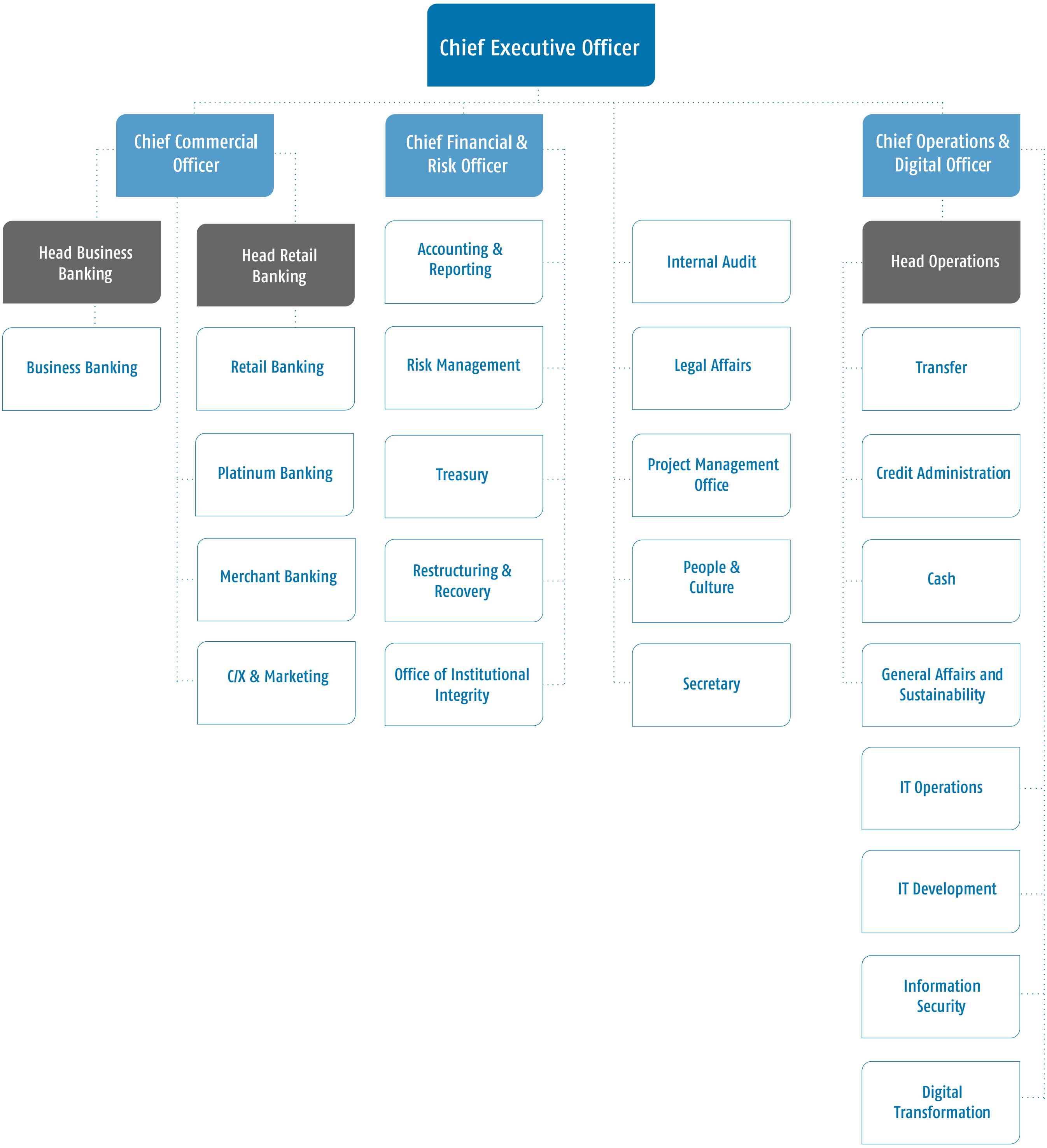
Our Mission
With our dedicated and caring professionals, we successfully enable your ambitions financially.

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.

ORGANIZATIONAL CHART



One of the key themes of our strategy Hermes 2.0 is: 'Aligning the structure and culture of the bank with our strategy'. From this strategic theme, our BlueWave program has been further developed. In the BlueWave program, we emphasize our purpose and core values.

As we are currently in the transformational phase, we are committed to creating new leaders, simplifying processes, and leveraging technology to enhance operational efficiency. Our aim is to foster a culture of risk-based decision making while remaining forward-thinking and customer focused. To successfully execute our strategy, it is imperative to create a sustainable organizational structure with a focus on succession planning, aiming to ensure the continuity of our bank. Considering this, we redesigned our organizational structure in 2023. The assurance departments are now administratively led by the Chief Financial and Risk Officer and functionally report to the Risk and Compliance Committee of the Bank and the Risk and Compliance Committee of the Supervisory Board. Our committee policy and charters for Risk and Integrity were sharpened to ensure independent functioning. We have sharpened the focus within our commercial departments, redirecting efforts towards customer-focused activities.

We introduced the 'operations and digital' division, which will be headed by a Chief Operations and Digital Officer, supported by the Head Operations. Together, their responsibility is to redesign and digitalize the customer journey to ensure our customers receive the highest quality service through seamless and efficient operations, utilizing technology to its fullest potential.

Furthermore, we reorganized retail banking and business banking and the departments transfers, credit administration, cash and general affairs are now clustered into an operations division. Retail banking, Business banking and operations are each led by a Head. In 2023, their responsibilities were redefined to include leading the managers within their respective clusters.

The organizational changes aim to achieve the following objectives:
- Ensuring a manageable span of control for the Executive Board
- Enabling the Executive Board to concentrate on strategy
- Enhancing engagement with customers
- Improving digital and operational efficiency
- Prioritizing people and culture and fostering the desired organizational culture

Statement of the Executive Board

Eblein G. Frangie, Chief Executive Officer

Introduction

The global economy is showing some resilience in its recovery from the COVID pandemic, the Russian – Ukraine war and the increased cost of living crisis of the past years. Inflation is declining faster than expected in most regions, mainly due to the easing of supply chain bottlenecks and restrictive monetary policy. Global inflation went from 8.7% in 2022 to approximately 6.8% in 2023.

According to the latest data of the International Monetary Fund (IMF), the projected growth rate for the global economy in 2023 is 3.1% compared to 3.5% in 2022. Economic growth for our region Latin America and Caribbean, declined from 4.2% in 2022 to an estimated 2.5% in 2023. Weak international trade and investment, tight monetary policy worldwide with rising interest rates, fiscal constraints in many countries and labor market restrictions, influenced economic growth last year.

In 2023, the Surinamese economy grew by an estimated 2.1%, according to IMF projections, compared to the 2.4% growth recorded in 2022. Over the past two years, growth has been primarily driven by the service sector, specifically the accommodation and food service, transportation, financial services, construction, and the water & electricity sectors. Despite facing significant challenges during the various lockdown periods of the COVID-19 pandemic, the transportation and hospitality sectors have rebounded strongly and are now among the leading growth drivers. Moreover, there are promising signs of improvement in both the secondary and primary production sectors from last year, particularly in manufacturing and agricultural production.

Production of the major export sectors, specifically gold and oil, has faced challenges in the past year. Gold production experienced a notable decline of approximately 11.2%, while despite a stable 2% increase in crude oil production, refinery oil production decreased by 4.1% in 2023. The significant decrease in gold production can be primarily attributed to numerous factors affecting Newmont Suriname and small-scale gold companies. Newmont Suriname encountered geotechnical challenges, adverse weather conditions such as flooding, and constraints on their gold processing capacity, all contributing to the decline in production levels.

The current account of the balance of payments ended with a surplus of USD 146.7 million, marking an impressive nearly 100% increase compared to 2022. Despite a 2.5% decrease in the export value of goods and services compared to the previous year, the decline in the import value of goods and services was more evident at 5.3%, which contributed to a better balance of the current account. The decrease in imports can be attributed to high import inflation and modest economic growth over the last year. Only the export value of agricultural products such as bananas, fish and shrimp increased last year. All the other export values, including those from the mineral sector, experienced a decline.

The capital and financial account ended with a deficit of USD 167.3 million. The negative balance indicates a net capital inflow to Suriname from overseas during this year. The balance of direct investments showed a positive balance of USD 64.8 million, due to an increase of USD 10.4 million in equity participation and a decrease of USD 54.4 million in other direct investments by the two major foreign gold companies operating in Suriname and by Sol.

Local banks also capitalized on favorable US interest rates by purchasing US Treasury bills, contributing to a surplus in the investment balance of USD 45.6 million. The balance of other financial transactions recorded a deficit of USD 278.7 million this year. This was driven by withdrawals made by the Central Government from the IMF under the Extended Fund Facility and from other multilateral creditors such as the World Bank, Inter-American Development Bank, and Islamic Development Bank. At the end of 2023, the international reserve amounted to USD 1,346.1 million; an increase of USD 151.5 million compared to the end of 2022. This increase is the result of the surplus on the current account and of capital inflows mostly from government withdrawals on foreign loans in the past year.

Open market operations (OMO) served as a pivotal monetary tool for the central bank in managing the local currency monetary base (M0) to counter inflation. The local currency monetary base (M0) at the end of 2023 amounted to SRD 17 billion; an increase of about 35% compared to the end of 2022. However, the liquidity ratio (broad money (M2) as a percentage of GDP) for 2023 is estimated at approximately 61%, compared to 78% in 2022. This decline in the liquidity ratio signifies that monetary policy measures are aligning broad money supply more closely with the country's total output, thereby contributing to a decrease in inflation.

Since April 2023, the exchange rates of the USD and EUR against the Surinamese dollar have remained stable. The currency still depreciated in 2023 compared to the end of 2022 with approximately 17% and 22%, respectively. In the last quarter of 2023, there was a slight appreciation of the SRD against the USD and EUR, by approximately 3-4%, compared to the previous quarter. This shift can be attributed to several factors, including prudent fiscal policies coupled with tightened monetary measures, and an increase in the supply of foreign currency by the State from its mineral income to the market. In the last quarter of the year, the supply also increased through the purchase of foreign currency by banks and cambio's from local (gold) exporters and the influx of foreign currency from tourists (EUR).

Inflation has declined over the past year, with both the average and end-of-period inflation rates ending at 51.6% and 32.6%, respectively. This marks a decrease from the 2022 figures of 52.4% and 54.6%. However, despite this decrease, inflation remains high.

At the end of 2023, the total stock of outstanding credit denominated in local currency from the banking sector amounted to SRD 11.2 billion. This represents a nominal increase of 13.5% compared to 2022, and in real terms -14.4%. To control the monetary base to curb inflation, the central bank has implemented measures including imposing a ceiling on the issuance of new loans in SRD and increasing the cash reserve percentage requirement for the banking sector.

The world around us

The implementation of tight monetary policies across various countries led to a notable surge in international interest rates. For example, the average Secured Overnight Financing Rate (SOFR) and Federal Effective Fund rate reached 5% in 2023, a significant increase from the average rate below 2 percent recorded in 2022. Rising interest rates have a negative effect on investments and economic growth.

In Suriname, the average lending (debit) interest rate within the banking sector decreased in 2023. The average interest rate on SRD loans reached 14.2%, compared to 14.7% in 2022. Declining inflation and increasing competition between banks, due to restrictions on lending, have reduced the average interest rates over the past year. Due to declining inflation, the real lending interest rates on SRD loans were less negative in 2023 compared to the preceding three years.

The financial soundness indicators of the banking sector are gradually showing signs of improvement. Over the period from 2020 to 2023, solvency indicators have improved each year. The Central Bank of Suriname (CBoS) has set a standard for the capital adequacy ratio at 10%. This standard has been reached by the banking system collectively. However, indicators for profitability and liquidity show a downward trend for this period. This decline can be attributed to several factors, including negative real interest rates and the impact of non-performing loans on the banking sector's loan portfolio.

Government finances continue to show improvement. At the end of 2023, based on the estimated GDP figure for 2023 from the IMF, the primary and overall balance of government finance resulted in a surplus of 1.3% and deficit of 1.7%, respectively. However, the target for the primary balance under the IMF's Extended Fund Facility (EFF) program, set at a surplus of 1.7% of GDP for last year was not reached.

Looking at the actual figures of government finance compared to the budget, the actual revenues and expenditures are about 98 and 99% of the budget. Most policies outlined in the government's recovery plan have been executed in recent years, including the implementation of the Value Added Tax which started in January 2023. The phasing out of the subsidies of Energie Bedrijven Suriname (EBS) will continue in 2024.

On March 16, 2023, an amendment to the national debt act was enacted, aligning the outstanding debt denominated in the local currency with international standards. When converting the debt into SRD, the exchange rate of the CBvS on the day of reporting is used. Another important amendment to the law relates to the incorporation of arrears from goods and services provided to the government, commonly known as "suppliers debt," within the total domestic debt.

At the end of 2023, total government debt amounted to USD 3.3 billion; with an external outstanding debt of USD 2.6 billion and a domestic debt of USD 691 million. This indicates a slight decrease from the debt recorded at the end of 2022, which amounted to USD 3.4 billion, reflecting a reduction of approximately 3%.

In terms of local currency, the total government debt reached approximately SRD 124.1 billion, marking an increase of approximately 20% compared to the end of 2022. This increase can be attributed to several factors, including a higher net influx of capital from loans (disbursement minus principal payments), the incorporation of supplier debt into domestic debt figures, the inclusion of an old debt from 2018 (the gold loan) as part of domestic debt figures, and the depreciation of the SRD against the USD and the Euro. The exchange risk on the government debt portfolio is very high with foreign currency debt comprising approximately 78% of the total debt portfolio.

At the end of 2023, the statutory debt-to-GDP ratio was 139%, an increase of 24% compared to the end of 2022. The increase can be attributed to the increasing government debt expressed in SRD and the same GDP 2022 figure, which is the latest published GDP figure from the General Bureau of Statistics, used to calculate the statutory ratio for 2023. To reflect the actual burden of the government debt on total income of the economy, the debt- to-GDP ratio based on the estimate GDP figure for 2023, amounted to approximately 92% for last year. As of the end of 2023, approximately 60% of the external debt, bilateral and commercial debt has been fully restructured. This concerns the restructuring of bilateral debt with India and Paris Club creditors Netherlands, Italy, Israel, and Sweden. The largest commercial debt, namely Eurobond, has also been restructured in December 2023. With China, an Agreement in Principle on staff level was reached. The debt owed to the biggest domestic creditor, the Central Bank of Suriname, was also restructured last year.

As a result of the completion of the restructuring process, particularly regarding Suriname's Eurobond and bilateral creditors (except for China), Standard & Poor's Global Ratings upgraded Suriname's long- and short-term sovereign credit ratings from 'SD' (Selective Default) to 'CCC+/C', with a stable long-term outlook on the external debt.

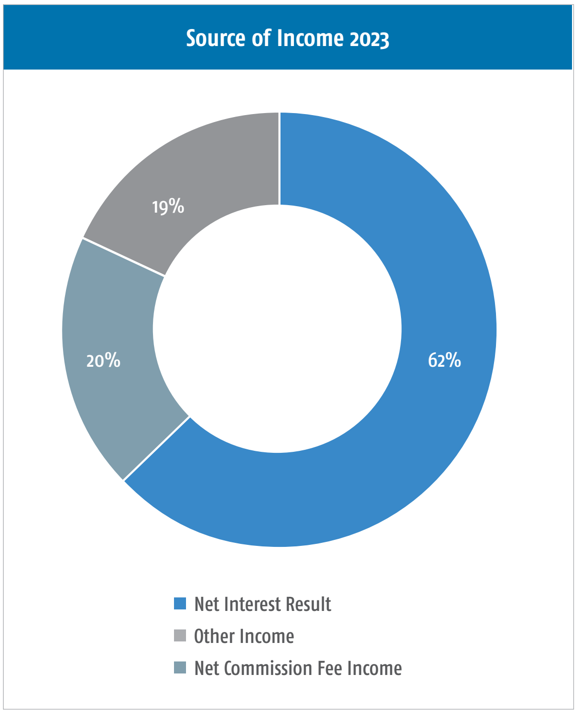
FINANCIAL SUMMARY AND KEY FINANCIAL INDICATORS 2021-2023

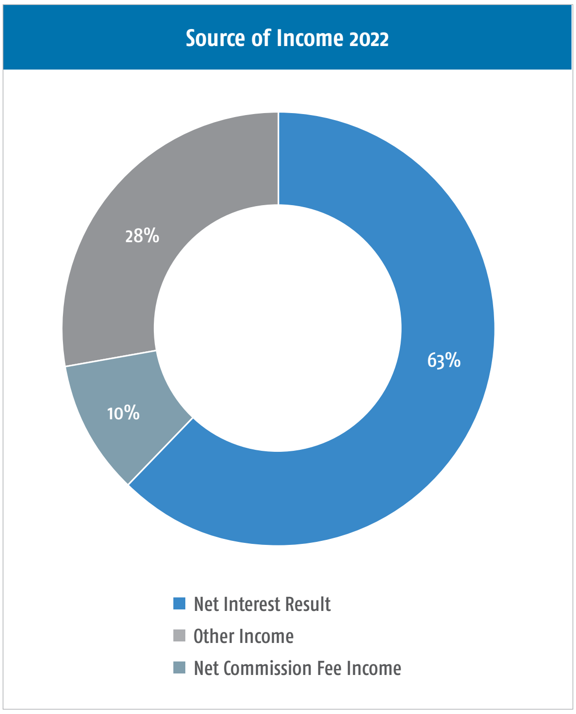
(in thousands of SRD)	December 31, 2023 Audited SRD	December 31, 2022 Restated* SRD	December 31,2021 Restated* SRD
RESULTS			
Net interest result	748,601	788,821	509,708
Investment income / (loss)	54,712	(2,821)	3
Net commission and fee income	182,584	123,846	145,618
Other Income (Expense), Net	226,822	347,885	321,506
Total income	**1,212,720**	**1,257,731**	**976,834**
Expenses	480,897	445,757	451,216
Expected Credit Loss	4,257	96,724	(28,752)
Profit before tax	727,566	715,250	554,370
Profit	**234,579**	**211,758**	**113,232**
BALANCE SHEET			
Assets			
Cash and cash equivalents	426,486	972,059	592,061
Amounts due from banks	2,113,309	4,757,947	4,519,351
Loans and advances to customers	6,563,096	4,959,391	3,501,840
Loans and advances to Government	819,014	1,212,476	1,468,871
Purchased Originated Credit Impaired financial assets	596,068	821,014	955,040
Other assets	5,784,512	3,894,179	3,029,311
Total assets	**16,302,485**	**16,617,066**	**14,066,473**
Shareholders' equity and liabilities			
Amounts due to banks	862,561	1,229,148	1,627,189
Customers' current, savings and deposit accounts	12,793,019	13,593,936	10,473,844
Other liabilities	1,529,349	791,135	1,161,066
Shareholders' equity	1,117,556	1,002,847	804,373
Total shareholders' equity and liabilities	**16,302,485**	**16,617,066**	**14,066,473**
KEY RATIOS			
Return on equity	22	23	19
Return on assets	1	1	1
Loans & overdraft Expected Credit Loss ratio	2	2	1
Stage 3 Impaired ratio	0	0	1
Stage 3 Coverage ratio	100	97	100
Non performing ratio (by Central Bank of Suriname definition)	1	1	1
Loan to deposit ratio	52	37	34
Cost income ratio	40	35	46
Profit ratio	60	65	54
Capital ratio (shareholders' equity / total assets *100)	7	6	6
Solvency ratio (by Central Bank of Suriname definition)	20	17	16
Pay-out ratio	20	20	20
Number of employees at a full time equivalent basis	243	229	215

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

Our financial performance

The environment in which Finabank operated in 2023 remained challenging due to the hyperinflationary economy. Despite the challenges we achieved good results because of the dedication of our tremendous team. Net Result increased to SRD 235 million in 2023 compared to SRD 212 million in 2022. This is after the Net Monetary Loss sustained due to the restatement of the financials to reflect the impact of hyperinflation at SRD 226 million in 2023 and 267 million in 2022.





The primary source of profit for the Bank continues to be interest income. Thanks to the Bank's diversification strategy, especially in investments, there was an increase in investment income compared to 2022.

In 2023, the Total Profit Before Tax increased by 11% compared to the restated balance of 2022. This increase is net of the effect of 33% inflationary adjustment in the 2022 results.

The Total Net interest result is SRD 749 million, and an increase of 26% compared to 2022 results as previously reported. However, to ensure accurate comparative figures, the 2022 results require an upward adjustment for hyperinflation. As a result, the Net interest results appear to have decreased by 5% when compared to the restated figures of 2022.

The lending portfolio increased by 76%. However, the 2022 lending portfolio needed to be adjusted to the CPI of 2023, as a result, 2022 lending portfolio needs to be indexed up with inflation and the net lending increase to 32%. Further details regarding this adjustment are provided in the development of the lending portfolio below.

The actual net commission and fee income increased by 82% compared to the 2022 results as previously reported. However, to ensure accurate presentation of the comparative figures, the 2022 results need an upward adjustment for hyperinflation. As a result, the net commission and fee income appear to have increased by 47% compared to the 2022 restated results.

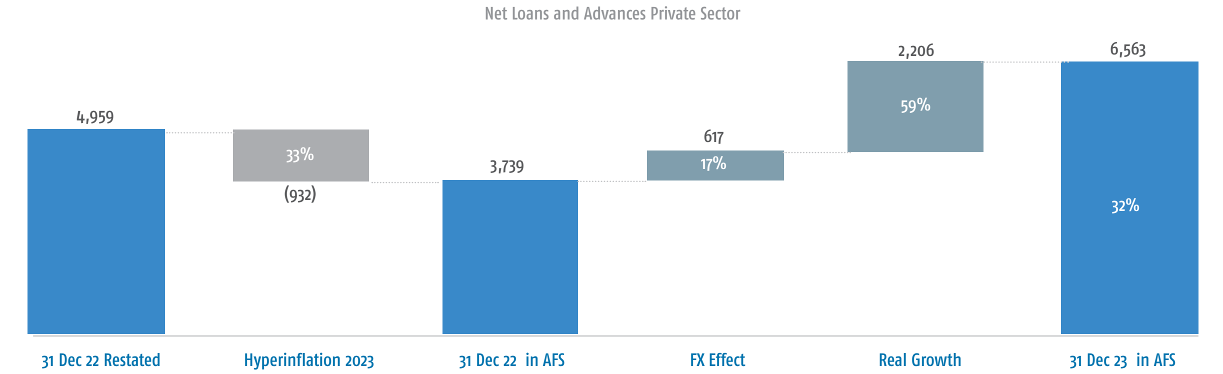
In 2023, other income declined by 35% to SRD 226 million when compared to the restated 2022 results. This reduction is attributed to decreased foreign exchange profits resulting from the stabilization of SRD against foreign currencies.

Due to cost control measures implemented throughout the year and a stable profit in 2023, the cost-income ratio is 40%. While this surpasses the previous year's 35%, it remains within the strategic target of 50%.

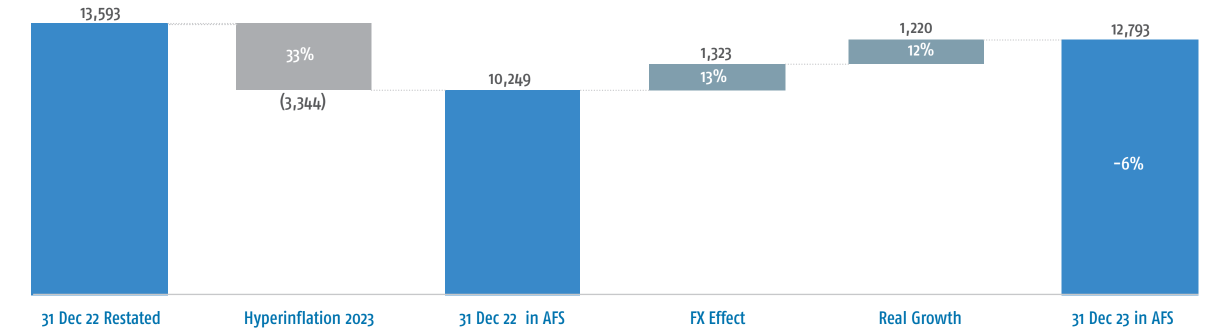
Our total assets increased by 30% to SRD 16,302 million from the balance of SRD 12,529 million in 2022 as previously reported. Comparative figures for 2022 need an upward adjustment. As a result, the assets decreased by 2% compared to the restated balance of 2022. This growth primarily resulted from an increase in the entrusted funds and the impact of the increase in the foreign exchange rate in 2023. The entrusted funds increased by 25% from SRD 10,249 million in 2022 to SRD 12,793 million in 2023. The Bank's entrusted funds are comprised of 30% SRD balance and 70% foreign currency.

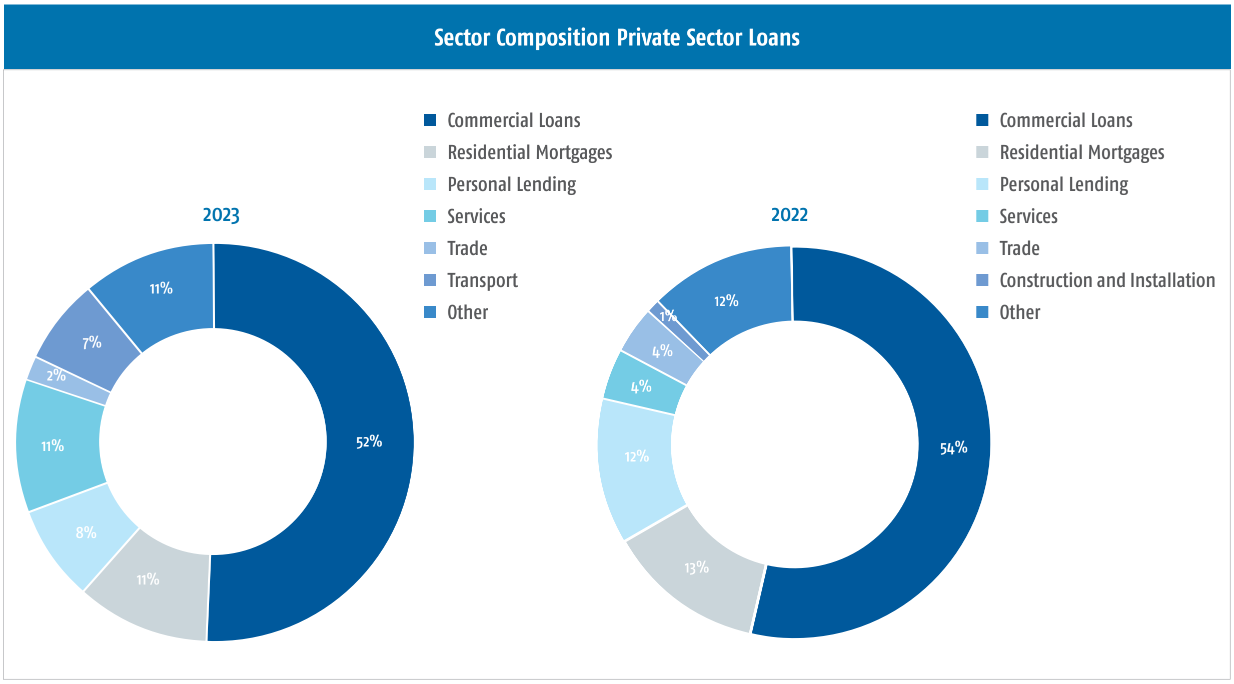
With regards to net loans and advances to the private sector, the bank's net lending portfolio increased to SRD 6,563 million, a total of 76% compared to the balances as of December 31, 2022. To ensure accurate presentation of comparative figures, the 2022 reported balances need an upward adjustment. The inflation adjusted increase is 32%. The increase in the lending portfolio is primarily due to our customer-focused approach to setting out loans.

Development of Net Loans Portfolio- Private Sector Credit



Development of Customer deposits

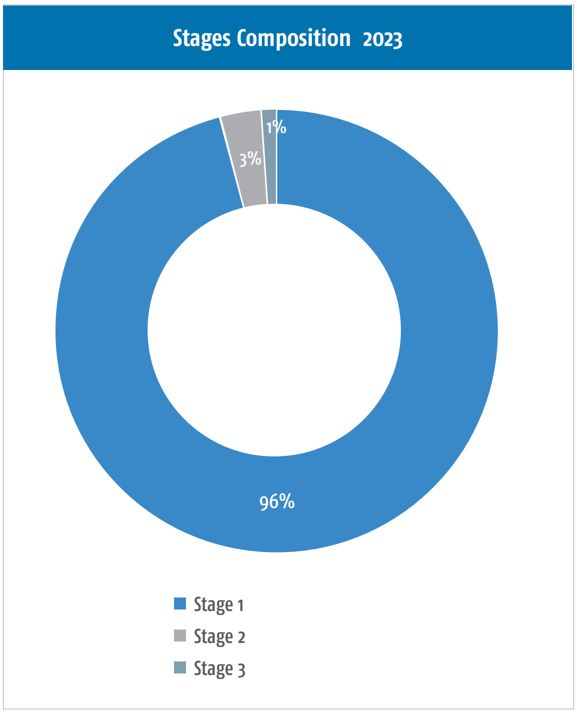


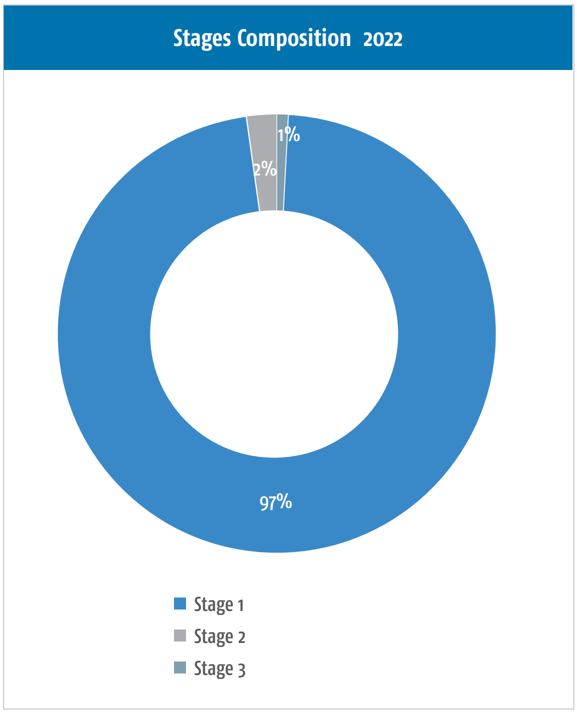


The composition of our net loans and advances to the private sector was 72% in foreign currency (2022: 69%) and 28% in SRD (2022: 31%). Commercial loans maintained their status as the largest sector, accounting for 52% in 2023 and 54% in 2022. The share of residential mortgages is at 11%, which is lower than 13% in 2022, while personal lending comprised 8% of the total lending portfolio, lower than 12% in prior years.

Despite the growth in the lending portfolio, the stage 3 ratio of our loan portfolio remained low at 0.43% and the stage 2 ratio increased from 2% to 3% due to improvement in the stage 3 loan portfolio. The non-performing ratio and the private sector loans & overdrafts Expected Credit Loss (ECL) ratio both remained low at 1% in 2023. We are content that despite the macro-economic conditions these ratios remained within the acceptable levels.

LOANS IN IFRS STAGES



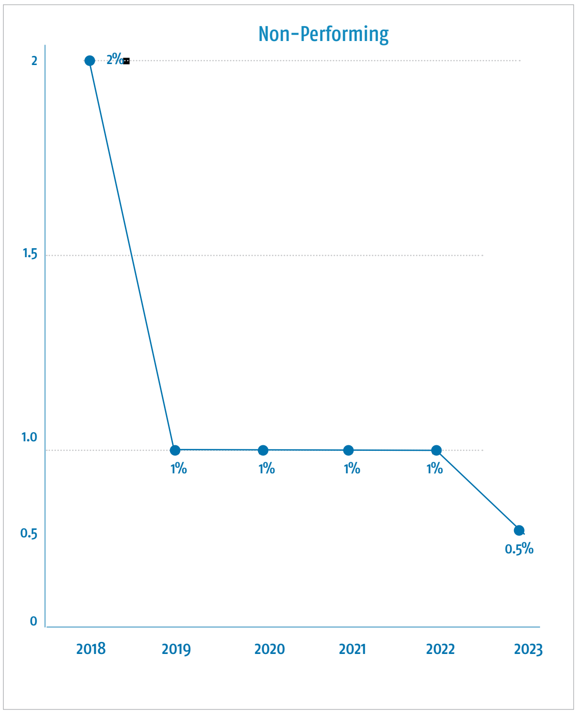


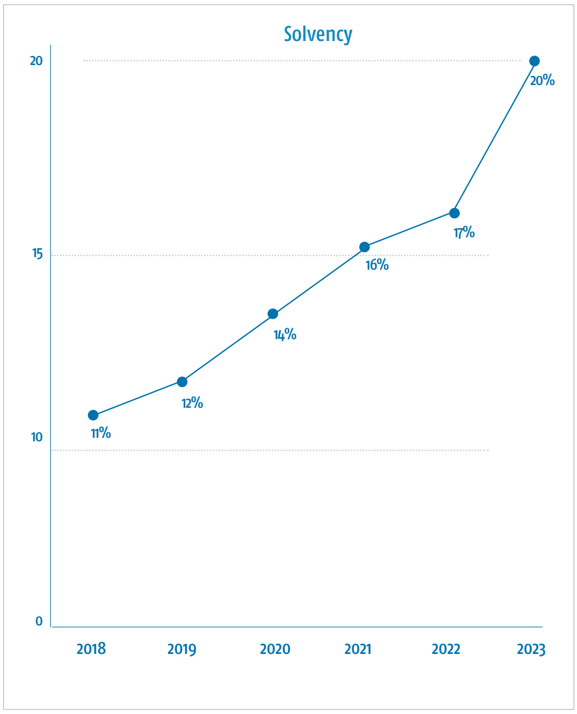
Non-Performing Loans

The stability of the Bank's non-performing loans at 0.50% is attributed to the effectiveness of the Bank's robust credit risk management process.

Development of Solvency

The Bank's resilience persisted, evident in its robust solvency as a result of capital management and Open Currency Position (OCP).





Our corporate strategy Hermes 2022-2025

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, Financial Institutions. Our supporting conditions are to achieve lower cost at a cost to income ratio (C/I) of maximum 50% 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 focus for 2023 was to enable sustainable growth with the following supporting building blocks:

Financials
- Further strengthen our strong financial position and ratios.
- Increase lending capacity to USD 7.5 million per loan.

People
- Further embed our BlueWave culture program.
- Retain and attract talent.

Business Expansion
- Expand business to Latin America & the Caribbean.
- Form partnerships with regional bank(s).

Digitalization & automation
- Further digitalize internal and external processes.
- Redesign and automate selected manually intensive processes.

Customer
- Continue with redesign of our end-to-end customer journey [physical and digital].
- Launch of a compelling customer experience through our integrated digital platform.

Sustainability
- Support financial inclusion.
- Reduce our direct and indirect impact on the environment.

Our commercial strategy

Even though the economic conditions in 2023 were challenging, Finabank was able to increase its local lending portfolio across all business segments, surpassing our projected local market share of 17% for 2024 by achieving a market share of 21% as early as 2022. Building upon this momentum, our local market share further increased to 24% by the end of 2023. This growth can be attributed to the unwavering trust and confidence instilled in us by our customers, supported by our commitment to a customer-focused approach.

As part of our diversification strategy, we explored investment opportunities in the Latin American and Caribbean region. Through collaborative partnerships, we effectively issued loans and participated in syndicate loans totaling USD 15 million thereby expanding our lending portfolio. Currently 8% of the total loan portfolio consists of international loans.

Maintaining a non-performing ratio of 1% underscores the solidity and health of our lending portfolio. This ratio remains significantly lower than the Central Bank of Suriname's norm of 5%, underscoring the strength of our risk management framework and its effective implementation.

In line with our commercial strategy, we remain dedicated to empowering our customers to own the future and to developing strong and engaged relationships with our partner banks. We engage with our customers through remote and traditional channels to provide tailored financial solutions across various segments.

Our ongoing enhancements to digital channels are geared towards improving the customer experience, thereby driving our overall growth in market share. By introducing dashboards, we have facilitated the use of data-driven insights across all segments.

Net Promoter Score

In 2023, we introduced the Net Promoter Score (NPS) to assess customer loyalty and satisfaction for the first time. The NPS is widely recognized and used by companies worldwide. The initial NPS survey conducted in June resulted in an overall score of 14, indicating a greater number of customers who recommend our bank compared to detractors. However, by year-end, our second NPS survey returned a lower overall score of 8. This decline was attributed to feedback on issues such as inefficient digital services, long waiting times, and challenges in reaching our Customer Support. Immediate actions are taken to implement the feedback and improve the NPS to align with our target.

Retail Banking

Despite facing challenges such as low GDP growth and decreasing purchasing power, we gained market share. This achievement was possible through our continued engagement with customers, allowing us to redefine our value proposition effectively. Fundamental in our retail strategy is the input and feedback provided by both our customers and external partners. By organizing various customer engagement events, we deepened our relationships and were able to better understand the evolving needs of our customers. Furthermore, we strategically target segments exhibiting growth potential, enabling us to capitalize on emerging opportunities. In 2023 we achieved a growth of 11% in our funding, totaling SRD 1 billion and 10% in our lending portfolio, totaling SRD 3.4 billion.

Platinum Banking

In 2023 our commitment to our customers remains steadfast. Employing a cross-segment approach we strategically targeted key segments to better address their needs. The contribution of our total solution delivery team enabled us to uphold our commitment to offering tailor-made financial solutions that empower the ambitions of our platinum customers. However, we observed a trend in 2023, wherein high-end retail customers opted to invest in securities within both the local and international markets. Therefore, we experienced a 25% decrease in our funding portfolio, from SRD 917 million to SRD 686 million. However, our lending portfolio experienced a remarkable growth of 99%, from SRD 274 million to SRD 536 million, compared to December 2022.

Business Banking

As part of our continued efforts to build trust with our customers we redesigned the Business Banking Department. Thus, enabling us to focus on enhancing customer engagement. We reallocated the business banking portfolio into corporates and small and medium businesses (SMB), based on various indicators, enabling a more focused approach. Through proactive acquisition and increased trust, we deepened the relationship with both current and prospective customers. A pivotal aspect of our approach was the introduction of dashboards, facilitating data-driven insights and approach. Our lending experienced a 16% growth in 2023, totaling SRD 4.5 billion and our funding portfolio decreased by 2%, from SRD 7.4 billion to SRD 7.3 billion.

Merchant Banking

Considering the volatile economic environment with limited growth opportunities in Suriname, we needed to explore new growth markets. In 2023 the merchant banking commercial department was established, in line with our strategy Hermes 2.0. Merchant banking is geared towards providing local customers with structured financial services, wealth management and investment opportunities in Latin America and the Caribbean. Within one year, 8% of the total lending portfolio originates from merchant banking. Our wealth management activities consist of USD 15 million in international loans and USD 15.7 million funds under management.

CariCris Credit Risk Rating

Finabank is the first and only financial institution in Suriname to receive a credit rating from the regional rating authority, CariCRIS. In October, we have been awarded an A+ rating for the Surinamese dollar (SRD) and an A rating for foreign currency, with a stable outlook. This credit rating marks a significant milestone not only for Finabank but also for Suriname as a whole. The rating is based on our strong governance, robust market position, excellent financial performance, ability to repay debts, and the bank's risk profile. The credit rating is fundamental for executing our strategy. It enhances both national and international confidence in the bank, enabling Finabank to expand its regional presence. Consequently, we can attract regional investors and further diversify our loan portfolio in the region. This will contribute to the bank's sustainability, thereby fostering increased trust among our customers.

CariCRIS has also concluded that Finabank continues to maintain its profitability, strong financial position, and favorable liquidity position. To sustain the credit rating, Finabank will begin reporting periodically to CariCRIS to maintain or enhance the rating. Finabank is proud of this milestone and attributes its success to the trust of all stakeholders in the bank.

Issuing of a perpetual bond

During the period of March - April 2023, Finabank successfully placed a perpetual bond of USD 5,000,000 and EUR 5,000,000 on the market, with an annual coupon rate of 8%. Finabank is proud of the trust investors have shown by participating in the perpetual bond. Due to the complexity of the financial instrument, participation in the perpetual bond was only possible for invited professional investors. There was broad participation from various institutional and private investors, resulting in an oversubscription.

The purpose of issuing this perpetual bond is, among other things, to increase the bank's tier 1 capital and solvency. Following the issuance of the bond, the solvency increased from 17% to 22% and remained stable at 20% throughout the year. With a higher solvency, Finabank can provide larger loans, which is pivotal in merchant banking and for supporting oil & gas developments in Suriname.

The issuance of this bond is also aimed at strengthening the bank's diversification of funding and the Net Stable funding to reduce the liquidity and funding risks of the bank.

Our people

We are proud of our committed employees. At Finabank, we consistently prioritize the growth and development of our employees through educational opportunities, including skills training, offline and online courses, and action learning initiatives. In 2023, we concluded our BlueWave culture program, aimed at cultivating a winning corporate culture anchored in our core values. This initiative was designed to enhance employee engagement, foster personal and professional development, and drive performance. Working in multidisciplinary teams was pivotal to break-down silos within the bank and stimulate partnership.

We redesigned our HR policies and payment structure, based on benchmark research and peer group assessment. The redesign of our payment structure emphasizes our commitment to empower our people to own the future. As our market position evolves and our BlueWave culture continues to thrive, it becomes imperative to adapt our payment structure to attract, retain and motivate top talent. Underlining equality, equal and fair pay, we are committed to positioning our salaries within the P75 range of our peer group, ensuring that our employees are rewarded for their impact.

We introduced the Employee Engagement Scan (EES) as a tool to measure and assess the level of engagement and satisfaction among our employees. This tool holds significant importance as it contributes to enhancing work culture, fostering personal and professional growth, boosting productivity, cultivating stronger relationships, and promoting teamwork.
In June 2023, we conducted our initial scan, revealing an employee engagement score of 43%. In response to these findings, we arranged workshops for managers to facilitate discussions with their teams regarding the results and strategies for improvement. Following these efforts, our second scan in December 2023 recorded an employee engagement score of 46%, exceeding our annual target.

As we are currently in the transformational phase, we have redesigned our organizational structure and are committed to creating new leaders. Considering this, we were able to fill most of the open positions with internal candidates, by hiring for attitude and training for skills, based on a 75% profile match.

Improving the digital customer experience

In 2022, we started the redesign of our comprehensive customer journey to enhance the overall customer experience, leading to increased customer satisfaction. Following the redesign of our digital customer journey, we proceeded with the implementation of the digital experience. Our focus in 2023 shifted towards issuing the Request for Proposal (RFP), and we have now contracted a new vendor to implement the new digital platform.

We intensified our collaboration with international clients to integrate their financial suite with our core banking system using our digital solution, leveraging existing connections and infrastructure. Our digital solution empowers customers to initiate an efficient payment process directly from their financial system, generate digital bank statements, and automate reconciliation processes. This results in improved efficiency and reduced risk for both the customer and the bank. The customer can still utilize their ERP system, which automatically sends transactions to the bank and receives data from the bank.

In our ongoing efforts to enhance customer experience and elevate our Know-Your-Customer (KYC) standards, we have integrated file-invite for simplified document sharing. Through file-invite, both our retail and business clientele can seamlessly submit their documents to the bank via a designated upload link, ensuring a more efficient process.

IT Security
In 2023, our commitment to enhancing information security management remained steadfast, as evidenced by the ongoing development of our robust system. We are proud to report significant progress towards achieving ISO 27001 certification by 2024, underscoring our dedication to maintaining the highest standards of security.

An independent third-party assessment was done on SWIFT and an IT audit was conducted. The independent assessment was performed on the mandatory SWIFT customer security controls and the IT audit was conducted on procedures regarding the design, implementation and operational effectiveness of the general IT controls related to the T24 core banking system, within our IT environment. While existing controls were robust, areas for improvement were identified, which are being implemented.

Our War on Work program
We invested in technology and saw the continued implementation of our AI-based observability solution. This tool has been instrumental in identifying and addressing potential processing bottlenecks, thereby fortifying our operational efficiency, and ensuring seamless support for the bank's sustained growth trajectory.

Our commitment to data-driven decision-making was reinforced through the expansion of our analytical capabilities. With enhanced consistency in data quality, we were able to make data-driven strategic decisions.

Through our War on Work program, we strive to strengthen our growth strategy by simplifying and automating our processes end-to-end. This initiative will lead to a reduction in lead time, increased employee engagement, breaking down of silos, and decreased costs.

Seizure of money shipment
In 2019, the Central Bank of Suriname (CBoS) successfully contested a complaint filed by the Dutch Public Prosecution Service concerning the seizure of a money shipment facilitated by the CBoS. Subsequently, the Dutch Public Prosecution Service initiated a cassation procedure, leading to a Supreme Court ruling in July 2021, which mandated a retrial before the court in Amsterdam.

The retrial commenced in 2022, culminating in a favorable ruling for the CBoS on January 10th, 2023. However, on January 24th, 2023, the Dutch Public Prosecution Service initiated another cassation procedure against the Amsterdam court's ruling.
In June 2023, the Supreme Court overturned the Amsterdam court's decision and referred the case to the Court of Appeal in the Hague for further review.

IDB Invest program
In 2020, we reinforced our collaboration with IDB Invest, solidifying our mutual commitment. Currently, we have the Trade Finance Facilitation Program of USD 3 million with the IDB.

Corporate Governance Code
In the pursuit of upholding the highest standards of transparency and accountability, Finabank has undertaken a comprehensive redesign of its corporate governance code. The corporate governance code serves as the foundation for ensuring sound decision-making processes, safeguarding stakeholders' interests, and maintaining trust and confidence. We finalized the redesign of our corporate governance code in 2023.

Our Environmental, Social and Governance policy

In March 2022, coinciding with Earth Hour Day, we officially launched our sustainability policy, grounded in our purpose statement, which prioritizes all our stakeholders. We strive to meet the needs so that those of future generations are not endangered. This means, among other things, that we:

	Activities	KPI	Realization
Goals	**Respect and protect the environment, human rights, and labor rights**		
	Equal pay and fair working conditions for all our employees	100% by 2023	√
	Fair representation of society in our team	100% by 2024	√
	Fair pay and fair working conditions for all employees	100% by 2025	√
	Fair pay and fair working conditions for our suppliers	100% by 2025	10%
	No business with suppliers and customers who do not respect fair pay & working conditions	100% by 2027	0%
	Prevent negative influence and impact on ecological and social areas		
	Energy neutral	In 2026	0%
	Reduce waste	95% by 2026	75%
	Suppliers use only environmentally friendly products	100% by 2023	10%
	Offer services and products that contribute to sustainable development of people, the environment, and our economy		
	Introduce sustainable products	1 product p/year	√
	Lending customers to comply with our ESG requirements	100% by 2027	25%
	All customers to comply with ESG requirements	100% by 2030	-
	Encourage and support stakeholders to also consider their contribution to sustainability		
	Promote financial education in schools	12 sessions p/year	26 sessions
	Support financial inclusion by introducing a basic bank account	Introduce in 2024	-
	Stimulate entrepreneurship	In 2026	-
	Support financial deepening through education of SME's	In 2026	-
	Exchange knowledge with all stakeholders		
	Educate annually all our employees, customers, and suppliers about our ESG goals, activities, and accomplishments	Annually	√

Recognizing the dynamic nature of ESG, we remain dedicated to integrating this strategy deeply into our organizational culture. In 2023 we implemented the following initiatives:

Green Financing

The goal of green financing is to allocate capital towards environmentally sustainable projects and activities, thereby impacting the transition towards green energy such as solar power. In addition to providing financial support, green financing also helps raise awareness about environmental issues and encourages businesses and individuals to adopt more sustainable practices. We implemented special facilities on green loans targeting both our retail and business segments and successfully issued our first green loan.

ESG financing

The goal of ESG financing is to impact investments that generate positive social and environmental outcomes, while also delivering financial returns. We offered special facilities on loans customized for hospitals and schools. By providing financial support to these vital institutions, we aim to contribute towards the improvement of healthcare services and educational facilities in Suriname. This initiative reflects our dedication to making a meaningful impact, enhancing the well-being and development of our society.

Embedding sustainability into our business

In alignment with our sustainability policy, we have integrated a sustainability clause into our loan policies and subsequently revised all contracts to reflect this commitment. This integration ensures that sustainability factors are fundamental to our decision-making procedures and overall business practices. Moreover, we strive to encourage our stakeholders to embrace sustainability within their own operations, thereby fostering sustainable development across people, the environment, and our economy.

In 2023, our objective was to establish a solar park in collaboration with partners, aiming to become carbon neutral by 2025. However, due to the complexity of the project, we were unable to realize this goal. Consequently, we have revised our objective to become energy neutral by 2026, which involves installing solar panels on our offices.

Inclusion and diversity

We supported the LGBTQ community during pride month in October. Through various activities and initiatives, we celebrated diversity, advocated for equality, and fostered a culture of inclusivity within our organization and beyond. We are one of the first companies who signed the Declaration of Paramaribo, with the goal of fostering inclusivity in the workplace. Our team consists of 69% women and 31% men.

	Supervisory Board	Executive Board	Managers & Supervisors	Other employees
Women	25%	0%	71%	75%
Men	75%	100%	29%	25%

We are proud that we have an overall diversified team. While executive board membership is currently 100% men, the Bank is poised to bring the ratio to 25% women and 75% men by 2025, after formal appointment of the Chief Financial & Risk Officer designate and the Chief Operations & Digital Officer designate.

Financial inclusion

To further promote financial inclusion, we participated in Global Money Week, organized by the CBoS. Throughout the year, we conducted 26 financial education sessions aimed at promoting financial inclusion. These sessions were tailored for various audiences, including schools and local communities.

Corporate Social Responsibility

In 2023, we continued our financial support of the 10-minute Children's News, the only news program for children in Suriname. In addition, we continued our efforts to support education by donating to various schools to promote financial and digital literacy. We also provided assistance to children's and senior homes, as well as financial support to hospitals.

Climate action

Our proactive approach towards addressing climate change and advancing sustainable practices within our organization remains steadfast. We are committed to preserving the environment and look forward to further contributing to a greener, more sustainable future. In collaboration with Rotary Suriname, the 'Green Together' project was launched, aimed at enhancing Suriname's ecological footprint. This initiative focused on reducing and replacing single-use plastics while promoting proper waste management. As part of our support, Finabank facilitated the collection of plastic waste at our branches, totaling 119kg, which was then sent for recycling.

At the United Nations Climate Change Conference (COP 28) in Dubai, IDB Invest and IFC unveiled the inauguration of the Amazon Finance Network. This collaborative effort aims to unite financial institutions with the shared objectives of boosting investment flows, mobilizing capital, fostering financial inclusion, exchanging insights on innovative financial strategies, and fostering synergies with the public sector. The primary objective is to drive sustainable progress across the Amazon region.
Finabank is one of the founding members and the only financial institution in Suriname that is part of the Amazon Finance Network. We proudly embrace this role, underscoring our dedication to this shared mission.

Economic outlook for 2024

According to IMF projections, the global economic growth rate for 2024 is anticipated to remain steady at 3.1%, mirroring the levels of 2023. It is further projected to experience a slight increase to 3.2% in 2025. The cautious growth figures are the result of the effects of tight monetary policy worldwide to offset inflation. These cautious growth projections are attributed to the impact of tight monetary policies globally aimed at curbing inflation. Additionally, the projections consider minimal growth in international trade, decreasing fuel and non-fuel commodity prices, and a decline in interest rates across major economies in the forthcoming years.

Key risks that could adversely impact global growth expectations are escalating geopolitical tensions, particularly in the Middle East, extreme weather conditions, persistent core inflation in developed economies with consistently high interest rates, and a sharper-than-expected slowdown of the Chinese economy.

The Surinamese economy is expected to grow by 3.0% in 2024. According to the Suriname Planning Office, the rapidly growing sectors for the year include accommodation and food services, transportation, mining, agriculture, and government. The announcement of the Final Investment Decision (FID) for offshore oil production can have a positive effect on other production sectors as they prepare for this forthcoming development.

If fiscal consolidation continues, backed by monetary policy measures to tighten base money supply, the average inflation is expected to further decline to 21% in 2024. The target for the primary balance under the IMF – EFF program is set at 2.7% of GDP for the year 2024.

The Bank's outlook for 2024

Our primary focus for the year 2024 will be on empowering our future through digitalization, emphasizing the development of our people and culture, enhancing customer experiences, expanding into new markets, and promoting sustainability.

We are dedicated to supporting the diversification of businesses, particularly within Latin America and the Caribbean. As a gateway and financial solutions provider, we are committed to facilitating investments for both local and international companies.

In 2024, we will also continue to integrate sustainable practices across all aspects of our business. Furthermore, we will dedicate significant efforts towards enhancing operational efficiency, by streamlining our processes and leveraging technological advancements. In the second half of the year, we will introduce our new digital platforms to our retail and business customers, offering an improved digital experience. Through targeted strategies and tailored financial solutions, we focus on increasing our local market share.

We expect 2024 to be a little less challenging than previous years as the country rating and the fiscal and macro conditions are improving. We expect that in both Suriname, Latin America and the Caribbean, the GDP will grow, and the investment opportunities will increase. This will be favorable for Finabank as we have a solid market and financial position, good reputation, and an excellent team.

Thank you

The year 2023 presented numerous challenges, due to the ongoing economic crisis. We extend our heartfelt gratitude to our customers for their continuous feedback, loyalty, and trust. Additionally, we express sincere appreciation to our employees for their flexibility, dedication, and support.

Paramaribo, April 24, 2024

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:
2023: Chairman Suriname Economic Oversight Board
2022: Member Suriname Banking Association

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 six 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.

Each member of the Supervisory Board must possess the capability to evaluate the Bank's overall policies at a glance. The composition of the Supervisory Board ensures that its members can function critically and independently of each other, the Executive Board, and any special interest. This report affirms that the Supervisory Board upholds the independence of its individual members and the total supervisory board. During the Annual General Shareholders Meeting for the year 2022, Mr. Vishal Jadnanansing was re-elected as member of the Supervisory Board. Each member of the Supervisory Board must possess the capability to evaluate the Bank's overall policies at a glance. The composition of the Supervisory Board ensures that its members can function critically and independently of each other, the Executive Board, and any special interest. This report affirms that the Supervisory Board upholds the independence of its individual members and the total supervisory board. During the Annual General Shareholders Meeting for the year 2022, Mr. Vishal Jadnanansing was re-elected as member of the Supervisory Board.

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

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 2023
Chief Executive Officer of C.Kersten en Co N.V.

Mr. Feroz Ishaak, Member
Reappointment in 2022
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, Member
Appointment 2023
Sr. Specialist Legal Affairs of Staatsolie Hydrocarbon Institute

Nicole van Petten, Member
Appointment 2023
Manager Assurance Services, Maxarah N.V.

Ian Narine, Member
Appointment 2023
Chairman Trinidad & Tobago Stock Exchange

During the Special General Shareholders' Meeting on the 14th of November 2023, Ms. Nicole van Petten and Mr. Ian Narine, 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) Nicole van Petten, Member*
8) Ian Narine, Member**

*Approved by the CBoS on February 1st, 2024
**Approved by the CBoS on March 14th, 2024

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% [Economic shareholder]

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 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, 2023.

Paramaribo, April 24, 2024.

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 2023 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 16.3 billion or a total increase of 30%, compared to the December 31, 2022, previously reported assets. However, in applying the IFRS standards, the 2022 balance needs to be updated to the current period price index.
The restated 2022 assets in the comparative balance are SRD 16,617 million, which is a decrease in total assets of 2%. 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 businesses expanding their operations in Suriname, 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 the new law on banking which was amended in 2023 systematically important banks need to have at least three executive board members. In this new structure the Executive Board will be strengthened with:

- Chief Financial and Risk Officer (CFRO)
- Chief Operations and Digital Officer (CODO)

To fill the position of Chief Financial and Risk Officer, a 3-year development program was offered to Maricor Del Mundo in 2022. She is currently assigned to the CFRO designate position.

To fill the position of Chief Operations and Digital Officer, a 1-year development program was offered to Mr. Jean-Paul van Ewijk. He is currently assigned to the CODO designate position. Mr. Jean-Paul van Ewijk has a background in ICT and operational leadership. Over the past two to three years, he has been working at Finabank. Prior to this, he played a pivotal role in a prominent local Business Process Outsourcing company in Suriname. His consulting background in the Dutch banking sector adds value.

Upon successful completion of the program, both Maricor Del Mundo and Jean-Paul van Ewijk will be formally appointed in 2025. Their formal appointment will strengthen our strategic execution capabilities and drive operational excellence.

According to the Banking and Credit System Supervision Act 2023 and the articles of Association Finabank needs an odd number of Supervisory Board members. Currently the bank has eight Supervisory Board members, instead of seven members due to succession planning. Mr. Kurt van Essen will step down as member of the Supervisory Board to adhere to the Corporate Governance Code of the bank, which states there can only be one member related to a single shareholder. Currently Mr. Vishal Jadnanansing and Mr. Kurt van Essen are both related to C. Kersten & Co. Additionally, Mr. Sonny Kertoidjojo will step down from his role as he has reached the maximum 12-year tenure for a board member, as mandated by law. Mr. Robert Hahn will assume the role of Chairman of the Board, a decision proposed by the Supervisory Board and approved during the Special General Shareholders' Meeting in October 2023. The Bank has selected a new candidate to succeed Mr. Sonny Kertoidjojo. During the Annual General Shareholders' Meeting of 2023, the candidate will be nominated for appointment.

Supervisory Board Meetings

The full Supervisory Board met twelve times in 2023 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 one additional time in 2023, 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 Bank's objectives 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 and HR 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 Department (IAD), 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 2023. Of the committee members, 100% 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 six times in 2023. On average 97% of the committee members were present at the meetings. In addition, the Risk Committee meets 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.

Remuneration and Selection 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, Chair
- Mr. Kurt van Essen, Member
- Mr. Robert Hahn, Member

The Selection and Remuneration Committee met six times in 2023. Of the committee members, 100% 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

In the dynamic financial landscape, the Supervisory Board remains dedicated to staying on top of emerging trends in the banking sector. Throughout the past year, the Supervisory Board has engaged in different educational initiatives aimed at understanding and adapting to the transformative forces shaping the industry.

Over the reporting period, educational sessions and workshops have been conducted to deepen the Board's understanding of regulatory frameworks, emerging risks, and best practices in AML and compliance. Several members of the Supervisory Board have actively participated in additional banking training beyond the regular curriculum.

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 redefine our strategy.

With our strategy Hermes 2.0 we strive to obtain a market share of 25% of the total lending market in 2025. In 2023, Hermes 2.0 was reviewed, and it is concluded that the Bank is on the right track to implement this strategy.

External auditor, risk, and compliance

The Supervisory Board is responsible for nominating the external auditor, following advice from 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 Bank's strategy, policies, long-term plans, and associated risks. At the strategic level, the Supervisory Board evaluates whether capital allocation and liquidity impact align with the authorized risk appetite. Accordingly, the Supervisory Board approves the strategic plan, annual operational policy, general budget (including investment budget), Internal Audit plan, Risk Compliance Commission (RCC) charter, RMD Charter, RMD Test plan, and RMD policy. The Supervisory Board supervises compliance with the internal procedures established by the Executive Board for drafting and publishing the annual report and other periodical and incidental publications. In addition, the Supervisory Board supervises the establishment and maintenance of internal control systems regarding financial reporting, while considering the Internal Audit plan. These systems are designed to ensure that key financial information is known to the Supervisory Board and the Executive Board and to ensure the accuracy, completeness, and timeliness of internal and external financial reporting. In this respect, the Internal Audit Department fulfills an independent, objective assurance position. The department manager communicates any findings, if necessary, directly to the chair of the relevant Supervisory Board committee.

Financial Reporting and results

The Accounting Standards application is, as required by Suriname' law, 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. 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's year accounts over the period ending December 31, 2023. 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 decreased by SRD 315 million (2%) to SRD 16,302 million compared to the restated balance of December 31, 2022 and the net result of the Bank increased with 11% to SRD 234 million compared to the restated profit of December 31, 2022 primarily due to increase in lending portfolio, foreign investments, foreign trades the ability to have foreign currency trading and the reduction of foreign currency expenses. The non-performing ratio is less than 1% as per December 31, 2023, 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 210.31 per share of nominal SRD 10, which amounts to SRD 46.91 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 in the market.

Paramaribo, April 24, 2024

On behalf of the Supervisory Board

Kurt L. van Essen
Chairman

SUMMARY ANNUAL FINANCIAL STATEMENTS 2023

SUMMARY OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2023

	December 31, 2023 Audited	December 31, 2022 Restated*
	SRD	SRD
ASSETS		
Cash and cash equivalents	405,589,263	937,912,021
Amounts due from BNETS	20,896,470	34,147,450
Amounts due from banks	2,113,308,777	4,757,947,061
Financial assets at fair value through profit and loss	213,033	213,033
Investments	4,993,692,268	2,885,925,892
Loans and advances to customers	6,563,096,199	4,959,390,986
Loans and advances to Government	819,013,708	1,212,475,922
Purchased Originated Credit Impaired financial assets	596,068,388	821,013,916
Property, plant and equipment	283,709,744	255,029,500
Intangible assets	148,937,715	151,190,314
Right of use (assets)	110,847,539	116,186,019
Deferred tax assets	15,257,973	14,526,289
Other assets	231,853,492	471,108,065
Total assets	**16,302,484,570**	**16,617,066,470**
LIABILITIES		
Amounts due to banks	862,560,707	1,229,148,300
Customers' current, savings and deposit accounts	12,793,018,790	13,593,936,027
Current tax liabilities	227,033,355	161,251,180
Deferred tax liabilities	284,403,859	207,550,781
Net defined benefit liabilities	2,790,178	2,559,012
Payable to employees for pensions	24,583,573	8,451,742
Provision for anniversary payments	16,035,660	11,063,370
Lease liability	42,383,257	40,350,804
Bonds Payable	382,425,000	-
Other liabilities	549,694,044	359,907,839
Other liabilities	**15,184,928,423**	**15,614,219,056**
SHAREHOLDERS' EQUITY		
Share capital	51,994,043	51,994,043
Share premium	407,471,722	407,471,722
Reserves and retained earnings	423,511,290	247,175,781
Profit for the period	234,579,093	211,758,007
Perpetual bond	-	84,447,861
Total shareholders' equity	**1,117,556,148**	**1,002,847,414**
Total shareholders' equity and liabilities	**16,302,484,570**	**16,617,066,470**

**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 OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

	December 31, 2023 Audited	December 31, 2022 Restated*
	SRD	SRD
Interest income	1,456,409,610	1,533,192,401
Interest expense	707,808,995	744,371,490
Net interest result	**748,600,615**	**788,820,912**
Investment income /(expense)	**54,711,937**	**(2,821,317)**
Commission and fee income	214,913,396	184,386,025
Commission expense	32,329,858	60,540,236
Net commission and fee income	**182,583,538**	**123,845,789**
Other income (expense), net	**226,822,456**	**347,885,270**
Total income	**1,212,718,546**	**1,257,730,653**
Expected Credit Loss on financial assets	4,256,650	96,723,523
Personnel expenses	254,466,701	197,126,199
Other operating expenses	226,430,413	248,630,907
Total expenses	**485,153,764**	**542,480,629**
Profit before tax and loss on monetary position	**727,564,782**	**715,250,025**
Income tax expenses	266,107,775	236,023,587
Loss on Monetary Position	226,877,915	267,468,430
Profit for the period	**234,579,093**	**211,758,007**
Earnings per share	**1,051.56**	**949.26**

**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 OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

	December 31, 2023 Audited	December 31, 2022 Restated*
	SRD	SRD
Profit for the period	234,579,093	211,758,007
Actuarial gains (losses) on DBO and FVPA	(10,522,760)	19,645,025
Income tax on other comprehensive income/(loss)	3,788,194	(7,072,209)
Other comprehensive (loss)/income - net of taxes	**(6,734,566)**	**12,572,816**
Total comprehensive income	**227,844,526**	**224,330,823**

**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 OF CHANGES IN SHAREHOLDERS' EQUITY AS AT DECEMBER 31, 2023

	Share capital	Share premium	Perpetual bond	Reserves and retained earnings	Profit for the period	Total equity
	SRD	SRD	SRD	SRD	SRD	SRD
Closing balance at December 31, 2022	**51,994,043**	**407,471,722**	**84,447,861**	**247,175,781**	**211,758,007**	**1,002,847,414**
Appropriation of profit 2022	-	-	-	211,758,007	(211,758,007)	-
Profit of 2023	-	-	-	-	234,579,093	234,579,093
Other comprehensive income (IAS 19)	-	-	-	(6,734,566)	-	(6,734,566)
Dividends 2022	-	-	-	(37,353,708)	-	(37,353,708)
Perpetual bond adjustment to new bond	-	-	(84,447,861)	-	-	(84,447,861)
Gain on redemption of securities	-	-	-	8,665,775	-	8,665,775
Shareholder's Equity December 31, 2023	**51,994,043**	**407,471,722**	**-**	**423,511,289**	**234,579,093**	**1,117,556,148**
Closing balance as previouly reported at January 01, 2022	**51,994,043**	**407,471,722**	**84,447,861**	**147,215,815**	**113,231,935**	**804,361,377**
	-	-	-	113,231,935	(113,231,935)	-
Profit of 2022	-	-	-	-	211,758,007	211,758,007
Other comprehensive income	-	-	-	12,572,816	-	12,572,816
Dividends 2021	-	-	-	(20,624,588)	-	(20,624,588)
Perpetual bond (interest)	-	-	-	(5,220,198)	-	(5,220,198)
Closing balance at December 31, 2022	**51,994,043**	**407,471,722**	**84,447,861**	**247,175,781**	**211,758,007**	**1,002,847,414**

**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 OF CASH FLOWS AS AT DECEMBER 31, 2023

		December 31, 2023 Audited	December 31, 2022 Restated*
		SRD	SRD
Cash flows from operating activities			
Profit for the period		234,579,093	211,758,007
Adjusted for:	- Depreciation	72,855,647	80,021,422
	- Tax expenses	266,107,775	246,230,767
	- Unrealized foreign currency translation result	(68,251,091)	(212,879,799)
	- Net impairment losses on loans and advances, net of recoveries	4,256,650	96,723,523
	- Net interest income	(748,600,615)	(788,820,912)
Changes in:	- Amounts due from BNETS	13,250,980	22,743,072
	- Financial assets at fair value through profit and loss	-	1,330
	- Gross Advances to customers	(1,603,705,213)	(1,457,551,332)
	- Other assets	239,254,573	(137,450,010)
	- POCI	224,945,528	134,025,965
	- Loans & overdraft Government	393,462,214	256,394,714
	- Customers' current, savings and deposit accounts	(800,917,237)	3,120,091,805
	- Net defined benefit liabilities	231,166	(28,322,406)
	- Payable to employee for pensions	16,131,831	(23,444,650)
	- OCI Adjustment on pensions	10,522,760	(12,572,816)
	- Other liabilities	202,864,549	(304,143,887)
Income tax paid		(67,505,396)	(140,719,830)
Interest received on loans and advances		593,817,844	459,642,699
Interest received on investments		812,416,088	1,067,330,854
Interest received from banks		50,175,678	6,218,847
Interest paid on bank deposits		(46,754,709)	(39,158,317)
Interest paid on lease liability		(3,974,180)	(5,060,610)
Interest paid on customer deposits		(635,004,850)	(700,152,561)
Interest paid perpetual bond		(22,075,257)	-
Net cash flow generated from (used in) operating activities		**(861,916,171)**	**1,850,905,878**
Cash flows from investing activities			
Net cash received on Perpetual bond		308,031,251	-
Movement investments in property and equipment		(72,892,012)	(59,403,556)
Movement investments in intangibles		(6,743,026)	(11,365,579)
Movement right of use		(19,379,428)	(3,921,838)
Movement investments		(2,107,766,376)	(751,063,371)
Net cash flow generated from (used in) investing activities		**(1,898,749,591)**	**(825,754,345)**
Cash flows from financing activities			
Lease payments		(10,965,642)	(16,818,045)
Perpetual bond payments		(1,388,336)	(5,220,239)
Dividend paid		(37,353,708)	(20,624,588)
Net cash flow used in financing activities		**(49,707,687)**	**(42,662,872)**
Net decrease/ increase in cash and bank		**(2,810,373,449)**	**982,488,662**
Cash and banks at beginning of reporting period			
- Cash and cash equivalents		937,912,021	592,060,761
- Amounts due from banks		4,757,947,060	4,519,350,526
- Amounts due to banks		(1,229,148,300)	(1,627,189,167)
		4,466,710,781	**3,484,222,120**
Cash and banks at end of reporting period		**1,656,337,333**	**4,466,710,781**
Cash and banks at end of reporting period is represented by:			
- Cash and cash equivalents		405,589,263	937,912,021
- Amounts due from banks		2,113,308,777	4,757,947,060
- Amounts due to banks		(862,560,707)	(1,229,148,300)
		1,656,337,333	**4,466,710,781**

**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 STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023, were approved by the Supervisory Board on April 24, 2024.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements cover the period January 1, 2023, until December 31, 2023, 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

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, 2023, 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 2023 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, 2023. 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, 2023, 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, 2023, 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.

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.

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.

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.
Balance sheet amounts not already expressed in terms of the measuring unit current at the reporting date are restated by applying a general price index. Monetary items are not restated because they are already expressed in terms of the monetary unit current at the reporting date.

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 2023

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 (SPPI) 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.

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 2019 – 2023.
- For the retail portfolio, a loss rate model is used, considering the impairments of the retail portfolio in 2019 – 2023.
- 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 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 investments 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.

In 2023 the CBoS continued the monetary policies to drain the liquidity, the measures are effective and starting June 2023 the inflation started on a decreasing trend and ended at 32.6 % in December 2023.

In June, the IMF program performance was largely on track with important reforms having been put in place to reduce fiscal imbalances, adopt a new monetary policy framework that allows for a flexible exchange rate. In Q3, the economy is stabilizing and the pressures on the exchange rate have eased and inflation, while still high, but on a downward trend and usable international reserves have reached almost 5 months of import. In December 2023 the fourth review of the arrangement under the Extended Fund Facility (EFF) for Suriname was completed and an extension of the program to March 2025.

In the first month of January 2024, the economy is stabilizing, pressures on the exchange rate have eased and inflation is on a downward trend. This is the result of, on one hand, strict fiscal policies and other measures taken by the Ministry of Finance, including the introduction of VAT, elimination of fuel subsidies and gradual phasing out of electricity subsidies. On the other hand, robust monetary measures such as open market operations, increased reserve requirements, and credit constraints for banks have curbed SRD liquidity in the market and decreased purchasing power, resulting in a significant decrease in demand for foreign currency.

Bases on the projections of the IMF, the prudent fiscal and monetary policies growth is projected to return to 3.0% in 2024, inflation is on a steady downward trend to 20.0% in 2024 and international reserves are increasing. And over the medium to long term, there are upside risks to growth due to the development of large new oil fields. The new oil fields being developed which could boost growth, increase export and fiscal revenues, and strengthen both the balance of payments and debt dynamics. Yet the final Investment Decision (FID) for offshore oil production has not yet been made by Total Energies and the Apache Corporation. This is weighing on Suriname's plans to develop the Suriname's offshore oil potential and give the economy a solid boost through a massive oil boom.

Finabank has anticipated on the macroeconomic developments by setting controls measures in place (frequent stress testing, tight monitoring of the (long) open currency, liquidity projections and carrying out a conservative credit risk management policy) to mitigate the impact. Given the volatile national and international economic developments, Finabank still manages to grow faster than the market and has shown an increase in financial performance. Management is content that despite the macro-economic conditions the non-performing ratio is low 0.50 %and the solvency is 20% 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, 2023	December 31, 2022	December 31, 2021	December 31, 2020
	SRD	SRD	SRD	SRD
1 USD	36.291	31.77	20.89	14.02
1 EUR	40.194	33.23	23.72	17.22

As can be observed from the above-mentioned table there has been a moderate devaluation of the exchange rate in 2023.

The consumer price index published by Suriname Bureau of Statistics indicate an increasing CPI from 2020 to 2023.

CONSUMER PRICE INDEX	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
	SRD	SRD	SRD	SRD
CPI	759.30	572.50	370.30	230.50
3 year Inflation	229%	299%	169%	77%

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, 2023, the three-year inflation is at 229% and continues to show signs of decreasing. 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 2022 and 2023 is at 55% and 33% respectively.

Below describes the restating mechanism provided by IAS 29:

Restatement of the Statements of Financial Position:

i. Monetary items (the ones that are already stated in terms of the current measuring unit) are not restated because they are already expressed in terms of monetary unit current at the end of the reporting period. In an inflationary period, an entity holding monetary assets generates purchasing power loss and holding monetary liabilities generates purchasing power gain, provided that assets and liabilities are not linked to an adjustment mechanism that offsets, in some extent, such effects. The net gain or loss on a monetary basis shall be included in the profit or loss for the period.

ii. Non- monetary items stated at current cost at the end of the reporting period, are not restated for presentation purposes in the statement of financial position, but the adjustment process must be completed to determine, in terms of constant measurement unit, the income or loss produced by holding these non-monetary items.

iii. Non-monetary items carried at cost or current cost at some earlier date before the reporting date, shall be restated by an index that reflects the general level of price variation from the acquisition or revaluation date to the closing date, proceeding then to compare the restated amounts of those assets with their recoverable amounts. Income or loss for the period related to depreciation of property, plant and equipment and amortization of Intangible assets, and other non-monetary costs shall be determined over the 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. The revaluation cycle is every three (3) years, to be conducted in 2024.

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, 2023, 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. The anniversary bonus is calculated actuarially by a registered actuary.

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 considerable influence on the Bank; or
3. Is one of the managers in a key position within the Bank.

3 SUBSEQUENT EVENTS

Part of the bank's strategy is to diversify funding sources. The bank received the necessary approvals to issue instruments to strengthen the funding base. This will potentially increase the bank's stable funding by USD 15 million. The bank intends to issue these bonds in 2024.

INDEPENDENT AUDITOR'S REPORT

Building a better working world

To: The shareholders and management of Finabank N.V.

REPORT ON THE SUMMARY FINANCIAL STATEMENTS

Opinion

The summary financial statements, which compromise of the summary statement of financial position as at December 31, 2023, 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, 2023.

In our opinion the accompanying summary financial statements are consistent, in all materialrespect with the audited financial statements 2023, 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, corporate governance and financial summary and key financial indicators.

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.

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The Audited Financial Statements and Our Report Theron

We expressed an unmodified audit opinion on the financial statements in our report dated 24 April 2024, in accordance with IFRS. The audited financial statements and the summary financial statements do not reflect the effects of events that occurred subsequent to the date of our auditor's report on the audited financial statements.

Responsibilities of Management for the Summary Financial Statements

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

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

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

Paramaribo,	24 April 2024
11891845	ATO/24763

for Ernst & Young Suriname

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