



ANNUAL REPORT 2015





“ *Alone we can do so little,*
TOGETHER WE CAN DO SO MUCH. ”

Table of Contents

Profile of Finabank N.V.	04
Mission, vision and core values	05
Organizational chart	06
Financial summary and key financial indicators 2011-2015	07
Report from the Executive Board	08
Report from the Supervisory Board	20
Corporate governance	24
Condensed financial statements 2015	31
Balance sheet as at December 31, 2015	32
Profit and loss account for the year ended December 31, 2015	33
Statement of cash flows for the year ended December 31, 2015	34
Notes to the condensed financial statements 2015	35
Other Information	56
Report of the independent auditor on the condensed financial statements 2015	57

On the cover: Finabank branch in Paramaribo North, opened in January 2016.

Photography: Romeo Karsodimedjo (Romeo K Photography)

PROFILE OF FINABANK N.V.

Finabank N.V. was established in 1991 and has grown to become the fourth largest bank in Suriname. It has a Head Office, three branches and ten ATM machines. At the end of 2015, its assets amounted to SRD 700.9 million. Finabank employs 120 full time employees. The Supervisory Board (SB) is responsible for the supervision of the Executive Board of Directors policy and provides advice to Management. The SB comprises persons with a corporate background and from other sectors of society. the Executive Board of Directors is responsible for day-to-day management. As at January 1, 2015, the Executive Board of Directors comprised the Chief Executive Officer (CEO) Eblein Frangie, Chief Commercial Officer (CCO) Almar Giesberts, and Deputy Chief Financial and Operating Officer Coenraad Valk.

The bank focuses on the business market by offering products such as current and savings accounts, term deposits, cash pooling accounts, investment and current account credit, bank guarantees, forex and foreign transfer business, point of sale facilities and e-commerce payment options. On the consumer market, it offers current and savings accounts, term deposits, personal loans, mortgages, payment tools (including automated teller machines), credit cards and internet banking. Finabank combines personal service with professional expertise. Its portfolio comprises corporate and private customers that value sustainable partnership and tailor made solutions. The bank provides responsible and innovative services, while prioritizing the interests of its customers.

Our strategy is focused on achieving an acceptable share of the banking market. Basic principles in this respect are the previously-mentioned core values and corporate responsibility. The bank supports social economic developments and initiatives. In January 2014, Finabank initiated a share issue project in order to consolidate its strong growth, to comply with the regulations of the Supervision of Banking and Credit System Law and the new stricter guidelines of its official supervisor the Central Bank of Suriname (Central Bank or CBvS), and to fund infrastructural investments. The share issue was successful, and both national and international parties subscribed. After a thorough negotiation phase, due diligence research and selection procedures, the share capital including share premium in 2014 was finally increased by over SRD 34.7 million.

MISSION, VISION AND CORE VALUES

Mission

We are a modern bank that is engaged in marketing innovative financial products and services in order to fulfil the financial needs of our customers.

Vision

We offer tailor made, high quality financial products and services, and aim sustainable partnership with our customers.

Core values

Customer focus: the customer is central to our bank, while our philosophy is based on his legitimate needs and wishes.

Continuous improvement: we constantly improve the quality of our service by readjusting our organization to the dynamic environment.

Transparency: we safeguard our integrity and transparency in order to maintain the trust of the customers in our bank.

Expertise: our expert and motivated staff works at satisfying the needs and wishes of the customers, while ensuring responsible risk management.

Objective

We aim at sustainable growth, at increasing the market share of our bank and at a balanced protection of the interests of all stakeholders.

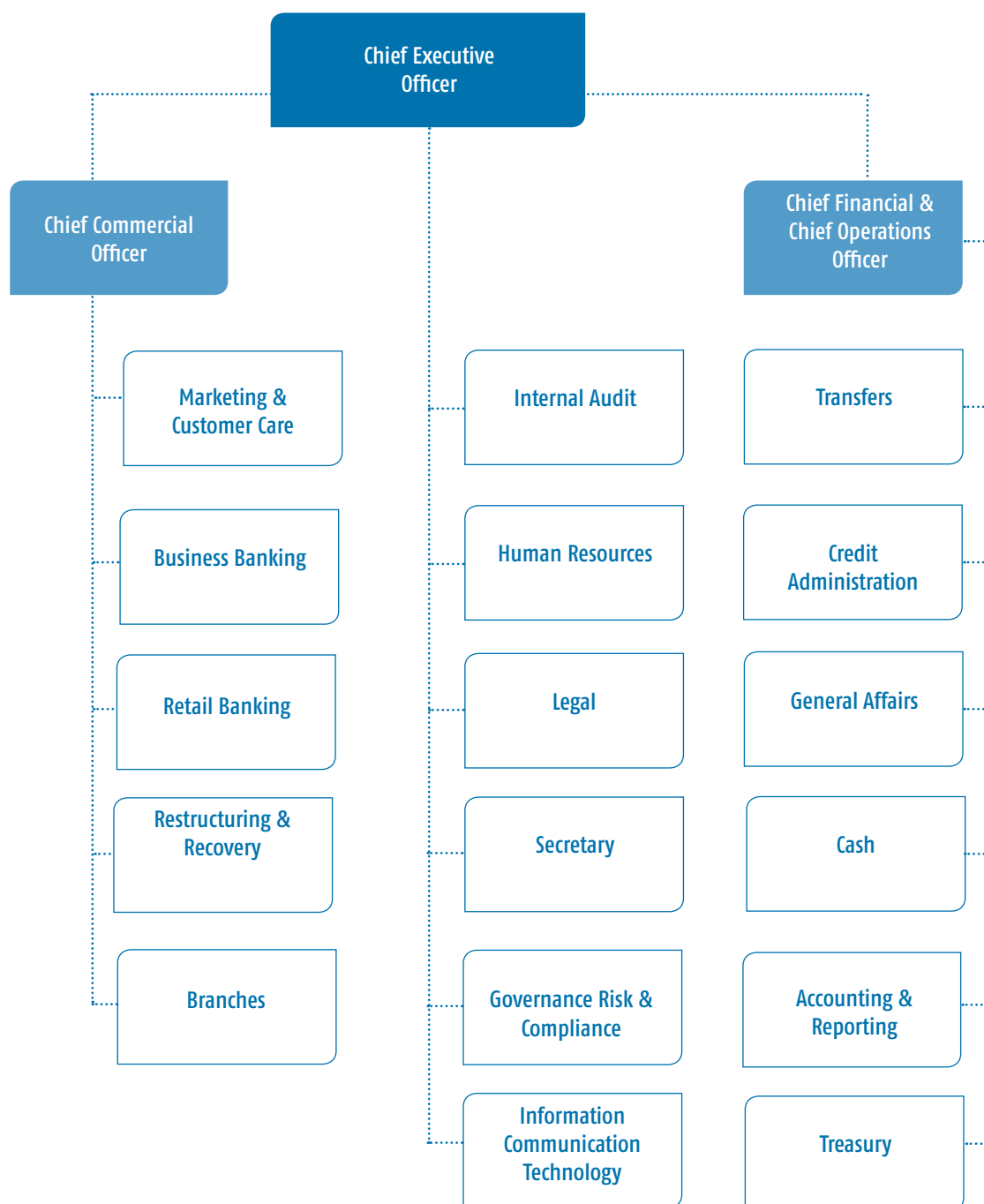
Strategy

Our policy is based on the principles of corporate responsibility, thereby strictly adhering to the highest norms, including the areas of risk management and compliance.

Stakeholders

We appreciate the active involvement of all stakeholders in the performance of the bank; we conduct a transparent policy and are open to feedback on our business operations.

ORGANIZATIONAL CHART



FINANCIAL SUMMARY AND KEY FINANCIAL INDICATORS 2011-2015

(in thousands of SRD)	2015	2014	2013	2012	2011
Results					
Interest margin	37,945	29,026	24,369	20,478	13,242
Other income	9,183	8,168	7,618	6,637	4,882
Total income	47,128	37,194	31,987	27,115	18,124
Expenses	24,423	19,850	17,432	14,948	12,519
Loan impairment expense, net of recoveries	5,829	5,250	5,182	5,221	706
Result before taxation	16,876	12,094	9,373	6,946	4,899
Net profit	10,801	7,741	5,999	4,445	3,135
Assets and liabilities					
ASSETS					
Cash and cash equivalents and statutory deposits with Central Bank of Suriname	156,077	118,184	124,960	102,323	106,825
Due from banks	50,796	29,121	18,775	25,760	14,273
Loan and advances to customers	366,094	313,336	288,138	225,271	161,897
Other assets	127,911	95,348	39,562	48,332	14,371
Total Assets	700,878	555,989	471,435	401,686	297,366
LIABILITIES					
Due to banks	30,516	28,228	40,323	44,285	115
Customers' current, savings and deposit accounts	542,120	430,988	381,743	316,192	275,457
Long-term debts	2,555	3,065	-	-	-
Other liabilities	43,479	26,973	24,948	22,775	7,567
Equity	82,208	66,735	24,421	18,434	14,227
Total liabilities	700,878	555,989	471,435	401,686	297,366
Ratios (in %)					
Return on equity	15	17	28	27	26
Return on assets	2	2	1	1	1
Loan loss provision ratio	3	3	4	3	2
Non-performing ratio	1	1	3	3	6
Loan to deposit ratio	70	76	79	74	61
Operational ratio	52	53	54	55	69
Profit ratio	48	47	46	45	31
Capital ratio	12	12	5	5	5
BIS-ratio	18	15	8	8	8
Number of employees	120	110	93	89	84



Chief Executive Officer
Eblein Frangie M.Sc.

Report from the Executive Board

Introduction

The year 2015 was turbulent. After the parliamentary elections, which were won by the National Democratic Party, the new cabinet was confronted with a number of both foreign and domestic challenges. Prices of Suriname's major export products, i.e., gold and oil, declined further due to depressed world demand. Public finances increasingly became a cause for concern, as the gap between expenditure and revenue widened further. The ensuing cash deficit was mainly financed by taking recourse to domestic sources of monetary financing, which contributed to declining international reserves of the Central Bank, depreciation of the local currency, and an accelerating inflation rate.

Another cause for concern was the possible black listing of Suriname by the Caribbean Financial Action Task Force (CFATF) due to non-compliance of the country with several money laundering issues and other integrity issues. If Suriname does not satisfactory comply with the CFATF roadmap by May 2016 it will be black listed. In the meantime, Parliament has passed a law, aimed at contributing to avoid such listing.

In order to contain the worsening monetary situation the Central Bank of Suriname increased the monetary reserve requirement on the bank deposits denominated in Suriname dollar with 5 percentage points to 35% in November 2015. In addition, a liquidity requirement of 5% of the banks' reserve base was introduced following the launching of the Suriname National Electronic Payment System. The policy initially resulted in tighter money market conditions. However, this situation turned around soon as the government caused a money creation of more than SRD 1.3 billion. The money creation put increasing pressure on the USD-SRD exchange rate, despite interventions by the Central Bank. In November 2015, the government and Central Bank decided to devalue the Surinamese dollar from 3.25 to 3.96 or by almost 22%.

As a result of the deteriorating external climate, Finabank experienced several notable shocks. Against this background, the Supervisory Board and Management intensified their policies in order to strengthen the organizational structure and to keep the bank on the right track. These actions produced satisfactory results. Total assets rose by 26% to SRD 700.9 million from SRD 556.0 million, and net profit increased by 39.5% to SRD 10.8 million.

The economic environment

In 2015, the growth of global economy was again moderate at approximately 3.1%. Although this growth was driven by the emerging markets (4%), their own growth declined for a fifth consecutive year. In contrast, developed markets (1.9%) showed a modest recovery. The fiscal policy stance in the various regions and countries was mixed, reflecting different level of available fiscal space. Monetary easing in the Euro area is proceeding, while the Fed is cautiously tightening monetary policy. Core inflation rates in the latter areas remain well below objectives. Growth in economic activities is hindered by, inter alia, the slowdown of the Chinese economy (6.9%), partly associated with the rebalancing of economic activities from export

oriented manufacturing towards domestic oriented consumption. Producing countries are confronted by the low prices for energy and commodities.

The average gold price on the London Metal Exchange decreased by 13% to USD 1,096 per troy ounce, and the price of Brent oil fell by 47% to USD 51 per barrel. The weak price development of these raw materials was reflected in the merchandise exports of Suriname, which decreased by 23%. Imports remained stable. These contrary movements resulted in a turn around in the trade balance from a surplus of USD 133 million in 2014 to deficit of USD 375 million in 2015. Including current and capital transactions, the balance of payments closed for the third subsequent year with a deficit, i.e., of USD 111 million. The international reserves of the Central Bank of Suriname shrank to a deficit 43% to USD 356 million, an equivalent of less than 2 months' worth of imports of goods and services.

The higher demand for foreign currency associated with the increase of loans from the Central Bank to the Government of more than SRD 1.8 billion, resulted first in depreciations of the Suriname dollar on the free market, followed by a formal devaluation of the exchange rate of the Surinamese currency vis-à-vis the American dollar as of November 2015. The official buy and sell rate was determined at SRD 3.96 and SRD 4.20 respectively.

The lower export performance of the mineral companies also affected government income. On a cash basis this income decreased by 9%, while expenditure increased by the same percentage. This resulted in an increase of financing deficit by 78% to over SRD 1.7 billion and in terms of percentage of the estimated gross national product by an estimated 3 percentage points to 8%. Of the deficit 85% was covered by domestic banks, of which predominantly the Central Bank, and for the rest by foreign loans. This increased the total gross debt, expressed as a percentage of national product, by 19 percentage points to 51%.

Total lending by general banks increased by 4.7% to SRD 6.7 billion. At the end of the year, lending to the Government decreased by 18.0% to SRD 609 million, as maturing treasury bills were not rolled-over. The growth rate of loans to private clients increased with 16.3% to SRD 6 billion. The total deposits of banks increased with 12.2% to SRD 9.6 billion. Banks have to deposit the exceptional high monetary cash reserve of 35% and a liquidity buffer for clearing purposes of 5% for deposits in Suriname dollars at the Central Bank. The reserve requirement for deposits in foreign currency amounts to 50%. Partially because of this, the average interest rates remained high by international standards. The ratio of lending versus deposits was 69% as of the end of December 2015.

Approximately one fifth of total loans were provided to the primary sectors of the economy. The other part was mainly to finance consumption spending. There was an increase of dollarization in both lending (57.7%) and deposits (36.7%) of 5 and 4 percentage points respectively.

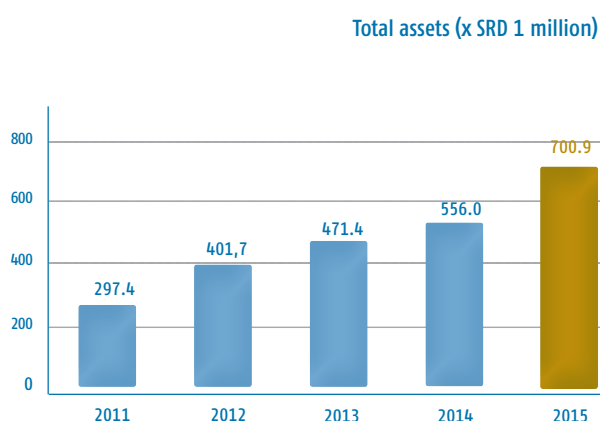
The impact of the total domestic money creation for the government and other residents of SRD 1.9 billion was largely offset by the outflow to abroad of SRD 840 million. On balance, the total liquidity supply grew by 12% in 2015; it was SRD 10.6 billion as at the end of the reporting year or an equivalent of 57% of gross national product. Due to the strong growth of the money creation from domestic sources and the official depreciation of the Suriname dollar in November, the consumer price index measured at year-end accelerated from 3.9% to 25%. Even so, the annual average increase remained virtually unchanged at 3.3%. Consumption remained buoyant. Investment activities decreased. The poorer performance of the mineral sector affected the other economic sectors, particularly trade and construction. Moreover, structural bottlenecks and a weak international competitive position deferred production. After decelerating growth since 2013, real gross domestic product shrank by an estimated 1.5% in 2015.

Important to mention is that the Suriname Aluminum Company of America (Suralco) discontinued its activities. For the time being, this appears to be the end of the bauxite industry in Suriname, which commenced about a century ago. Currently, there are negotiations on the future of the hydro-electric plant, which is still owned by ALCOA. The extended oil refinery of the State Oil Company started to produce diesel and gasoline in December 2015. It is expected that the refinery will eventually be able to cover the largest part of the local demand for oil products. Production surpluses will be exported. During the fourth quarter of 2016, the Merian gold mine of Surgold will become productive.

In January 2016, Fitch Ratings downgraded Suriname's credit rating to B+ from BB-. It is necessary to take fiscal measures in order to mitigate downside economic and financial risks, such as rationalizing public finances, increasing transparency and improving good governance.

Financial highlights

As mentioned in our half year report 2015, our financial statements are presently drafted according to the Guidelines published by the Dutch Accounting Standards Board. It is the intention of the bank to start reporting in accordance with the International Financial Reporting Standards effective January 2016. We will publish financial statements based on IFRS Standards for the first time in our half year report 2016.



The balance sheet total of the bank increased by SRD 144.9 million (26%) from SRD 556.0 million to SRD 700.9 million. The growth was mainly caused by an increase in customers' funds entrusted to the bank by 26% from SRD 431.0 million to SRD 542.1 million.

The increase in the entrusted funds was caused by the sustained public's confidence in the bank, and the increase in the value of funds denominated in foreign currencies due to the devaluation of the Suriname dollar. The dollarization of the entrusted funds increased from 62% to 65%, reflecting the devaluation effect just mentioned. The increase in the equity of the bank with 23% by SRD 15.5 million from SRD 66.7 million to SRD 82.2 million also contributed to the surge in the balance sheet total.



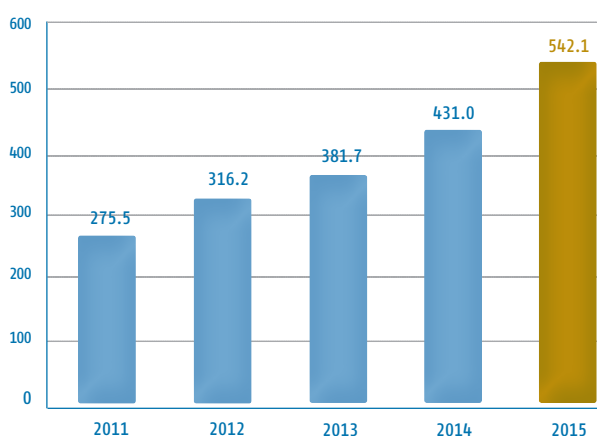
“ Our team is
THE PRIMARY SUCCESS FACTOR
of the bank. ”



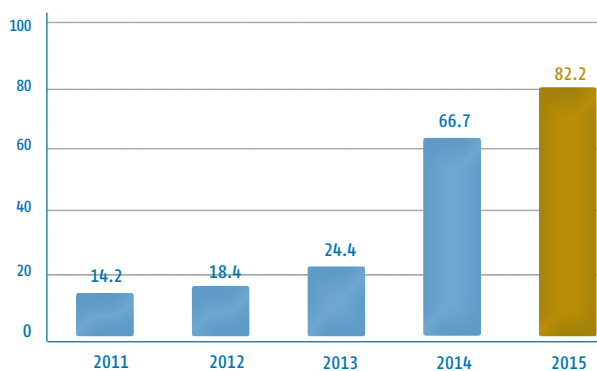
*“If everyone is moving forward together,
THEN SUCCESS TAKES CARE
OF ITSELF.”*

Report from the Executive Board

Funds entrusted (x SRD 1 million)



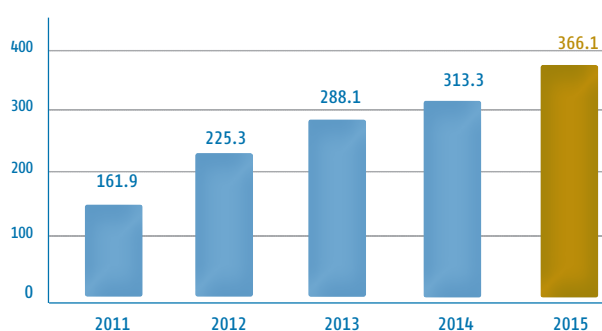
Equity (x SRD 1 million)



Following the opening of the new Head Office of the bank, a full scale appraisal was performed on the land and buildings in order to determine rebuilding cost for proper insurance coverage and to determine current value. The appraisal led to a SRD 6.6 million revaluation of land and buildings. The BIS-ratio was 18%; well above our internal benchmark of 15%, and the 10% norm determined by the Central Bank.

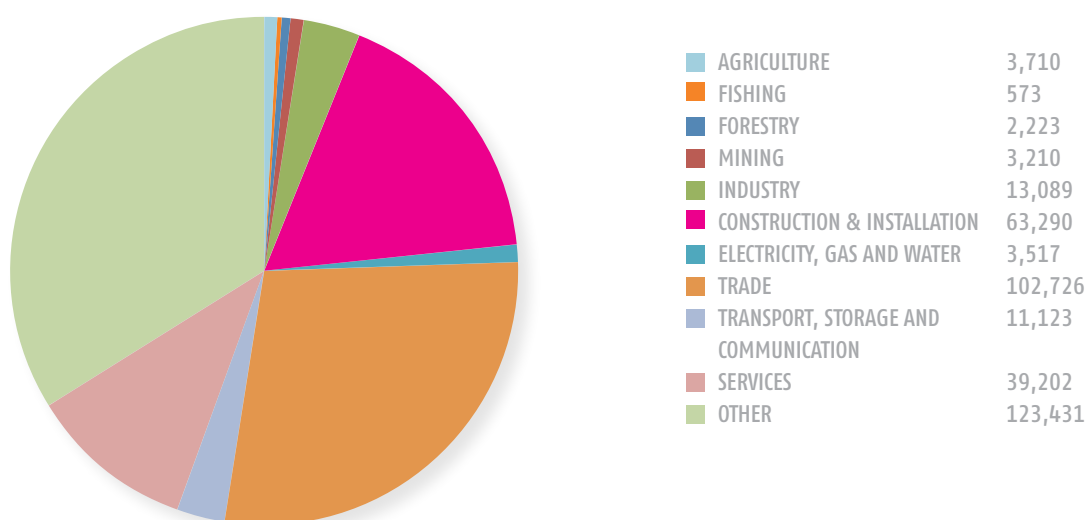
On the asset side of the balance sheet, there was a 32% increase in the item cash, cash equivalents and statutory deposits with Central Bank of Suriname, due to stricter asset and liability management, the stronger growth in entrusted funds, the devaluation of the Suriname dollar and an increase by 5% in the SRD statutory reserve requirement. A policy change with respect to our asset and liability management and the uncertain economic environment, resulted in a surge in our (liquid) investments from SRD 2.1 million to SRD 31.7 million.

Loans and advances to customers (x SRD 1 million)



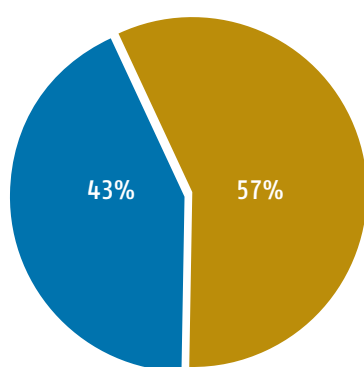
The net loans and advances to customers increased by 17% from SRD 313.3 million to SRD 366.1 million, mainly reflecting the growth in business lending and the devaluation of the Suriname dollar. Growth in the retail market decelerated. The dollarization in our loan portfolio fell by 3 percentage points to 43%. The non-performing ratio increased slightly from 1.14% to 1.39%, what is indicative for the quality of our loan portfolio. This ratio was quite below the bank's internal benchmark of 3%. Our loan risk appetite was reduced from medium to low in 2015, due to the uncertain economic environment.

Loans and advances to customers by sector (x SRD 1,000)



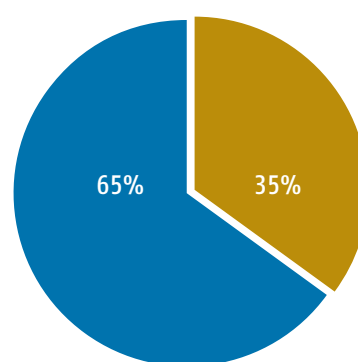
Report from the Executive Board

Dollarization of loans and advances to customers as at December 31, 2015



SRD Foreign Currency

Dollarization of funds entrusted as at December 31, 2015

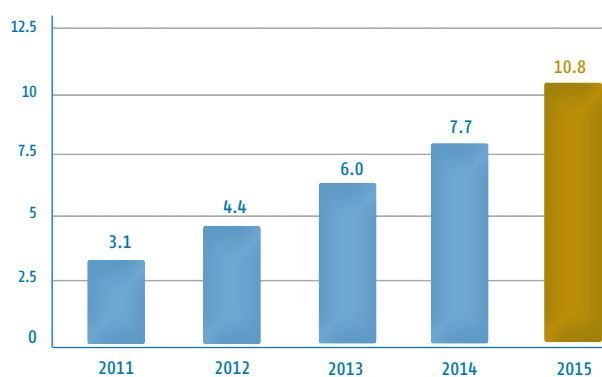


SRD Foreign Currency

Premises and equipment rose by 66% compared to 2014 from SRD 18.5 million to SRD 30.5 million, due to the revaluation of land and buildings and investments in our new Head Office, our Branch North and in ICT infrastructure.

The net profit of the bank increased, i.e., by 40% from SRD 7.7 million to SRD 10.8 million. This result is above our projection for 2015.

Net profit (x SRD 1 million)



Total income of the bank amounted to SRD 47.1 million; 26.6% higher than 2014. The higher income was mainly obtained from the business lending, interest on treasury bills, and various higher fees. Interest margin contributed for 81% to total income; it increased by 30.7% percentage points compared to 2014. Fees and commission and other income together rose by 12% to SRD 9.2 million. Total expenses surged by 21% to SRD 30.3 million, up from SRD 25.1 million. Major cost drivers were personnel expenses, and leasing and licensing expenses for the information technology network. The operational efficiency ratio of Finabank improved to 52% from 53% in 2014. The return on equity (before dividend payment) was 15%, which is satisfactory. The return on assets is 2%, which is above our one percent benchmark.

Strategy

Finabank is on target with the implementation of its strategic plan 2014–2016. The plan comprises of three stages: 2014 full compliance with national and international regulation and strengthening of the governance structure, 2014–2015 further strengthening of the organization structure and 2016 a market growth strategy. Due to efforts of the Executive and Supervisory Board, the compliance level increased significantly. Finabank is in compliance with all relevant laws and regulations. The results of a corporate governance scan, which was done in 2015 by an independent advisory firm, BDO Advisory Services, concluded that there is a high awareness of corporate governance and a good corporate governance structure within the bank. Some minor improvements were advised which will be implemented during 2016. With the appointment of two new executive board members in 2014 and three new members in the Supervisory Board, we started the process of further strengthening the organizational structure to be future proof. Furthermore, new staff was recruited to fill in open positions, set up new departments and restructure others. In 2015, we also reviewed and revised all job descriptions to align these with our ambitions. Finabank developed its own training academy called FinAcademy in order to improve technical skills and competences at all levels in the organization. We have defined our corporate strategy to strengthen our market position. As of 2015, our share of the total loan market amounted to 6.5%.

Insurance

Up and until October 2015, Finabank outsourced its insurance activities. Due to the growth of the bank and the risks that arose with outsourcing the insurance portfolio, the Executive Board decided to insource all insurance activities again. Finabank is now insurance broker for all insurance companies in Suriname.

Regulatory

In August 2015, the group 1 supervisory guidelines of the Central Bank, referring to solvency, lending classifications and provisions, major loans, lending to insiders and related parties and real estate issues, was re-enacted. A major change in the lending guideline was that the number of days before a consumer loan becomes non-performing was reduced from 90 to 60 days. As of December 2015, Finabank complies with all regulations.

Our Governance Risk and Compliance (GRC) department spends much attention to align the bank to the Foreign Account Tax Compliance Act (FATCA) requirements. Finabank is in favor of replacing the arrangement, where the bank is the direct counterpart of the Internal Revenue Services, by an Intergovernmental Agreement between Suriname and the United States of America.

The Central Bank introduced the Suriname National Electronic Payment System (SNEPS). This is a major step forward in settling local interbank payments more efficiently. Interbank payments with a high value can be cleared and settled in minutes, while regular batch payments are cleared twice a day. With the introduction of SNEPS, banks are now required to keep an additional 5% of their reserve base as working capital in their accounts at the Central Bank. As of December 2015, Finabank's working capital amounted to 8% at the Central Bank.

On Site inspection by the Central Bank of Suriname

In 2015, the Central Bank conducted its periodically on-site inspection. The results of this inspection were satisfactory to Finabank. The recommendations provided by the Central Bank will be implemented.



The Executive Board:

From left to right:

Almar Giesberts, *Chief Commercial Officer*

Eblein Frangie, *Chief Executive Officer*

Coenraad Valk, *Deputy Chief Financial Officer / Deputy Chief Operations Officer*

Commercial strategy

Net loans and advances to customers increased by 17% to SRD 366.1 million in 2015 compared with 2014. Gross loans and advances to customers (excluding: unearned interest on future installments, interest on non-accrual loans and allowances for loan impairments) increased by 17% to SRD 403.2 million. The growth of the loan portfolio was driven by both the business and consumer market. On a gross basis, the business segment surged by 22%, while the consumer market, which includes Visa and current accounts debit balances, grew by 10%. Despite the fragile economic situation, the non-performing ratio was stable at 1.4%. The funding portfolio increased by 26% to SRD 542.1 million, also mainly driven by the business market segment, which grew with 77.7%, while the consumer segment expanded by 24.7%.

The rationale behind our sustainable growth of both the lending and the funding portfolio is to add value to the products and services Finabank delivers. The goal is to be actively involved with our customers' needs and offer tailor made financial products and services to create long-term viable partnerships.

Human Capital

One of the key resources we have at our disposal is our people. They make the difference towards our customers and produce results for the bank. Our performance driven culture is a key enabler to reach our goals. The ambitions of the bank are communicated at the beginning of each year. Performance is evaluated mid-year for each staff member. At the year-end, appraisals are held. In turn, appraisals are linked to rewards. To achieve the targets the bank invests in its personnel by providing both technical and leadership skills training. In 2015, all our staff passed for the Central Bank course (Module Financiële Dienstverlening), all staff was NCI certified (Nederlands Compliance Instituut), 15 staff members passed for the NIBE Algemene Opleiding Bankbedrijf. Management was trained in leadership skills.

All job descriptions were reviewed and redefined based upon the ambitions and higher recruitment criteria of the bank.

In 2015, we also developed our own development plan 'FinAcademy', which will develop technical knowledge and competences for staff members. FinAcademy comprises of a basic, an advanced and a management development plan. This target based approach is to give staff members the appropriate thinking and working level.

Risk Management

Risk management is the second line of defense within the bank. It is an essential part of our strategy, because it helps the bank to grow, while detecting and mitigating internal and external risks. Finabank has its Enterprise Risk & Compliance Framework (ER&CF), which is being updated twice a year in collaboration with the first and second line of defense. Within the framework, attention is paid to compliance aspects. Based upon the results of the framework the Governance, Risk and Compliance Department (GRC) plans its testing on the high risk areas. The Internal Audit Department investigates mostly the medium and low risk areas.

In the second half of 2015, management reduced the risk appetite of the bank from medium to low, due to the unstable economic environment and its effects on new and existing customers. On the lending side, the requirements for debt servicing capacity ratios were increased and collateral coverage thresholds were decreased. The bank's adequate risk management resulted in a low non-performing loan ratio and limited financial losses. Management started to review and redefine all processes and procedures in the bank in collaboration with an external consultant, and the process owners of the bank. This was done because the existing written processes and procedures were no longer in line with the new ambitions of the bank. In 2015, Finabank also implemented its IT-security function. This function should ensure maintaining the security and integrity of data and information within the bank. It is temporarily outsourced. IT-security audits are carried out monthly.

Compliance

Compliance at all levels has been a significant part of the corporate strategy of Finabank. The compliance policy was further sharpened. The bank trained its staff in the ensuing procedures. World Check was implemented on its payment system. Payments can now be monitored automatically. More staff was hired to strengthen the GRC department. Further, besides screening and monitoring all business and retail clients, Finabank also started screening and monitoring financial institutions.

Report from the Executive Board

Due to the compliance risk, we discontinued the relation with money exchange businesses and money sending businesses.

Information and Communication Technology

The IT-strategy contributed to make processes more efficient and guarantee sustainable financial services and products. In 2015, Finabank put a completely new IT-infrastructure into operation, which consists of a full live back-up and test environment. Subsequently, Management started setting up the IT-governance project. The Cobit 5 framework (Control Objectives for Information and Related Technology) was adopted, because it is widely used by banks.

Head office and branches

In mid-2013, the construction of the new head office of the bank started. The construction was completed mid-2015. After two years of planning, Management signed a contract with the Board of the telecom company Telesur in August 2015 to rent the land and building on the corner of Jozef Israel- and Kristalstraat to set up our Finabank Branch North. We started renovating in October 2015 and the opening was in January 2016. After the opening of Branch North, our Branch South was closed and demolished in order to rebuild it. Opening of this Branch is expected to be in August 2016.

Corporate Social Responsibility

The bank has again provided financial support for a number of community projects, predominately in the area of education. It remains sponsoring the 10-Minutes Children's News for at least another three years; this program contributes positively to the development of our children. As usual, Finabank sponsored the Go-Glo savings book program, rewarding the best student. The bank donated an amount to the basketball association 'Koi Carper', who promotes awareness for breast cancer and helps keep disadvantaged youth from the street through basketball. Furthermore, we sponsored the Finabank VLOSS sports tournament in Nickerie which was very successful.

The future

It is expected that the global economy will continue to grow below its potential in 2016, keeping pressure on commodity prices. The unfavorable external climate will affect the economy of Suriname. On short term, sound fiscal and monetary policy should be conducted to protect the internal and external value of our national currency. At the same time, structural reforms should be implemented to stimulate investment and production. These are necessary conditions to create a climate conducive to sustainable growth. Sound macro-economic and financial policies will also be beneficial to our bank. The Board, Management and employees are working on further strengthening the performance of the bank, which will allow us to continue to grow, and to provide even better financial services to our customers. In this way, our bank will in its turn contribute to a sustainable increase in the wealth of our population.

Thank you

We thank our customers for the trust they have placed in us, and our employees for their contribution and effort. We also thank the Supervisory Board for the supervision and the advice given.

Paramaribo, April 15, 2016

On Behalf of the Executive Board of Directors
Eblein Frangie M.Sc.
Chief Executive Officer



Chair of the Supervisory Board
Cornelis Dilweg

Report from the Supervisory Board

Introduction

One year after the successful share emission, it may be concluded that it was a suitable step for the bank to achieve its ambitions and comply with Central Bank regulations. With the emission we also increased the number of Supervisory Board members from 5 to 7. These decisions increased the awareness and the robustness of the corporate governance structure of the bank. The improvement of the corporate governance contributed to further growth, improvement of asset quality and broadening of the scope of reporting.

Financially, 2015 went well, also due to a strong commercial drive by Management and staff, while adhering to the bank's basic philosophy. When fulfilling its duty, the Board was focused on the interests of the bank and its stakeholders. With this intention, the Board provided advice to Management.

Supervisory board meetings

The Supervisory Board held 12 times regular meetings in 2015. On average, 90% of the Supervisory Board members were present at the meetings. This attendance illustrates the engagement of the members in Finabank. The Executive Board of Directors was present at all meetings. During the regular Board meetings the following topics were discussed:

- a) The extent to which the objectives of the bank were achieved;
- b) The strategy, risk management and appetite with regard to the banking activities;
- c) The set-up and methodology of the internal risk management and control systems;
- d) The financial reporting processes;
- e) The remuneration policy;
- f) Compliance with law and legislation;
- g) The relationship with the shareholders;
- h) The social aspects of banking.

The Board periodically assesses the entire organizational structure and the functioning of the risk management and control systems set-up by Management. The Board authorizes changes in and adjustments to these systems. The Internal Audit and Governance, Risk & Compliance (GRC) departments report quarterly to the Board regarding risks and risk mitigating measures. The Supervisory and Executive Board have a joint responsibility for the corporate governance policies of the bank and for compliance with the respective codes. They report to the General Shareholders' Meeting.

In June 2015, the Board decided to establish a Risk Committee, an Audit Committee and a Selection and Remuneration Committee. From then on, the Internal Audit Department reported to the Audit Committee, and the GRC Department and the Credit Committee report to the Risk Committee. Management and Management affairs are discussed within the Selection and Remuneration Committee. The committee chairs report to all members of the Board.

Audit Committee

The Audit Committee is in charge of 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, risk management and internal auditing.

This committee consists of the following persons:

- Mrs. Shirley Sowma-Sumter – Chair
- Mr. Feroz Ishaak – Member
- Mr. Maikel Muringen – Member

Risk Committee

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

This committee consists of the following persons:

- Mr. Feroz Ishaak – Chair
- Mrs. Shirley Sowma-Sumter – Member
- Mr. Sven Sjauw Koen Fa – Member

Selection and Remuneration Committee

This Committee is responsible for the preparation of the selection and/or re-appointment of members of the Executive Board and Supervisory Board. It drafts the selection criteria, re-appointment schedules and is in charge of legacy planning for both Boards. The 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 the internal audit function.

This committee consists of the following persons:

- Mr. Ferdinand Welzijn – Chair
- Mr. Sonny Kertoidjojo – Member
- Mr. Maikel Muringen – Member

Continuous education

Educational sessions on compliance and International Financial Reporting Standards were organized for the Supervisory Board.

Corporate strategy

Finabank is up to date with its strategic road map. At least twice a year, the Supervisory Board discusses the achievement of the milestones mentioned in the map.

Auditor, risk and compliance

The Board nominates the external auditor to the General Shareholders' Meeting after being advised by the Executive Board, the Audit Committee and the manager of the Internal Audit Department.

With regard to the supervision of risk management, the Board discusses with Management the strategy, the policy, long-term plans and the risks involved with the bank's activities. At the strategic level, the Board assesses whether the capital allocation and the liquidity position are in accordance with the authorized risk appetite. The Board approves the strategic plan, the annual operational policy, the general budget including the investment budget, the Internal Audit and GRC plans and the GRC and Internal Audit Charters.



Supervisory Board:

From left to right:

Cornelis Dilweg, *Chair*

Sonny Kertoidjojo, *Member*

Feroz Ishaak, *Member*

Maikel Muringen, *Member*

Ferdinand Welzijn, *Member*

Sven Sjauw Koen Fa, *Member*

**Absent in the picture: Shirley Sowma-Sumter, Member*

Report from the Supervisory Board

The Board supervises compliance with the internal procedures set up by Management for drafting and publishing the annual report including financial statements and other periodical and incidental publications. In addition, the Board supervises the set-up and maintenance of internal control systems with regard to financial reporting, while considering the Internal Audit plan. These systems are designed to ensure that all key financial information is known to the Board and Management. Also, internal and external financial reporting should be accurate, complete, and available on time. The Internal Audit Department fulfils an independent, objective assurance position. If necessary, the manager of the Department informs the Chair of the Board of his findings through a direct line of reporting.

Corporate governance scan

A corporate governance scan was done on the corporate governance awareness and structure of Finabank to determine if there was a gap between its policy and Central Bank guidelines. The results were satisfying. The bank complies with the guidelines and the awareness is high.

Financial statements and results

The mid-year financial report 2015, based on the Dutch Generally Accepted Accounting Principles, was the first mid-year report of Finabank since the establishment of the bank. The coming mid-year 2016 financial report will be based on International Financial Reporting Standards (IFRS). The decision of the bank to adopt these standards reflects our ambition to increase transparency towards our shareholders, customers and other stakeholders. It is also an important part of the strengthening of our corporate governance structure both internally driven, as well as externally by the increasing international environment wherein the bank operates.

In order to comply with the provisions of article 30, paragraph 3 of the articles of association of Finabank, we report that we have engaged the independent external audit firm KPMG Assurance Services N.V. to provide an auditor's report on the bank's financial statements over the reporting period ending December 31, 2015. The financial statements were discussed at a meeting attended by the auditors, who provided further information on them.

The Board is satisfied with the realized financial result. The balance sheet total of the bank increased by SRD 144.9 million (26%) to SRD 700.9 million and its net profit by 40% to SRD 10.8 million. The non-performing ratio was relatively stable at 1.4%.

For the first time since the establishment of the bank, Management is able to propose a dividend payment; one year earlier than was envisaged in the strategic plan and the share emission agreement. The Board adopts the proposal of the Executive Board to pay-out 25% of the net profit in dividend and add the remaining 75% to the reserves.

The Board invites the General Shareholders' Meeting to:

- Adopt the 2015 financial statements;
- Adopt the proposed profit distribution;
- Ratify the Executive Board's conduct of the company's affairs;
- Ratify the supervision exercised by our Board.

Personal note

We are pleased to express our appreciation and gratitude for the manner in which the Executive Board and staff have performed during the financial year. Their efforts have brought Finabank where it is today.

Paramaribo, April 15, 2016

On behalf of the Supervisory Board
Cornelis Dilweg, Chair

Corporate governance

COMPOSITION OF THE EXECUTIVE BOARD

The Executive Board and its members are responsible for the integrity, compliance and execution of the strategy of the bank. Each member of the Board has its own responsibilities, while the Chief Executive Officer is the ultimate responsible person. The Board consists of the following three members.



Eblein Frangie (1977)

Chief Executive Officer since 2011

Education

2000: BBA in Commercial Economics (Hogeschool voor Economische Studies Rotterdam, Netherlands)

2004: MSc. in Business Administration (RSM Erasmus University Rotterdam, Netherlands)

Work experience

2004: Deputy Head Commercial Affairs Consumer Department (Hakrinbank N.V., Suriname)

2006: Senior Account Manager Corporate Clients (Hakrinbank N.V., Suriname)

2006: Lecturer Banking (Anton de Kom University of Suriname, Suriname)

2009: Manager MasterCard Department (Hakrinbank N.V., Suriname)

2011: Director Business Banking (Finabank N.V., Suriname)

2011: Chief Executive Officer (Finabank N.V., Suriname)



Almar Giesberts (1977)

Chief Commercial Officer since 2014

Education

2003: MSc. in Electrical Engineering (Eindhoven University of Technology, Netherlands)

2011: MBV Valuation (Duisenberg School of Finance, Netherlands)

Work experience

2004: Business Analyst (Stratix Consulting, Netherlands)

2006: Consultant (Stratix Consulting, Netherlands)

2007: Associate Mergers & Acquisitions (KPMG Corporate Finance, Netherlands)

2009: Manager Mergers & Acquisitions (KPMG Corporate Finance, Netherlands)

2012: Senior Manager (KPMG Corporate Finance, Suriname)

2014: Chief Commercial Officer (Finabank N.V., Suriname)



Coenraad Valk (1961)

Deputy Chief Financial Officer / Deputy Chief Operations Officer since 2014

Education

1989: MSc. in Business Economics (Katholieke Universiteit Brabant, Netherlands)

1992: CPA Accountancy (Katholieke Universiteit Brabant, Netherlands)

Work experience

1986: Junior Accountant (Moret & Limperg / Peat Marwick, Netherlands)

1993: Senior Audit Manager (Ernst & Young, Netherlands)

1999: Financial Controller (Coca-Cola Company, Suriname)

2006: Head Finance and Control (Fernandes Holding, Suriname)

2007: Chief Financial Officer (Fernandes Holding, Suriname)

2012: Partner (Remote Control Advisors, Suriname)

2014: Deputy Chief Financial and Deputy Chief Operations Officer (Finabank N.V., Suriname)

Corporate governance

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board and its members are responsible for the supervision, integrity, and corporate social responsibility issues. The Board is bound by relevant laws, as well as internal and external regulations and guidelines. It comprises seven members. In deciding the composition of the Board, the following factors are taken into consideration:

- a) The nature and scope of the bank;
- b) The size and nature of banking risks in the short, medium and long terms;
- c) The expertise and background of Board members.

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

In 2015 at the Annual General Shareholders Meeting 2014, Mr. James Rasam resigned as a member of the Supervisory Board. In 2015 Mr. Maikel Muringen was appointed as a new member of the Supervisory Board. Mr. Muringen has broad knowledge and experience in the field of strategy, management, technology, internationalization and innovation.



Cornelis Dilweg (1949)

Chair appointed in 2007

Chief Executive Officer Randoe N.V.

Work experience

1971: Reserve Officer (Dutch Royal Navy, the Netherlands)

1973: Production Manager (Randoe Suriname N.V., Suriname)

1979: General Manager (Randoe Suriname N.V., Suriname)



Shirley Sowma-Sumter (1956)

Member appointed in 2014

Chief Executive Officer and Chief Financial Officer C. Kersten en Co. N.V.

Education

1982: Master's Degree in Economics (Money and Banking)(Katholieke Hogeschool Tilburg, Netherlands)

Work experience

1982: Macro-economic analyst (Ministry of Finance, Suriname)

1984: International Group Course (ABN, Netherlands)

1986: Assistant Country Manager in charge of Corporate, Commercial and Treasury Division (ABN AMRO, Suriname)

1996: Secondment to ABN AMRO Chicago

1999: Partner (Ernst & Young Business Advisory Services N.V., Suriname)

2005: Chief Executive Officer en Chief Financial Officer (C. Kersten en CO. N.V., Suriname)



Sonny Kertoidjojo (1966)

Member appointed in 2002

Chairman of the board Stichting Staatsziekenfonds foundation

Chairman of the Suriname Government negotiation entity

Education

1993: Doctorate in Law (Anton de Kom University, Suriname)

Work experience

1992: Supervisor Legal Affairs (Scheepvaart Maatschappij Suriname N.V., Suriname)

1993: Head of Legal Affairs (Finatrust N.V., Suriname)

1994: Member of Management (Finatrust N.V., Suriname)

1995: Member of the Independent Electoral Bureau (Suriname)

1996: Minister of Internal Affairs and Minister of Trade and Industry (Suriname)

2002: Member of the State Council (Suriname)

2002: Member of the Supervisory Board (Finabank N.V., Suriname)

2003: Post Graduate International Relations (Institute of Social Studies and F.H.R. Lim A Po Institute for Social Studies, Suriname)

2006: Member of the Supervisory Board (Finatrust N.V., Suriname)

2012: Chairman Negotiating Body (Government, Suriname)

2013: Chairman of the Board of the Foundation (Staatsziekenfonds, Suriname)



Feroz Mohamed Shariff Ishaak (1966)

Member appointed in 2010

Director Ishaak Law firm

Education

1993: Doctorate in Law (Anton de Kom University, Suriname)

Work experience

1988: Legal Staff (A.B. Hira Sing, Law firm, Suriname)

1993: Lawyer Intern (A.B. Hira Sing, Law firm, Suriname)

1991: Member of the Supervisory Board (Finatrust N.V., Suriname)

1996: Lawyer (Ishaak, Law firm, Suriname)



Sven Sjauw Koen Fa (1968)

Member appointed in 2013

Chief Executive Officer N.V. Surinaamsche Waterleiding Maatschappij

Education

1992: Process technology (The Hague College, the Netherlands)

1996: Thermo dynamics (Delft University of Technology, the Netherlands)

Work experience

1997: Engineer Proces technology (N.V. Surinaamsche Waterleiding Maatschappij, Suriname)

Project leader PARWAT (N.V. Surinaamsche Waterleiding Maatschappij, Suriname)

Project leader and Manager of Initiation and Construction of Parabron (N.V. Surinaamsche Waterleiding Maatschappij, Suriname)

Head of Operations (N.V. Surinaamsche Waterleiding Maatschappij, Suriname)

Department Head Central Branch (N.V. Surinaamsche Waterleiding Maatschappij, Suriname)

2002: Interim director (N.V. Surinaamsche Waterleiding Maatschappij, Suriname)

2002: Chairman of Pension Fund N.V. Surinaamsche Waterleiding Maatschappij, Suriname

2002: Interim director (Parabron, Suriname)

2007: Director (N.V. Surinaamsche Waterleiding Maatschappij, Suriname)

2007: Drinking Water Advisor (Social projects, Suriname)

Corporate Governance



Ferdinand Welzijn (1960)

Member appointed in 2014

Head Legal & Industrial Relations Department Suralco LLC

Chairman Surinaams Vereniging voor het Bedrijfsleven

Work experience

1981: Police Commander 1st Class

Chief General Patrol and Criminal Investigation Services

Teacher in Criminal Law at Elementary, Advance and Senior level (Police Academy, Suriname)

1987: Lecturer in Criminal Law (Police Academy, Suriname)

1991: Chief Labor Relations, Plant Protection and Human Resource Information Services (Suriname Aluminum Company, Suriname)

Legal Advisor (Suriname Aluminum Company, Suriname)

Senior Legal Counselor – Head Legal & Industrial Relations Department (Suriname Aluminum Company, Suriname)

2000: Chairman of the Suriname Business Association

2001: Member of the Redundancy Committee (Ministry of Labour, Technology and Environment, Suriname)

2005: Member of the Independent Electoral Bureau (Suriname)

2007: Member of the National Tripartite Committee on HIV/Aids and Leader Business Coalition HIV/Aids (Suriname)

2007: Vice Chairman (Caribbean Employer's Association, the Caribbean)

2009: Member of the Management Board (International Labour Organisation, Geneva, Switzerland)

2009: Vice Chairman (Surinamese Arbitration Institute, Suriname)



Maikel Muringen (1961)

Member appointed in 2015

Chief Commercial Officer (Telecommunicatiebedrijf Suriname (Telesur))

Education

1987: B. Sc. Social Science (Hogeschool of Groningen, the Netherlands)

1989: MBO NIMA A&B (Dutch Institute for Marketing Associations (NIMA))

2007: MBA Corporate Strategy & Economic Policy (FHR Institute for Social Studies)

Work experience

1997: Senior Staff at Business Development and Marketing Manager for account management and Strategic Account (Telecommunicatiebedrijf Suriname (Telesur))

2003: Manager of the Retail Department East Suriname (Telecommunicatiebedrijf Suriname (Telesur))

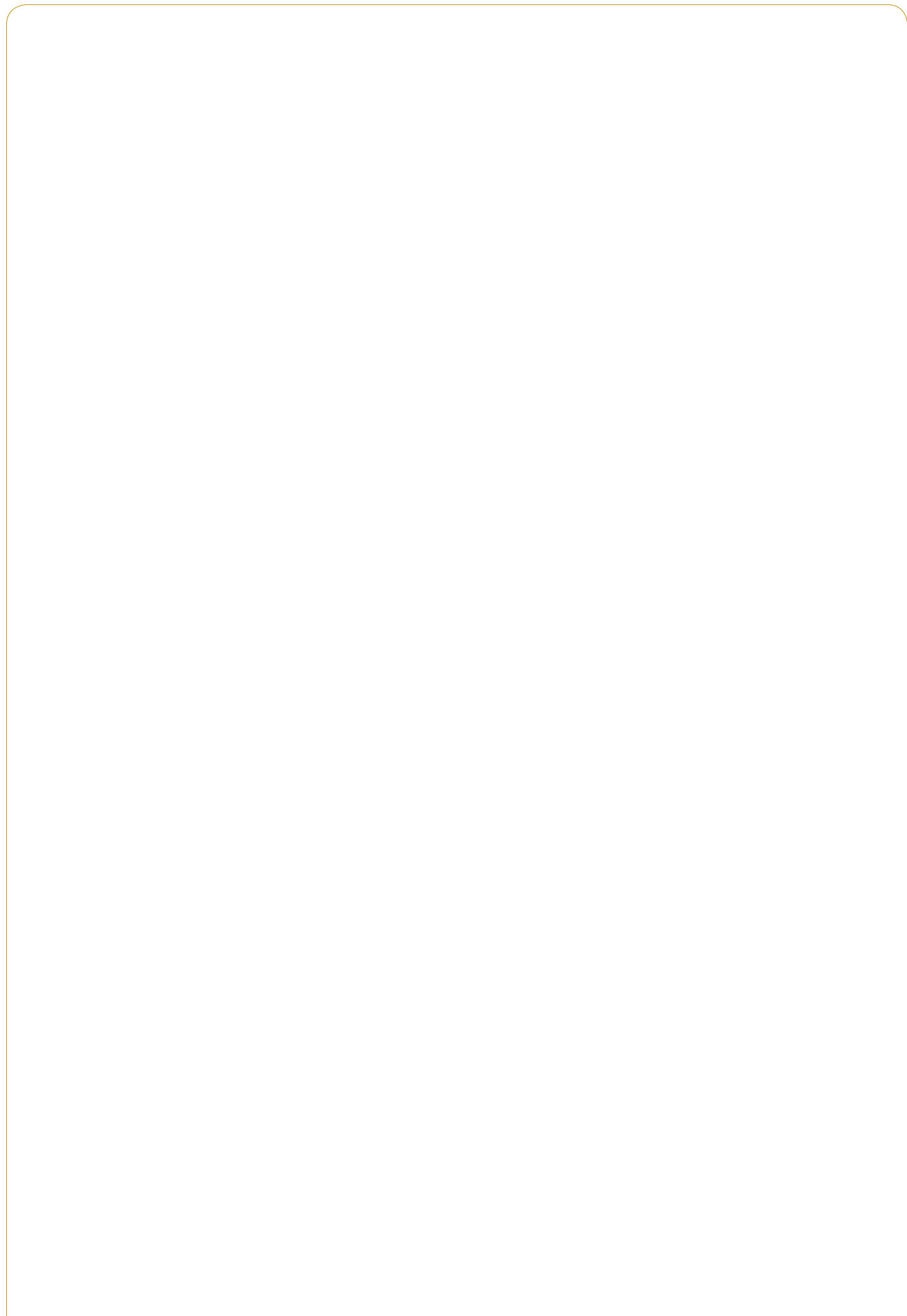
2006: Strategic Policy Executive (Telecommunicatiebedrijf Suriname (Telesur))

2010: Chief Commercial Officer (Telecommunicatiebedrijf Suriname (Telesur))

COMPOSITION OF SHAREHOLDERS

According to the regulations of the Central Bank, Finabank complies with the ruling that no individual shareholder has more than 20% ownership in the bank's equity. The owners of shares larger than 10% are:

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



CONDENSED FINANCIAL STATEMENTS 2015

BALANCE SHEET AS AT DECEMBER 31

Before appropriation of profit

	2015	2014
	SRD	SRD
ASSETS		
Cash, cash equivalents and statutory deposits with Central Bank of Suriname	156,076,815	118,184,187
Treasury bills	57,271,029	62,403,380
Due from banks	50,796,067	29,121,216
Loans and advances to customers	366,093,842	313,336,276
Investments	31,651,321	2,054,478
Securities	39,250	85,300
Other assets	8,411,651	12,353,466
Premises and equipment	30,538,198	18,450,879
Total Assets	700,878,173	555,989,182
LIABILITIES AND EQUITY		
LIABILITIES		
Due to banks	30,516,250	28,227,678
Customers' current, savings and deposit accounts	542,120,463	430,987,954
Other liabilities	32,524,701	23,845,020
Long-term debts	2,554,772	3,065,029
Deferred tax liabilities	10,953,775	3,128,979
Total Liabilities	618,669,961	489,254,660
EQUITY		
Share capital	2,230,700	2,230,770
Share premium	33,527,575	33,527,575
Revaluation surplus	5,002,450	329,800
Reserves	30,646,377	22,905,833
Profit for the period	10,801,040	7,740,544
Total Equity	82,208,212	66,734,522
Total Liabilities and Equity	700,878,173	555,989,182

Supervisory Board

Cornelis Dilweg	Chair
Feroz Ishaak	Member
Sonny Kertoidjojo	Member
Maikel Muringen	Member
Sven Sjauw Koen Fa	Member
Shirley Sowma-Sumter	Member
Ferdinand Welzijn	Member

Executive Board

Eblein Frangie	Chief Executive Officer
Almar Giesberts	Chief Commercial Officer

PROFIT AND LOSS ACCOUNT

For the year ended December 31

	2015	2014
	SRD	SRD
Interest income	55,426,850	42,062,973
Interest expenses	17,481,756	13,036,671
Interest margin	37,945,094	29,026,302
Fees and commission	1,547,445	1,060,822
Other income	7,635,882	7,107,232
Total income	47,128,421	37,194,356
Personnel expenses	10,611,609	8,561,161
Other operating expenses	11,868,095	8,923,757
Depreciation expenses	1,943,175	2,626,242
Release of revaluation surplus	-	260,925
Loan impairment expense, net of recoveries	5,828,918	5,249,521
Total expenses	30,251,797	25,099,756
RESULT BEFORE TAXATION	16,876,624	12,094,600
Taxation	6,075,584	4,354,056
Net profit	10,801,040	7,740,544

Supervisory Board

Cornelis Dilweg	Chair
Feroz Ishaak	Member
Sonny Kertoidjojo	Member
Maikel Muringen	Member
Sven Sjaauw Koen Fa	Member
Shirley Sowma-Sumter	Member
Ferdinand Welzijn	Member

Executive Board

Eblein Frangie	Chief Executive Officer
Almar Giesberts	Chief Commercial Officer

STATEMENT OF CASH FLOWS

For the year ended December 31

	2015	2014
	SRD	SRD
Result before taxation	16,876,624	12,094,600
Adjustments for:		
Depreciation expense	1,943,175	2,626,241
Loan impairment expense, net of recoveries	1,465,439	(206,232)
Increase in loans and advances	(54,233,005)	(24,991,980)
Decrease/(Increase) in other assets	3,941,815	(8,860,215)
Increase/(Decrease) in due to banks	2,288,572	(12,094,943)
Increase/(Decrease) in customers' current, savings and deposit accounts	111,132,509	49,245,018
Increase/(Decrease) in deferred tax liabilities	5,865,167	(93,933)
Increase/(Decrease) in other liabilities	6,824,141	(397,509)
Cash flow from business operations	96,114,436	17,321,046
Income tax paid	(4,220,044)	(2,004,220)
Cash provided by/(used in) operating activities	91,894,392	15,316,826
Investing activities		
Additions to premises and equipment	(7,398,215)	(9,018,914)
Proceeds from sale of premises and equipment	-	126,299
Realised loss/(gain) on securities	46,050	(10,800)
(Purchase)/Redemption of investments	(29,596,843)	20,798,722
Redemption/(Purchase) of treasury bills	5,132,351	(61,446,796)
Cash provided (used in)/by investing activities	(31,816,657)	41,551,489
Financing activities		
(Decrease)/Increase in long-term debts	(510,257)	3,065,029
Increase of share capital as a result of share emission	-	1,278,770
Increase of share premium as a result of share emission	-	33,461,575
Cash provided (used in)/by in financing activities	(510,257)	37,805,374
Net increase in cash, cash equivalents and due from banks	59,567,479	3,570,711
Cash, cash equivalents and due from banks	147,305,403	143,734,692
Cash, cash equivalent and due from banks at end of year	206,872,882	147,305,403
Cash, cash equivalent and due from banks at end of year are represented by:		
Due from Central Bank of Suriname	15,594,419	24,271,557
Statutory deposits with Central Bank of Suriname	126,273,201	83,698,198
Cash	14,209,195	10,214,432
Due from banks	50,796,067	29,121,216
	206,872,882	147,305,403

Supervisory Board

Cornelis Dilweg

Feroz Ishaak

Sonny Kertoidjojo

Maikel Muringen

Sven Sjauw Koen Fa

Shirley Sowma-Sumter

Ferdinand Welzijn

Chair

Member

Member

Member

Member

Member

Member

Executive Board

Eblein Frangie

Almar Giesberts

Chief Executive Officer

Chief Commercial Officer

Notes to the condensed financial statements 2015

General information

Finabank N.V. (hereafter; "Finabank" or "the bank"), 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 company was established by Jules Tjin Wong Joe.

The main activities of Finabank are:

1. Executing general banking business in the broadest sense, including:
 - a. Accepting deposits from the public on current accounts or savings accounts;
 - 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 or not 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 Head Office of Finabank is located at Dr. Sophie Redmondstraat, 59-61 in Paramaribo, Suriname. Finabank also has three branches; one in the Nickerie district of Suriname at Doerga Sawhstraat, 72, a second one at Mr. Jagernath Lachmonstraat, 49, Paramaribo, Suriname and a third new branch in Paramaribo North, at the corner of Kristalstraat and Jozef Israelstraat, that opened its doors on January 25, 2016.

Notes to the condensed financial statements 2015

Reporting period and functional and reporting currency

The reporting period of Finabank is from January 1 up to and including December 31. The financial statements are presented in Suriname dollars (SRD), which is the Banks functional currency.

Basis of preparation

The financial statements are drafted according to the legal provisions of Title 9, Book 2 of the Dutch Civil Code and the Guide-lines as published by the Dutch Accounting Standards Board.

These financial statements are prepared based on the assumption of continuity.

The accounting policies applied for measuring assets and liabilities and the determination of result are based on the historical cost convention, unless stated otherwise.

Comparison with previous years

The principles for valuation of assets and liabilities and for the calculation of profit applied have not changed compared to the previous reporting year. In the financial statements 2014 the item 'Unrealized foreign currency results on futures' was reported under the heading of 'Cash, cash equivalents and statutory deposits with the Central Bank by way of deduction. In 2015 it was concluded that this should be disclosed as other liabilities. In the financial statements 2014 representation costs were disclosed as general expenses, while in 2015 these are included under the heading of personnel expenses. The presentation of the comparative figures in the financial statements 2015 and the analyses based thereupon have been adjusted accordingly.

Principles for the valuation of assets and liabilities

General

An asset is recognised in the balance sheet when it is likely that its future economic advantages will flow towards the company and its value can be reliably determined. A liability is recognised in the balance sheet when it is likely that the settlement will result in an outflow of means that may hold economic advantages and of which the size can be reliably determined.

Income is recognised in the profit and loss account when an increase of the economic potential, associated with an increase of an asset or a decrease of a liability, has occurred, of which the size can be reliably determined. Expenses are recognised when a decrease of the economic potential, associated with a decrease of an asset or an increase of a liability has occurred, of which the size can be reliably determined.

When a transaction results in all or nearly all future economic advantages, and all or nearly all risks related to an asset or liability being transferred to a third party, the asset or the liability is no longer recognised in the balance sheet. Furthermore, assets and liabilities are no longer recognised in the balance sheet from the moment the conditions of likelihood of the future economic advantages and/or reliability of the valuation are no longer met.

Income and expenses are allocated to the period to which they relate. Income is recognised once all the key risks of the associated assets or liabilities have been transferred.

Related parties and insiders

A related party is a natural person or entity that is related to the bank.

A natural person is related to the bank if this person, or close relative of the natural person:

1. Has control or joint control of the bank;
2. Has significant influence on the bank; or
3. Is one of the managers at a key position within the bank or parent company of the bank.

An entity is related to the bank when one of the following situations occurs:

1. The entity and the bank belong to the same group;
2. The entity is an associated participation of the bank or forms a joint venture with the bank;
3. A third party forms a joint venture together with the bank and the entity;
4. The entity is a joint venture of a third entity which forms a joint venture with an associated participation of the bank;
5. The entity is an arrangement for payments post-employment for employees of the bank i.e. an entity that is related to the bank. If the bank executes this arrangement itself, the employers that pay into the arrangement are regarded as related entities.

Significant transactions with related parties are reported if not entered under normal market conditions. The report mentions the nature and size of the transaction and other information required to provide insight.

As well as related parties, the Central Bank of Suriname (hereafter also abbreviated as: Central Bank or CBvS) also differentiates 'insiders' through the insiders guideline. According to this guideline an insider is:

1. Every manager, director, member of the Supervisory Board or qualified shareholder of a credit institution, or of a direct or indirect subsidiary of a credit institution, or of an intermediary or ultimate parent company, or of a subsidiary of such parent companies;
2. A close relative of a person mentioned at item 1. A close relative means husband, wife, life partner, child, parent or sibling of a person;
3. Every person that, whether or not employed, participates or is authorised to participate in key decision making within a credit institution, its subsidiary, its branches, or its parent company;
4. A company of which an insider of a credit institution, direct or indirect, alone or together with other insiders, owns 20% or more of the shares of the company or controls management of the company; or
5. A company of which the credit institution owns more than 20% of the shares, or in the opinion of the CBvS, is likely to influence the management of the company.

Notes to the Statement of Cash Flows

The Statement of Cash Flows is drafted based on the indirect method. Cash and cash equivalents comprise cash, due from banks and Central Bank of Suriname and statutory deposits with Central Bank of Suriname.

Use of estimates

The format of the financial statements requires Management to express opinions, make estimates and assumptions that affect the application of accounting principles and the reported value of assets and liabilities and of income and expenses. The actual results may deviate from these estimates. The estimates and underlying assumptions are continuously assessed by Management. Revisions of estimates are recognised in the period in which the estimate is reviewed and in future periods impacted by the revision.

Conversion of foreign currencies

Finabank uses the exchange rates (bills of exchange, cheques and transfers) published by the Central Bank. The exchange rates as at year-end of the relevant foreign currencies as published by the Central Bank are:

	December 31, 2015	December 31, 2014
	SRD	SRD
USD 1	3.96	3.25
EUR 1	4.33	3.95

Note: SRD = Suriname dollar; USD = American dollar; EUR = Euro.

Notes to the condensed financial statements 2015

Transactions in foreign currency are converted at the time of first processing to SRD at the exchange rate that is applicable at the transaction date.

The monetary assets and liabilities in foreign currency have been converted at the exchange rates as at December 31, 2015. Non-monetary assets and liabilities in foreign currency have been converted at the exchange rate at the transaction date (date it was formed). Exchange rate differences are recognised in the profit and loss account. On November 19, 2015 the Central Bank officially devaluated the Suriname dollar against the USD by 22% from an exchange rate (buy) of 3.25 to 3.96.

Cash, cash equivalents and statutory deposits with Central Bank of Suriname

The cash, cash equivalents and statutory deposits with Central Bank of Suriname are valued at nominal value.

Financial instruments

Financial instruments include investments in treasury bills, trade and other receivables, cash items, loans and other financing commitments, derivative financial instruments, trade payables and other amounts payable. These financial statements contain the following financial instruments: financial instruments held to maturity, loans and receivables, other financial liabilities and derivatives.

Treasury bills

Investments in treasury bills are valued at fair value upon initial recognition. Subsequently treasury bills are valued at amortised cost based on the effective interest method.

Due from banks

Due from banks are valued at nominal value.

Loans and advances to customers

These are valued at amortised cost of the loans and advances provided. The interest not yet earned, an allowance for impairment and the interest of non-performing loans have all been deducted from the loans and advances provided. The impairment loss is calculated based on the principles set by the Central Bank of Suriname.

Investments

These are valued at fair value at initial recognition. The investments are valued at amortised cost based on the effective interest method, less impairment for expected losses.

Securities

Securities are valued at fair value.

Other assets

Other assets are valued at nominal value. Provisions for non-payment are deducted.

Premises and equipment

Land and buildings are valued at fair value and in the case of buildings, less the cumulative depreciations. Transportation vehicles, furniture and fittings, and software are valued at the acquisition price or construction cost, less cumulative depreciation. The valuation of capital works in progress includes costs that are directly related to the project.

Depreciation is calculated according to the linear method based on the estimated economic lifecycle of the asset. Land and expenditures on capital works in progress are not depreciated.

The following depreciation percentages are used:

- Buildings : 3% per year
- Transportation vehicles : 20% per year
- Furniture and fittings : 33.33% per year
- Equipment : 20%-33.33% per year
- Software : 20%-33.33% per year.

At each reporting date, the company assesses whether there are indications that a intangible fixed asset is impaired. If such indications are present, the recoverable amount of the asset is determined and the valuation will be adjusted accordingly. On November 26, 2015 the bank premises and equipment in the cities of Paramaribo and Nickerie have been re-appraised by certified real estate appraisers Mr. G.J.A. Cats from N.V. Huizenbeheer en Vastgoed Mij. and Mr. R.J.S. Kensenhuis from Nationale Bemiddelings Maatschappij. Based on this appraisal report total land and buildings have been revalued by SRD 6.6 million resulting in a carrying amount on reporting date for land and buildings only of SRD 20.5 million.

Debt

At initial recognition debts are valued at fair value less transaction costs that are directly related to the acquisition of the debts. Subsequently debts are valued at amortised cost, being the amount received considering premium or non-premium. The difference between the carrying amount and the ultimate repayment value is processed as interest liability, based on the effective interest method, along the duration of the debt in the profit and loss account.

Due to banks

Due to banks are valued at nominal value.

Customers' current, savings and deposit accounts

These accounts are valued at amortised cost based on the effective interest method.

Other liabilities

Other liabilities are valued at initial recognition at fair value less transaction costs. Transaction costs that are directly related to the acquisition of the debts are recognised in the valuation at initial recognition.

Long-term debts

Long-term debts are valued at initial recognition at fair value, less transaction costs and thereafter at amortised cost, where a difference between the amortised cost and the repayment amount, based on the effective interest method, along the duration of the loans is recognised in the profit and loss account. The short-term part is recognised under 'Other liabilities'.

Leasing

Whether or not an agreement is a lease agreement is determined based on the economic reality on the time of entering the agreement. A contract is designated as a lease agreement when observing the agreement depends on the usage of a specific asset and the agreement mentions the right of use of the specific asset.

Financial lease

Assets that are financed through a financial lease are capitalised in the balance sheet at the time of entering the lease contract at the fair value of the asset or the lower cash value of the minimal lease terms. The lease payments are split on a straight-line basis, using a constant periodic interest rate into a payment of the outstanding lease liability and into interest over the lease liability. The lease liabilities are recognised as long-term debt excluding the interest. The interest component as part of the lease terms is recognised in the profit and loss account as interest expense for the duration of the financial lease contract. The relevant assets are depreciated over the estimated economic lifetime.

Notes to the condensed financial statements 2015

Operational lease

The operational lease payments are recognised in the profit and loss account for the duration of the operational lease contract. A general description of the key conditions of the operational lease contracts are mentioned in the notes to the off-balance sheet items.

Deferred tax liabilities

This item recognises deferred tax liabilities for temporary differences between the commercial valuation and the fiscal valuation of the assets and liabilities and for additions attributable to the revaluation of buildings.

Share premium

The share premium was recognized at the time of the emission of shares in 2004 and again at the share emission in 2014 due to placement of the shares above face value.

Revaluation surplus

The revaluation surplus regards the amount of the revaluation of land and buildings, based on the last valuation, less the related deferred tax liability on buildings at the time of revaluation and subsequent releases that were realised through depreciations on the buildings.

Based on recent appraisal reports land and buildings have been revalued in the reporting period by SRD 6.6 million. As a result of this revaluation, the revaluation surplus rose by SRD 4.7 million.

PRINCIPLES FOR THE DETERMINATION OF RESULTS

General

The result is calculated as the difference between the net realisable value of services delivered and the costs and other expenses of the year, considering the above principles for the valuation of assets and liabilities. The result is also calculated considering the processing of unrealised changes in the value of assets and liabilities based on fair value.

Interest income and expenses

The interest of interest-generating financial instruments is recognised on the day the interest became entitled. The interest is calculated using the effective interest method.

Interest income and expenses are recognised on an accrual basis, considering the effective interest rate of the assets and liabilities concerned. When recognising the interest expenses according the effective interest rate method, the transaction costs of loans attracted are considered.

Fees and commissions that are integral part of the effective yield of financial assets or liabilities are recognised as adjustments to the effective interest rate of the instrument.

Fees and commission and Other income

These items do not include income that is of an interest nature. They are recognised as income in the period in which the

services are delivered or the sale has occurred.

Operating expenses

These expenses are determined on an historic basis and recognised in the reporting period to which they relate.

Taxation

Taxation is calculated from the result before taxation in the profit and loss account considering the tax at the pre-vailing marginal tax rate. Changes that occur in deferred tax assets and liabilities are also considered.

Employee benefits

Basic principle is that the pension charge to be recognised for the reporting period is equal to the pension contributions payable to the pension provider over the period. In so far as the payable contributions have not yet been paid as at balance sheet date, a liability is recognised. If the contributions already paid at balance sheet date exceed the payable contributions, a receivable is recognised to account for any repayment by the fund or settlement with contributions payable in future.

Events after the balance sheet date

The financial statements are adjusted for the effects of events (if any) that occurred after the end of the reporting period and the date on which the financial statements were adopted, provided that these events were due to circumstances already existing at the end of the reporting period. Events that relate to circumstances arising after the end of the reporting period are explained, but do not result in an adjustment of the financial statements.

RISKS, RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Risks and risk management

General

Finabank is an ambitious bank and has a growing portfolio with customers in the business and retail markets.

Finabank is a solid financial institution, on which customers and other stakeholders can rely; an institution focused on sustainable and profitable growth, whilst considering the interests of all stakeholders and prioritising its key values: customer focus, continuous improvement, transparency and expertise. In order to keep meeting these key values, an effective system of risk management is essential.

In order to optimise risk management, Finabank uses an Enterprise Risk & Compliance Framework (ER&CF) which is approved by Management and the Supervisory Board and is in line with the respective guidelines of the CBvS. The ER&CF is assessed each year and adjusted by management for current events, market conditions and ambitions.

In general, risk management can be described as the timely identifying, quantifying and mitigating of risks. A risk is the chance that an uncertain event will occur that adversely affects the value-creating ability of the bank or adversely affects the value of assets and liabilities such that the equity and/or the continuity of the bank is negatively impacted. The tolerance for negative influences allowed is determined by the risk appetite of the bank.

The ER&CF, which is used by the Governance, Risk & Compliance department, offers a framework for identification,

Notes to the condensed financial statements 2015

valuation and mitigation of potential events that may have a negative impact on Finabank, considering the risk appetite and strategy of Finabank. In this respect both the chance that a risk may occur as well as the possible impact on the bank if that event were to occur are assessed (see table on the next page).

Chance	Impact
Unlikely	Negligible
Rarely	Small
Possible	Average
Likely	Great
Almost certain	Major

Risk appetite is described by Finabank as the ability to accept a certain expected value (chance x impact) of profit reduction, decrease of liquidity, decrease of value of assets and liabilities or damage to reputation.

The risk appetite of Finabank is impacted by the following:

- The strategy, objectives and key values of Finabank;
- Specific economic and social conditions in Suriname;
- Local and international law and legislation;
- Profit demands of Finabank for its entire budget cycle;
- Preventing reputation damage for Finabank.

The following risk areas have been identified by the bank:

- Market risk;
- Currency risk;
- Interest risk;
- Credit risk;
- Liquidity risk;
- Price risk;
- Compliance risk;
- Operational risk;
- Strategic risk;
- Concentration risk;
- Reputation risk;
- Technological risk;
- Legal risk;
- Disaster risk.

Below the key risk areas for Finabank are explained.

Market risk

Market risk is the risk that the income and/or capital of Finabank, or its capacity to perform transactions, is negatively impacted by changes in the level or movement of market prices, such as interest rates, credit spreads, share prices, raw material prices and exchange rates. The future results of Finabank may be lower than expected if these market conditions deteriorate.

Market risk regards losses that may occur due to unfavourable market movements that are associated with the trade in financial instruments, or maintaining a position in financial instruments. Market risks result from a variety of factors, including:

- Fluctuations of interest rates that impact bonds, other property with interest-sensitive income and insurance liabilities;
- Change of securities prices that impact the value of trade and investment portfolios and insurance liabilities;
- Fluctuations of foreign currency that impact the Open Currency Position (OCP);
- Changes to the volatility of interest rates and securities prices that impact the deposit portfolios;
- Prepayment risks, deposit runs and other unfavourable customer behaviour that is related to the development of market conditions.

There are two types of market risk: ALM (Asset Liability Management) risk and trade risk. Trade risk regards positions taken to make short-term profit. The bank has the policy of not holding any short-term trading positions. ALM risk regards all other positions. ALM risk is the risk that the market value of assets and liabilities changes in response to changes in interest rates, risk margin, share prices, real estate prices and other market factors.

The difference in market value between assets and liabilities is measured against the economic effect on the equity of the bank. A decrease of the difference between market value of the asset and the liabilities has a direct effect on the total business value, even in case where no losses are made based on income and cash flows.

Currency risk

This is the risk that the profit of the bank is impacted by foreign currency exchange fluctuations. Currency risk can be divided into:

- Transaction risk: the risk that the result of Finabank is impacted by the volatility of currency exchange rates;
- Translation risk: the risk that currency volatility negatively impacts the value of a company.

There are four different currency risks:

1. Pre-transaction risk: Currency risk following a quotation made in a foreign currency;
2. Transaction risk: Currency risk due to the timing difference between the start of the transaction and the moment of the related payment;
3. Translation risk: Currency risk resulting from the conversion of SRD balance sheet items into foreign currencies vice versa;
4. Economic or structural risk: The level of impact of the currency risk on the competitive position of the bank.

Currency risk may occur in the following situations:

- Fluctuations of the value of the balance sheet due to EUR and USD fluctuations (translation and transaction risk);
- Fluctuations of the Open Currency Position (OCP – all current assets minus all current liabilities) of the bank resulting in a negative balance (translation and transaction risk);
- Trade positions that the bank takes (pre-transaction risk and transaction risk).

The above situations may have a negative impact on the income of Finabank and therefore have to be monitored closely. The risk-mitigating measures of Finabank are described below.

Currency risk on the balance sheet: general

Fluctuations of the EUR and USD exchange rates impact the balance sheet since the exchange rates move freely compared to the SRD.

Notes to the condensed financial statements 2015

Currency risk on the balance sheet: rate of dollarization

As well as limiting the general currency fluctuation on the balance sheet, Finabank strives to minimise the rate of dollarization on the balance sheet.

Open Currency Position (OCP)

According the Guideline Foreign Currency Position of the Central Bank the following regulations apply to the Open Currency Position:

1. The open position of a credit institution in a foreign currency may not be greater than 10% of its Tier 1 capital;
2. The total open position of a credit institution in all foreign currencies may not be greater than 20% of its Tier 1 capital.

Tier 1 capital amounts to approximately SRD 77.2 million at December 31, 2015.

The bank is in compliance with the Guideline Foreign Currency Position of the Central Bank.

Trade position

On November 19, 2015 the Central Bank officially devaluated the Suriname dollar against the USD by 22% from an exchange rate (buy) of 3.25 to 3.96.

In accordance with current Central Bank legislation, USD may be traded between 3.80 and 4.20. The exchange rate of the EUR fluctuates in accordance with market conditions. Our trade position will be calculated monthly based on the foreign currency need of the customers.

Interest risk

This is the risk that the net interest result (Net Interest Margin (hereafter: NIM)) of Finabank or the value of its equity is adversely impacted by changes in interest rates.

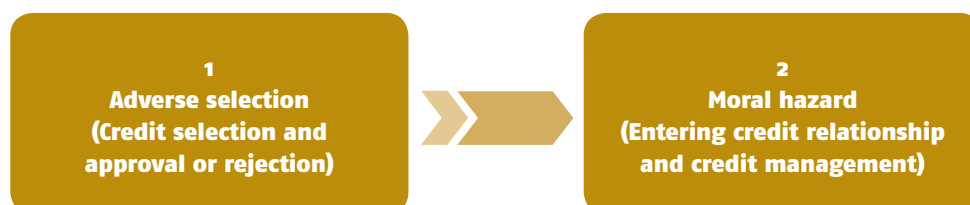
Changes in interest rates on both the asset and liability sides impact the NIM of the bank and the ultimate efficiency or profitability. Monitoring the average debit and credit interest by currency and the average NIM of the bank is therefore very important. Debit interest decreases have a negative impact on the NIM while interest decreases on the credit side have a positive impact on the NIM; whereas increases have the reverse effect. The interest risk of the bank is of a limited size because apart from term deposits, all the products of the bank have floating rates on both the asset and the liability sides.

Depending inter alia the macro-economic factors, Central Bank regulations and the competitive landscape the bank sets target levels for the NIM per individual currency. Strategies to realise or maintain these target levels are decided by the Asset and Liability Committee.

Credit risk

Credit risk is the risk that occurs when a customer or counterparty of Finabank does not meet its contractual commitments or when loss of value occurs in the securities that have been provided by the counterparty. Finabank's credit risk is mainly from loans and prepayments to companies and private persons.

The credit process comprises two phases: 'adverse selection' and 'moral hazard':



Adverse selection is the phase in which the bank assesses a potential customer or potential loan provision to decide whether or not to enter a customer and credit relationship. As soon as the customer or credit relationship is initiated, the bank is committed to the related risks (and opportunities) and the moral hazard phase starts. During this phase, it is important that the credit exposure is managed as well as possible with the objective of achieving an organic settlement of the credit, or to minimise losses when the continuity of the credit exposure is endangered by the fact that the customer can no longer meet his payment commitments.

In addition there is always a separation of duties between the front office (Branch and Account Managers) that is responsible for the commercial activities and the back-office (Credit Administration Manager in Paramaribo and Operations Manager in Nickerie) that is responsible for the administrative and legal processing. Furthermore, the processes are set up such that the back office and front office cross-check each other, further reducing the chance of errors.

Discription	IN THOUSANDS OF SRD		
	SRD denominated	Foreign currency denominated	Total
Agriculture	3,710	0	3,710
Fishery	11	562	573
Forestry	43	2,180	2,223
Mining	426	2,784	3,210
Industry	7,493	5,596	13,089
Construction and installation	42,591	20,699	63,290
Electricity, gas and water	215	3,302	3,517
Trade	41,823	60,903	102,726
Transport, storage and communication	5,848	5,275	11,123
Services	14,870	24,332	39,202
Other	87,053	36,378	123,431
Total	204,083	162,011	366,094

Notes to the condensed financial statements 2015

The table below presents the quality of the total credit portfolio.

X SRD 1,000	Sufficient	Special mention	Substandard	Dubious	Uncollectable	Total
2015	342,451	21,523	1,834	286	-	366,094

Sufficient: a credit exposure of which it may be reasonably expected that the payment commitment will be met and that is guaranteed by the payment ability of the borrower or the securities provided.

Special mention: an exposure that is guaranteed at that moment, but shows potential defects which, if they are not repaired, will deteriorate the exposure or may result in insufficient protection of the position of the credit institution at any time in the future.

Substandard: an exposure that is insufficiently guaranteed by the current financial capacity and payment ability of the borrower or by the securities provided, or that show clear defects which may endanger the regular payment of the debt.

Dubious: an exposure that shows all the defects of a substandard exposure, and of which full repayment or regular repayment is very doubtful based on actual facts, conditions and values.

Uncollectable: an exposure of which the payments due cannot be collected and is therefore considered to be of limited value; or if payments of the principal sum or interest is 365 days or longer overdue.

Liquidity risk

Liquidity risk is the risk that the bank has insufficient funds to meet its obligations, such as withdrawals from current accounts, payments of giro, savings and deposit accounts, bonds and bank credits, payments of withdrawn credit lines from customers, or settlement of commitments of Finabank regarding derivatives transactions. Liquidity risk may be caused by a large number of internal and external factors related to Finabank.

Liability Management

Liability management is focused on Finabank always meeting its direct withdrawal demands. The liquidity policy of Finabank is focused on ensuring the continuity of the bank and mitigating the liquidity risk as much as possible. Finabank strives to obtain as wide as possible a funding base with as little as possible concentration risk. In this respect the strategic growth objectives of Finabank and the possibilities of the market are considered. The Surinamese market for funding is not very developed and therefore with respect to its liquidity strategy, Finabank is mainly focused on financing through balances on checking and savings accounts and term deposits.

The key ratios to manage the liquidity policy are:

Liquidity Coverage Ratio (LCR)

The LCR focuses on the liquidity position in the short term (up to 30 days) and therefore on a possible acute liquidity constraint of a bank. In accordance with the LCR, a bank in a period of stress will have to have sufficient liquidity in order to meet the direct withdrawal demands of entrusted funds and other short-term outflow of means.

The liquid assets or instruments of high quality (cash, term deposits (TD) < 30 days and treasury bills) comprise the market value, not the nominal value, of the financial products (assets) that can be sold during a period of stress with no or limited losses.

The expected net cash outflow comprises the gross cash outflow (withdrawals from checking and savings accounts and term deposits < 90 days) minus the minimum cash inflow (payments).

Net Stable Funding Ratio (NSFR)

The NSFR is an indicator for the liquidity risk in the medium and long term (from one year and longer). This limit of one year encourages the bank to fund financial products of a longer duration with products that also have a longer duration. The NSFR is calculated by dividing the available stable funding by the required stable funding. The available stable funding regards liabilities (funding) with a duration of over one year (this includes the equity). The required stable funding regards the assets (loan portfolio) with a duration of over one year.

Funding strategy: funding mix

The composition of Finabank's funding impacts the stability of the funding and the costs of funding. Long-term funding has high funding costs and short-term funding has strong volatility. Too much short-term funding also results in a maturity mismatch. Finabank strives to achieve a balanced range of funding products, which mitigates possible maturity gaps and controls funding costs.

The limited duration of the term deposits (of one up to and including five years) is common in the financial sector in Suriname. To stabilise its funding base, Finabank also offers term deposits with a duration of six up to and including ten years, with a margin of 0.50% on top of the term deposits with a duration of five years. This allows customers to fix attractive rates for a long term.

Funding strategy: concentration risk

The concentration risk is the risk that relates to a large concentration of funding by a certain customer or from a sector. The larger the spread within the funding structure, the smaller the concentration risk.

Finabank strives for as wide as possible a funding basis. Because this is limited in the product mix to balances on giro accounts, savings accounts and term deposits, the diversification is focused on the customer base (attract as many customers as possible, which limits the risk that Finabank is endangered by a single customer who withdraws his/her means). However, concentration risk cannot be prevented altogether.

For Finabank there is a concentration risk if the total funding by a customer is consolidated at more than 0.5% of the total of entrusted funds. Finabank will no longer accept funds from customers should the total aggregated exposure be larger than 5% of the total entrusted funds.

There is a case of sector concentration risk when the aggregated exposure of the bank towards a consolidated group of companies from a sector is more than 10% of the total entrusted funds, therefore these companies have to be strictly monitored by the Asset and Liability Committee (ALCO). Finabank will not tolerate a sector concentration risk that is larger than 20% of the total entrusted funds.

In certain cases, Management may deviate from the concentration limits. If the concentration risk is accepted, the redemption period will be considered. In case of a concentration risk, the bank will take the following measures to mitigate the risk:

- The funding will be kept in various products (checking accounts, saving accounts or term deposits), in maximum lots of SRD 1 million;
- The funding will be divided over various durations with a minimum maturity gap of six months, so that withdrawals cannot occur all at once;
- The customer will be visited every six months by the Account Manager, the Treasury Department Manager and at least one member of Management in order to discuss the liquidity planning of the company, so that possible withdrawals can be considered;
- All agreements will be mentioned in a call memo and discussed in the ALCO.

Notes to the condensed financial statements 2015

Working Capital Margin (WCM)

WCM is meant to maintain sufficient liquidity by currency in order to meet withdrawal demands from customers. Although the actual working capital required is lower than the WCM, Finabank takes incidental withdrawals into consideration through this margin. The actual working capital requirement is calculated monthly based on the cash flow forecast. The surplus funding is invested in treasury bills or term deposits at another commercial bank.

Asset Management

Asset management (AM) is the managing of the assets of the balance sheet. When managing the balance sheet, risk and profit are taken into consideration. Finabank strives to obtain sufficient profit when transforming liabilities into assets. The AM policy of Finabank is based on two principles:

1. Low risk appetite;
2. Maximisation of profit, considering the investment options and guidelines of the CBvS.

The policy of Finabank by asset is presented below.

Statutory deposits at Central Bank of Suriname

The amount of the statutory deposits is determined by currency type by the Central Bank. The current guidelines demand that the statutory deposit has to be kept in Suriname dollar, free from interest, at the Central Bank while allowing the foreign currency statutory deposits to be invested in liquid financial instruments with a minimal A-rating. In accordance with the guidelines of the Central Bank, Finabank will be able to invest its foreign currency statutory deposits in government bonds or term deposits. During the whole of 2015 the statutory reserve requirement for foreign currency has been mandated at 50% of the banks foreign currency reserve base. On November 4, 2015 the Suriname dollar statutory reserve requirement has been adjusted upward from 30% to 35% of the banks Suriname dollar reserve base.

Cash registers and ATMs

To reduce the operational risk (robberies, burglaries, theft, etcetera) an annual 'cash in and cash out' analysis will be performed in order to determine the cash and ATM limits. These limits will be based on regular cash requirements. If at any time the limits are exceeded, cash will be deposited or replenished from the Central Bank.

Treasury bills

Finabank will keep treasury bills for liquidity ('haircut') and profit purposes.

Banks

The exposure that Finabank has towards other banks is due to payment traffic, correspondent bank traffic, and profit and risk considerations. Locally, Finabank will use the Central Bank as clearing and cash pool bank and internationally KBC, Intesa Sanpaolo and Bank of China. Minimum liquidity will be kept at other banks.

Credit

The credit portfolio is the largest balance sheet item for banks and the main income of Finabank. This balance sheet item is therefore also the asset that should receive the most attention on the balance sheet with regard to risk mitigation.

Financial instruments

Finabank strives to achieve a prudent investment policy. Finabank will not invest more than 30% of its balance sheet total in financial instruments (excluding Suriname Government treasury bills). When investing in financial instruments, the counterparty risk and market risk, as well as the profit, will be considered.

Finabank may invest in the following financial instruments:

1. Surinamese listed companies of which the return is at least 5% higher than the Net Interest Margin in SRD. Exceptions can be made if credit provision stagnates;
2. Foreign listed companies of which the return is at least 5% higher than the Net Interest Margin in EUR/USD. Exceptions can be made if credit provision stagnates;
3. Deposits at a national or international bank with at least an A-rating. The duration of the deposits will depend on the liquidity forecast. When investing in deposits, the risk limits per bank will be considered;
4. Liquid sovereign or corporate bonds with at least an AA-rating. The duration of the bonds will depend on the liquidity forecast. When investing in bonds, the risk limits will be considered.

NOTES TO THE BALANCE SHEET

As at december 31

	2015	2014
	SRD	SRD
Cash, cash equivalents and statutory deposits with Central Bank of Suriname This item recognises foreign currency and SRD bills, coins and current accounts as well as SRD, USD and EUR statutory deposits at the Central Bank. In the financial statements 2014 the "Unrealized foreign currency results on futures" were reported under this heading by way of deduction. In 2015 it was concluded that this item should be disclosed as other liabilities. The presentation of comparative figures in the financial statements 2015 has been adjusted.	156,076,815	118,184,187
Treasury bills Treasury bills are fixed interest bearing financial instruments issued by the Ministry of Finance on behalf of the Government of Suriname.	57,271,029	62,403,380
Due from banks Due from banks are positive current account balances with local and foreign banks. These are liquid monetary assets that are at free disposal of Finabank upon request.	50,796,067	29,121,216
Loans and advances to customers This regards receivables on loans and advances to customers less allowances for impairment, unearned interest and interest on non-performing loans and advances.	366,093,842	313,336,276
Investments This regards fixed interest-bearing deposits and other investments at financial institutions.	31,651,321	2,054,478
Securities This refers to shares in other companies.	39,250	85,300
Other Assets This regards inter alia collections on discontinued loans, unrealized foreign currency results on futures, accrued interest treasury bills, prepaid expenses and other receivables.	8,411,651	12,353,466

PREMISES AND EQUIPMENT	Land and buildings	Transportation vehicles	Furniture and fittings	Equipment	Software	Capital works in progress	Total
	SRD	SRD	SRD	SRD	SRD	SRD	SRD
JANUARY 1, 2015							
Cost	5,852,053	392,947	1,068,039	2,010,570	2,622,434	13,389,426	25,335,468
Revaluations	1,469,245	-	-	-	-	-	1,469,245
Accumulated depreciation of cost	(1,297,590)	(392,671)	(1,045,182)	(1,944,250)	(2,621,989)	-	(7,301,682)
Accumulated depreciation of revaluations	(379,656)	-	-	-	-	-	(379,656)
Accumulated depreciation of other adjustments	52,669	-	-	-	-	-	52,669
Other adjustments	(725,166)	-	-	-	-	-	(725,166)
NET BOOK VALUE	4,971,556	276	22,857	66,320	445	13,389,426	18,450,879
MOVEMENTS DURING 2015							
Transfer of assets	6,520,867	-	2,722,636	3,576,368	569,555	(13,389,426)	-
Acquisitions	2,685,745	-	1,504,873	1,567,216	1,489,462	150,919	7,398,215
Revaluations	6,632,279	-	-	-	-	-	6,632,279
Depreciation	(332,458)	(276)	(750,379)	(614,047)	(246,015)	-	(1,943,175)
	15,506,433	(276)	3,477,130	4,529,538	1,813,002	(13,238,507)	12,087,319
DECEMBER 31, 2015							
Cost	15,058,665	392,947	5,295,548	7,154,155	4,681,451	150,919	32,733,683
Revaluations	8,101,524	-	-	-	-	-	8,101,524
Accumulated depreciation of cost	(1,630,048)	(392,947)	(1,795,561)	(2,558,297)	(2,868,004)	-	(9,244,857)
Accumulated depreciation of revaluations	(379,656)	-	-	-	-	-	(379,656)
Accumulated depreciation of other adjustments	52,669	-	-	-	-	-	52,669
Other adjustments	(725,166)	-	-	-	-	-	(725,166)
Net Book value	20,477,988	-	3,499,987	4,595,858	1,813,447	150,919	30,538,198

On November 26, 2015 the land and building objects have been appraised by certified appraisers at a commercial market value of SRD 22.7 million. Based on the appraisal reports, land and buildings have been revalued by SRD 6.6 million at the end of the reporting period.

	2015	2014
	SRD	SRD
Due to banks This regards direct withdrawable balances of current, saving and term deposit accounts due to local commercial banks.	30,516,250	28,227,678
Customers' current, savings and deposit accounts This includes:		
Current accounts	161,123,779	121,816,914
Saving accounts	187,424,992	178,718,612
Term deposit	193,571,692	130,452,428
	542,120,463	430,987,954
Other liabilities This regards inter alia cash collaterals, income taxes and interest payable, accrued expenses, short term parts of long-term debts and other payables.	32,524,701	23,845,020
Long-term debts This regards long term commitments regarding financial leases for equipment and software.	2,554,772	3,065,029
Deferred tax liabilities Deferred tax liabilities regards the taxation effect on the difference between historic cost price and fair value of the buildings and other differences between the commercial and fiscal valuation of assets and liabilities.	10,953,775	3,128,979

EQUITY	Share capital	Share premium	Revaluation surplus	Reserves	Profit for the period	Total
	SRD	SRD	SRD	SRD	SRD	SRD
Balance as at January 1, 2014	952,000	66,000	496,793	16,906,742	5,999,01	24,420,626
Profit 2014	-	-	-	-	7,740,544	7,740,544
Shares issued	1,278,770	33,461,575	-	-	-	34,740,345
Appropriation of profit 2013	-	-	-	5,999,091	(5,999,091)	-
Released from revaluation surplus	-	-	(166,993)	-	-	(166,993)
Balance as at December 31, 2014	2,230,770	33,527,575	329,800	22,905,833	7,740,544	66,734,522
Profit 2015	-	-	-	-	10,801,040	10,801,040
Appropriation of profit 2014	-	-	-	7,740,544	(7,740,544)	-
Additions to revaluation surplus	-	-	4,672,650	-	-	4,672,650
Balance at December 31, 2015	2,230,770	33,527,575	5,002,450	30,646,377	10,801,040	82,208,212

Share capital

The share capital of the company amounts to SRD 50,000,000 divided into 5,000,000 named shares at a nominal value of SRD 10 each.

Share premium

The share premium for the total amount of SRD 66,000 originated from the emission of shares in 2004. The remainder of the balance originated from the emission of 127,877 shares in 2014 with a placement price of SRD 271.67 per share of nominal SRD 10.00.

Revaluation surplus

At initial recognition this regards the difference between the fair value and the historic cost of land and buildings less the deferred tax liability on buildings. A subsequent release from the revaluation surplus is realized as the revalued buildings are depreciated.

Reserves

Reserves consists of not yet appropriated profits of previous years.

NOTES TO THE PROFIT AND LOSS ACCOUNT

For the year ended December 31

INCOME

	2015	2014
	SRD	SRD
Interest margin This is the difference between interest income derived from lending activities and interest expenses related to the attraction of funds.	37,945,094	29,026,302
Fees and commission Fees and commission are initial one time lending fees charged to retail and corporate customers.	1,547,445	1,060,822
Other income Other income regards foreign currency results and fees charged for inter alia credit card services, ICT shared services, life insurance premiums, fund transfer services and account maintenance fees.	7,635,882	7,107,232

EXPENSES

Personnel expenses This regards salaries, vacation allowances, pension expenses and other personnel benefits. During the reporting period the company provided employment to an average of 112 persons.	10,611,609	8,561,161
Other operating expenses This regards office, housing and transportation expenses together with all other general expenses.	11,868,095	8,923,757
Depreciation expenses This regards the depreciation of premises and equipment with the exception of land that by its nature is not due to wear and tear.	1,943,175	2,626,242
Loan impairment expense, net of recoveries This regards the impairments applied to loans and advances and debit balances on customers' current accounts when these become non-performing and it is uncertain if the full balance of the loan less the recoverable collateral value can be collected.	5,828,918	5,249,521

OFF BALANCE SHEET ASSETS

Foreign currency futures contracts

These regard the foreign currency futures contracts with the Central Bank. The basis of these contracts stems from a ruling from the Central Bank to temporary release part of the foreign currency statutory deposits. The foreign currency funds released as a consequence of this ruling, had to be sold back for most part to the Central Bank through fixed exchange rate foreign currency futures contracts. A minor part of the released foreign currency funds became available to be used at the discretion of Finabank during the futures contract period.

The counter value in SRD received by Finabank against the foreign currency futures contracts is obligatory invested in Suriname Government treasury bills.

The long currency positions as a result of the foreign currency futures contracts are as follows:

- 1) USD 1,150,000 future at a contracted exchange rate of 1 USD = SRD 3.25, to be settled at January 7, 2016.
- 2) USD 1,150,000 future at a contracted exchange rate of 1 USD = SRD 3.25, to be settled at July 7, 2016.
- 3) USD 5,037,723 future at a contracted exchange rate of 1 USD = SRD 3.96, to be settled at December 9, 2016.
- 4) EUR 1,000,000 future at a contracted exchange rate of 1 EUR = SRD 4.386, to be settled at February 24, 2016.
- 5) EUR 1,500,000 future at a contracted exchange rate of 1 EUR = SRD 4.403, to be settled at January 7, 2016.
- 6) EUR 1,500,000 future at a contracted exchange rate of 1 EUR = SRD 4.403, to be settled at July 7, 2016.
- 7) EUR 5,125,833 future at a contracted exchange rate of 1 EUR = SRD 4.320, to be settled at December 9, 2016.

At reporting date the above seven futures render an unrealized foreign currency result that is disclosed at other assets.

OFF BALANCE SHEET LIABILITIES

Litigation

At the end of this reporting period there were certain tax and legal proceedings outstanding against Finabank. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise or that it would be premature at this stage of the action to determine the eventuality.

Customers' guarantees

This regards bank guarantees provided on behalf of customers to a total amount of SRD 224,493 and USD 201,000.

Operational lease agreements

At December 31, 2015 Finabank has contracted operational lease agreements for multi functional printers and car rental up to USD 2,550 per month all together.

OTHER INFORMATION

Statutory regulations regarding the appropriation of the income of the reporting period

Articles 31 and 32 of the Articles of Association of the company state the following:

- The company conducts a dividend policy that is submitted to the General Shareholders' Meeting by Management after approval of the Supervisory Board of Directors;
- The profit to be distributed will be made payable within three months after the adoption of the statement of financial position and the statement of income by the General Shareholders' Meeting;
- A loss incurred in any year that cannot be covered by Reserves, will be retained in Reserves on the statement of financial position and no profit will assume to be made for disbursement during the subsequent years, until such time as the Reserves show a positive balance again;
- Any dividends not collected within five years after it became payable, will be for the benefit of the company.

Appropriation of net profit 2014

As at April 28, 2015 the General Shareholders' Meeting approved the proposal of the Supervisory Board of Directors to add the entire net profit 2014 to Reserves.

Distribution of net profit 2015

The total net profit 2015 has been recognized as profit for the period pending the decision of the General Shareholders' Meeting regarding its distribution.

Events after the end of the reporting period

The Central Bank introduced a weekly currency auction system for American dollar. All primary banks are invited to join these auctions. After each auction the Central Bank determines and publishes the average American dollar exchange rate from all bids. This rate becomes the new official exchange rate valid until the next auction. The first auction held on March 22, 2016 resulted in exchange rates of 1 USD=SRD 5.068 (buy) and 1 USD=SRD 5.158 (sell). The Suriname dollar has undergone a devaluation of 28% against the American dollar compared to the fixed rate as per the end of the reporting period.



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Our ref 16/04-050

The (Supervisory) Board of Directors
Finabank N.V.

REPORT OF THE INDEPENDENT AUDITOR ON THE CONDENSED FINANCIAL STATEMENTS

The accompanying condensed financial statements, which comprise the balance sheet as at December 31, 2015, the profit and loss account, statement of cash flow for the year then ended, and related notes, are derived from the audited 2015 financial statements of Finabank N.V.

We expressed an unmodified audit opinion on those financial statements in our report dated April 6, 2016. Those financial statements, and the condensed financial statements, do not reflect the effect of events that occurred subsequent to the date of our report on the financial statements.

The condensed financial statements do not contain all the disclosures required by accounting principles generally accepted in the Netherlands. Reading the condensed financial statements, therefore, is not a substitute for reading the audited financial statements of Finabank N.V.

Management's responsibility for the condensed financial statements

Management is responsible for the preparation of the condensed financial statements in accordance with the accounting policies disclosed in the notes to the condensed financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on the condensed financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing.

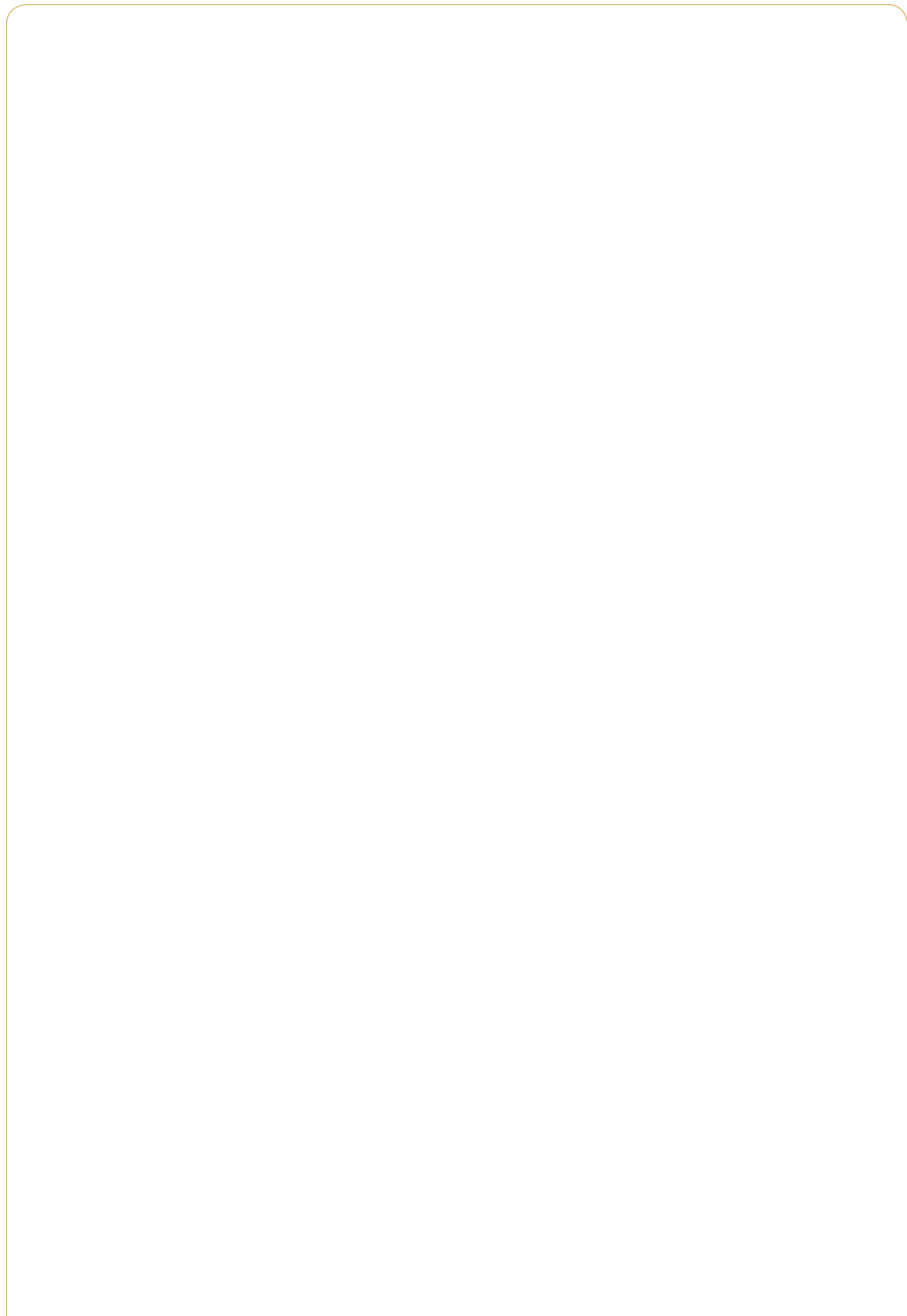
Opinion

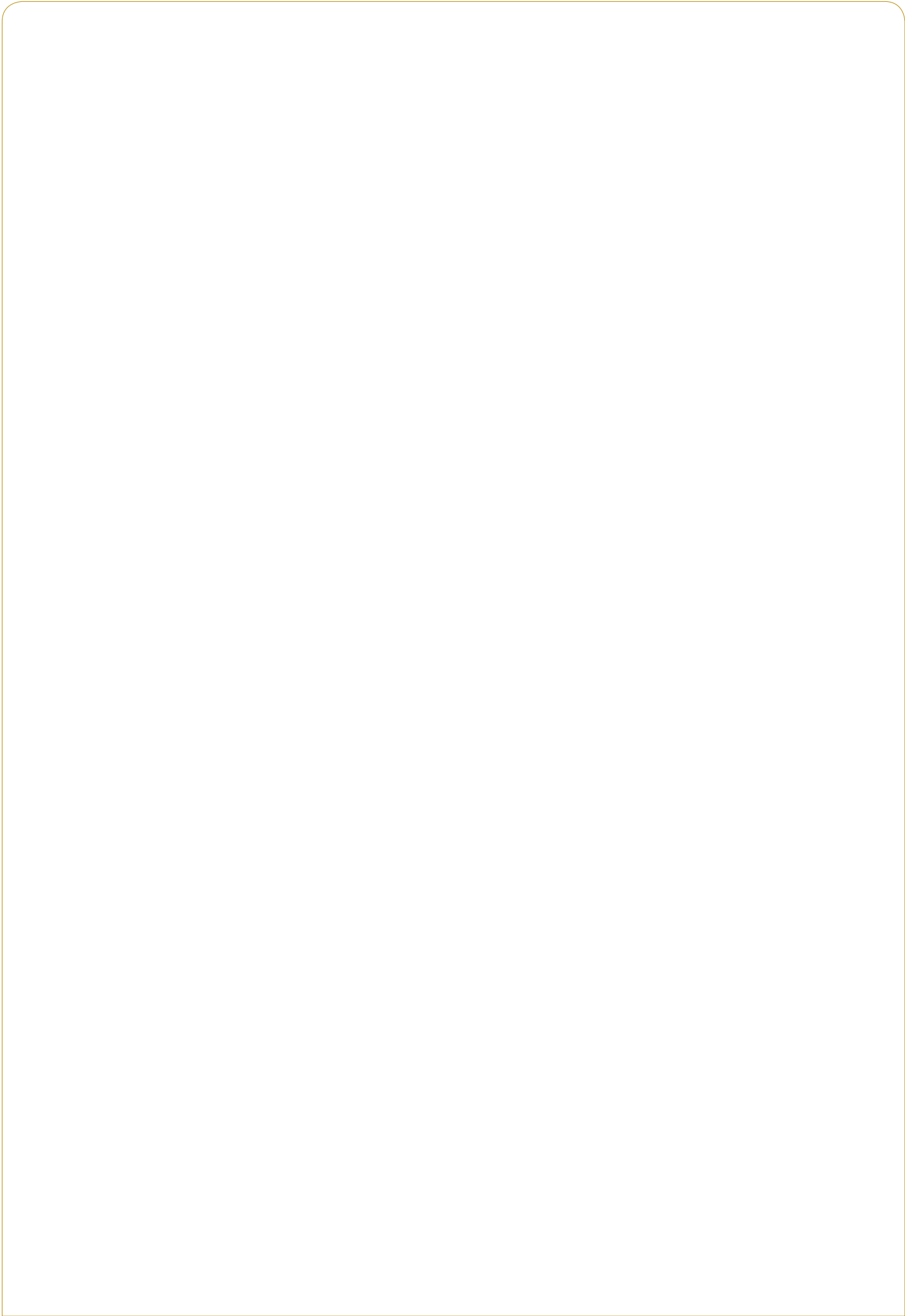
In our opinion, the condensed financial statements derived from the audited financial statement of Finabank N.V. for the year ended December 31, 2015 are consistent, in all material respects, with those financial statements, on the basis described in the notes to the condensed financial statements.

Suriname,
April 15, 2016

KPMG Assurance Services N.V.

Nicole Baptista RA





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