

DE SURINAAMSCHE BANK



This is a translation of a document in Dutch and the original document in Dutch is prevailing



DSB | Annual Report 2018

DSB | Core Values



Table of contents

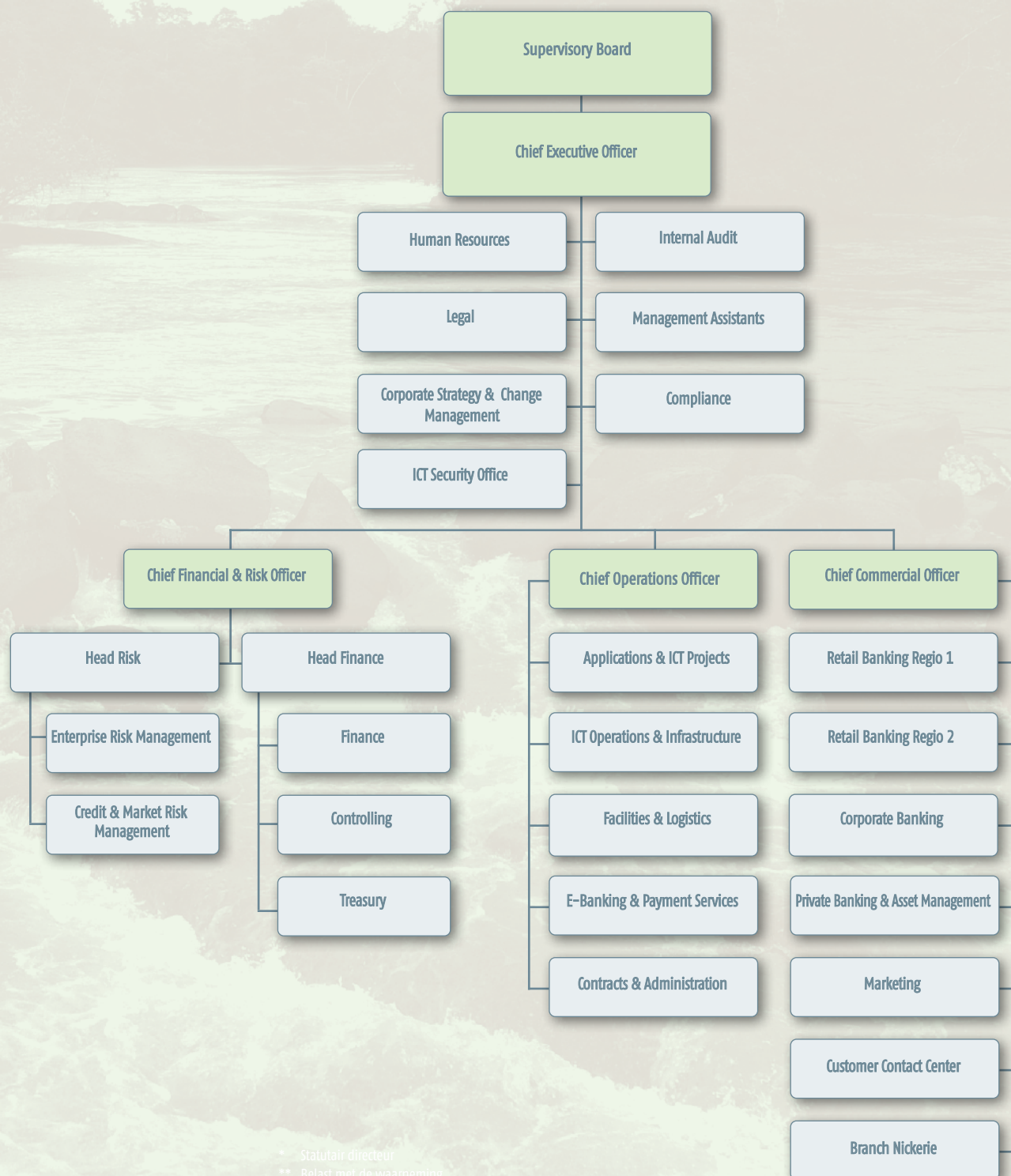
Core values	2
Organisational chart	5
Report of the Supervisory Board	9
Corporate Governance	14
Profiles	15
Five-year consolidated key figures	17
Report of the Managing Board	19
Macro-economic review	20
The bank's operations	22
Financial Statements 2017	29
Company balance sheet at 31 December before profit appropriation	30
Company profit and loss account 2018	31
Consolidated balance sheet at 31 December 2018	32
Company and consolidated profit and loss at 31 December 2018	33
Consolidated cashflow statement 2018	34
Mutation condition equity 1 January to 31 December 2018	35
Explanatory notes to the 2018 consolidated financial statements	36
Asset company and consolidated balance sheet at 31 December 2018	44
Liabilities company and consolidated balance sheet at 31 December 2018	47
Company and consolidated profit and loss at 31 December 2018	49
Other data	52
Independent auditor's report	53
Addresses	57

DSB | Management team



Ir. R.A.M. van Rooij

DSB | Organisational chart as per 12 september 2019



DSB | Management team





DSB | Supervisory Board

• Drs. S. Mathura QT

Drs. W. Sowma •

Ir. A. Sardjoe •

R. Kasanrawi MBA, MMA •

Drs. M.E. Emanuels •





DSB | Report of the Supervisory Board

General

This report provides an account of the duties and responsibilities of the Supervisory Board performed in the 2018 financial year.

Despite a positive operating result it was not possible to prevent a loss for 2018, which was partly caused by major additions to the provisions against credit risks.

In close consultation with the Management Board, the Supervisory Board has identified measures that will ultimately improve the bank's profitability.

In this context, steps are taken to strengthen the top structure of the bank, improve the internal organization and the risk management. The Supervisory Board proposes to increase the number of supervisory directors by two, partly to strengthen the supervision of the management of the bank.

Supervisory Board

Composition

At a General Meeting of Shareholders on 28 February 2019, the Supervisory Board indicated that the following members will retire on 1 March 2019.

- Drs. S. Smit
- J.J. Healy Jr.
- Drs. M.J.A. Brahim RA
- Ir. R. Blufpand
- Mr. M. Tjon A Ten

The retirement of the aforementioned members of the Supervisory Board is prompted by the amended share ratio, which was created after the last share issue.

In order to replace the aforementioned persons, subject to approval by the Central Bank of Suriname, the General Meeting of Shareholders has appointed the following members as of 1 March 2019:

- Drs. M.E. Emanuels
- Drs. S. Mathura QT
- R. Kasanrawi MBA, MMA
- Ir. A. Sardjoe

As of 1 March 2019, the Supervisory Board is composed as stated below:

- Drs. M.E. Emanuels | *Chair of the Supervisory Board*
- Drs. W. Sowma
- Drs. S. Mathura QT
- Ir. A. Sardjoe
- R. Kasanrawi MBA, MMA

According to the retirement schedule drawn up by the Supervisory Board, as stipulated in Article 17 of the Articles of Association, Drs. S. Mathura QT and Mr. R. Kasanrawi MBA, MMA, are next to retire. They present themselves for re-election. We propose to reappoint them.

Policy and supervision 2018 financial year

As indicated earlier, in its current composition the Supervisory Board started its activities on 1 March 2019 and has therefore not been involved in either the supervision of the management or the policy pursued over and during the 2018 financial year. In order to perform its tasks, the current Supervisory Board focused on establishing the truth and fairness of the 2018 financial statements. To this end, it conducted various assessments of the accounting process of De Surinaamsche Bank NV and the related internal control during the reporting year. In addition, consultations were conducted with the external auditor regarding the audit approach for 2018 and their findings. Based on the above and the information obtained as a result, the current Supervisory Board has formulated the recommendation to the Meeting of Shareholders. The audit and the ensuing external auditor's report were leading in this regard.

Developments during the financial year

In November 2018 a share issue was effected to strengthen the bank's capital adequacy. This has resulted in a successful increase of the share capital by SRD 229 million. Despite the positive (consolidated) operating result for 2018, the year ended with a loss of SRD 56.2 million. This loss was mainly caused by the additions to the loan provisions for SRD 140.4 million.

Committees of the Supervisory Board

To optimize the efforts on the part of the members of the Supervisory Board, specific sub-tasks were assigned to three committees:

Audit Committee

In 2018 the Audit Committee consisted of the members M.J.A. Brahim (chair), J.J. Healy Jr. and M. Tjon A Ten. The duties and responsibilities of the committee are laid down in regulations (Audit Committee Charter), which were assessed in 2018 and adjusted where necessary. The committee meets at least once every quarter and met a total of nine times in 2018.

In the meetings, the recommendations of the Internal Audit Department, the external auditor and the Central Bank of Suriname are discussed, as well as the follow-up thereof. The performance of the Internal Audit Department, its capacity (both qualitative and quantitative), the audit reports, the realization of the current annual plan and the composition of the coming annual plan are also discussed.

During 2018, the Audit Committee also consulted with the external auditor and IT auditors on critical risks, the progress of the audit and its recommendations for improving internal control.

Risk Committee

During 2018, the Risk Committee consisted of the members J.J. Healy Jr. (chairman), M.J.A. Brahim and W. Sowma. The committee meets at least once a quarter. Four meetings were held in the reporting year.

Using the risk dashboard, the various risk areas are regularly assessed on the basis of the risk appetite and risk tolerance of the bank. Credit risk and compliance risk in particular, are the subject of the discussions. In its meetings the risk committee also discusses the progress of the compliance program.

Important points for attention concern the capacity, staffing and organization of the Risk and Compliance departments. The Risk Committee Charter has been assessed and adjusted where necessary.

Selection, Appointment and Remuneration Committee

During 2018, the Selection, Appointment and Remuneration Committee consisted of the members S. Smit (chairman), M. Tjon A Ten and R. Blufpand. The committee held 5 meetings in the reporting year. These meetings discussed, among other things, the remuneration and performance of the management board and the organizational structure and the substantiation of the management board. Important staff positions were also dealt with.

Performance

In the meetings of the Supervisory Board and its committees, the members actively participated in the discussions and the decision-making. The performance of the Supervisory Board for 2018 was approved by its then members.

Remuneration

The General Meeting of Shareholders determines the fee of the Supervisory Board. The fee for the Supervisory Board amounted to a total of SRD 207,000 in 2018 and was last determined on 26 March 2015.

Management Board

In the 2018 financial year the management board consisted of drs. H.F.S. Lieuw-Hie, P. Ng A Tham and Ir. R. van Rooij.

Financial Accounts and proposal for profit appropriation

In order to comply with the provision set out in article 22 of the articles of association, we inform you of the following in respect of the 2018 financial statements of De Surinaamsche Bank NV: we had the corporate and consolidated balance sheet as at December 31, 2018, the corporate and consolidated profit and loss account for 2018 and the consolidated cash flow statement including the explanatory notes thereto audited and we recommend that you adopt the current financial statements as presented by the management board together with the auditor's report of BDO Assurance NV. This adoption serves to grant a discharge to the management board and the supervisory board from liability for their supervision. The pre-tax consolidated loss for the financial year amounts to SRD 56.2 million. As the capital adequacy ratio as at year-end 2018 is still below the required standard, there are no interest obligations for the additional capital raised to strengthen the Tier 1 capital (AT1).

The bank will not distribute dividend for the 2018 financial year due to the negative result and the fact that the equity position is not yet at the required level.

Prospects

In 2018, the bank again had to cope with a large loss, mainly due to the large additions to the provisions against credit risks. It is good, though, that the operating result of the bank has again remained positive.

In consultation with the Management Board, the current Supervisory Board has identified measures to improve the bank's profitability.

The focus for the coming period is on the implementation of a transformation process of the bank, in the course of which the top structure is strengthened, the internal organization further improved as well as the compliance and risk management of the bank, with the aim of strengthening profitability and the capital adequacy position.

Acknowledgement

The Supervisory Board thanks the management board, staff and other employees for their efforts and dedication in the past financial year. In particular, we thank our customers and shareholders for their confidence in our bank.

Paramaribo, 12 September 2019

The Supervisory Board

Drs. M.E. Emanuels | *Chair of the Board*

Drs. W. Sowma

Drs. S. Mathura QT

Ir. A. Sardjoe

R. Kasanrawi MBA, MMA

DSB | Corporate Governance

Corporate Governance Code

Good corporate governance remains high on the agenda of the management board and the Supervisory Board of De Surinaamsche Bank. In this context, the bank has a Corporate Governance Code. The bank's vision is expressed in its core values: Open, Responsible and Ambitious. These core values are leading in the bank's policy.

Based on the principles of good corporate governance, the corporate structure has been set up with a management board that is responsible for the management of the organization and the Supervisory Board that plays a supervisory role.

Members of the management board are appointed by the General Meeting of Shareholders on the recommendation of the Supervisory Board and after approval from the Central Bank of Suriname.

Supervisory Board

In accordance with the Corporate Governance Code, the Supervisory Board consists of at least five members. The members of the Supervisory Board are appointed by the General Meeting of Shareholders. Approval from the Central Bank of Suriname is required for the appointment of supervisory directors. The Supervisory Board has appointed three committees from among its members:

- Audit Committee
- Risk Committee
- Selection, Appointment and Remuneration Committee

These committees advise the Supervisory Board on specific sub-tasks.

DSB | Profiles

Supervisory Board

Drs. Erwin Emanuels (68) | *Chairman of the Board*

- Has been appointed as a member of the Supervisory Board of De Surinaamsche Bank N.V. in 2019 and fulfils the role of Chairman of the Board
- Is chairman of the Selection, Appointment and Remuneration Committee
- Has been Chief Executive Officer of TBL Multiplex since 2011
- Owner / Senior Consultant N.V. Homeplan Consultancy and Coaching
Specialized in organizational development and coaching
- Has a doctoral degree in social sciences
- From 1995 – 1998 Member of the Supervisory Board of N.V. C. Kersten & Co
- From 1998 – 2002 managing director of Hotel Krasnapolsky
- From 2002 – 2009 managing director of Vensur N.V.
- From 2011 member of the National Body for Accreditation (NOVA – Dutch abbreviation) for higher and university education in Suriname

Drs. Waddy Sowma (64) | *Supervisory director*

- Has been a member of the Supervisory Board of De Surinaamsche Bank N.V. since 2018
- Is a member of the Audit Committee and a member of the Risk Committee
- Owner of two clothes stores in Paramaribo
- Financial adviser to family businesses
- Former board member of the Vereniging Surinaams Bedrijfsleven [Suriname Trade and Industry Association]
- From 2012 to 2016 Chairman of the Board of the Association of Economists Suriname
- From 1986 to 1989 worked at De Surinaamsche Bank N.V. as corporate loan officer
- Chairman of the IFONS Supervisory Committee since 2005
- Has a doctoral degree in economics from the Tilburg Catholic University of Applied Sciences

Drs. Stanley Mathura QT (60) | *Supervisory director*

- Has been appointed as a member of the Supervisory Board of De Surinaamsche Bank N.V. in 2019
- Is a member of the Audit Committee and a member of the Risk Committee
- From 2004 until his retirement in 2019, he was the managing director of Surichange Bank N.V.
- Has more than 20 years of experience in the banking sector
- From 2001 to 2010, part-time lecturer in Money, Credit and Banking at the University of Suriname
- Has a doctoral degree in Economics and Money, Credit and Banking from the Catholic University of Brabant

Robert Kasanrawi MBA, MMA (55) | Supervisory director

- Has been appointed as a member of the Supervisory Board of De Surinaamsche Bank N.V. in 2019
- Is chairman of the Audit Committee and member of the Selection, Appointment and Remuneration Committee
- Has been Deputy Finance Director at Self Reliance N.V. since 2018.
- From 2005 to 2016, financial manager and managing director at CKC Motors Co N.V.
- Has a master's degree in Business Administration from Maastricht School of Management with specialization Management & Competitive Strategy
- Has a master's degree in Management Accounting from Maastricht University

Ir. Angela Sardjoe (35) | Supervisory director

- Has been appointed as a member of the Supervisory Board of De Surinaamsche Bank N.V. in 2019
- Is chair of the Risk Committee
- Was a member of the Board of the Anton de Kom University of Suriname (2018–2019)
- Has been affiliated with Assuria N.V. since 2017 as Group Enterprise Risk Manager
- Worked at Hakrinbank N.V. from 2011 to 2017 as Account Manager Credits, Risk Manager and Head Risk Management Department
- Held investment and actuarial positions at Hewitt Associates from 2007 to 2011, Nationale Nederlanden and Aegon
- Has studied Technical Mathematics at Delft University of Technology, with a specialization in Applied Mathematics; Probability, Risk & Statistics

Management board

Ir. René van Rooij (57) – Chief Operations Officer

- Joined De Surinaamsche Bank N.V. in October 2016 as Chief Operations Officer
- Appointed as director under the articles of association on 28 June 2018
- Has more than 25 years of experience in the banking sector, both locally and internationally
- Is President-Supervisory Director of Banking Network Suriname N.V.
- Has a master's degree in business administration from Eindhoven University of Technology with a specialization in Marketing and Strategic Policy-making

DSB | Five year consolidated financial summary

(In SRD thousands except per share data and employees)	2018	2017	2016	2015	2014
Results					
Net interest income	182,019	219,494	187,737	178,070	197,045
Other income	87,240	126,675	62,946	47,923	42,489
Total income	269,259	346,169	250,683	225,993	239,534
Operating expenses	185,076	191,406	168,713	119,260	126,843
Provision for loans losses	140,352	141,214	269,653	59,547	28,011
Operating profit before taxes	(56,169)	13,549	(187,683)	47,186	84,680
Net profit	(56,169)	10,064	(190,768)	30,578	54,429
Dividend: cash	-	-	-	9,629	21,638
stock	-	-	-	48	-
Balance sheet					
Cash	1,316,536	668,093	743,423	741,835	465,482
BANKS (RECEIVABLES)	415,906	432,944	312,525	1,008,942	764,643
Bonds and other investments	2,974,089	2,660,870	2,642,893	211,326	110,405
Loans and advances	2,529,166	3,099,778	3,276,577	2,489,981	2,201,680
Other assets	217,045	322,738	534,053	441,739	541,015
Shareholders's equity (before result allocation)*	269,064	167,678	203,461	366,784	339,884
Outstanding debts to banks	173,940	110,792	136,103	79,667	78,330
Customer accounts	6,576,185	6,489,835	6,762,525	4,089,115	3,459,445
Other liabilities*	433,553	416,118	407,382	338,257	205,566
Total balance	7,452,742	7,184,423	7,509,471	4,893,823	4,083,225
Key ratio's (in %)					
Return on Equity*	(25.7)	5.4	(66.9)	8.7	17.8
Return on Assets	(0.8)	0.1	(3.1)	0.7	1.4
Exploitation ratio	145.5	180.9	148.6	190.0	189.0
Personnel expenses/total income	35.3	29.8	36.7	31.9	32.4
Personnel expenses/total expenses	29.2	31.0	21.0	40.3	50.1
Profit ratio	31.3	44.7	32.7	47.2	47.0
BIS ratio	8.18	4.38	0.7	10.3	11.4
Per share data*					
Net profit per share	37,225,335	10,104,462	10,104,462	9,744,236	9,254,400
Profit / loss per share	(1.51)	1.00	(18.88)	3.18	6.34
Dividend per share: cash	-	-	-	1.00	2.52
stock	-	-	-	0.05	-
value	-	-	-	2.79	2.52
Divided pay out (in %)	-	-	-	31.65	39.75
Shareholder's equity*	7.23	16.59	20.14	37.64	39.57
Market price	9.00	47.75	52.00	37.50	56.00
Price-earning ratio	(5.96)	47.94	(2.75)	11.81	8.84
Employees	475	484	496	472	431

* Figures are fit to compare





DSB | Report of the Managing Board

Macro-economic analysis

After the 2014–2016 recession, with as the lowest point economic activities falling by 5.6% in 2016, the economy entered a positive growth track in 2017. According to the General Bureau of Statistics, the economy grew by 1.7% in 2017. The economic growth for 2018 is estimated by the Planning Office Foundation Suriname at approximately 1.9%. The growth in 2018 was achieved by an increase in production, particularly in the mineral sector, namely the (refined) oil and gold sector. Furthermore, a modest recovery in the growth of the non-mineral sectors (exclusive of the government) is noticeable. The economic recovery was also reflected in the stable exchange rate of the SRD against the USD and declining inflation in 2017 and 2018.

The current account of the balance of payments showed a deficit of USD 188.9 million at year-end 2018, which is a deterioration compared to the deficit in 2017 (US \$ 1.7 million). This downward development is mainly the result of deterioration in the goods and services account, followed by the income account. The increase in the import value of goods (16.1%) exceeded the increase in the export value of goods (4.6%), which resulted in a decrease in the balance on the goods account (18.5%). The increase in the export value of goods was the result of a larger export volume of gold, and rising world market prices of both gold and oil. The export volume of oil, on the other hand, declined during 2018.

The import value of goods increased as a result of volume and price increases. Imports of investment goods (in particular for the mining sector) increased by 16.2%, while a modest growth in imports of consumer goods of around 2.2% was noticeable. This is a cautious indication that purchasing power has decreased less in the past year.

The deficit in the services account increased by 20.1%, mainly due to a sharp increase in spending from the mining sector (15.7%) related to trade and technical services. Revenues, however, increased to a lesser extent (7.0%) mainly due to travel. The deficit on the income account also increased by 0.4% compared to the previous financial year. This was partly the result of a net capital outflow in the form of direct investments. In contrast to the above sub-accounts, the balance of the income transfers account improved from US \$ 99.7 million in 2017 to US \$ 102.7 million in 2018. The country received approximately US \$ 3.0 million more in net foreign money transfers in 2018 compared to 2017. However, this improvement was not sufficient to set off the increasing deficit in the other sub-accounts.

The net capital inflow from the financial account was more than sufficient to set off the current account deficit and even to result in an increase in international reserves. The mining sector, which is almost 60% dominated by foreign investors, was the main cause of the deterioration of the current account, although it must be stated that it is self-sufficient in its demand for foreign exchange. At year-end 2018 the financial account of the balance of payments registered a net capital inflow of USD 369.9 million, which is the result of foreign loans on behalf of the private sector (in particular Staatsolie Maatschappij Suriname NV [State Oil Company] (Staatsolie)) and the government and foreign direct investments. In May 2018, Staatsolie decided to refinance its debts through a USD 625.0 million loan from a consortium of international and local banks.

The developments in the current account and the financial account of the balance of payments resulted in an increase in international reserves of USD 156.3 million to USD 580.7 million, which is equivalent to an import coverage of 3.3 months. If imports from the mining sector are not taken into account, this results in an import coverage of 4.8 months. Due to the favourable developments in the financial account, foreign currency inflows to a certain extent contributed

to exchange rate stability and a further fall in year-end inflation to 5.4% in 2018.

As regards state finances, the government has succeeded in reducing its committed financing deficits in recent years from around 10.6% of Gross Domestic Product (GDP) in 2016 to around 9.2% in 2017. In 2018, the deficit is estimated at around 7.9% of the GDP.

In recent years, government deficits have been mostly financed by entering into foreign loans. The large deficits led to a sharp rise in the government debt position to around USD 2.5 billion at year-end 2018. In 2018, the government received USD 337.5 million from Staatsolie for the early repayment of a debt of USD 261.5 million and USD 76 million for the purchase of the government share in the Merian mine. The government has spent parts of these funds on repaying its debts and the accumulation of the reserves.

In 2018 the Central Bank of Suriname continued the tight monetary policy of the past two years by controlling the money supply in order to influence the exchange rate and inflation. No advance payments were made to the government in 2018 under the Memorandum of Understanding between the monetary authorities. Total lending by the banking sector hardly increased on balance and increased marginally by 0.6% in nominal terms. Lending to the government increased, while lending to the private sector decreased by around 1.5%. Deposits entrusted to banks increased by approximately 8.6%.

In two consecutive years (2017 and 2018), the economy further stabilized with a medium-term growth outlook of around 2% on an annual basis. However, there are risks that could threaten the medium-term growth prospects. The growth of the global economy that experienced a revival in 2017, is starting to show signs of slowing due to trade tensions between the two largest economies in 2018. This could lead to further delays in the growth of the global economy in the future and to falling world market prices.

The bank's operations

Share issue and capital adequacy

In 2017, the bank phased out investments in shares, which led to a positive result and an improvement in capital adequacy in that year. The bank also continued to work on balance restructure in 2018. In this context, a major step has been taken in improving capital adequacy by strengthening the share capital through a share issue.

The share issue was effected in the last quarter of 2018. The share issue was fully subscribed. With this issue, the bank raised an amount of SRD 229 million to strengthen its capital and thereby improve its capital adequacy. As a result of the share issue, the shareholder ratio has changed and the bank now has four major shareholders, each holding approximately 18% of the total number of shares. In addition, the share issue increased the number of shareholders from 4,125 to 4,679.

In addition to the share issue, much attention was paid in 2018 to further cleaning up the loan portfolio.

Services

In order to improve our customer services, the new office in Maretraite was opened in June 2018 and the branch in the Hermitage mall was expanded in January 2019. In addition, new initiatives have been engaged in to make more use of our electronic channels and enable faster services. In doing so, the bank aims at offering customers more convenience and shortening wait times in our offices. The results of these initiatives are already noticeable.

A start was made in 2018 with the preferred banking concept aimed at personalized services to customers with a high (potential) revenue volume for the bank. There are more initiatives in the pipeline aimed at increasing convenience, faster services and better customer experience. With the improved Customer Contact Centre (CCC) in combination with our renewed internet banking, banking is made easier for the customer. Customers can contact CCC via bank mail, e-mail or telephone. For many matters, customers no longer have to go to the bank personally. Increasingly more customers use the CCC-services. The number of contact moments in 2018 increased by 230% compared to 2017. Taking into account the further increase in Internet Banking users, it is expected that the number of contact moments with the CCC will increase further in 2019. More than 84% of the contact moments in 2018 could be handled immediately by CCC without consulting other departments.

Corporate Social Responsibility

Suriname Conservation Foundation (SCF)

DSB has participated in the SCF Green Partnership Program since 2010. The main objective of cooperation between SCF and its partners is to raise awareness about the protection of nature and the environment. These partners are important to SCF because they provide support and help finance projects that benefit Suriname and nature. DSB fully supports this initiative as it fits in with its aim of becoming a green bank.

In March 2018, a co-financing agreement was signed with SCF. This makes DSB one of the stakeholders that helps fund the Masters program "Education & Research Sustainable Management of Natural Resources" at the Anton de Kom University of Suriname. Various Bachelor graduates, who are already working as environmental experts, are offered the opportunity to follow the master's degree programme for four years.

Giving Back

At the initiative of some DSB employees the "DSB Giving Back" project was restarted in December 2017 and attention was paid to four children's homes. One of the projects was the development of an evacuation plan for a home that the institute needed for a grant application. The evacuation plan that was set up in this area together with a recognized organisation, was submitted in May 2018. In the context of DSB Giving Back, an activity was also organized in May 2018 for the Association of Pensioners in Public Service in the historic garden of DSB.

Supporting charities

In 2018, DSB supported various charities through donations, including the initiative of the Su Aid Foundation that raised funds for the Children's Foundation.

DSB Christmas concert

The DSB Christmas concert was a great success in 2018 as well. Thousands of visitors were able to enjoy a beautiful and inspiring Christmas concert on Friday 14 December.

Compliance

Compliance in general and in particular Anti Money Laundering (AML) and Combating Financing of Terrorism (CFT) are important areas of attention for the bank. The compliance policy has been further tightened as regards both national and international guidelines. Training and increasing employee awareness in this area have also been further substantiated.

Risk management

The risk management policy within DSB is aimed at:

- identifying and analyzing risks,
- establishing appropriate risk standards and controls,
- monitoring the risks with due observance of set limits, and
- establishing control measures.

The bank identifies as main risk areas: credit, market and operational risks. The policy, management measures and monitoring with regard to these risks were further tightened in 2018.

Further attention was paid to the further embedding of a comprehensive risk culture within the bank, and further training and increasing risk awareness among employees were further substantiated.

In 2018 as well, specific attention was paid to further restructuring and, where necessary, providing for potential losses in the loan portfolio.

Internal control

Internal control is based on the established policy, which is elaborated in processes and work instructions. These processes and work instructions are intended to unambiguously record in which manner activities should be performed optimally.

These processes and work instructions are assessed against criteria of reliability and service. It is also regularly determined whether work is performed in accordance with these established procedures in order to mitigate risks. In this way we give substance to internal control that is necessary for a professional financial institution.

Digital channels

In 2018, the strategic direction of digitization, which already started in 2017, was continued by improving the services to customers with the use of digital channels.

Internet and Mobile Banking have been optimized and successfully further rolled out in the market. This new way of banking has substantially increased in important private segments. Digital banking has also been fully introduced within the business segments and we are currently working together with our customers to optimize its use. On the one hand, this leads to an increase in efficiency for the bank and, on the other hand, an increase in the convenience for our customers.

In the past year, various initiatives have been started to expand the services to customers. These include the expansion of services via our ATMs, improvement of our credit card and faster services to customers through the use of robot applications. A digitization process has also been started in which the availability and completeness of customer information is improved.

Human resources

A new performance management system was introduced in 2018. This system is used to increase the performance of our employees on the basis of four focus areas, namely:

1. Cost reduction / value increase
2. Improvement of customer experience
3. Improvement of internal control
4. Development & growth

In 2019 and subsequent years, efforts will be made to further increase the performance of employees with regard to the aforementioned areas of attention.

During 2018, 101 employees completed the Banking Sector or Financial Services Module training course or a University Education / University of applied sciences degree programme.

Key figures employees

	2018	2017
Number of employees as at year-end	475	484
Ratio male / female	184/291	185/299
Training expenses	2,7 Mln	1,9 Mln
Sickness absence	2,77%	3,87%
Inflow	20	14
Outflow (including pensioners)	29	26
Number of temporary agency workers	18	18

Persons celebrating their anniversaries and pensioners

In the reporting year there were 23 employees with a special number of years of service and 12 employees retired.

Financial results over 2018

General

The consolidated operating result of the bank for 2018 has dropped from positive SRD 10 million for 2017 to negative SRD 56 million for 2018. This result is in keeping with the expected result as stated in the 2018 share prospectus. For a good comparison we must bear in mind that the 2017 result included an incidental gain of SRD 63.2 million in connection with the sale of various shares. This is the third consecutive year that exceptionally high credit provisions have to be made for loans with a poor risk profile. Since 2016, SRD 551 million has been taken as a provision burden in connection with the poor loan portfolio.

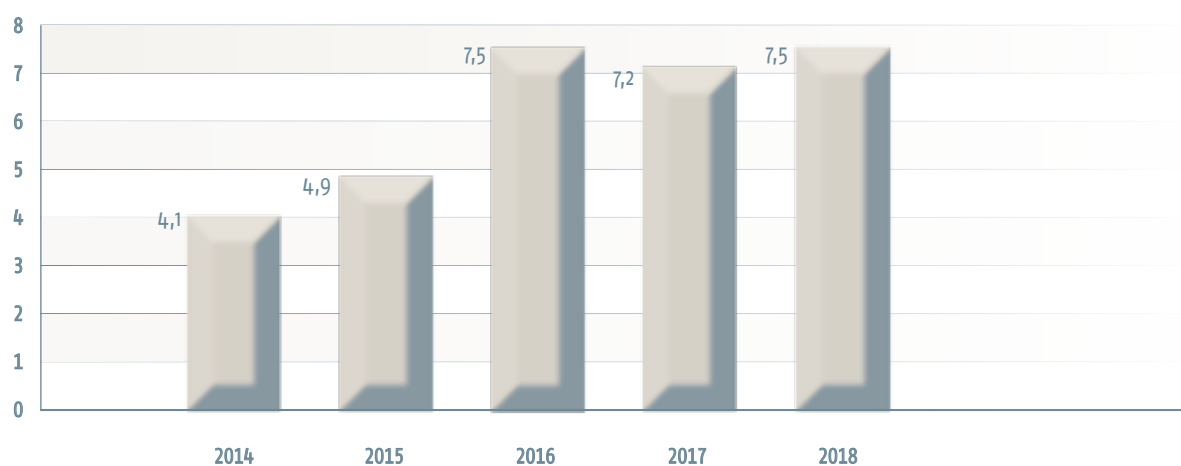
Due to the negative result and the capital adequacy ratio at year-end 2018 that is not at the desired level, no dividend will be paid for the 2018 financial year.

The financial statements

Consolidated balance sheet

The consolidated balance sheet total increased to SRD 7.5 billion as at 31 December 2018 (31 December 2017: SRD 7.2 billion). During 2018, the bank continued to work on improving the quality of the balance sheet including the loan portfolio. Lending decreased by SRD 571 million in connection with the restructure of the loan portfolio and credit restrictions.

Chart 1 | Consolidated balance sheet total (x SRD 1 billion)



Consolidated profit and loss account

The operating result is SRD 70.6 million lower than in 2017. After the addition to the loan provisions of SRD 140.4 million, a pre-tax result of negative SRD 56.2 million (2017: positive SRD 10.0 million) remains.

In determining the credit provisions, the conditioned transitional arrangement of the Central Bank of Suriname has been taken into account. The credit provisions as at 31 December 2018 have been set at 75% of the calculated provision in accordance with directives from the Central Bank of Suriname.

Development of the interest margin

The interest margin decreased by 17% from SRD 219.5 million to SRD 182 million. The development of the interest margin may be explained by a stronger decrease in interest income (SRD -61.8 million) than the interest expense (SRD -24.3 million) as a result of the decrease in the loan portfolio.

Commission and other income

The commission income for 2018 amounted to SRD 71.9 million (2017: SRD 62.4 million). This amount consisted of commissions and fees charged for bank services. The other revenues decreased from SRD 66.9 million to SRD 4.0 million. This decrease is related to an incidental gain of SRD 63.2 million in connection with the sale of various shares in 2017.

Expenses

The total operating expenses decreased from SRD 191.4 million in 2017 to SRD 185.1 million in 2018. The personnel expenses decreased by 7.9% and the other management costs by 2.1%. The decrease in personnel expenses is mainly caused by a release of provisions for post-employment benefits. The other management costs are lower due to cost reduction measures.

Future

The improved internal control and risk management resulted in no new risks being accepted, which are not within the acceptable standard for us and existing risks being adequately controlled.

With the credit provisions effected as of 2016, the vast majority of the credit risks have now been provided for and a large part has been settled at the expense of the provision made. We do have to admit that there are developments that could have a significant impact on the level of credit provisions and thus on the result of the current year. We are going through a difficult phase, yet in view of the losses already taken and the improved risk management and improvements that are being implemented as regard the services, we expect to restore the bank's profitability.

Acknowledgement

The management board expresses its sincere thanks to the bank's employees and to the Supervisory Board. The management board also thanks the shareholders and customers of DSB for their confidence.

Paramaribo, 12 September 2019

The management board

Ir. René van Rooij
Chief Operations Officer





DSB | Financial Statements 2018

Company balance sheet at 31 December 2018 before profit appropriation

(In SRD thousands)	2018	2017
ASSETS		
Cash	1,316,531	668,079
Receivables from banks	415,906	432,944
Bonds and other investments	2,974,089	2,660,870
Loans and advances:		
– public sector	330,582	328,729
– private sector	2,198,584	2,771,049
Shares	3,053	3,053
Participating interests	9,054	1,838
Property and equipment	116,383	119,177
Other assets	36,925	69,335
Prepayments and accrued income	46,374	125,547
	7,447,481	7,180,621
LIABILITIES		
Debts to banks	173,940	110,792
Customer accounts:		
– saving accounts	2,235,211	2,108,698
– deposits	1,824,172	2,058,970
– customer accounts	2,516,802	2,322,167
Other liabilities	124,678	116,196
Accruals and deferred income	145,617	133,933
Provisions	83,197	87,487
Subordinated bonds (8.5%)	74,800	74,700
	7,004,477	6,902,151
Share capital	3,723	1,010
Reserve*	9,604	73,667
Share premium reserve	268,409	46,538
Revaluation reserve	34,443	34,561
Net profit after taxes	9,054	1,838
Resultaat verslagperiode	(56,169)	10,064
	269,064	167,678
	7,447,481	7,180,621
Off balance obligations		
Guarantees issued	101,635	112,742
Letter of credits	90,489	97,641
Other financial instruments	(155,422)	(152,070)

* Figures are fit to compare

Company profit and loss account for 2018

(In SRD thousands)	2018	2017
INCOME		
Interest income	371,699	431,924
Interest expense	189,953	211,245
Interest margin	181,746	220,679
Income from shares and participating interest	(10,599)	7,454
Commission income	59,367	47,034
Other income	2,508	66,963
Results from financial transactions	13,074	(5,517)
Total income	246,096	336,613
EXPENSES		
Staff costs	90,742	99,150
Other administrative expenses	67,954	69,418
Depreciation	21,089	17,767
Operating expenses	179,785	186,335
Operational results	66,311	150,278
Provision for loan losses	(122,480)	(140,214)
Pre-taxes profit	(56,169)	10,064
Taxes	-	-
Profit after taxes	(56,169)	10,064

Consolidated balance sheet at 31 December 2018 before profit appropriation

(In duizenden SRD)	2018	2017
ASSETS		
Cash	1,316,536	668,093
Receivables from banks	415,906	432,944
Bonds and other investments	2,974,089	2,660,870
Loans and advances:		
– public sector	330,582	328,729
– private sector	2,198,584	2,771,049
Shares	3,053	3,053
Participating interests	9,054	1,838
Property and equipment	116,387	119,183
Other assets	42,177	73,117
Prepayments and accrued income	46,374	125,547
	7,452,742	7,184,423
LIABILITIES		
Debts to banks	173,940	110,792
Customer accounts:		
– saving accounts	2,235,211	2,108,698
– deposits	1,824,172	2,058,970
– customer accounts	2,516,802	2,322,167
Other liabilities	106,690	114,068
Accruals and deferred income	145,617	133,933
Provisions	106,446	93,417
Subordinated bonds (8.5%)	74,800	74,700
	7,009,738	6,905,953
Share capital	3,723	1,010
Reserve*	9,604	73,667
Share premium reserve	268,409	46,538
Revaluation reserve	34,443	34,561
Net profit after taxes	9,054	1,838
Result reporting period	(56,169)	10,064
	269,064	167,678
	7,452,742	7,184,423
Off balance obligations		
Guarantees issued	101,635	112,742
Letter of credits	90,489	97,641
Other financial instruments	(155,422)	(152,070)

* Figures are fit to compare

Consolidated profit and loss 2018

(In SRD thousands)	2018	2017
INCOME		
Interest income	371,699	433,486
Interest expense	189,680	213,992
Interest margin	182,019	219,494
Income from shares and participating interest	(1,637)	1,876
Commission income	71,855	62,463
Other income	3,959	66,963
Results from financial transactions	13,063	(4,627)
Total income	269,259	346,169
EXPENSES		
Staff costs	95,099	103,261
Other administrative expenses	68,885	70,375
Depreciation	21,092	17,770
Bedrijfslasten	185,076	191,406
Operational results	84,183	154,763
Provision for loan losses	(140,352)	(141,214)
Pre-taxes profit	(56,169)	13,549
Taxes	-	3,485
Profit after taxes	(56,169)	10,064

Consolidated cashflow statement 2018

(In SRD thousands)	2018	2017
Cash flow from operations		
Result before tax	(56,169)	13,549
Provisions for:		
Deprecations	21,092	17,770
Provisions*	13,029	1,640
Sale of various shares	-	(66,438)
Mutation general reserve*	(74,245)	-
Interest margin	(182,019)	(219,494)
	(278,312)	(252,973)
Changes in working capital:		
Mutation in receivables from banks	17,038	(120,419)
Mutation bonds and investment	(313,219)	(17,977)
Mutation loans and advances	570,612	176,799
Mutation other assets	30,940	198,954
Mutation in debts to banks	63,148	(25,311)
Mutation customer accounts*	86,350	(272,690)
Mutation short term loans	-	(6,382)
Mutation in other liabilities	(3,936)	(846)
	450,933	(67,872)
Paid income tax	(3,438)	(2,424)
Receive interest	450,872	401,042
Paid interest	(177,996)	(219,611)
Net cash flow operational activities	720,371	111,135
Cash flow from investment activities		
Investments in tangible fixed assets	(18,296)	(38,072)
Disinvestment in shares	-	66,945
Net cash flow in investment activities	(18,296)	28,873
Cash flow from financing activities		
Mutation long term loans	-	(36,264)
Subordinated bond	100	74,700
Mutation share capital (nominal)	2,713	-
Premium new shares	221,871	-
Cash divided	(4)	(802)
Net cash flow from financing activities	224,680	37,634
Mutation liquid resources/cash assets	648,443	(75,330)
Cash assets at the beginning of the year	668,093	743,423
Cash assets at the end of the year	1,316,536	668,093

* Figures are fit to compare

Mutation condition equity 1 January to 31 December 2018

(In SRD thousands)	2018	2017
Opening balance 1 January*	167,678	203,461
Correction opening balance	(21,734)	(2,217)
Opening balance after correction	145,944	201,244
Correction charge		
Interest correction former years	(26,886)	-
Devalue DAVG N.V.	(18,459)	(3,179)
Release sell shares		(42,577)
Release real estate DAVG	-	(50,983)
Release divestment buildings		(185)
Result reporting period	(56,169)	10,064
	(101,514)	(86,860)
Correction in favor		
Mutation system change DAVG	-	49,763
Release of provisions deferred taxes	-	3,161
Expired dividend (cash & interim divided)		145
Capital (emission)	2,713	-
Agio (emission)	221,871	-
Perpetual obligation loan	50	225
	224,634	53,294
Equity per 31 December	269,064	167,678

* Figures are fit to compare

DSB | Explanatory notes to the 2018 consolidated financial statements

Adoption financial statements

The General Meeting of Shareholders adopted the 2017 financial statements on 12 July 2018 in accordance with the annual report dated 28 June 2018.

General information

De Surinaamsche Bank N.V., formed in 1865 and domiciled in Suriname, is a public limited company under Surinamese law. The registered office of De Surinaamsche Bank N.V. is at the Henck Arronstraat 26–30 in Paramaribo. De Surinaamsche Bank N.V. is the parent company of the Surinaamse Trustmaatschappij N.V. [Suriname Trust Company N.V.], the Surinaamse Computer Maatschappij N.V. [Suriname Computer Company N.V.] and the Financieringsmaatschappij Paramaribo N.V. [Financing Company Paramaribo N.V.]. In addition, De Surinaamsche Bank N.V. has a 49% interest in DSB Assuria Vastgoed Maatschappij N.V. [DSB Assuria Real Estate Company N.V.].

The Surinamese Computer Company N.V. and the Financing Company Paramaribo N.V. are shell N.V.s.

The explanatory notes to the 2018 financial statements relate to the corporate and consolidated financial statements.

Estimates, assumptions and presuppositions

Estimates, assumptions and presuppositions that affect the amounts recognized, have been used to prepare the financial statements. This relates in particular to the useful life and residual value of real estate and operating assets, the appraisals of real estate, impairment of assets, the size of the provision against credit risks and the provisions included under liabilities in the balance sheet. The estimates, assumptions and presuppositions that have been made, are based on market data, knowledge, past experience and other factors that are considered reasonable under the given circumstances. However, the actual results may differ from the estimates made. Estimates, assumptions and presuppositions are constantly assessed. Changes in estimates are recognized in the period in which the estimates are revised if the changes only relate to this period. If the change in estimate also relates to future periods, the change takes place prospectively in the relevant periods.

Applied standards

The financial statements have been prepared in accordance with generally accepted accounting principles, on a going-concern basis.

International Standards for Financial Reporting

The "Financial Statements Act" entered into force on 24 September 2017 after approval by the National Assembly. For organizations of public interest, including credit institutions, the annual financial statements must comply with the extended International Standards for Financial Reporting ("IFRS") from 2020 onwards. The first application of the standard "IFRS 1 – First Adoption" requires that on the transition date 1 January 2019, the comparative figures of DSB are adjusted from the current general principles for annual reporting to IFRS.

In the 2018 reporting year, a start was made with the preparation for implementation of IFRS at DSB through the establishment of an IFRS transition project. Progress is monitored and facilitated by a steering committee, which includes members of the management board. An initial gap analysis has meanwhile been conducted by identifying differences between the current general principles for annual reporting and IFRS. In January 2019 a phased transfer of knowledge on the application of the new standards was started through training courses for employees. The quantitative and qualitative evaluation of the differences resulting from the initial gap analysis is carried out according to an assigned task schedule and assessed by the internal audit department, supported by an external consultant.

Related parties

Related parties are deemed to be all legal persons over which dominant control or significant influence can be exercised. Legal persons who can exercise dominant control are also deemed related parties. The management board under the articles of association, other key officers in the management of the company, members of the Supervisory Board and close relatives are also related parties.

The bank's policy is that transactions with related parties take place at arms length.

Presentation

The corporate and consolidated balance sheets are prepared prior to processing the proposal for profit appropriation. The General Meeting of Shareholders decides on the proposed appropriation of profit in accordance with the articles of association. Unless stated otherwise, all amounts are stated in thousands of SRD, the functional and reporting currency.

Comparison last financial year

The comparative figures for December 31, 2017 have been adjusted during this reporting period due to reclassifications. The perpetual bond loan issued and the general reserve have been adjusted due to a change in the calculation of the write-down of the perpetual bond loan. As a result, shareholders' equity as at 31 December 2017 increased by SRD 12.9 million. The issued perpetual bond loan has decreased by the same amount. In addition, a number of corrections to the initial capital were made in the 2018 financial year. These relate to interest that was wrongly recorded in previous years and recognized in the result of the relevant period in previous years. The correction to the initial capital amounts to SRD 21.7 million.

In accordance with the Credit Classification and Provisions Directive of the Central Bank of Suriname, a total amount of SRD 26.9 million in non-received (claims for) interest from previous financial years has been charged to the profit reserves for non-accrual loans. In 2018, a conversion of non-received (claims for) interest into DAVG [DSB-Assuria Vastgoed {Real Estate}] capital was effected for SRD 18.5 million.

Capital adequacy

The capital adequacy ratio as calculated in accordance with the directives of the Central Bank of Suriname increased from 4.38% at year-end 2017 to 8.18% at year-end 2018 as a result of a share issue effected in 2018. The bank is working on further improving its capital adequacy to reach the required level within a reasonable period of time. Furthermore, future positive results will contribute to a further improvement of our capital adequacy.

Sustainable continuation of the bank's activities

The negative result for 2018 is mainly related to the further cleaning up of the loan portfolio. With the credit provisions in place as of 2016 (2016 to 2018: SRD 551 million), a large part of the credit risks has now been provided for. The cause of the large losses in recent years may be attributed to the manifest credit risks in the loan portfolio. Due in particular to various large

loans with a high risk profile and a further deterioration in the creditworthiness of some of these items, large additional credit provisions were established in 2016, 2017 and 2018.

The recovery process that is being implemented, is mainly focused on:

- Improving capital adequacy through capital reinforcement and improvement of profitability;
- Improvement of internal control through improved policies and procedures and reinforcement of the 2nd and 3rd line within our organization (in particular Risk Management, Compliance and Internal Audit department);
- Improvement of the credit policy and credit management to prevent new loans from being granted that do not meet the tightened acceptance standards of the bank and to control the existing loan portfolio as well as possible;
- Reduction of bad loans through reorganization and where possible restructure of bad debts;
- Reducing very large credit items and foreign currency credits in connection with the currency risk;
- Cost savings (restructuring sectors, reduction of personnel costs, efficiency improvement and other cost savings);
- Improving customer experience by promoting convenience for customers through, in particular, the use of digital channels, reduction of waiting times and faster services;
- Various initiatives aimed at growth in specific customer segments.

The implementation of this recovery process is progressing steadily. Various measures to curb credit risks and improve risk management have been taken. The improved risk management means that no new risks are accepted that are not within our acceptable standard and that existing risks are better managed. Due to the successful share issue, the capital adequacy ratio has been at a higher level (capital adequacy ratio: 2017: 4.38%, 2018: 8.18%) and the bank's liquidity position has also improved. The bank has liquidity buffers. Various initiatives in the context of cost saving and efficiency have been realized in the past 2 years, including closure of the head office and Kwatta branch on Saturdays. The better use of our digital channels (cash withdrawal from savings account via ATM and increased ATM daily limit, Internet and mobile banking) and various improvements in processes and cost-saving initiatives have resulted in improved efficiency and cost reduction.

The bank continues on this track taken. The improvements in services in connection with expected lower credit provisions in the future and cost-saving measures will lead to a recovery of profitability. It is also important that the bank continues to enjoy the confidence of its customers, which, for that matter, it was able to retain in the most turbulent period. Based on this, the bank's management has every confidence in the sustainable continuation of the bank's operations.

Principles of consolidation

The consolidated balance sheet and profit and loss account include the figures of the companies in which DSB has a minimum interest of 50%. In connection with this, the participating interests in the Suriname Trust Company N.V., the Financing Company Paramaribo N.V. and the Surinamese Computer Company N.V. are involved, the last two being shell NVs. The assets and liabilities and the results of these participating interests are 100% included in the consolidated balance sheet and the consolidated profit and loss account respectively, after elimination of intergroup relationships.

Principles of foreign currency translation

The assets and liabilities in foreign currencies are translated at the applicable bank rate on the balance sheet date. The exchange rates for USD and Euro on the balance sheet date were SRD 7.48 and SRD 8.31 respectively (2017 respectively SRD 7.47 and SRD 8.94). The exchange rate differences arising from the valuation and settlement of currency positions are recognized in the profit and loss account under result from financial transactions. This also applies to the results arising from the purchase and sale of foreign currencies.

The exchange differences arising from the valuation of the other financial instruments are recognized in the balance sheet as results arising from future liabilities and receivables.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Only those changes that have led to a change in cash resources have been taken into account. Exchange rate differences on cash balances in foreign currencies are recognized in the cash flow statement in the pre-tax result.

Accounting policies

ASSETS

Cash at bank and in hand

This item includes legal tender, both in local and foreign currencies. It also includes the mandatory cash reserves, which are not freely available. The cash resources are stated at nominal value.

Claims on bankers

Claims on bankers include receivables from domestic and foreign banks immediately due and payable. This also includes foreign currency cash reserve funds held at foreign banks, which are not at the free disposal of DSB. The receivables are stated at nominal value.

Bonds and other investments

This item includes bonds, investments in treasury paper and term deposits.

Bonds

Bonds concern investments in bonds from foreign banks, foreign companies, governments and local companies. These investments are stated at nominal value.

Treasury paper

This includes treasury bills issued by the Central Bank of Suriname, stated at the nominal end value on the balance sheet date. The maturity is a maximum of 12 months at an interest rate of 15%, 12% and 8% per year depending on the maturity (2017: 15% and 9%).

Time deposits

Term deposits concern investments with foreign banks. These investments are stated at nominal value.

Credits

This item includes loans to consumers and businesses, including overdrafts, maturing loans, hire-purchase loans, mortgages and personal loans. Where necessary, a provision is made in connection with the risk of bad debts, in accordance with the directives of the Central Bank of Suriname. This provision is deducted from the item Credits in the balance sheet.

In determining the credit provisions, the conditioned transitional arrangement of the Central Bank of Suriname has been taken into account. The credit provisions as at 31 December 2018 have been set at 75% of the calculated provision in accordance with directives from the Central Bank of Suriname. This transitional arrangement will be phased out until December 30, 2020.

Shares

These concern shares of BNETS N.V., TBL Multiplex N.V., Stadsherstel Suriname N.V. and others that are stated at the acquisition price or lower market value if such is known.

Participating interests

The participating interests are stated at the net asset value on the balance sheet date, if significant influence is exerted on the business and financial policy. This concerns a minority interest (49%) in DSB-Assuria Vastgoedmaatschappij N.V. (DAVG). Assuria N.V. has obtained majority control since July 2017 with 51% of the share capital. In 2018, the shareholders in the capital ratio made a capital injection of a total of SRD 55.9 million to improve the capital adequacy. The share of De Surinaamsche Bank (DSB) in this amounted to SRD 27.4 million. After the balance sheet date, an additional debt cancellation was made by DSB for SRD 7.7 million retroactively to 31 December 2018. In addition, in 2018 an impairment was effected for SRD 40.6 million from a site in Panaso N.V., a 100% participating interest in DAVG. The realizable value of the site is determined on the basis of the current market value. The potential transfer of this site has never been effectuated.

Real estate and operating assets

The bank buildings including land are stated at current value. The depreciation on bank buildings is done on a straight-line basis, over the estimated economic life of 40 years (2.5% per year).

Changes in the current value of buildings and land are credited/debited to the revaluation reserve, less a provision for deferred tax liabilities on buildings at the nominal tax rate. The revaluation reserve is included separately under equity capital.

The operating assets are valued at the purchase price less the straight-line depreciation based on the estimated economic life. This useful life has been set at five years for plant and equipment, at three years for vehicles and personal computers and at four years for other computer equipment.

Other assets and prepayments and accrued income

The other assets and prepayments and accrued income are stated at nominal value.

LIABILITIES

Amounts owed to bankers

The amounts owed to bankers include the debts to domestic banks shorter than 1 year and are stated at nominal value.

Deposits and customer accounts

This includes the current accounts, savings and term deposits of customers. These are stated at nominal value.

Other liabilities and accruals and deferred income

Unless stated otherwise in the foregoing, the other liabilities and accruals and deferred income are stated at nominal value.

Provisions

Provisions are made when an obligation arises from past events that are likely to require an outflow of economic resources to settle the obligation. A reliable estimate is made of this obligation. Additions and any subsequent releases are recognized in the income statement. Provisions include: provisions for deferred tax liabilities, provisions for post-employment benefits and other long-term employee benefits and other specific risks.

The provision for deferred tax liabilities relates to the difference in valuation according to the applied economic principles and the fiscal principles for bank buildings and shares. No latency is formed on the valuation difference of the land. The deferred tax liability is calculated at the applicable nominal rate.

The post-employment benefits pertain to all provisions to which pensioners are already entitled (derived from the regulations on provisions for pensioners of De Surinaamsche Bank N.V.), while the item other long-term employee benefits pertains to active employees employed by the bank for whom the provisions must be accrued in accordance with the applicable Collective Bargaining Agreement.

These provisions have been created to cover the existing liabilities to reimburse, for example, medical expenses for employees after retirement. The actuarial evaluations are performed annually by the Lo Fo Wong actuarial agency on the basis of the financial assumptions and actuarial guiding principles provided by the bank.

The pension entitlements of the employees are placed in the Stichting Pensioenfonds [Pension Fund Foundation] of De Surinaamsche Bank N.V. The provision for pension liabilities is calculated under the responsibility of the actuarial agency Lo Fo Wong. The pension base is determined at the start of membership and subsequently on 1 January of each subsequent year. The financing of the pension obligations takes place by means of monthly payments by DSB in proportion to 20% of the salaries. In addition, the fund itself contributes to the financing. From January 1, 2006 the employees have to pay a personal contribution of 9% of their salary.

The Claims provision concerns recognized liabilities of SRD 23.2 million for any future claims.

Issued perpetual bond loan (9% USD)

On April 23, 2016, the bank agreed with Assuria Levensverzekering [Life Insurances] N.V. to place USD 5,000,000 nominal deeply subordinated callable perpetual fixed rate notes with Assuria Levensverzekering N.V. The loan is classified by the Central Bank of Suriname as supplementary capital (additional tier 1 or AT-1) for the determination of the capital adequacy ratio, among other things, based on the subordination and the maturity. The compensation from the profit distribution of the bank is 9% under restrictive conditions. It has been stipulated by contract that the common equity tier 1 ratio must be at least 6% in order to include the full AT-1 amount as capital. If the bank does not meet this standard, the difference between the AT-1 amount and the calculated standard must be deducted from the general reserve item. As of 31 December 2018, this item has been fully included in the general reserve.

Subordinated bond loan (8.5% USD)

On 31 May 2017, the bank agreed with Assuria Levensverzekering N.V. to place USD 10,000,000 nominal subordinated loan with Assuria Levensverzekering N.V. The loan is classified as Tier-2 Capital by the Central Bank of Suriname, among other things, based on the subordination and the maturity. This loan has a maturity of 10 years at an interest rate of 8.5% per year. The interest on overdue payments is 10% per year.

The interest payment will always be credited to the lender on the maturity date. It has been stipulated by contract that, if DSB's capital so permits, substitution by another capital provider through a subordinated loan or capital contribution will take place. This in accordance with the conditions of the Central Bank of Suriname.

Capital

The authorized capital of the company amounted to SRD 4,350,000, divided into 43,500,000 shares, SRD 0.10 each. Of these, a total of 37,225,335 shares (2017: 10,104,462 shares) were issued and fully paid up after the 2018 share issue.

Revaluation reserve

The revaluation reserve pertains to the valuation of buildings, land and shares at current value relative to the historical acquisition value. The revaluations of the buildings and shares are accounted for after deduction of a provision for deferred income tax liabilities. The revaluation reserve of the buildings is of a binding nature and is released annually to the general reserve as a result of depreciation and divestments. Upon the divestment of the relevant assets, the revaluation reserve is realized and the realization is processed in favour of the result.

Reserve participating interest

Reserve participating interest relates to the participating interest in DSB Assuria Vastgoed Maatschappij N.V. for 49%.

Guarantees and documentary credits

This concerns contingent liabilities that are not included in the balance sheet, because their existence depends on whether or not one or more events will occur in the future, beyond the control of the bank.

Other financial instruments

In the past, the bank entered into several contracts with different maturities, with currencies being purchased and eventually sold back at a previously agreed exchange rate. The agreed selling rate is the same or virtually the same as the purchase rate. The rates agreed in these contracts may differ from the spot rate at the time of settlement. The unrealized exchange rate differences that ensue as a result are recognized on the balance sheet under other assets or other liabilities during the maturity.

Accounting policies for determining the results

Interest income

This item includes the interest expense arising from financial obligations.

Interest expense

This item includes the interest expense arising from financial obligations.

Proceeds from shares and participating interests

This item recognizes the share of Suritrust N.V. (100%) and DAVG N.V. (49%) in the results of the participating interests. The proceeds from shares consist of dividends received from local companies. Dividend income is recognized in the profit and loss account the moment the entity's right to payment is established.

Commission income

This includes the revenue from the services relating to domestic and foreign payment transactions and other services.

Other income

The results on incidental transactions are included under this item.

Result from financial transactions

This item presents the realized exchange rate results from foreign currency transactions and revaluations of assets and liabilities, as well as realized exchange results on other financial instruments.

Personnel expenses

These concern all costs related to the personnel. They include, among other things, salaries, social security costs and pension costs.

Other management costs

This item recognizes accommodation costs, office supplies, automation costs, communication and transport costs.

Depreciations

This item includes all depreciations with regard to tangible fixed assets. The specific principles for the depreciations are further explained in the section "Real estate and operating assets".

Addition provision for credit risks

This item comprises additions that have been made for the risk of bad debts in accordance with the directives of the Central Bank of Suriname and the agreed transitional arrangement.

Income tax

This item concerns the income tax on the result before taxes. The tax due on non-deductible depreciation for tax purposes is charged to the deferred tax included under provisions. No deferred tax asset has been formed on the offsettable losses.

Asset company and consolidated balance sheet at 31 December 2018

(In SRD thousands)	Company balance sheet		Consolidated balance sheet	
	2018	2017	2018	2017
Cash	1.316.531	668.079	1.316.536	668.093

The cash and cash equivalents held at the Central Bank of Suriname are on demand deposits and cash reserves. At the end of December 2018, an amount of SRD 504,150 in cash reserve (2017: SRD 345.22) is not at the free disposal of the DSB. The SRD cash reserve percentage at the end of the annual report is 35% (2017: 35%). An amount of EUR 19.5 million that was shipped by the Central Bank of Suriname for the benefit of banks was seized in April 2018 by the Public Prosecution Service in the Netherlands in connection with investigation into the origin. EUR 5 million of this comes from De Surinaamsche Bank. This amount has not yet been released at the time of writing this annual report. In cooperation with the Central Bank of Suriname, the necessary steps are taken to get the amount raised.

Composition of currency:				
Cash SRD	309,355	250,575	309,360	250,589
Centrale Bank van Suriname	1,007,176	417,504	1,007,176	417,504
	1,316,531	668,079	1,316,536	668,093
Composition of currency:				
Cash (SRD)	1,090,548	511,094	1,090,553	511,108
Cash (Other currencies)	225,983	156,985	225,983	156,985
	1,316,531	668,079	1,316,536	668,093
Receivables from banks	415,906	432,944	415,906	432,944
This includes the receivables from domestic and foreign banks				
SRD	8,069	1,725	8,069	1,725
Other currencies	407,837	431,219	407,837	431,219
	415,906	432,944	415,906	432,944
Bonds and other investments	2,974,089	2,660,870	2,974,089	2,660,870
This includes investments in bonds from local and foreign banks, treasury paper en term deposits				
Analysis:				
Bonds	224,719	446,539	224,719	446,539
Treasury paper	286,584	210,725	286,584	210,725
Term deposits (foreign banks)	2,462,786	2,003,606	2,462,786	2,003,606
	2,974,089	2,660,870	2,974,089	2,660,870
Loans and advances	2,529,166	3,099,778	2,529,166	3,099,778
This includes receivables and loans and advances				
Analysis:				
Public sector loans and advances	330,582	328,729	330,582	328,729
Private sector loans and advances	2,198,584	2,771,049	2,198,584	2,771,049
	2,529,166	3,099,778	2,529,166	3,099,778
Composition of currency:				
SRD	1,007,233	1,100,890	1,007,233	1,100,890
Other currencies	1,521,933	1,998,888	1,521,933	1,998,888
	2,529,166	3,099,778	2,529,166	3,099,778

Asset company and consolidated balance sheet at 31 December 2018

(In SRD thousands)	Company balance sheet		Consolidated balance sheet	
	2018	2017	2018	2017
Collateral is stipulated for lending:				
Government guarantees	330,582	328,729	330,582	328,729
Mortgages	1,026,514	1,400,668	1,026,514	1,400,668
Shares	15,225	2,901	15,225	2,901
Other securities	1,156,845	1,367,480	1,156,845	1,367,480
	2,529,166	3,099,778	2,529,166	3,099,778
The lending is divided into the following variants:				
Government	13.1%	10.6%	13.1%	10.6%
Agricultural sector and fisheries	1.7%	1.7%	1.7%	1.7%
Industry, forestry and mining	16.2%	12.7%	16.2%	12.7%
Trade and services	34.1%	45.7%	34.1%	45.7%
Construction and installation	8.5%	10.9%	8.5%	10.9%
TRANSPORT, STORAGE AND COMMUNICATION	0.9%	1.1%	0.9%	1.1%
Housing construction	5.4%	4.6%	5.4%	4.6%
Other	20.1%	12.7%	20.1%	12.7%
	100%	100%	100%	100%
The movements in the provision for doubtful debtors for 2018 and 2017 are as follows:				
(In SRD thousands)				
Provision as of January 1	448,024	366,484	449,961	368,505
Addition of principal	146,216	116,804	146,322	191,754
Addition of interest? (release)	(15,537)	24,689	(15,537)	(50,345)
Charges	(279,546)	(59,953)	(279,546)	(59,955)
Provision per December 31	299,157	448,024	301,200	449,961
Shares	3,053	69,998	3,053	69,998
This includes shares in the following local companies				
TBL Multiples N.V.	1,386	1,386	1,386	1,386
BNETS N.V.	1,467	1,467	1,467	1,467
Others	200	200	200	200
	3,053	3,053	3,053	3,053

Asset company and consolidated balance sheet at 31 December 2018

(In SRD thousands)	Company balance sheet		Consolidated balance sheet	
	2018	2017	2018	2017
Participating interests	9,054	1,838	9,054	1,838

The company balance sheets include subsidiaries which include participation in capital. Participation interest relate to: Surinaamse Trustmaatschappij N.V., Financieringsmaatschappij Paramaribo N.V., Surinaamse Computer Maatschappij N.V. en DSB Assuria Vastgoed Maatschappij N.V. (49% participating).

Analysis: Share capital and reserves	9,054	1,838	9,054	1,838
	9,054	1,838	9,054	1,838

<i>Property and equipment</i>	116,383	119,177	116,387	119,183
-------------------------------	---------	---------	---------	---------

Analysis:				
Property	82,031	77,371	82,031	77,371
Equipment	34,352	41,806	34,356	41,812
	116,383	119,177	116,387	119,183

Property:				
Value on 1 January	53,152	44,506	53,152	44,506
Investments	7,143	8,645	7,143	8,645
Revaluation	44,218	44,220	44,218	44,220
	104,513	97,371	104,513	97,371
Depreciations	(22,482)	(20,000)	(22,482)	(20,000)
	82,031	77,371	82,031	77,371

Equipment:				
Book value on 1 January	41,806	27,743	41,806	27,746
Investments	11,153	29,710	11,157	29,715
	52,959	57,453	52,963	57,461
Depreciations	(18,607)	(15,647)	(18,607)	(15,649)
	34,352	41,806	34,356	41,812

Apart of the assets stated on the balance sheet date under the item real estate and operating assets has already been provided with mortgage collateral. This mortgage registration was not canceled at the balance sheet date.

The mortgage is based, among other things, in the following areas:

- The plot of land on which De Surinaamsche Bank's head office is located
- The grounds on which the district offices are located
- Land in the name of the company

Other assets	36,925	69,335	42,177	73,117
---------------------	--------	--------	--------	--------

This item includes amounts which are not of an accrued nature of which cannot be classified under other balance sheet item. This concerns for example, the balances of payments transactions still to be settled and income tax receivable.

Prepayments and accrued income	46,374	125,547	46,374	125,547
---------------------------------------	--------	---------	--------	---------

This includes interest receivables

Liabilities company and consolidated balance sheet at 31 December 2019

	Company balance sheet		Consolidated balance sheet	
(In thousands of SRD)	2018	2017	2018	2017
Debts to bankers	173,940	110,792	173,940	110,792
This includes the debts from domestic and foreign banks.				
Composition of currency:				
SRD	46,454	17,075	46,454	17,075
Others currencies	127,486	93,717	127,486	93,717
	173,940	110,792	173,940	110,792
Customer accounts	6,576,185	6,489,835	6,576,185	6,489,835
Analysis:				
Saving accounts	2,235,211	2,108,698	2,235,211	2,108,698
Term deposits	1,824,172	2,058,970	1,824,172	2,058,970
Current account	2,516,802	2,322,167	2,516,802	2,322,167
	6,576,185	6,489,835	6,576,185	6,489,835
Composition of currency:				
SAVINGS (SRD)	539,411	471,057	539,411	471,057
Savings (W)	1,695,800	1,637,641	1,695,800	1,637,641
	2,235,211	2,108,698	2,235,211	2,108,698
Term deposits (SRD)	388,104	385,793	388,104	385,793
Term deposits (W)	1,436,068	1,673,177	1,436,068	1,673,177
	1,824,172	2,058,970	1,824,172	2,058,970
Current account (SRD)	1,005,246	878,493	1,005,246	878,493
Current account (W)	1,511,556	1,443,674	1,511,556	1,443,674
	2,516,802	2,322,167	2,516,802	2,322,167
Other liabilities	124,678	116,196	106,690	114,068
This includes still to be paid costs as well be paid interest				
Accruals and deferred income	145,617	133,933	145,617	133,933
This includes deferred income and short term debts				

Liabilities company and consolidated sheet at 31 December 2018

(In SRD thousands)	Company balance sheet		Consolidated balance sheet	
	2018	2017	2018	2017
Provisions	83,197	87,487	106,446	93,417
Analysis:				
Provisions for deferred tax liabilities	2,083	2,030	2,083	2,030
Provisions post- employment benefits ad other long-term employee benefits	81,114	84,957	81,114	84,957
Provisions for fraud risk	-	500	-	500
Provisions claims	-	-	23,249	5,930
	83,197	87,487	106,446	93,417
Placed perpetual bond loan (9% USD)	-	-	-	-
Subordinated bond loan (8.5% USD)	74,800	74,700	74,800	74,700
Shareholder equity	269,064	167,678	269,064	167,678
Analysis:				
Capital	3,723	1,010	3,723	1,010
General reserve	(46,565)	83,731	(46,565)	83,731
Agio reserve	268,409	46,538	268,409	46,538
Revaluation reserve	34,443	34,561	34,443	34,561
Participation reserve	9,054	1,838	9,054	1,838
	269,064	167,678	269,064	167,678
Movements in reserves				
Balance on 1 January	166,668	202,451	166,668	202,451
Mutation general reserve	(130,296)	56,332	(130,296)	56,332
Mutation agio reserve	221,871	-	221,871	-
Mutation revaluation reserve	(118)	(93,953)	(118)	(93,953)
Mutation participation reserve	7,216	1,838	7,216	1,838
	265,341	166,668	265,341	166,668

Company and consolidated profit and loss at 31 December 2018

	Company profit and loss account		Consolidated profit and loss account	
(In SRD thousands)	2018	2017	2018	2017
Interest income	371,699	431,924	371,699	433,486
This includes interest income from loans and advances financial investments and other lending				
Analysis:				
Interest from investment	82,262	51,835	82,262	51,836
Interest from credit portfolio	289,437	380,089	289,437	381,650
	371,699	431,924	371,699	433,486
Interest expenses	189,953	211,245	189,680	213,992
This includes interest expenses on borrowings by the bank and customer accounts				
Income from shares and participating interests	(10,599)	7,454	(1,637)	1,876
This includes dividend received from shares in local companies. The company PI accounts also comprises net profit of participating interest.				
Analysis:				
Shares	(1,637)	1,876	(1,637)	1,876
Participating interest	(8,962)	5,578	-	-
	(10,599)	7,454	(1,637)	1,876
Commission income	59,367	47,034	71,855	62,463
This includes reimbursements from services from domestic and foreign payments, insurance and other services.				
Analysis:				
Payments	53,094	43,210	53,094	43,210
Insurance	-	-	3,884	3,965
Other	6,273	3,824	14,877	15,288
	59,367	47,034	71,855	62,463
Other income	2,508	66,963	3,959	66,963
Sale of shares	-	63,229	-	63,229
Others	2,508	3,734	3,959	3,734
	2,508	66,963	3,959	66,963
Results from financial transactions	13,074	(5,517)	13,063	(4,627)
Concern the exchange rate result from foreign currency transactions, revaluation of monetary assets and liabilities in foreign currency and realized exchange results on other financial instruments.				

Company and consolidated profit and loss at 31 December 2018

	Company profit and loss account		Consolidated profit and loss account	
(In thousands of SRD)	2018	2017	2018	2017
PERSONNEL COSTS:	90,742	99,150	95,099	103,261
Analysis:				
Salaries (including gratifications)	71,657	65,873	75,312	69,308
Pension expenses	8,533	7,572	8,969	7,963
Social expenses and other personnel costs	14,146	12,303	14,412	10,588
Provisions	(3,594)	13,402	(3,594)	15,402
	90,742	99,150	95,099	103,261
Other management costs	67,954	69,418	68,885	70,375
Analysis:				
Housing costs		14,586	14,628	15,021
Office needs		5,254	6,875	5,318
Automation costs		18,773	18,406	18,846
Communication and transport costs		5,943	5,019	5,958
Other	23,613	24,862	23,957	25,232
	67,954	69,418	68,885	70,375
Depreciation		17,767	21,092	17,770
Analysis:				
Depreciation on buildings		2,120	2,482	2,120
Depreciation on assets	18,607	15,647	18,610	15,650
	21,089	17,767	21,092	17,770
Credit Risk provision	122,480	140,214	140,352	141,214
The changes in the value adjustments to claims are included below.				
Valuation credit provisions				
Credit provisions	267,418	190,433	285,290	191,433
Changes in value adjustments to receivables	(144,938)	(50,219)	(144,938)	(50,219)
Mutaties in de waardecorrecties op vorderingen	122,480	140,214	140,352	141,214
Taxes	-	-	-	3,485

The income tax on the result of taxes, taking into account compensatory losses. The tax blamed on tax-free depreciation is charged to the other provisions of tax latency. The compensatory losses are as follows:

- Fiscal result for 2016 – compensable until 2023: SRD 192,7 million
- Fiscal result for 2017 – compensable until 2024: SRD 4,1 million
- Fiscal result for 2018 – compensable until 2025: SRD 47,6 million

No active tax latency has been formed for the transferable losses. The future positive results are fiscally compensated in the year in which they occur.

Off-balance sheet rights and obligations

The bank has provided guarantees and documentary credits (Letters of Credit). The guarantees have dropped to SRD 101.6 million (2017: SRD 1127.7 million). Off-balance sheet documentary credit commitments amount to SRD 90.5 million (2017: SRD 97.6 million).

At year-end 2018, the bank had outstanding amounts of USD 6,773,540 and EUR 24,800,000 (2017: USD 9,083,540 and EUR 24,600,000) in other financial instruments.

Third-party legal claims have been instituted against DSB, which were handled by various law firms in 2018. DSB has put up a legal defence against these cases through its lawyers.

After balance sheet date events

In January 2019, the forward currency contract with the Central Bank of Suriname of Euro 19.8 million was renewed under unchanged conditions for the period of 6 months. Part of the equity investments was sold in January 2019. This sale has yielded a book profit of SRD 20 million.

The transitional arrangement agreed with the Central Bank of Suriname, in the course of which credit provisions have been formed for 75%, will be continued until December 30, 2020.

In 2019, the Central Bank of Suriname ("CBvS") decided to purchase the immovable property from Panaso. This was done in order to prevent possible bad debts from related loans, which could result in a deteriorating capital adequacy for DSB. The requirements for DSB have been laid down in an addendum to the purchase and sale agreement between CBvS and Panaso N.V.

Other data

Profit appropriation scheme under the articles of association

Article 22 paragraph 7 of the articles of association of De Surinaamsche Bank N.V. lays down the following:

"The balance after depreciation and reservation as referred to in paragraph 6 of this article shall be at the disposal of the annual General Meeting of Shareholders".

Profit appropriation 2018

Due to the negative result for 2018 and the capital adequacy ratio at year-end 2018, which ends under the standard of the Central Bank of Suriname, no dividend will be paid for the 2018 financial year.

Special control rights under the articles of association

The company's articles of association do not provide for any special provisions with regard to control rights.

In accordance with contract conditions and applicable laws and regulations, no dividend or remuneration is due for the perpetual bond loan for the 2018 financial year.

DSB | Independent auditor's report

To: the shareholders of De Surinaamsche Bank N.V.

A. Report on the 2018 financial statements included in the annual report

Our opinion

We have audited the 2018 financial statements of De Surinaamsche Bank N.V., Paramaribo, which are included in this annual report on pages 30 to 35.

In our opinion, the financial statements included in this annual report give a true and fair view of the size and composition of the assets of De Surinaamsche Bank N.V. as at 31 December 2018 and of the result and cash flows for 2018 in accordance with generally accepted accounting principles.

The financial statements consist of:

1. The corporate and consolidated balance sheet as at 31 December 2018;
2. The following statements for 2018:
The corporate and consolidated profit and loss account, the consolidated cash flow statement and the consolidated statement of changes in equity; and
3. The explanatory notes with an overview of the accounting policies used and other explanatory notes.

Paragraph to emphasize specific matters

Without adjusting our opinion, we draw attention to the following. The capital adequacy ratio as calculated in accordance with the directives of the Central Bank of Suriname was 8.18% at year-end 2018 (2017: 4.38%). As explained in sections "Capital adequacy" and "Sustainable continuation of the banking activities" (page 37 of the financial statements), there is uncertainty about the sustainable continuation of the banking activities. The management board has taken appropriate measures to bring capital adequacy to the required standard within a reasonable period of time. For these reasons, the financial statements have been prepared on a going-concern basis.

The Central Bank of Suriname has determined a transitional arrangement with regard to forming the provision for credit risks. This scheme runs until December 30, 2020. The credit provisions as at December 31, 2018 are set at 75% of the calculated provision in accordance with the Directives of the Central Bank of Suriname.

The basis of our opinion

We conducted our audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC). Our responsibilities based on this are described in the section "Our responsibilities for auditing the financial statements".

We are independent from De Surinaamsche Bank N.V. as required by the independence rules relevant to the engagement. We believe that the audit evidence we obtained, is sufficient and appropriate to provide a basis for our opinion.

B. Statement on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information, which consists of "the report of the management board".

Based on the procedures below, we believe that the other information is consistent with the financial statements and does not contain any material misstatements.

We have read the other information and, based on our knowledge and understanding obtained from the audit of the financial statements or otherwise, have considered whether the other information contains material misstatements. These procedures do not have the same depth as our audit procedures.

C. Description of responsibilities for the financial statements

Responsibilities of the management board as regards the financial statements

The management board is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles. In this context, the management board is responsible for such internal control that the management board deems necessary to enable the preparation of the financial statements free from material misstatements due to fraud or error. In preparing the financial statements, the management board must consider whether the company is able to continue its activities in a sustainable manner.

Pursuant to the aforementioned accounting system, the management board must prepare the financial statements on the going-concern basis, unless the management board intends to wind up the company or terminate the business activities or if termination is the only realistic alternative.

The management board must explain in the financial statements, events and circumstances that could give rise to reasonable doubt as to whether the company can continue its business activities in a sustainable manner.

.

Our responsibilities for auditing the financial statements

Our responsibility is to plan and conduct an audit engagement in such manner that we obtain sufficient and appropriate audit evidence for the opinion to be issued by us.

Our audit was conducted with a high, but not absolute, level of assurance, which means that we may not discover all material errors and fraud during our audit.

Deviations may arise as a result of fraud or errors and are material if it may be expected on reasonable grounds that they, individually or collectively, can influence the economic decisions that users make on the basis of these financial statements. The materiality influences the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have professionally and critically conducted this audit and, where relevant, applied professional judgment in accordance with international auditing standards, ethical regulations and independence requirements.

Our audit consisted of inter alia:

- identifying and estimating the risks that the financial statements may contain material misstatements due to errors or fraud, determining and conducting audit procedures in response to these risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. With fraud the risk that a material misstatement is not discovered is greater than with errors. Fraud may involve conspiracy, forgery, deliberate failure to record transactions, deliberate misrepresentation or breaking internal controls;
- gaining insight into internal control that is relevant to the audit with the aim of selecting audit procedures that are appropriate in the circumstances. These activities are not intended to express an opinion on the effectiveness of the entity's internal controls;
- evaluating the appropriateness of accounting policies used and evaluating the reasonableness of estimates by the management board and the explanatory notes thereto in the financial statements;
- determining that the assumptions used by the management board are in accordance with customary principles for the preparation of the financial statements based on the sustainable continuation of the company. Also, based on the audit evidence obtained, determining whether there are events and circumstances that could give rise to reasonable doubt about the company's sustainable continuation. If we conclude that there is material uncertainty, we are required to draw attention in our auditor's report to the relevant related explanatory notes in the financial statements. If the explanatory notes are inadequate, we must adjust our report. Our conclusions are based on the audit information obtained up to the date of our audit report. However, future events or circumstances may result in a company being unable to maintain its continuity;
- evaluating the presentation, structure and content of the financial statements and the explanatory notes contained therein; and

- evaluating whether the financial statements give a true and fair view of the underlying transactions and events.

Given our ultimate responsibility for the opinion, we are responsible for directing, supervising and conducting the group audit. In this context, we have determined the nature and extent of the work to be performed for the group entities. The size and/or risk profile of the group entities or activities are decisive in this regard. On grounds thereof, we selected the group entities for which an audit of the complete financial information was required.

We communicate with the persons in charge of governance about, inter alia, the planned scope and timing of the audit and the significant findings that have emerged from our audit, including any significant deficiencies in the internal control.

Paramaribo, 12 September 2019

BDO Assurance N.V.

[signed] R.D. Ferrier MSc. RA

DSB | Addresses

Paramaribo

Head Office

Henck Arronstraat 26-30
P.O. Box 1806

Kwatta

Kwattaweg 226/
Corner Washingtonstraat

Nieuwe Haven

Van 't Hogerhuysstraat 62

Ma Retraite

Coronastraat 4

Kasabaholo

Kasabaholoweg 29

Hermitage

DSB Hermitage Mall
Corner Estreliastraat/ TBL Cinemas
Unit 27-28

Marowijne District

Moengo
Kapitein Chris Silosweg 3

Nickerie District

Nieuw Nickerie
Landingstraat 6
P.O. Box 11

Wanica District

Lelydorp
Indira Gandhieweg 506

Customer Contact Center

Telephone: (597) 471100
Email: contactcenter@dsbbank.sr
Website: www.dsb.sr
Internet Banking: <https://my.dsb.sr>
Swift: SURBSRPA

Subsidiaries

Surinaamse

Trustmaatschappij N.V.

(SURITRUST)

Henck Arronstraat 32

Paramaribo



Final editing: Marketing Department De Surinaamsche Bank N.V.

Translation: drs. Patricia van Aerde – Milzink (text), Marketing Department De Surinaamsche Bank N.V. (figures)

Graphic design: Claudett de Bruin / I.D. Graphic Design

Photography: Fabian Vas, I. Moesan



