DSB DE SURINAAMSCHE BANK

2019

JAARVERSLAG

Inhoudsopgave

Op de voorpagina

De Surinaamse jungle kent een enorme verscheidenheid aan planten en bomen, die licht nodig hebben om te kunnen groeien. Door de zeer dichte begroeiing raakt maar 2 procent van het licht ook daadwerkelijk de bodem van het woud. Het vergt veel uithoudings- en aanpassingsvermogen van de bomen om op een geschikte plek het zo nodige licht te vangen en te kunnen blijven groeien.

Kernwaarden

Als we vooruit willen,
dan moeten we
terug en die kostbare
waarden herontdekken

Martin Luther King

”

Organogram

Per 1 januari 2021

De organisatie
is zo goed,
als de mensen
die er werken.

René van Rooij
Directeur

Verslag van de Raad van Commissarissen

Deze management transformatie was belangrijk om de volgende fase in het financieel herstel van de bank succesvol te voltooien.

drs Waddy Sowma

Algemeen

Dit verslag geeft een uiteenzetting van de uitgevoerde taken en verantwoordelijkheden van de Raad van Commissarissen betreffende het boekjaar 2019.

In het verslagjaar hebben er vele ontwikkelingen in de bank plaatsgevonden. Als gevolg van de wijzigingen in de aandelenverhouding is er een wijziging in samenstelling van de Raad van Commissarissen geweest. Daarnaast heeft er een wijziging in het bestuur van de bank plaatsgevonden. Deze management transformatie was belangrijk om de volgende fase in het financieel herstel van de bank succesvol te voltooien.

Samenstelling Directie

Per 5 augustus 2019 heeft, conform artikel 10 van de Statuten van De Surinaamsche Bank N.V, de heer Steven W. Coutinho het voorzitterschap van het directieteam van De Surinaamsche Bank N.V. overgenomen van mevrouw Drs. H. Lieuw-Hie – Gonesh, dat zij sinds 19 januari 2017 waarnemend vervulde. De heer P. Ng A Tham heeft op eigen verzoek zijn dienstverband bij De Surinaamsche Bank per 1 november 2019 beëindigd.

Het directieteam bestond vanaf 5 augustus uit de heren S. Coutinho, CEO, en R. van Rooij, COO. In de algemene vergadering van aandeelhouders van 26 september 2019 is dhr. S. Coutinho bij stemming officieel benoemd tot Chief Executive Officer. In de algemene vergadering van aandeelhouders van 11 december 2019 is mevrouw A. Sardjoe bij stemming officieel benoemd tot statutair directeur in de functie van Chief Risk Officer.

Per 1 januari 2022 hebben zowel de heer S. Coutinho als mevrouw A. Sardjoe de organisatie verlaten. Voor de heer S. Coutinho omdat deze voor een beperkte periode was aangetrokken en deze periode afgelopen is en mevrouw A. Sardjoe heeft de organisatie op eigen verzoek verlaten. In de aandeelhoudersvergadering van 28 december 2021 is de heer A. Molenkamp door de aandeelhouders als statutair directeur goedgekeurd waarna de bevestiging van goedkeuring door de Centrale Bank van Suriname per 20 januari 2022, tevens is ontvangen.

Raad van Commissarissen

Samenstelling

In een algemene vergadering van aandeelhouders van 28 februari 2019 heeft de Raad van Commissarissen aangegeven dat per 1 maart 2019 de volgende commissarissen aftreden:
Drs. S. Smit
J.J. Healy Jr.
Drs. M.J.A. Brahim RA
Ir. R. Blufpand
Mr. M. Tjon A Ten.

Per 1 maart 2019 is de nieuwe Raad van Commissarissen, onder voorbehoud van goedkeuring door de Centrale Bank van Suriname gestart bij De Surinaamsche Bank.

De Raad van Commissarissen is per 1 maart 2019 als volgt samengesteld:
Drs. M.E. Emanuels *President Commissaris*
Drs. W. Sowma *Vice President Commissaris*
Drs. S. Mathura QT
Ir. A. Sardjoe
R. Kasanrawi MBA MMA QT

In de algemene vergadering van aandeelhouders van 26 september 2019 zijn op grond van artikel 17 van de statuten de heren R. Kasanrawi en drs. S. Mathura afgetreden en hebben zich herkiesbaar gesteld en door de Vergadering herbenoemd. In de algemene vergadering van aandeelhouders van 11 december 2019 is mevrouw A. Sardjoe afgetreden als commissaris. Ter vervanging van mevrouw A. Sardjoe heeft de Vergadering, onder voorbehoud van goedkeuring door de Centrale Bank van Suriname, de heer drs. D. R. Parbhudayal AAG benoemd tot commissaris.

Volgens het door de Raad van Commissarissen opgemaakte rooster van aftreden, zoals bepaald in artikel 17 van de statuten, zijn aan de beurt om af te treden de heer W. Sowma en de heer M.E. Emanuels. De heer W. Sowma stelt zich herkiesbaar en wij stellen u voor de heer W. Sowma te herbenoemen. De heer Emanuels neemt afscheid gezien het bereiken van de statutaire maximale leeftijd van 70 jaar. Wij bedanken hem voor zijn inspanningen voor het herstel van deze bank.

Tijdens de aandeelhoudersvergadering van 28 december 2021 zijn de heren W.Sowma, R. Baidjnath Panday, N. Bishesar en J. van Ommeren door de aandeelhouders goedgekeurd als commissarissen. Door deze goedkeuringen komt het aantal commissarissen op zeven.

De Raad van Commissarissen is per 1 februari 2022 als volgt samengesteld:
Drs. W. Sowma *President Commissaris*
Mr. R. Baidjnath Panday *Vice President Commissaris*
Drs. S. Mathura QT
R. Kasanrawi MBA MMA QT
Drs. R. Parbhudayal AAG
Ir. N. Bishesar MBA
Drs. J. van Ommeren RA

Beleid en toezicht boekjaar 2019

De focus heeft in 2019 verder gelegen op het transformatietraject van de bank, gericht op versterking van de interne organisatie en optimalisatie van de compliance- en riskfunctie van de bank. Aan de verbetering van de solvabiliteitspositie alsmede het risicobeheersingsproces is met hoge prioriteit gewerkt. In het boekjaar 2019 heeft het toezicht zich vooral toegespitst op de interne beheersing, waarbij alle risico's zijn geïdentificeerd en geadresseerd zodanig dat de bank zich in korte tijd heeft gestabiliseerd. De behoefte aan uniformiteit in verslaggeving heeft mede dankzij de globalisatie ook zijn invloed op de financiële jaarverslaggevingsregels. Toepassing van de "International Financial Reporting Standards (IFRS)" bevordert de uniformiteit en vergemakkelijkt daarnaast de beoordeling en vergelijkbaarheid van financiële rapportages van ondernemingen wereldwijd. In de ontwerp wettekst van het Burgerlijk Wetboek 2 van Suriname wordt voorgesteld om de jaarrekening op basis van IFRS dan wel IFRS SME voor grote respectievelijk kleine en middelgrote vennootschappen op te stellen. De Surinaamsche Bank valt hieronder en om deze reden is de bank in 2019 overgestapt om de jaarrekening te rapporteren conform deze IFRS-standaarden. Het accountantskantoor Ernst en Young Suriname is aangetrokken voor de controle van de jaarrekening over 2019 en het uitbrengen van de controleverklaring. In de jaarrekeningen dienen de vergelijkende cijfers over de boekjaren 2017 en 2018 ook te zijn gebaseerd op IFRS en deze cijfers zijn derhalve conform de nieuwe standaarden bijgesteld. Het gehele proces van conversie heeft ertoe geleid dat het jaarverslag later dan u als aandeelhouder gewend bent, uitgebracht is. Wij rekenen op uw begrip in deze.

In het verslagjaar heeft de Raad van Commissarissen 23 vergaderingen gehouden.

Ontwikkelingen gedurende het boekjaar

Vanwege de overstap naar de rapportage van de jaarrekening conform IFRS-standaarden, is er een verdere toevoeging aan de voorzieningen over het boekjaar 2018 geweest. Het resultaat over dit boekjaar is gecorrigeerd, resulterend in een verlies van SRD 179 mln. Over het boekjaar 2019 zijn er minder voorzieningen getroffen. Dit heeft geresulteerd in een minder negatief resultaat voor belastingen over 2019 van SRD 38 miljoen. De solvabiliteit van de bank is als gevolg van de conversie in combinatie met de gevolgen van de reeds oude non-performing krediet portefeuille in de IFRS jaarrekening negatief geworden.

Commissies van de Raad van Commissarissen

Ter optimalisering van de inzet van de leden van de Raad van Commissarissen zijn specifieke deeltaken toebedeeld geweest aan een drietal commissies:

Audit Committee

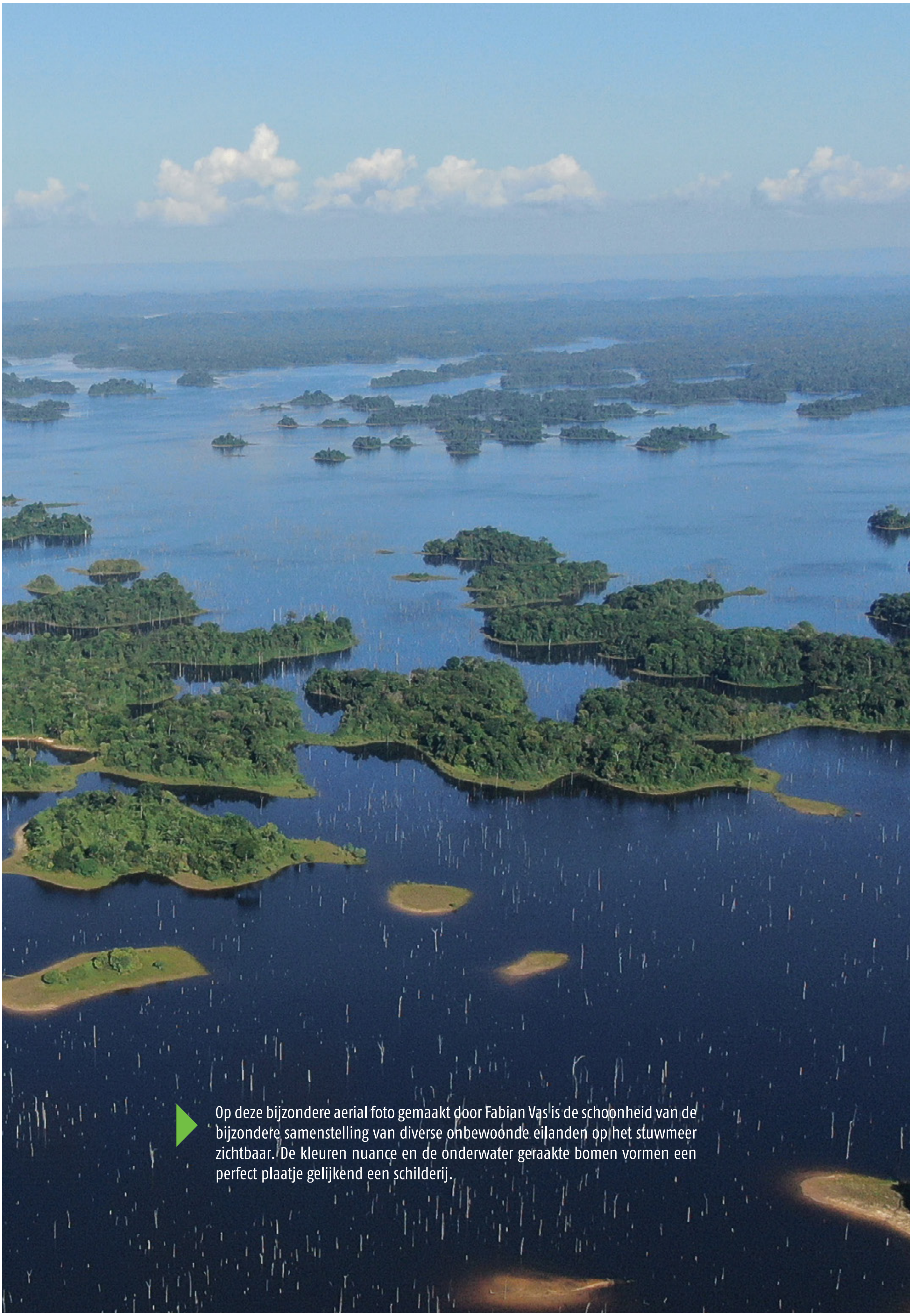
De Audit Committee bestond tot en met februari 2019 uit de leden de heren M. Brahim (voorzitter), J.J. Healy Jr. en mevrouw M. Tjon A Ten. Per 1 maart 2019, na de bijzondere algemene vergadering van aandeelhouders van 28 februari 2019, zijn bovenstaande commissarissen afgetreden. Per dezelfde datum bestaat de Audit Committee uit de leden de heren R. Kasanrawi (voorzitter), S. Mathura en W. Sowma. Per 1 januari 2022 bestaat de Audit Committee uit de leden R. Kasanrawi (voorzitter), S. Mathura, R. Parbhudayal en J. van Ommeren.
De taken en verantwoordelijkheden van de commissie zijn vastgelegd in een reglement (Audit Committee Charter), die in augustus 2019 is beoordeeld en waar nodig aangepast. De commissie heeft in het kalenderjaar 2019 vijf keer vergaderd, waarvan één keer met de externe accountant. In kalenderjaar 2020 heeft de commissie meerdere malen met het management/de directie, de Internal Audit Afdeling en de externe accountant vergaderd inzake de jaarrekening 2019 en de controle daarvan, waaronder wekelijkse voortgangsmeetings. In de vergaderingen worden de aanbevelingen van de Internal Audit Department, de externe accountant en de Centrale Bank van Suriname besproken, alsmede de opvolging daarvan. Ook komen aan de orde het functioneren van de Internal Audit Department, haar capaciteit (zowel kwalitatief als kwantitatief), de auditrapporten, de realisatie van het lopend jaarplan alsmede de samenstelling van het komend jaarplan. Gedurende 2019 heeft de Audit Committee eveneens overleg gevoerd met de externe accountant en IT-auditors, omtrent kritische risico's, de voortgang van de controle en hun aanbevelingen tot verbetering van de interne beheersing.

Risk & Compliance Committee

De Risk & Compliance Committee bestond tot en met februari 2019 uit de leden de heren J.J. Healy Jr. (voorzitter), M.J.A. Brahim en W. Sowma. Per 1 maart 2019, tijdens de bijzondere algemene vergadering van aandeelhouders van 28 februari 2019, zijn de heren J.J. Healy en M.J.A. Brahim als commissaris afgetreden. Vanaf 1 maart 2019 is de samenstelling van de Risk & Compliance Committee gewijzigd, als gevolg van een wijziging in de Raad van Commissarissen bij DSB. Vanaf 1 maart 2019 tot eind 2019 bestond de Risk & Compliance Committee uit mevrouw A. Sardjoe (voorzitter) en de heren S. Mathura en W. Sowma. Per 1 januari 2022 bestaat de Risk & Compliance Committee uit de leden R. Parbhudayal (voorzitter), S. Mathura, R. Baidjnath Panday en N. Bishesar.
Gedurende deze periode heeft de Risk & Compliance Committee zes keer vergaderd, in het verslagjaar zijn er in totaal zeven vergaderingen gehouden.
De Risk & Compliance Committee legt de focus op het algeheel bankbreed risicobeheersingssysteem en de daaruit voortvloeiende risicogebieden inclusief het compliance risico. Tijdens de reguliere vergaderingen zijn de verschillende risicogebieden beoordeeld op basis van de risicobereidheid en de risicotolerantie van DSB. Het compliance rapport, dat maandelijks wordt gepresenteerd aan de Raad, alsook de revisie en voortgang van het Compliance programma zijn besproken. Diverse beleidsdocumenten zijn tijdens speciale Risk & Compliance Committee vergaderingen besproken en goedgekeurd. De Risk & Compliance Committee Charter is gereviseerd.

Selection, Appointment and Remuneration committee

De Selection, Appointment and Remuneration committee bestond gedurende 2018 uit de leden S. Smit (voorzitter), M. Tjon A Ten en R. Blufpand.



Op deze bijzondere aerial foto gemaakt door Fabian Vas is de schoonheid van de bijzondere samenstelling van diverse onbewoonde eilanden op het stuwmeer zichtbaar. De kleuren nuance en de onderwater geraakte bomen vormen een perfect plaatje gelijkend een schilderij.

Vanaf 1 maart 2019 is de samenstelling van de Selection, Appointment and Remuneration committee gewijzigd, als gevolg van een wijziging in de Raad van Commissarissen bij DSB. Vanaf 1 maart 2019 tot eind 2019 bestond de Selection, Appointment and Remuneration committee uit de heer E. Emanuels (voorzitter), mevrouw A. Sardjoe en de heer R. Kasanrawi. Per 1 januari 2022 bestaat de Selection, Appointment and Remuneration Committee uit de leden R. Baidjnath Panday (voorzitter), R. Kasanrawi, R. Parbhudayal en N. Bishesar.
De commissie heeft in het verslagjaar vijf vergaderingen gehouden. In deze vergaderingen zijn onder meer de beloning en het functioneren van de directie besproken, de organisatiestructuur en de invulling van directie en belangrijke staffuncties aan de orde gekomen.

Functioneren

In de vergaderingen van de Raad van Commissarissen en van zijn commissies hebben de leden actief geparticipeerd aan de discussies en de besluitvorming. De Raad van Commissarissen heeft een zelfevaluatie gedaan met als doel vast te stellen of de taken zijn verricht en verantwoordelijkheden zijn genomen met in achtneming van de statuten van de vennootschap, de geldende regelgeving in Suriname en als er voldoende toezicht wordt gehouden op het gevoerde beleid. In het algemeen is het functioneren van de Raad over 2019 door zijn leden goed bevonden, zij het dat het altijd vatbaar is voor verbetering.

Vergoeding

De algemene vergadering van aandeelhouders stelt het honorarium van de Raad van Commissarissen vast. Het honorarium van de Raad van Commissarissen bedroeg in 2019 in totaal SRD 207.000 erbij en is tijdens de algemene vergadering van aandeelhouders aangepast en vastgesteld op SRD 864.000 voor de gehele Raad van Commissarissen, waarvan SRD 240.000 het gevolg is van de uitbreiding van het aantal commissarissen en het overige het gevolg is van een verhoogd honorarium en onkostenvergoeding van de individuele commissarissen.

Jaarrekening en voorstel winstverdeling

Ter voldoening aan het voorschrift van artikel 22 van de statuten berichten wij u inzake de jaarrekening 2019 van De Surinaamsche Bank N.V. het volgende: wij hebben de vennootschappelijke- en de geconsolideerde balans per 31 december 2019, de vennootschappelijke- en de geconsolideerde winst- en verliesrekening over 2019 en het geconsolideerde kasstroomoverzicht met de toelichting daarop doen onderzoeken en wij adviseren u de onderhavige jaarrekening, zoals die samen met de controleverklaring van Ernst & Young Suriname door de directie ter behandeling wordt aangeboden, vast te stellen. Deze vaststelling strekt tot decharge van de directie voor het bestuur en van de Raad van Commissarissen voor het gehouden toezicht in boekjaar 2019. De geconsolideerde winst vóór belasting over het boekjaar bedraagt -/- SRD 38 miljoen. Aangezien de solvabiliteitsratio per ultimo 2019 nog onder de vereiste norm is, zijn er geen renteverplichtingen voor het additioneel aangetrokken kapitaal ter versterking van het Tier 1 vermogen (AT1).

De bank zal over het boekjaar 2019 geen dividend uitkeren vanwege het feit dat de vermogenspositie van de bank nog niet op het vereiste niveau is.

Vooruitzichten

In de periode eind 2019 tot op heden heeft het transformatietraject van bank, gericht op versterking van de interne organisatie en optimalisatie van de compliance en risk functie van de bank, zijn vruchten afgeworpen. In deze periode zijn door het verbeterd risicomanagement de toevoegingen aan de voorzieningen sterk verlaagd en in diverse gevallen zijn slechte kredieten afgewikkeld waardoor voorzieningen geheel of gedeeltelijk zijn vrijgevallen. Een en ander heeft zich vertaald, getuige interne en nog niet-gecontroleerde cijfers, in een verbetering van de solvabiliteitspositie van de bank. Gezien de resultaten bereikt in de periode eind 2019 tot op heden, heeft de Raad alle vertrouwen in een goede en gezonde toekomst van de bank.

Dankwoord

De Raad van Commissarissen dankt de directie en alle medewerkers voor hun inzet gedurende het afgelopen boekjaar. Tevens dankt zij de klanten en aandeelhouders van de bank voor hun vertrouwen in onze bank.

Paramaribo, 28 oktober 2022

Raad van Commissarissen

Drs. W. Sowma	President Commissaris
Mr. R. Baidjnath Panday	Vice President Commissaris
Drs. S. Mathura QT	
R. Kasanrawi MBA MMA QT	
Drs. R. Parbhudayal AAG	
Ir. N. Bishesar MBA	
Drs. J. van Ommeren RA	

De lederschildpad kan wel 3 meter lang worden en 900 kilogram wegen. In het water is dit fysiek geen probleem, maar om op het land hun eieren te leggen is een zware weg. Het is een ware uitputtingsslag om hun natuurlijke omgeving te verlaten om hun aanzienlijk gewicht over het strand te slepen. Op het strand graven ze met hun achterpoten een diep gat en leggen hier ongeveer 80 eieren in. De schildpadden leveren deze zware inspanning soms wel tot 9 keer per legseizoen.

Corporate Governance Code

Goed bestuur met oprechte intenties is het kenmerk van onze organisatie. Een integere implementatie is onze passie.

René van Rooij
Directeur

Goed ondernemingsbestuur blijft hoog op de agenda van de directie en Raad van Commissarissen van de bank. De visie van de bank komt tot uitdrukking in haar kernwaarden: Open, Verantwoordelijk en Ambitieus. Deze kernwaarden zijn leidend in het beleid van de bank.

Op basis van de principes van goed ondernemingsbestuur is de ondernemingsstructuur ingericht met een directie die verantwoordelijk is voor de sturing van de organisatie en de Raad van Commissarissen die namens de aandeelhouders een toezichthoudende rol vervult.

Directieleden worden benoemd door de Algemene Vergadering van Aandeelhouders op voordracht van de Raad van Commissarissen en na goedkeuring van de Centrale Bank van Suriname.

Raad van Commissarissen

Conform de Corporate Governance Code bestaat de Raad van Commissarissen uit minimaal 5 leden. De leden van de Raad van Commissarissen worden benoemd door de Algemene Vergadering van Aandeelhouders. Voor de benoeming van commissarissen is goedkeuring van de Centrale Bank van Suriname vereist. De Raad van Commissarissen heeft een drietal commissies benoemd uit haar midden:

- **Selection, Appointment and Remuneration committee**
- **Audit Committee**
- **Risk & Compliance Committee**

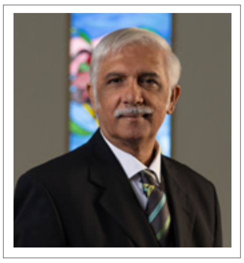
Deze commissies adviseren de Raad van Commissarissen met betrekking tot specifieke deeltaken.

Maca en Wijntje zijn, nadat hun ouders voor consumptie waren doodgeschoten, als huisdier aan de ketting beland. Na jaren deze zware situatie overleefd te hebben, zijn ze uiteindelijk in de Paramaribo Zoo beland. In 2021 zijn Maca en Wijntje dankzij het re-introductieproject van SRPS inmiddels weer echte wilde apen in het prachtige Surinaamse woud en in hun natuurlijke habitat.

Profielen

RAAD VAN COMMISSARISSEN

drs. Waddy Sowma (67)
President-Commissaris
- Is lid van de Raad van Commissarissen van De Surinaamsche Bank N.V. vanaf 2018.
- Van 1986 tot en met 1989 bij De Surinaamsche Bank N.V. werkzaam geweest als senior corporate loan officer
- Actief in de import en detailhandel in kleding
- Jarenlang bestuurslid van Vereniging Surinaams Bedrijfsleven geweest als vertegenwoordiger groep Handel
- Van 2012 tot 2016 voorzitter van het bestuur van Vereniging Economisten Suriname
- Jarenlang voorzitter van de Commissie van Toezicht (kredietcommissie) IFONS
- Heeft een doctorale graad economie van de Katholieke Hogeschool Tilburg



Roy Premchand Baidjnath Panday (66)
Vice President-Commissaris
- Is lid van de Raad van Commissarissen van de Surinaamsche Bank vanaf 2021 en tevens vice -president commissaris
- Is voorzitter van de Selection, Appointment en Remuneration Committee en lid van de Risk & Compliance Committee.
- Vanaf 2021 voorzitter van de Project Implementatie Unit voor Anti Money Laundering voor Suriname
- Tot en met 2021 voorzitter van de Nationale Anti Money Laundering Commissie en vertegenwoordiger van Suriname bij de Carribean Financial Action Task Force
- Van 2014 tot en met 2021 Procureur Generaal
- Heeft meer dan 35 jaar ervaring in diverse leidinggevende posities binnen het justitie, waaronder Advocaat Generaal en Hoofd Officier van Justitie
- Voorzitter en lid van diverse adviescommissies en besturen op het gebied van recht en justitie
- Heeft een master graad in Rechten van de universiteit van Paramaribo en een postdoctoraal diploma in Mensenrechten van de Universiteit van Curaçao.

drs. Stanley Mathura QT (63)
Commissaris
- Is lid van de Raad van Commissarissen van De Surinaamsche Bank N.V. vanaf 2019
- Is lid van de Audit Committee en de Risk & Compliance Committee
- Is vanaf 2004 tot aan zijn pensionering in 2019 directeur geweest van Surichange Bank N.V.
- Heeft meer dan 20 jaar ervaring in de bancaire sector
- Van 2001 tot en met 2010 parttime docent Geld, Krediet en Bankwezen bij de Universiteit van Suriname
- Heeft een doctorale graad in Economie en Geld, Krediet en Bankwezen van de Katholieke Universiteit Brabant

Robert Kasanrawi MBA, MMA, QT (58)
Commissaris
- Is lid van de Raad van Commissarissen van de Surinaamsche Bank N.V. vanaf 2018
- Is voorzitter van de Audit Committee en lid van de Selectie-, Aanstellings- en Remuneratiecommissie
- Is vanaf 2018 onderdirecteur Finance bij Self Reliance N.V.
- Is vanaf 2020 waarnemend hoofddirecteur bij Self Reliance N.V.
- Van 2017 – 2018 Voorzitter van Stg.Pensioenfonds C.Kersten & Co.
- Van 2005 tot en met 2017 Financial manager en Managing Director bij CKC Motors Co N.V.
- Van 2012 – 2017 Finance manager Kersten Lease N.V.
- Heeft een mastergraad in Business Administration en Management Accounting van FHR/University of Maastricht.

Rishie Parbhudayal (47)

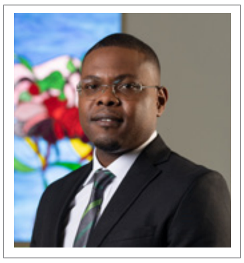
Commissaris

- Is lid van de Raad van Commissarissen van De Surinaamsche Bank NV vanaf 2020
- Is voorzitter van de Risk Committee (RCC), lid van de Selectie-, Aanstellings- en Remuneratie commissie (SARC) en de Audit Committee (AC)
- Is vanaf 1 juli 2017 directeur in de functie van Chief Operations Officer bij Assuria N.V.
- Is lid van de Board of Directors van Gulf Insurance Ltd., Assuria Life (T&T) Ltd., Assuria General & Life (Guyana) Inc.
- Is voorzitter van de Investment Committee van Gulf Insurance Ltd., Assuria Life T&T, Assuria General & Life (Guyana) Inc.
- Is bestuurslid/secretaris van de Surinaamse Effectenbeurs
- Is lid van het Actuarieel Genootschap in Nederland (AG) en de Caribbean Actuarial Association (CAA).
- Bezit een doctorale graad in Actuariële wetenschappen en Econometrie.
- Heeft meer dan 25 jaar ervaring in de financiële sector.

Nilesh Rampersad Bishesar (48)

Commissaris

- Is lid van de Raad van Commissarissen van de Surinaamsche Bank N.V. vanaf 2021
- Is lid van de Risk Committee en lid van de Selectie-, Aanstellings- en Remuneratiecommissie
- Is vanaf 2012 Managing Director bij Qualogy Caribbean
- Van 2010 – 2012 Commercial manager Qualogy Caribbean
- Van 2008 – 2010 Managing Director Westgroup Consulting
- Van 2006 – 2008 Manager Corporate & Consumer Sales Digicel Caribbean
- Board member van de ICT-Associatie
- Bezit een doctorale graad in Lucht- en Ruimtevaarttechniek van de TU-Delft en een mastergraad in Business Administration van FHR instituut/ Maastricht School of Management



Jurgen van Ommeren (38)

Commissaris

- Is lid van de Raad van Commissarissen van de Surinaamsche Bank vanaf 2021
- Is lid van de Audit Committee
- Vanaf 2012 Finance Manager bij CKC Machinehandel Surmac N.V.
- Van 2010 tot 2012 audit team leider bij Ernst & Young Accountants (Amsterdam)
- Van 2007 tot 2010 audit team lid bij BDO CampsObers Accounts & Adviseurs
- Heeft een master in Accounting & Control, een postdoctoraal diploma in Accountancy van de Vrije Universiteit Amsterdam en is Register Accountant (RA), als gevolg van de afgeronde praktijkopleiding tot accountant van het NBA (Koninklijk Nederlandse Beroepsorganisatie van Accountants) in Amsterdam.

DIRECTIE

De Directie van De Surinaamsche Bank bestaat uit twee statutaire directieleden

Arjan Molenkamp BSc MBA (54)

Directeur

- Trad in februari 2022 in dienst van De Surinaamsche Bank als Directeur en tevens statutair directeur.
- Heeft meer dan 30 jaar ervaring in het bankwezen, lokaal en internationaal.
- Heeft de afgelopen 15 jaar statutaire directie rollen vervuld bij verschillende banken in diverse landen in Afrika.
- Heeft een MBA van de Erasmus-universiteit/ Rotterdam School of Business aangevuld met opleidingen en trainingen aan toonaangevende opleidingsinstituten.

Ir. René van Rooij (61)

Directeur

- Trad in oktober 2016 in dienst van De Surinaamsche Bank N.V. als Chief Operations Officer en benoemd tot statutair directeur per 28 juni 2018
- Heeft meer dan 30 jaar ervaring in de bancaire sector, lokaal en internationaal
- Is voorzitter van de Raad van Commissarissen van BNETS, ondervoorzitter van DSB Pensioenfonds en bestuurslid van de Surinaamse Bankiersvereniging
- Heeft een doctorale graad in Technische Bedrijfskunde van de Technische Universiteit Eindhoven met als specialisatie Marketing en Strategische beleidsvorming aangevuld met opleidingen en trainingen aan toonaangevende opleidingsinstituten.

Verslag van de directie

> Integrity is doing the right thing, even when no one is watching

Arjan Molenkamp
Directeur

DE WERELD OM ONS HEEN

In 2019 is volgens het IMF de wereldeconomie met 2,9% gestegen wat 0,7 procentpunt lager is dan het jaar daarvoor. In 2019 wordt de wereldeconomie sterk beïnvloed door de spanningen tussen USA en China. Dit heeft geresulteerd in lagere industriële productie en toenemende onzekerheid in de internationale handel. Hierdoor is de groei van vele opkomende economieën zoals Rusland, Brazilië en India, afgenomen.

De economische groei van Latijns Amerika en het Caraïbisch gebied was in 2019, slechts 0,1%. Positieve uitzondering hierop was het Caraïbisch gebied met een geschatte groei van 1,4%. Ook de Surinaamse economie is in 2019 met omstreeks 2% gegroeid. De belangrijkste oorzaak van deze groei is de toename van de vraag naar huishoudelijke en kapitaalgoederen, in combinatie met een beperkte groei van de olie-industrie. Opvallend is dat in 2019 met name door lokale strubbelingen met illegale gouddelvers, de totale goudproductie gedaald is met 2,7%, wat geresulteerd heeft in een lagere productie van de lokale vestigingen van de in Suriname gevestigde multinationals in deze sector.

Op de handelsbalans van Suriname zien we een 3,1% toename van de export terwijl we een toename van 15,3% zien van de import. De toename van de export zit voornamelijk in de toenemende waarde van de goud export. Deze compenseert de sterke afname van de exportwaarde van olie, garnalen en bananen. Mede als gevolg hiervan verslechtert de betalingsbalans verder naar een niveau van ca. 11% negatief van BNP. Deze betalingsbalans wordt naast de negatieve handelsbalans, ook negatief beïnvloed door de uitstroom van winsten van buitenlandse bedrijven en betalingen voor internationale leningen van overheid en bedrijven.

Monetaire autoriteiten zijn in 2019 relatief succesvol geweest in het stabiel houden van de koers van de Surinaamse Dollar. Hierdoor is de inflatie beperkt gebleven tot een niveau van 4,4%. De bancaire sector heeft in 2019 een kleine toename ervaren van de toevertrouwde middelen van ca. 2,8% tot een niveau van SRD 18,1 miljard. De kredietportefeuille echter is in reële termen afgenomen met 11% ten opzichte van 2018. Van de kredietportefeuille is ca. 59% verstrekt in vreemde valuta. The Financial Soundness Indicator van de bancaire sector van juli 2019, zoals gepubliceerd door het IMF in de 2019 artikel 4 van hun Mission Report,

> Management is doing things right.
> Leadership is doing the right things.

laat een verbetering zien van de solvabiliteit, liquiditeit en winstgevendheid indicatoren ten opzichte van eind 2018.

De ontwikkelingen in de overheidsfinanciën blijven echter een grote zorg. De grote tekorten van de overheid dreigen een structureel probleem te worden en hebben geleid tot problemen bij de aflossingen van internationale financieringen. Het overheidstekort bedroeg eind 2018 11,5% van het BNP terwijl dit volgens beschikbare statistieken van de overheid eind oktober 2019, 8,8% van het BNP bedroeg. Aan het eind van 2019 bedroeg de staatsschuld USD 3 miljard waarvan USD 458 miljoen (ca. 15%) was geleend van lokale banken. De schuld-BNP ratio van 2019 vertoont een verslechtering van 5 procentpunten ten opzichte van eind 2018.

HET BEDRIJF VAN DE BANK

Strategische heroriëntatie

In 2019 heeft het nieuwe transitie-managementteam van De Surinaamsche Bank de nieuwe koers van de organisatie vastgelegd in een strategisch plan, genaamd Safer, Simpler, Stronger. Dit plan beschrijft de strategische richting van De Surinaamsche Bank voor een periode van 3 jaar. Met de start van de uitvoering van dit plan in januari 2020, beoogt dit plan een stevig fundament te creëren voor een gezonde en robuuste bank voor de komende jaren. Deze strategie bevat een viertal hoofdgebieden, te weten:

- Verhogen van de inkomsten – commerciële strategie
- Verlagen van de kosten – operationele strategie
- Beheersen van de risico's – risico strategie
- Veranderen naar een op prestatie gerichte cultuur

Verhogen van de inkomsten

De bank beseft dat niet alle klanten dezelfde wensen, behoeften en winstgevendheid hebben. Om deze reden heeft de bank veel aandacht besteed aan het segmenteren van ons klantenbestand, niet alleen om ons producten- en dienstenaanbod beter af te stemmen op elk segment, maar ook om de kanalen via welke wij ze aanbieden op één lijn te brengen.

Teneinde deze aanpak te ondersteunen is digitalisering een rode draad in de strategie geworden, in het verlengde van onze nieuwe slogan, "mijn bank, mijn manier van bankieren". Digitalisering geeft de klanten meer keuzevrijheid en flexibiliteit en voorkomt dat ze in lange rijen moeten wachten. Nieuwe toepassingen, die in 2020 en 2021 zijn uitgerold, zijn onder andere onze online aanvraagmodules voor persoonlijke leningen, autoleningen en hypotheken, evenals een nieuw online proces voor het openen van rekeningen voor bestaande klanten (geïntroduceerd in november 2021). De Surinaamsche Bank heeft ook voor het eerst een video-banking kanaal in Suriname geïntroduceerd waarmee de klanten online afspraken kunnen hebben met medewerkers van de bank. Het aantal medewerkers van het call center is meer dan verdrievoudigd en uitgerust met de nieuwste technologie (ZoHo desk) om telkens gedetailleerd inzicht te hebben in wachttijden, aantal geholpen klanten, gesprekstypes, besproken onderwerpen, doorlooptijd en klanttevredenheid.

Om de klantgerichte aanpak verder te ondersteunen, is de organisatie opnieuw opgezet rond de diverse klantsegmenten en zijn met succes nieuwe afdelingen geïntroduceerd: Prime Banking (high end particuliere klanten), Corporate Solutions (niet-krediet zakelijke klanten met een hoog bedrag aan toevertrouwde middelen) en een nieuwe MKB-unit binnen onze Corporate business unit.

De bank realiseert zich dat, om voortdurend en efficiënt kwalitatief hoogwaardige dienstverlening te kunnen bieden, meer standaardisatie noodzakelijk is in de producten en diensten die binnen elk segment aangeboden worden. Deze standaardisatie heeft ervoor gezorgd en zal ervoor blijven zorgen dat het serviceproces sneller en voorspelbaarder verloopt en minder ruimte voor fouten laat.

Gedurende het hele transitietraject heeft de bank ernaar gestreefd de diensten die aan klanten worden aangeboden te verbeteren, te vergemakkelijken en te moderniseren. Als gevolg daarvan is de organisatie voortdurend bezig de producten en diensten die via het kantorennetwerk worden aangeboden te reviewen en te optimaliseren. Het doel is om de nieuwe website in combinatie met het bestaande state of the art Internet & Mobile Banking platform, te positioneren als het nieuwe virtuele kantoor: een kantoor dat altijd en overal beschikbaar is zonder wachttijden en zonder beperkte openingstijden. Dit heeft wel gevolgen voor het fysieke kantorennetwerk en er is gestart met verdere rationalisering door de sluiting van het Kasbaholo-kantoor in 2020.

Ook vindt er rationalisering plaats van onze Suritrust-activiteiten, waarbij de hypotheekactiviteiten worden geïntegreerd in het bestaande netwerk voor particulieren en de bank hypotheken gaat aanbieden naast de andere populaire producten voor particuliere klanten. Na een grondig onderzoek is besloten om geen nieuwe beleggingsbeheeractiviteiten ten behoeve van derden meer te verrichten binnen Suritrust en de huidige activiteiten en portefeuille af te bouwen.

De toevertrouwde middelen van de bank is met 0,3% toegenomen van SRD 6,6 miljoen in 2018 naar SRD 6,7 miljoen in 2019. De bank heeft in 2019 weinig commerciële successen kunnen boeken, en daardoor is de kredietportefeuille in SRD met 3% gedaald. Vermeldenswaard is dat de kwaliteit van deze portefeuille sterk gestegen is door het aangaan van gezonde en solide nieuwe kredietovereenkomsten. De USD- en EURO kredietportefeuille zijn beiden gedaald met respectievelijk 6% en 2%, in lijn met de strategie om kredietverlening in vreemde valuta af te bouwen.

De nieuwe commerciële strategie heeft al sinds de start van de invoering zijn vruchten afgeworpen. Het aantal klanten van DSB is in twee jaar tijd met 1,9% gestegen, terwijl het aantal gebruikers van internetbankieren met 42% is toegenomen. De klanttevredenheid over het call center is gestegen tot 86% en over het video-banking kanaal tot zelfs 93%. De tevredenheid van de zakelijke klanten is toegenomen, maar er is met 67% nog steeds ruimte voor verdere verbetering.

Verlagen van de kosten

Teneinde de medewerkers meer te kunnen laten concentreren op de dienstverlening aan klanten, zijn veel van de taken, die vroeger door verkoop- en servicemedewerkers werden uitgevoerd, overgeheveld naar de afdeling Service Center (een operationele back-office afdeling) en zullen daar verder gecentraliseerd worden. Door deze activiteiten te centraliseren, kan meer gespecialiseerde ervaring en kennis ontwikkeld worden en is de knowhow minder verspreid over de organisatie. Door centralisatie en specialisatie is de organisatie is staat geweest om duidelijke Service Level Agreements uit te rollen over de hele organisatie, zodat er inzicht ontstaat in zowel de tijd tot oplevering als gemaakte fouten en deze gegevens opgevolgd kunnen worden met behulp van operationele dashboards.

Een ander belangrijk gevolg van deze centralisatie-inspanningen is dat de medewerkers meer tijd hebben om de klanten te adviseren. In dit verband zijn er ook technologische systemen geïmplementeerd die de follow-up van verzoeken van klanten vereenvoudigen en de organisatie in staat stelt voortdurend te controleren of de organisatie daadwerkelijk nakomt wat beloofd is. De investering in ZoHo Desk is een sterk voorbeeld van innovatie die de bank heeft ingevoerd met als doel de dienstverlening aanzienlijk te verbeteren. Het zorgt er niet alleen voor dat de processen verbeterd worden, maar volgt ook de klanttevredenheid bij elk contactmoment.

Naast de focus op technologie in de dienstverlening aan klanten, moet de bank zich blijven beschermen tegen cybercriminaliteit. Het is een grote uitdaging voor banken om op dit gebeid bij te blijven en te voorkomen dat zij grote risico's lopen op het gebied van informatiebeveiliging. De bank is telkens de noodzakelijke investeringen blijven doen en zij blijft de markt dan ook voor op dit gebied. Veel van de initiatieven en technologische oplossingen die geïntroduceerd worden, worden ook aangeboden aan andere marktspelers om te delen. Op die manier streeft de bank ernaar synergie te creëren en kosten te delen, waardoor deze voor iedereen voordeliger en toegankelijker wordt.

Technologie heeft de bank ook in staat gesteld efficiënter te werken. Het personeelsbestand is na de verslagperiode met 9,1% gedaald. Ondanks de toegenomen investeringen in technologie, zijn de bedrijfskosten op genormaliseerde schaal (uitgedrukt in USD) met 4,6% verminderd.

Beheersen van de risico's

In de periode na 2019 is het beleidskader van de bank vernieuwd, aangevuld en verduidelijkt. Er zijn 34 nieuwe beleidslijnen geschreven, 41 handleidingen opgesteld en meer dan 20 monitoringrapporten ontwikkeld. Dit kader fungeert als basis om risico's te (her)kennen, te analyseren, te beoordelen en maakt duidelijk hoe te handelen als risico's zich manifesteren. Deze beleidsdocumenten worden met de gehele organisatie gedeeld en er worden trainings- en coachingsessies gehouden om ze in de dagelijkse procedures te verankeren en richting te geven aan de uitvoering van de taken van alle medewerkers. Dit zorgt ervoor het beleid niet slechts een document is, maar een integraal onderdeel van de strategie, de overtuigingen en het gedrag van onze medewerkers. Alleen op deze manier wordt ervoor gezorgd dat de bank er altijd naar handelt. Met het nieuwe Incident Management Systeem (oftewel kwaliteitsrapportage) worden incidenten nu consequent geregistreerd en opgevolgd, niet om te straffen maar om te leren waar beleid tekortschiet of waar dit onvoldoende deel is van de dagelijks manier van werken. Dit levert dan op zijn beurt belangrijke input om het beleidskader daar waar nodig bij te stellen.

Er zijn een aantal significante risico's geïdentificeerd die een grote impact kunnen hebben op de kredietportefeuille en de financiële status van de bank, waarvan niet de minst belangrijke de verslechterende economische omgeving is. De Surinaamse economie blijft aanzienlijke zwakheden vertonen, niet alleen als gevolg van de COVID-pandemie maar ook door de verdere depreciatie van de munt ten opzichte van de US dollar. De stijgende inflatie zal de koopkracht van de consument blijven aantasten en dus ook het vermogen van de zakelijke klanten om hun schulden af te lossen, vooral als er sprake is een valuta-mismatch. De grote overheidsrisico's in de kredietportefeuilles van veel banken, waaronder ook De Surinaamsche Bank, vormen een bedreiging voor het financiële systeem, vooral gezien de onhoudbare verhouding tussen overheidsschuld en het Bruto Binnenlands Product. De bank heeft daarom de nodige maatregelen genomen om zich blijvend te beschermen, zoals de invoering van strengere kredietrichtlijnen, op risico gebaseerde vrijstelling en een grotere focus op niet-rentebaten. Alle beoordelingen van kredieten voor particuliere klanten zijn gecentraliseerd in een Goedkeuring Unit, die nieuwe, strengere richtlijnen en criteria hanteert. Tevens is er een sterke focus op het opschonen van de kredietportefeuille, het terugvorderen van meer dan SRD 407 miljoen aan schulden behorende bij non-performing kredieten, alsmede het herstructureren van oude USD leningen van bedrijven die slechts SRD inkomen hebben. Dit heeft geleid tot een sterke verbetering van de non-performing ratio, die gedaald is van 22% per eind 2019 naar 6% per eind september 2022 (exclusief verplichtingen van de overheid en Panaso Vastgoed N.V.). Bij het schrijven van dit verslag wordt gewerkt aan het herstructureren van non-performing staatsschuld van circa USD 33 miljoen, hetgeen zal leiden tot

Het directieteam van de bank van links naar rechts:
Arjan Molenkamp, Directeur
René van Rooij, Directeur

een vrijval van bijna USD 7 miljoen aan voorzieningen die tevens eenzelfde verhoging zal vertegenwoordigen van de Netto Open Valuta positie. Deze oplossing zal de Capital Adequacy Ratio met ongeveer 2% doen toenemen.

In 2022 hebben de betrokken partijen besloten om de overname van Accaribo terug te draaien. Op 28 april 2022 is een garantie overeenkomst getekend tussen De Surinaamsche Bank, Assuria N.V. en Panaso Vastgoed N.V. waarbij overeengekomen is dat de schuldpositie van Panaso Vastgoed N.V. aan De Surinaamsche Bank per eerdergenoemde datum opnieuw USD 20 miljoen bedraagt. Tevens is in dezelfde overeenkomst Assuria akkoord gegaan om voor USD 10,2 miljoen (Assuria's aandeel 51% in DAVG/ Panaso Vastgoed N.V. schuldpositie) deze schuld te garanderen en deze garantie te dekken middels termijndeposito's. Het effect van deze transactie is alsnog verwerkt in de jaarrekening van 2019. Dit heeft geresulteerd in een daling van de kredietvoorziening op deze transactie waardoor de Capital Adequacy Ratio van de bank verbeterd is met 2,3% naar negatief 3,0%.

Indien alle bovengenoemde zaken zijn uitgevoerd heeft de bank een sterk fundament waarop een "veiliger huis" gebouwd kan worden, aangezien niet alleen het vermogen wordt versterkt zodat economische tegenwind kan worden weerstaan, maar tevens de bank ook wordt klaargemaakt voor een succesvolle doorontwikkeling zodra de economische cyclus weer omslaat in groei.

Veranderen naar een op prestatie gerichte cultuur

De medewerkers zijn wat De Surinaamsche Bank sterk en succesvol maakt, en daarom is een belangrijke paragraaf in het strategisch plan gereserveerd voor de ontwikkeling naar een prestatie gerichte cultuur waarbij prestaties worden gestuurd door objectieve meting, verantwoordelijkheid, verantwoording en bijbehorende beloning. Dit wordt gebouwd op drie pijlers: Duidelijkheid, Vaardigheid en Motivatie.

Duidelijkheid is een belangrijk uitgangspunt voor een high-performance cultuur en deze wordt gecreëerd door een transparante en begrijpelijke beschrijving van de rollen en verantwoordelijkheden. De taken in de organisatie zijn opgedeeld in functiefamilies waardoor de rollen en verantwoordelijkheden aangescherpt en duidelijker worden. Ook worden de verwachtingen aan medewerkers heel transparant gemaakt door duidelijke en meetbare doelstellingen vast te stellen. Zo weet iedereen wat van hem/haar verwacht wordt en welk gedrag, resultaten en prestaties van ieder individu noodzakelijk zijn om de bank collectief succesvol te maken. Vervolgens worden de prestaties via de verschillende operationele en commerciële dashboards wekelijks opgevolgd, zodat managers kunnen bepalen hoe het succes met anderen kan worden gedeeld of waar ruimte is voor verbetering.

Medewerkers kunnen alleen succesvol zijn als ze ook beschikken over de juiste capaciteiten, kwaliteiten en kennis om hun rol goed te vervullen. In dit verband is veel aandacht besteed aan training van inhoudelijke kennis en coaching van soft skills, die nodig zijn voor een adequate taakinvulling. Deze soft skills zijn misschien nog belangrijker dan kennis en ervaring. Op deze manier wordt ervoor gezorgd dat we capabele medewerkers hebben die de bagage hebben om in hun rol te excelleren. Dit wordt ondersteund met de keuze in 2021 dat we telkens 3% van het personeelsbudget besteden aan opleidingen.

Een succesvolle organisatie is een organisatie met gemotiveerde medewerkers die hun stem durven te laten horen, en daarom is motivatie een belangrijk onderdeel van cultuurverandering. De bank streeft ernaar medewerkers te motiveren door high-performers te identificeren, in de schijnwerpers te zetten en te belonen, zowel individueel als team. Op deze wijze fungeren ze als een voorbeeld voor de organisatie. Een ander belangrijk aspect van de cultuurverandering is het creëren van ruimte om ieders stem te horen. Hoewel dit niet altijd gemakkelijk is, is het doel om de hiërarchie in de organisatie te doorbreken, waarbij er gestreefd wordt dat collega's elkaar zien als gelijken in plaats van bazen en ondergeschikten. Dit gebeurt in nauwe samenwerking met de werknemersorganisaties en in een gezamenlijk streven naar één bank.

Tenslotte wordt erkend dat na een aantal jaren van moeilijke maar noodzakelijk transitie, De Surinaamsche Bank nu een senior leiderschapsteam nodig heeft dat deze nieuwe bank voor langere termijn kan consolideren. Per eind 2021 hebben twee directieleden het transitieteam verlaten. De bank heeft een nieuw directieteam dat de bereikte veranderingen verder kan uitbouwen en ervoor zal zorgdragen dat de cultuurverandering een tweede natuur wordt voor alle medewerkers.

Om te weten waar we staan, is in 2020 begonnen om jaarlijks de motivatie van de organisatie te meten en de resultaten te gebruiken voor een programma gericht op verdere verbetering van de geconstateerde omissies.In het afgelopen jaar is de score voor werknemersbetrokkenheid wederom verbeterd.

De financiële ontwikkeling van De Surinaamsche Bank

In december 2017 is in Suriname de Wet op de Jaarrekening van kracht geworden en in overeenstemming met deze wet is De Surinaamsche Bank verplicht om met ingang van 2020 de jaarrekening te presenteren in overeenstemming met International Financial Reporting Standards (IFRS). Teneinde bij te dragen aan een meer transparante en vergelijkbare externe rapportage heeft de bank besloten dit te vervroegen en het financieel verslag met ingang van verslagjaar 2019 uit te brengen volgens IFRS. Hierdoor hebben de aandeelhouders van De Surinaamsche Bank een helder en vergelijkbaar inzicht in de financiële positie en heeft het management een duidelijk vertrekpunt om de bank te versterken.

Vergelijking met voorgaande jaren

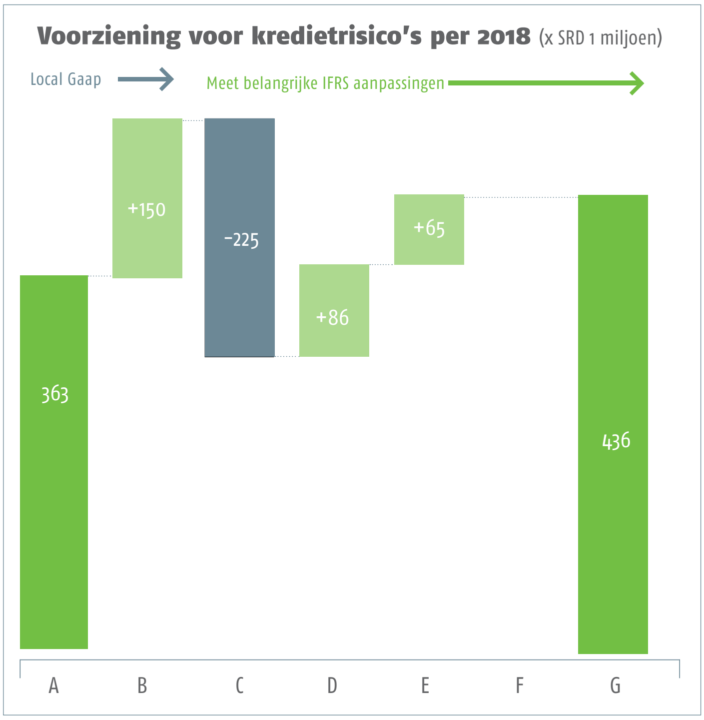
De IFRS-standaarden verschillen aanzienlijk van de standaarden die in het verleden werden gebruikt, dus deze verschillen moeten duidelijk zijn om de op IFRS gebaseerde cijfers goed te kunnen interpreteren en de prestaties te kunnen vergelijken. Belangrijke verschil tussen de twee standaarden is dat de voorzieningen voor kredietrisico's anders worden bepaald en dat de benadering van verplichtingen jegens medewerkers, fundamenteel anders is. In het kader van de voorziening voor kredietverplichtingen jegens derden dienen er, in tegenstelling tot de voorheen toegepaste lokale algemeen aanvaarde grondslagen voor financiële verslaggeving (local GAAP), voorzieningen getroffen te worden voor verplichtingen van de overheid of aanverwante instellingen waaronder de Centrale Bank van Suriname. In het geval van De Surinaamsche Bank heeft dit verschil grote gevolgen voor de financiële performance aangezien zij, net als andere financiële instellingen, materiële overheidsverplichtingen in haar boeken heeft. Hierdoor zijn de financiële positie en performance van De Surinaamsche Bank voor 2019 onvergelijkbaar met voorgaande boekjaren en andere financiële instellingen die nog niet overgegaan zijn op IFRS.

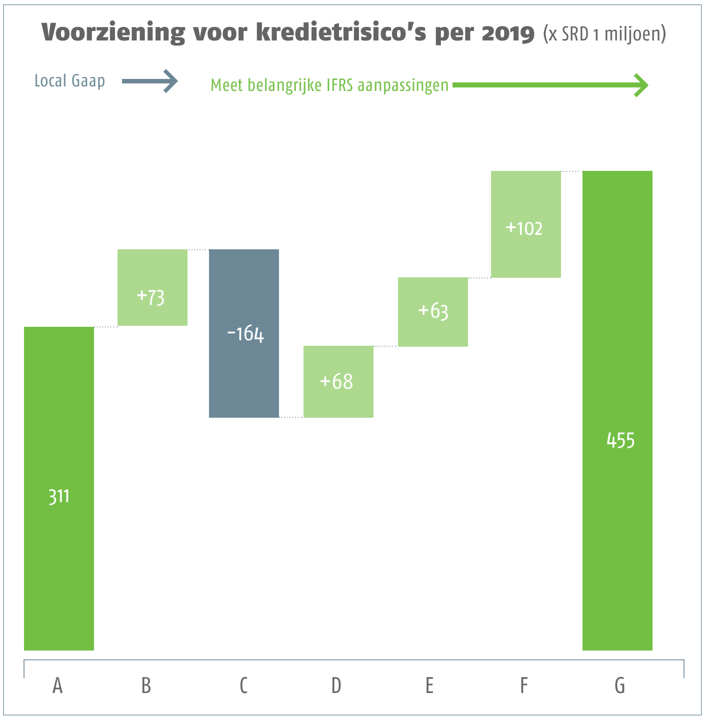
Om een beter vergelijkbaar inzicht te geven met het verleden en andere financiële instellingen, kunnen we niet-gecontroleerde cijfers geven op basis van de eerder gehanteerde algemeen aanvaarde grondslagen voor financiële verslaggeving (ook genoemd local GAAP). Op basis van local GAAP, bedroeg de nettowinst over 2019 negatief SRD 43,4 miljoen en het eigen vermogen eind van het boekjaar van SRD 229,4 miljoen. Dit correspondeert met een Capital Adequacy Ratio van 8,8%. Op het moment van schrijven van dit verslag (november 2021) is de Capital Adequacy Ratio gestegen tot 19% (niet- gecontroleerde cijfers op basis van local GAAP). Op IFRS-basis ziet onze financiële positie voor 2019 er echter aanzienlijk anders uit.

Geconsolideerde balans

Conform IFRS bedroeg het balanstotaal SRD 7,143 miljoen per ultimo 2019 hetgeen een daling betekent van SRD 59 miljoen of 2% ten opzichte van 2018. Dit betekent dat De Surinaamsche Bank de grootste bank van Suriname blijft met een geschat marktaandeel van ca. 35%. Opvallend aan de balans is de positie van het eigen vermogen, die per ultimo 2019 negatief SRD 62 miljoen bedraagt. Dit lage eigen vermogen is grotendeels het gevolg van diverse correcties die uitgevoerd zijn in het kader van de conversie naar IFRS en het negatief resultaat in 2019.

Allereerst is per 2019 een voorziening getroffen van ca. SRD 165,6 miljoen voor uitzettingen aan de overheid. Onder IFRS dient voor elk krediet en/of deposito een voorziening te worden getroffen die het te verwachten verlies in de komende 12 maanden weergeeft indien de klant niet meer aan zijn betalingsverplichting kan voldoen. Verplichtingen van de overheid en aanverwante instanties zijn hierop geen uitzondering. Volgens de vroegere lokale normen mogen er echter geen voorzieningen worden getroffen voor overheidsvoorzieningen.





Toelichting bij bovenstaande grafieken

	2018	2019	Toelichting
A	Betreft de voorzieningenstand op basis van algemeen aanvaarde grondslagen (exclusief Panaso Vastgoed N.V.)		De voorzieningen voordat IFRS is toegepast
B	Betreft de voorziening ten behoeve van Panaso Vastgoed N.V. in het kader van Accaribo		Betreft een dotatie aan de voorziening ten behoeve van het krediet aan Panaso Vastgoed N.V.
C	Betreft de waarde van de verstrekte zekerheden.		Verstrekte zekerheden worden bij toepassing van IFRS meegenomen in de waardering van het krediet.
D	Betreft kredieten, waarvoor op basis van IFRS een (hogere) voorziening getroffen dient te worden in vergelijking met de voorziening op basis van algemeen aanvaarde grondslagen, waaronder kredieten zonder noemenswaardige achterstand; onder IFRS bekend als de Stage 1 kredieten.		Op basis van algemeen aanvaarde grondslagen hoeft voor Stage 1 kredieten geen voorziening te worden getroffen.
E	Betreft een voorziening op tegoeden bij de Republiek van Suriname.		De tegoeden bestaan uit kredieten, alsook schatkistpapierbeleggingen.
F	Betreft een voorziening op tegoeden bij de Centrale Bank van Suriname.		De tegoeden bij de Centrale Bank van Suriname bestaan uit kasreserve middelen en termijndeposito's.
G	Betreft de voorzieningenstand (Expected Credit Loss) op basis van IFRS.		De voorzieningen na toepassing van IFRS
*	Na verwerking van B – E zit tussen A en F nog een bedrag van SRD 3 miljoen.	Na verwerking van B – E zit tussen A en F nog een bedrag van SRD 2 miljoen.	B – E betreffen de meest belangrijke IFRS aanpassingen in de voorzieningen. Het resterende bedrag is de som van dotaties en vrijvallen van andere activa in de portefeuille van de bank.

In het kader van Accaribo heeft De Surinaamsche Bank een lening van USD 20 miljoen verstrekt aan Panaso Vastgoed N.V. De garantiestelling van Assuria (inzake Accaribo) in de vorm van termijndeposito's voor een bedrag van USD 10,2 miljoen (Assuria's aandeel 51% in de schuldpositie) heeft echter geresulteerd in de daling van de voorzieningen met hetzelfde bedrag. Bijna SRD 58 miljoen aan additionele voorzieningen moest worden genomen vanwege de onterechte onttrekking van de aan onze bank behorende USD kasreserve en het gebruik van termijndeposito's door de Centrale Bank van Suriname per eind 2019. Hoewel onder local GAAP geen voorziening zou worden getroffen op posities van de overheid en de Centrale Bank van Suriname, verlaagt IFRS hierdoor ons eigen vermogen met het bedrag van de voorziening. Daarnaast is er over de verslagperiode 2019 een voorziening gecreëerd van SRD 35 miljoen voor kredieten die niet significant achterstallig zijn (minder dan 90 dagen). Aangezien deze kredieten ook een verwacht verlies hebben, hoe gering ook, moeten ook voor deze kredieten een voorziening worden getroffen. Dit wijkt af van de boekhoudkundige beginselen die in het verleden werden gehanteerd en nu nog door de meeste lokale banken worden toegepast.

Een ander negatief effect op het eigen vermogen is de voorziening voor personeelsbeloningen. Het beginsel van IFRS is dat de verwachte kosten aan het personeel toegekende beloningen moet worden voorzien. Hiervoor is een extra voorziening getroffen van in totaal SRD 62 miljoen. Wij verwachten in 2022 het pensioenstelsel te kunnen aanpassen, wat kan leiden tot een gedeeltelijke vrijval van deze voorzieningen. Het niveau van de voorziening voor kredietrisico's op basis van algemeen aanvaarde grondslagen enerzijds, op basis van IFRS anderzijds en het verschil daartussen is hieronder grafisch weergegeven voor de boekjaren 2018 en 2019.

Alle bovengenoemde elementen van IFRS hebben een negatief effect op het eigen vermogen van de bank. Er is echter ook een positief effect ten opzichte van de in het verleden gehanteerde grondslagen voor financiële verslaglegging, namelijk de berekening van het verwachte verlies. Als een klant niet meer aan zijn betalingsverplichting kan voldoen, mag onder IFRS rekening gehouden worden met de waarde van de gestelde zekerheid. IFRS gaat uit van het verwachte verlies en daarom hebben zekerheden een verminderd effect op dit verlies in geval van wanbetaling. Het in aanmerking nemen van de gestelde zekerheden verlaagt de benodigde voorzieningen en heeft derhalve een positief effect op het eigen vermogen van SRD 164 miljoen per 2019.

Geconsolideerd resultaat

In 2019 neemt de interest marge toe van SRD 120 miljoen in 2018 naar SRD 141 miljoen in 2019. De overige niet rentebaten exclusief voorzieningen op kredieten dalen van SRD 178 miljoen in 2018 naar SRD 70 miljoen in 2019.
De toevoeging aan voorzieningen op kredieten neemt van 2018 naar 2019 af met SRD 220 miljoen, van SRD 253 miljoen in 2018 naar SRD 33 miljoen in 2019. Belangrijkste reden hiervoor is dat de IFRS conversie effect heeft op de kredietvoorzieningen met name op het referentiejaar 2018 omdat dit het eerste jaar is dat IFRS in het kader van vergelijking is toegepast. Uit de forse verlaging van de voorzieningen in 2019 kon tevens geconcludeerd worden dat dit effect het grootst is "the first year of adoptation of IFRS", namelijk 2018.

De bedrijfslasten stijgen met 8.8% van SRD 199 miljoen 2018 naar SRD 216 miljoen in 2019. In het licht van de inflatie van 4,2% is dit een redelijk resultaat.

Het operationeel resultaat (inkomsten minus kosten) is in 2019 gedaald naar negatief SRD 37 miljoen, terwijl deze in 2018 negatief SRD 154 miljoen bedroeg. Geconcludeerd kan worden dat het negatieve resultaat in 2019 is gedaald ten opzichte van 2018 als gevolg van daling van de krediet voorzieningen. Uit de forse verlaging van de voorzieningen in 2019 kon tevens geconcludeerd worden dat dit effect het grootst is "the first year of adoptation of IFRS", namelijk 2018.

Als gevolg van bovenstaande komt het nettoresultaat in 2019 uit op negatief SRD 38 miljoen ten opzichte van negatief SRD 179 miljoen in 2018.

Basel ratio's: solvabiliteit en liquiditeit

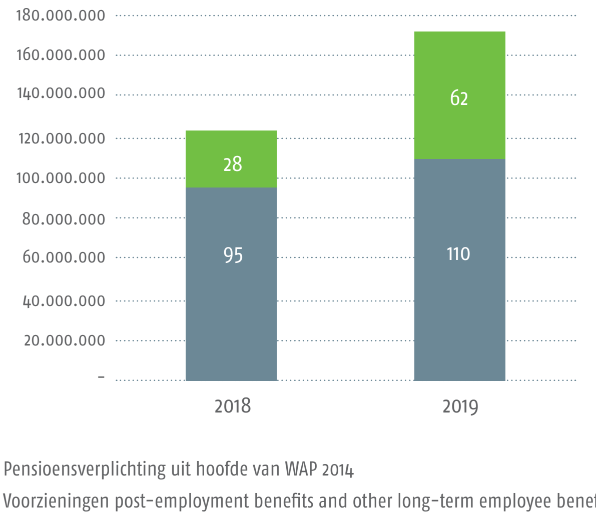
Suriname is op weg om over te stappen van Basel I naar Basel II. De Surinaamsche Bank heeft er echter voor gekozen om haar financiële prestaties ook onder Basel III te meten. Op het moment van schrijven van dit verslag is de Capital Adequacy Ratio (CAR) onder local GAAP (niet gecontroleerd) gestegen tot ruim boven de minimaal vereiste CAR-ratio van de CBvS. In het kader van Basel III heeft de Basel Committee ook twee liquiditeitsratio's vastgesteld om ervoor te zorgen dat financiële instellingen over voldoende liquiditeit beschikken om aan hun korte en lange termijnverplichtingen te voldoen: Liquidity Coverage Ratio (LCR) en (Net Stable Funding Ratio) NSFR. Deze twee vereisten zijn bedoeld om de risico's in beeld te brengen in geval van perioden van financiële turbulentie. Beiden moeten boven de 100% liggen. De LCR van de bank ligt op het moment van het schrijven van dit verslag voor alle valuta's boven de 100%, terwijl de NSFR voor alle valuta's boven de 200% ligt.

Vooruitzichten

Op het moment van schrijven van dit verslag zijn de activiteiten van de bank aanzienlijk versterkt als gevolg van het plan Safer, Simpler, Stronger met focus op de vier pijlers van 1) verhogen van de inkomsten, 2) verlagen van de kosten, 3) beheersen van de risico's en 4) cultuur van presteren. De local GAAP-cijfers, de verkoopprestaties, de resultaten operationeel, de resultaten op het gebied van risico en onze medewerkerstevredenheid van de bank bevestigen dit. De directie heeft er vertrouwen in dat ook de vooruitzichten voor 2022 en daarna positief zullen zijn. Er wordt een verdere opschoning van de kredietportefeuille verwacht en een beperkte dotatie of zelfs vrijval van de kredietvoorzieningen, hetgeen zal leiden tot een positieve bijdrage aan het resultaat. Ook de ontwikkelingen op de valutamarkt kunnen positief bijdragen aan het resultaat van de bank, gelet op onze hoge dollarisatie-graad. Als gevolg van bovengenoemde factoren verwachten wij, ondanks de blijvend moeilijke marktomstandigheden, dat resultaten conform IFRS in de verslag perioden 2020, 2021 en daarna, de kracht en gezondheid van de bank zullen tonen welke zich vertaalt in een verbetering van het eigen vermogen en de winstgevendheid.

Personeelsgerelateerde voorzieningen

(x SRD 1 miljoen)



Dankwoord

De directie heeft de afgelopen periode veel van de medewerkers gevraagd bij het herstel van De Surinaamsche Bank. Door de veel organisatorische veranderingen heeft de bank ook afscheid moeten nemen van sommige collega's, terwijl anderen welkom zijn geheten in de DSB-familie. Ook dat hoort bij het proces om winnende teams te maken. De directie is dan ook de medewerkers zeer erkentelijk voor hun flexibiliteit, hun inzet en hun vertrouwen die hebben bijgedragen aan een succesvolle start van de nieuw ingezette koers en de financiële positieve ontwikkelingen die de bank nu doormaakt. Een speciaal woord van dank wil de directie richten aan het team dat zich ingespannen heeft om dit jaarverslag conform IFRS te realiseren. De hele organisatie weet dat het geen makkelijk proces was maar is trots op het resultaat.

De directie is de leden van de Raad van Commissarissen zeer erkentelijk voor hun hulp, samenwerking en advies in het proces van herstel. Samen met al onze collega's is de directie tenslotte al onze klanten dankbaar voor hun vertrouwen en loyaliteit.

Paramaribo, 28 oktober 2022

Arjan Molenkamp
Directeur

René van Rooij
Directeur

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DE SURINAAMSCHE BANK N.V.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of De Surinaamsche Bank N.V. and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019 and the consolidated statement of profit or loss, the consolidated statement of comprehensive (loss)/income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants '("IESBA") International Code of Ethics for Professional Accountants (including International Independant Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.1 to the consolidated financial statements which indicate that as at 31 December, 2019 and for the year then ended, the Group reported a net loss after tax of SRD 38 million (2018: net loss after tax SRD 179 million), and a total comprehensive loss after tax of SRD 82 million (2018: SRD 119 million) respectively. In addition, the Group reported a negative equity position of SRD 61.6 million (2018: positive SRD 16.3 million) with a corresponding negative capital adequacy ratio in fiscal year 2019 which is not in compliance with its regulatory requirements. Further the Group was under direct supervision of the Central Bank of Suriname which involved additional reporting and a more extensive approval process. Accordingly, this may bring into question the entity's ability to continue in the foreseeable future as a going concern.

As discussed in Note 1.1, the Group has begun to implement strategies to improve its performance, and the Directors have maintained the going concern assumption in the preparation of these consolidated financial statements. This basis of preparation presumes that the Group will realize its assets and discharge its liabilities in the ordinary course of business. Given the financial condition of the Group, a material uncertainty exists that may cast significant doubt on the ability of the Group to continue as a going concern. Our opinion is not qualified in relation to this matter.

Report on the Audit of the Consolidated Financial Statements
(Continued)

Other matter

Re-issue of the consolidated financial statements

As described in note 2.1, these consolidated financial statements have been re-approved by the Board of Directors on 28 October 2022 (relative to the consolidated financial statements which were previously approved and issued on 9 December 2021) and are re-issued for the purpose of inclusion of subsequent adjusting event where stakeholders of the Accaribo property transaction collectively agreed to amend the original transaction with retrospective effect to the 2019 financial year.

Comparative figures

The consolidated financial statements of the Group for the year ended 31 December 2018 were prepared, in accordance with Generally Accepted Accounting Principles ("GAAP") and audited by another auditor who expressed an unmodified opinion on those statements on 13 September 2019. As part of our audit of these consolidated financial statements, we also reviewed the adjustments described in Note 6 that were applied to amend the 2018 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2018 consolidated financial statements of the Group other than with respect to the above-mentioned adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2018 consolidated financial statements taken as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of 2019. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements.

The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Initial audit engagement – Transition plan Initial audits include a number of elements which are not performed in recurrent audits conducted on a regular basis. These additional procedures include, in particular, planning activities which are intended to enable an appropriate audit strategy to be determined for the consolidated financial statements. The consolidated financial statements of the Group for the year ended 31 December 2018 were prepared, in accordance GAAP, and audited by another auditor who expressed an unmodified opinion on those statements. This has been discussed in the Other Matter paragraph above.	After being appointed as the Company's auditors in 2019, we developed a comprehensive transition plan to ensure an effective transition from the predecessor auditor. In order to develop an appropriate audit strategy and audit plan in the initial audit engagement for the Group, specific planning activities were necessary. These included, but were not limited, to: • Obtaining an initial understanding of the Group and its business including background information, strategy, business risks, information technology landscape and its financial reporting and internal controls framework, to assist in performing risk assessment procedures; • Obtaining sufficient appropriate audit evidence regarding opening balances and the appropriate selection and consistent application of accounting policies; • Communicating with the predecessor auditor, including reviews of audit working papers for previous periods; and • Performance of analyses in order to evaluate the assumptions made by management in the previous financial year. The foregoing has been used as a basis for our audit plan. We discussed and agreed our audit plan with the Supervisory Board of the Group in 2019 and have reported status updates, progress reports and key findings from our audit process on a regular basis.

Key audit matters
(Continued)

Key audit matter	How our audit addressed the key audit matter
First time adoption of International Financial Reporting Standards (IFRS) The Group adopted IFRSs and converted from GAAP in fiscal year 2019. This involved a detailed IFRS conversion exercise to identify all significant and material differences in the accounting policies previously applied under GAAP to that required in accordance with IFRS. This exercise resulted in the identification of several differences and required adjustments to be recorded to facilitate the conversion to IFRSs. These differences and the related impact are disclosed in Note 6 to the consolidated financial statements.	Our audit procedures focused on assessing the completeness and robustness of the conversion exercise and included the following: • Obtained the IFRS to GAAP differences checklist and evaluated the differences as it related to the Group to assess whether all differences were properly identified and complete; • We evaluated that where differences were identified that the appropriate accounting policy was applied; • We audited the GAAP to IFRS adjustments to determine if reasonable and appropriate; and • We evaluated whether the Group appropriately applied IFRS 1 'First-time Adoption of International Financial Reporting Standards' exemptions and the related disclosures in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Allowance for Expected Credit Losses (ECLs) IFRS 9: Financial instruments requires the Group to record an allowance for Expected Credit Losses (ECLs) for all advances and other financial assets not held at fair value through profit and loss (FVPL), together with loan commitments and financial guarantee contracts. Advances (loans) and other financial assets held at amortized cost comprise 28.9% of the Group's total assets. The estimation of ECLs on financial assets is inherently uncertain and is subject to significant judgement. Furthermore, models used to determine credit impairments are complex, and certain inputs used are not fully observable. Management compensates for any model and data deficiencies by applying overlays to these outputs which adjusts the ECLs.	Our audit procedures in relation to the ECLs included: • Assessment and testing of the modelling techniques and methodologies developed by the Group in order to estimate the ECLs, and evaluated its compliance with the requirement of IFRS 9; • Reviewed the completeness and accuracy of data from underlying systems through to the models used to determine the ECLs. We considered the methodologies applied in determining Probabilities of Default (PDs) and the data used to estimate Loss Given Defaults (LGDs) and tested the Exposure At Default (EADs) against asset subledgers and amortization schedules. Where PDs and LGDs were based on assigned global credit ratings, we independently tested the source data; • We also performed sensitivity analysis, and for certain portfolios, re-performed the provision calculation using our own independent models. We understood and corroborated any material differences identified; • In evaluating the models and assumptions, we also considered whether all relevant risks were reflected in the modelled provision, and where not, whether overlays to modelled calculations appropriately reflected those risks. We challenged management to provide objective evidence to support the overlay adjustments made to the modelled provision.

Report on the Audit of the Consolidated Financial Statements (Continued)

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of employee benefit obligations We identified the valuation of employee benefit obligations as a key audit matter because of the significant management judgement and actuarial expert involved in the valuation. As set out in Notes 33 to the consolidated financial statements, in determining the obligations of employee benefits, the Group engaged an actuarial expert to perform the actuarial valuation of plan assets and the present value of the defined benefit obligations, and the key assumptions used including discount rates, expected return on plan assets, expected salary increases and mortality rates. As set out in Note 33 to the consolidated financial statements, the Group's obligation in respect of the employee benefits as at December 31, 2019 amounted to SRD 172 million.	Our procedures in relation to assessing the valuation of employee benefit obligations included: • Understanding the management valuation process, including the involvement of an actuarial expert in performing the actuarial valuation of plan assets and the present value of the defined benefit obligations; • Evaluating the competence, capabilities and objectivity of the management actuarial expert; • Evaluating the appropriateness of the valuation method and key assumptions as disclosed in Note 33 used to determine the valuation of employee benefit obligations and compliance with IAS 19: Employee Benefits ; • Working with EY actuarial expert to evaluate the reasonableness of the discount rate used by management; • Evaluating the reasonableness of the expected return on plan assets by checking the historical performance on plan assets and available market and economic data; • Assessing whether the relevant disclosures in the financial statements are consistent with the requirements of IAS 19; and • For pension assets we obtained an independent report from the plan's auditors confirming the reasonableness of the fair value of the assets used in the computation of the net pension liability.

Other information included in the Group's 2019 Annual Report

Other information consists of the information included in the Group's 2019 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Report on the Audit of the Consolidated Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner in charge of the audit resulting in this independent auditor's opinion is Andrew Tom.

Yours sincerely

Andrew Tom

Partner for and behalf of
Ernst & Young Suriname

Paramaribo, 28 October 2022

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De oranje rotshaan is een bijzondere vogel, die alleen in het Guyanaschild voorkomt, een bijzonder hoogtepunt voor Suriname. Hun feloranje kleur en hun gracieuze dans in paringstijd is om indruk op de vrouwtjes te maken. Op de "lek", de dansplek, komen de mannetjes tezamen en probeert elk mannetje zijn uiterste best te doen de mooiste te zijn en uiteindelijk gekozen te worden om te paren. Vanwege dat ritueel hebben ze soms bijna geen tijd om te eten.

DSB Consolidated Financial Statements 2019

Consolidated statement of profit and loss

in thousand SRD for the year ended 31 December	Notes	2019	2018
Interest income calculated using the effective interest method	9	315,288	312,639
Interest expense calculated using the effective interest method	10	(174,278)	(192,343)
Net interest income		**141,010**	**120,296**
Fee and commission income	11	75,199	81,662
Fee and commission expense		(5,631)	(6,249)
Net fee and commission income		**69,568**	**75,413**
Net trading (loss)/income	12	(20,608)	24,255
Impairment losses from changes in the expected credit loss	13	(32,902)	(253,072)
Net gain or (loss) on financial assets and liabilities at fair value through profit or loss	14	(6,047)	54,281
Other operating income	15	27,474	23,696
Net operating income		**178,495**	**44,869**
Personnel expenses	16	(117,766)	(107,618)
Depreciation of property, equipment and right-of-use assets	26	(13,527)	(13,978)
Amortisation of intangible assets	28	(12,573)	(10,384)
Other operating expenses	17	(72,066)	(66,578)
Total operating expenses		(215,932)	(198,558)
Net loss before tax		**(37,437)**	**(153,689)**
Income tax income (expense)	18	(708)	(25,378)
Net loss after tax		**(38,145)**	**(179,067)**
Earnings per share			
Equity shareholders of the parent for the year:			
Basic earnings per share		(1.01)	(4.81)
Diluted earnings per share		(1.01)	(4.81)

Consolidated statement of comprehensive (loss)/income

in thousand SRD for the year ended 31 December	2019	2018
Loss for the year:	**(38,145)**	**(179,067)**
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods	0	0
Income tax related to items that may be reclassified to profit or loss	0	0
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods net of tax	**0**	**0**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		
Remeasurement gain/(loss) on defined benefit plans	(43,927)	60,036
Exchange rate differences related to the items that will not be reclassified to profit or loss	(54)	(65)
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(43,981)**	**59,971**
Income tax related to items that will not be reclassified to profit or loss	0	0
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods net of tax	**(43,981)**	**59,971**
Other comprehensive (loss)/income for the year, net of tax	**(43,981)**	**59,971**
Total comprehensive loss for the year, net of tax	**(82,126)**	**(119,096)**
Attributable to:		
Equity holders of the parent	(82,126)	(119,096)
Total	**(82,126)**	**(119,096)**

Consolidated statement of financial position

in thousand SRD for the year ended 31 December	Notes	2019	2018	as at 1 Jan. 2018
Assets				
Cash and balances with central banks	19	3,014,177	1,308,192	719,915
Due from banks	20	1,546,003	2,923,899	2,483,982
Derivative financial instruments (assets)	21	0	30,899	0
Financial assets at fair value through profit or loss	22.2	3,054	22,541	18,583
Loans and advances to customers	23	2,064,388	2,302,804	3,048,878
Current tax assets		20,512	20,911	16,417
Debt instruments at amortised cost	24	295,819	443,519	659,141
Investments in associates	22.3	1,399	1,319	3,194
Other assets	25	36,456	30,073	35,646
Property and equipment and right-of-use assets	26	133,597	143,465	147,181
Investment properties	27	5,403	5,403	5,403
Intangible assets	28	22,654	32,535	33,511
Total Assets		**7,143,462**	**7,265,560**	**7,171,851**
Liabilities				
Due to banks		137,114	207,415	226,564
Derivative financial instruments (liabilities)	21	48,270	53,671	82,589
Due to customers	29	6,650,683	6,631,995	6,549,340
Current tax liabilities		169	132	116
Other liabilities	30	54,576	95,919	114,088
Debt issued and other borrowed funds	31	76,758	76,980	76,763
Provisions	32.1	7,521	661	3,275
Net employee defined benefit liabilities	33	172,145	122,974	174,169
Deferred tax liabilities (net)	18.3	57,796	59,507	34,129
Total liabilities		**7,205,032**	**7,249,254**	**7,261,033**
Equity attributable to equity holders of parent				
Issued capital	34	3,773	3,723	1,010
Issued equity instruments		31,728	31,728	31,728
Share premium	34	324,184	319,984	98,113
Retained earnings		(383,110)	(160,062)	(230,097)
Result of the period	P&L	(38,145)	(179,067)	10,064
Total equity		**(61,570)**	**16,306**	**(89,182)**
Total liabilities and equity		**7,143,462**	**7,265,560**	**7,171,851**

Directie

A.Molenkamp — *Directeur*

R. van Rooij — *Directeur*

Raad van Commissarissen

W. Sowma — *President Commissaris*

R. Baidjnath Panday — *Vice President Commissaris*

S. Mathura — *Commissaris*

R. Kasanrawi — *Commissaris*

R. Parbhudayal — *Commissaris*

N. Bishesar — *Commissaris*

J. van Ommeren — *Commissaris*

Consolidated statement of changes in equity for the year ended 31 December 2018

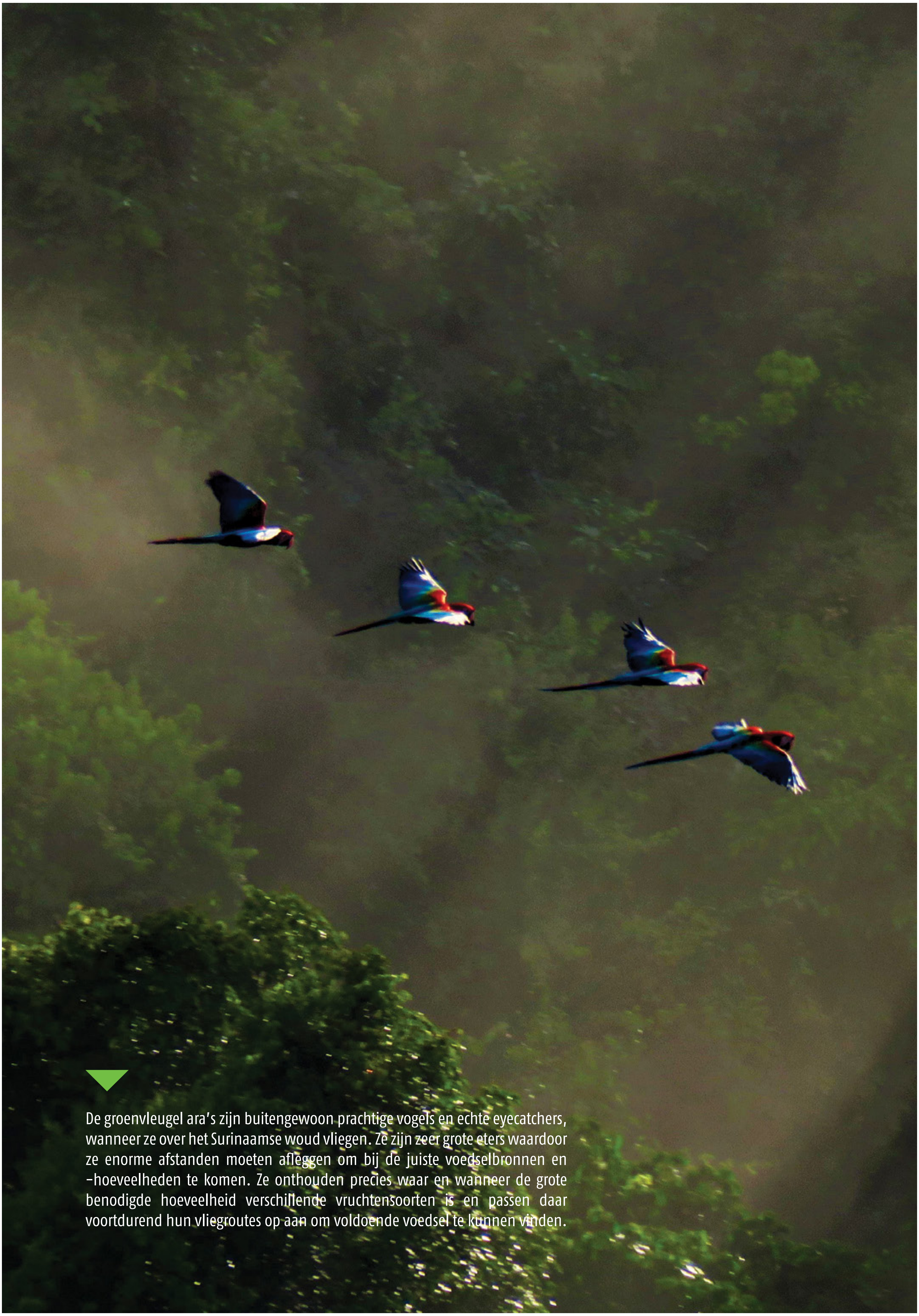
in thousand SRD	Issued capital	Issued equity instruments	Share premium	Retained earnings	Reserve for associates	Total equity	Total equity attributable to parent	Total equity attributable to non-controlling interest
As at 1 January 2018	**1,010**	**31,728**	**98,113**	**(220,033)**	**0**	**(89,182)**	**(89,182)**	**0**
Result of the year	0	0	0	(179,067)	0	(179,067)	(179,067)	
Remeasurement gain/(loss) on defined benefit plans	0	0	0	60,036	0	60,036	60,036	0
Foreign currency differences for the exchange rate	0	0	0	(65)	0	(65)	(65)	0
Total comprehensive income	**0**	**0**	**0**	**(119,096)**	**0**	**(119,096)**	**(119,096)**	**0**
Issue of share capital	2,713	0	221,871	0	0	224,584	224,584	0
At 31 December 2018	**3,723**	**31,728**	**319,984**	**339,129**	**0**	**16,306**	**16,306**	**0**

Consolidated statement of changes in equity for the year ended 31 December 2019

in thousand SRD	Issued capital	Issued equity instruments	Share premium	Retained earnings	Reserve for associates	Total equity	Total equity attributable to parent	Total equity attributable to non-controlling interest
As at 1 January 2019	**3,723**	**31,728**	**(339,129)**	**(339,129)**	**0**	**16,306**	**16,306**	**0**
Result of the year	0	0	0	(38,145)	0	(38,145)	(38,145)	0
Remeasurement gain/(loss) on defined benefit plans	0	0	0	(43,927)	0	(43,927)	(43,927)	0
Exchange rate differences related to the items that will not be reclassified to profit or loss	0	0	0	(54)	0	(54)	(54)	0
Total comprehensive income	**0**	**0**	**0**	**(82,126)**	**0**	**(82,126)**	**(82,126)**	**0**
Issue of share capital	50	0	4,200	0	0	4,250	4,250	0
At 31 December 2019	**3,773**	**31,728**	**324,184**	**(421,255)**	**0**	**(61,570)**	**(61,570)**	**0**

Consolidated statement of cash flows

in thousand SRD for the year ended 31 December	Notes	2019	2018
Loss before tax		**(37,437)**	**(153,689)**
Adjustments for:			
Operating activities			
Change in operating assets	38	(1,039,184)	553,310
Change in operating liabilities	38	(44,000)	(11,995)
Other non-cash items included in profit before tax	26,28	25,732	19,859
Net gain/(loss) from investing activities	38	930,713	(245,909)
Change in other reserves		(44,689)	34,588
Net cash flows from operating activities		**(171,428)**	**349,853**
Investing activities			
Purchase of property and equipment	26	(4,304)	(10,765)
Proceeds from sale of property and equipment	26	1,014	5,006
Purchase of intangible assets	28	(2,693)	(9,406)
Net cash flows used in investing activities		**(5,983)**	**(15,165)**
Financing activities			
Proceeds from issuance of shares	34	50	2,713
Changes in share premium		4,200	221,871
Repayment of fixed rate notes due	38	650	10
Net cash flows from financing activities		**4,900**	**224,594**
Net increase/decrease in cash and cash equivalents		(209,947)	405,599
Net foreign exchange difference	38	(872)	207
Cash and cash equivalents at 1 January	19,20	1,253,432	847,632
Cash and cash equivalents at 31 December	**38**	**1,042,613**	**1,253,432**
Additional information on operational cash flows from interest and dividends			
Interest paid	10	(174,278)	(192,343)
Interest received	9	223,030	251,778



De groenvleugel ara's zijn buitengewoon prachtige vogels en echte eyecatchers, wanneer ze over het Surinaamse woud vliegen. Ze zijn zeer grote eters waardoor ze enorme afstanden moeten afleggen om bij de juiste voedselbronnen en –hoeveelheden te komen. Ze onthouden precies waar en wanneer de grote benodigde hoeveelheid verschillende vruchtensoorten is en passen daar voortdurend hun vliegroutes op aan om voldoende voedsel te kunnen vinden.

Notes to the Consolidated Financial Statements

1. Corporate information

De Surinaamsche Bank N.V. (DSB/the Bank) together with its subsidiaries, provides retail, corporate banking and asset management services in Suriname. The Bank is a limited liability company incorporated and domiciled in Suriname. The head office is registered at Henck Arronstraat 26-30, Paramaribo, Suriname. DSB has a primary listing on the Suriname Stock Exchange. The consolidated financial statements for the year ended 31 December 2019 were authorized for issue in accordance with a resolution of the directors on 28 October 2022. The maturity shares are held by Assuria N.V., Selfreliance N.V., Hakrinbank N.V. and Fatum N.V. whereby each party holds 17.8% of the shares of DSB (see also Note 39).

1.1 Going concern

As at December 31 2019 and for the year then ended, the Group experienced a net loss after tax of SRD 38 million (2018: SRD 179 million) and a total comprehensive loss after tax of SRD 82 million (2018: SRD 119 million) respectively. In addition, the Bank reported a negative equity position of SRD 61.6 million (2018: positive SRD 16.3 million) with a corresponding negative capital adequacy ratio of 3% in fiscal year 2019 (2018: negative 0.5%). This brings into question the entity's ability to continue in the foreseeable future as a going concern.

Despite these challenges and negative indicators, management has no intention of liquidating or to cease operations. During the past two and half years, there has been a change in the supervisory board and a mutation and strengthening of the management team to improve its operations and strengthen its credit policies and risk management practices. In 2020 the Group implemented a restructuring program during which it projected to positively impact on the profitability, liquidity and the equity positions of the Group. The restructuring program included but is not limited to, a reduction of staff including closure of branches, upgrading its current technology to improve customer experiences, attracting new customers to generate revenue growth and a focused collection drive to recover monies from non-performing loans. Based on the two liquidity ratios LCR (liquidity coverage ratio) and NSFR (Net Stable Funding Ratio) the bank shows to have sufficient liquidity to meet both short-term and long-term obligations, also in case of episodes of financial turbulence. LCR at the time of this writing for all currencies are above 200%, while NSFR for all currencies are above 140%. However, the Bank will require time to fully benefit from these improvements and to return to a Capital Adequacy Ratio of 10% and above without a further capital injection by its shareholders.

Although the Bank's solvency's position is on the weak side, the liquidity position of the Bank is strong due to the fact that the Bank has a significant amount of liquid assets. At the same time the bank is continuously working on optimizing its liquidity framework in order to maintain a strong liquidity position going forward.

On the basis of the above, the Directors have maintained the going concern assumption in the preparation of these consolidated financial statements. This basis of preparation presumes that the Group will realize its assets and discharge its liabilities in the ordinary course of business.

2. Basis of preparation

2.1 Re-issue of these consolidated financial statements

The consolidated financial statements have been re-approved by the Board of Directors on 28 October 2022 (relative to the consolidated financial statements which were previously approved and issued on 9 December 2021) and are re-issued for the purpose of inclusion of a subsequent adjusting event where stakeholders of the purchase of the Accaribo-property of Panaso Vastgoed N.V. collectively agreed to amend the original transaction with retrospective effect to the 2019 financial year. This event is further described in Note 42 "Events after the reporting date"(refer note 42 a) : "Re-issue of these consolidated financial statements".

2.2 Basis of preparation of these consolidated financial statements

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, financial assets designated at fair value through profit or loss (FVTPL) all of which have been measured at fair value. For assets and liabilities where revaluations are applicable such as PPE and intangible assets, revaluations are applied within the scope of the financial statements. The consolidated financial statements are presented in Surinamese dollars and all values are rounded to the nearest thousand dollars (SRD 000), except when otherwise indicated.

3. Statement of compliance

For all periods up to and including the year ended 31 December 2018, DSB prepared its consolidated financial statements in accordance with local generally accepted accounting principles (Local GAAP). These consolidated financial statements for the year ended 31 December 2019 are the first set of consolidated financial statements that the DSB has prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Refer to Note 6 for information on how DSB adopted IFRS.

4. Summary of significant accounting policies

The following provides a summary of the significant accounting policies applied by DSB in preparing its consolidated financial statements. Financial assets and financial liabilities are generally reported gross in the consolidated statement of financial position except when IFRS netting criteria are met.

4.1 Presentation of financial statements

DSB presents its consolidated statement of financial position in order of liquidity based on the bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding expected settlements after the reporting date based on an analysis of financial assets and liabilities by contractual maturities is presented in Note 41.4. The financial derivatives consists only of over-the-counter derivatives, which are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event and when DSB also intends to settle on a net basis in all the following circumstances, the normal course of business, the event of default and the event of insolvency or bankruptcy of the DSB and/or its counterparties.

4.2 Foreign currency translation

4.2.1 Functional and presentational currency

The consolidated financial statements are presented in Surinamese Dollars (SRD), which is also DSB's functional currency. Relevant information on hyperinflation is provided in note 4.13.

4.2.2 Transactions and balances

Transactions in foreign currencies are initially recorded at the spot exchange rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated into SRD at the spot rate of exchange at the reporting date. All foreign exchange differences arising on non-trading activities are taken to other operating income/ expense in the income statement.

Non-monetary items that are measured at historical cost in a foreign currency are exchanged using the spot exchange rates as at the date of recognition. Foreign currency gains or losses arising on exchange or settlement of monetary items are recognized in the consolidated income statement under the heading of 'Other Operating income/expenses'. Transactions affecting the incomes statement are recorded at spot exchange rate at the date of the transaction.

4.3 Recognition of interest income

4.3.1 The effective interest rate method

Following IFRS 9, DSB records all interest income using the effective interest rate (EIR) method for all financial assets measured at amortized cost. Interest expense is also calculated using the effective interest rate (EIR) method for all financial liabilities held at amortized cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. DSB recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet statement of financial position with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

4.3.2 Interest and similar income/expense

Net interest income comprises interest income and interest expense calculated using both the effective interest method. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information. In its Interest income/expense calculated using the effective interest method, DSB only includes interest on those financial instruments that are set out in Note 4.3.1 above. Other interest income/expense includes interest on all financial assets measured at FVTPL, other than those held for trading, using the contractual interest rate. However, the DSB did not have any interest-bearing financial assets or liabilities classifying in the latter categories during the reported financial periods.

Moreover, interest income/expense on all trading financial assets/liabilities is recognized as a part of the fair value change in 'Net trading income'. The Bank calculates interest income on financial assets, other than those considered credit-impaired, by applying the effective interest rate to the gross carrying amount of the financial asset. When a financial asset becomes credit-impaired (as set out in Note 41.3.3 and is therefore regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

4.4 Investment in associates

An associate is an entity over which DSB has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. For the nature, extent and financial effect refer to Note 22.3.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. DSB's investment in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in DSB's share of net assets of the associate since the acquisition date.

The consolidated income statement reflects DSB's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of DSB's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, DSB recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between DSB and the associate are eliminated to the extent of the interest in the associate. The aggregate of DSB's share of profit or loss of an associate is shown on the face of the consolidated income statement as other operating income and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associate. The financial statements of the associate is prepared for the same reporting period as DSB. When necessary, adjustments are made to bring the accounting policies in line with those of DSB.

After application of the equity method, DSB determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, DSB determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, DSB calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within 'Share of profit of an associate' in the consolidated income statement.

Upon loss of significant influence over the associate, DSB measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in consolidated income statement.

4.5 Fee and commission income

DSB earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognized at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. DSB's revenue contracts do not typically include multiple performance obligations, as explained further below. When the Bank provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the beginning of the contract period for a service provided over time (unless otherwise specified in 4.5.1 and 4.5.2 below). The Bank has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer. The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 7.8.

4.5.1 Fee and commission income from services where performance obligations are satisfied over time.

Performance obligations satisfied over time include custody and other services, where the customer simultaneously receives and consumes the benefits provided by the DSB's performance as the Bank performs. DSB's fee and commission income from services where performance obligations are satisfied over time include the following:

Credit cards: With the DSB Credit Card (Classic / Gold) from Mastercard, payments can easily and safely be made in Suriname and abroad, while the user can subsequently repay the outstanding balance in full or in instalments. The DSB Easy Credit Card is a prepaid credit card that the customer can top up. For providing the credit card to the customer a membership fee is charged. The customer benefits from the product simultaneously as the Entity performs. Therefore, the calculation basis for revenue recognition is over time, every month in accordance with the contract duration. All contracts have a duration of 12 months.

Fuel cards: With the DSB fuel card customer can use the card to pay at fuel station instead of cash. For providing a fuel card to the customer a membership fee is charged. The customer benefits of the product simultaneously as the entity performs. Therefore, the calculation basis for revenue recognition is over time, every month accordance the contract duration. All contracts have a duration of 12 months. The membership fees are paid once in the beginning of the agreement for a period of 12 months and are processed every month to the income statement.

Safe deposit boxes: Safe deposit boxes are used to store valuable possessions, such as gemstones, precious metals, currency, marketable securities, luxury goods or important documents. The performance obligation is to rent a safe deposit box to the customer for a specific period of time. The performance obligation is satisfied over time in accordance with the period mentioned in the contract. The revenue is recognized each period when the performance obligations is satisfied, that is when the safe deposit box is provided for period of a month in accordance with the term and conditions of the safe deposit box.

Point-of-Sale (POS) devices: Regarding the rental of Point-of-Sale (POS) devices, the performance obligation runs in accordance with the contract. Therefore, control and benefit are transferred over time as the bank performs. The performance obligations is thus satisfied over time, beginning at the moment the POS device is rented to the customer. Therefore, the considerations need to be recognized each month the device is rented to the customer. The customers receive and consumes the benefits simultaneously as the entity performs over time.

Custody fees: The custody fees relates to deposit fees for securities received by the Treasury Department and fees that we receive for taking documents in to custody, if the customer does not have a safe deposit box. Deposit fee for securities regard safe custody of securities for a specific period of time. Therefore, control and benefit are transferred over time as the bank performs. The performance obligation is satisfied over time, beginning at the moment the securities are taken into custody. Therefore, the considerations need to be recognized when taken into custody each month during the year.

Loan commitment fees: These are fixed annual fees paid by customers for letter of credits and guarantees with DSB, but where it is unlikely that a specific lending arrangement will be entered into with the customer and the loan commitment is not measured at fair value. The Bank promises to provide a loan facility for a specified period. As the benefit of the services is transferred to the customer evenly over the period of entitlement, the fees are recognized as revenue on a straight-line basis. Payment of the fees is due and received monthly in arrears.

These, regards fees for conducting system operations on behalf of the customer. These services represent a single performance obligation comprised of a series of distinct daily services that are substantially the same and have the same pattern of transfer of the benefits overtime. The fees vary based on the number of transactions processed and are structured as either a fixed rate per service or at a fixed percentage. Examples of service charge over time fee are, monthly and daily service charge on current accounts. The performance obligation is satisfied over time starting the moment the current account is opened.

Loan originated fees: These are fees for the preparation and administration of loans. These fees are recognized over time in accordance with the terms of the contract. The fee is a fixed percentage of the disbursed amount capitalized and deferred.

4.5.2 Fee and commission income from providing services where performance obligations are satisfied at a point in time

Services provided where the Bank's performance obligations are satisfied at a point in time are recognized once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria. These include fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/participation or negotiation of the acquisition of shares or other securities, or the purchase or sale of businesses, brokerage and underwriting fees. DSB typically has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

Below are the major fees recognized at a point in time:

<u>Physical transfer fee:</u>Physical transfer fees regards fees for providing the customer with physical goods for example, bank statements, loan confirmations statements, physical i-signers, cheques and checking account, phone credit vouchers through ATM's etc. The performance obligations for these goods are satisfied at a point in time. Therefore, the calculation basis for revenue recognition is at a point in time at the moment the good is provided.

<u>System transaction fees:</u> These, regard fees for conducting system operations on behalf of the customer. These services represent a single performance obligation comprised of a series of distinct daily services that are substantially the same and have the same pattern of transfer of benefits at a point in time. The fees vary based on the number of transactions processed and are structured as either a fixed rate per transaction processed or at a fixed percentage of the underlying cardholder transaction. Examples of system transaction fees are, international transfers, manual discharge of account balance, manually processing of salaries, guest use of ATM, POS transaction fees etc. The performance obligation is satisfied at the moment the transaction is processed and therefore recognize at a point in time.

<u>Brokerage fees:</u> DSB buys and sells securities on behalf of its customers and receives a fixed commission for each transaction. The performance obligation is to execute the trade on behalf of the customer and revenue is recognized once each trade has been executed (i.e., on the trade date). Payment of the commission is typically due on the trade date. Brokerage fees received by the Bank are a fixed amount per transaction. Each brokerage transaction is an optional purchase and represents a separate performance obligation with the customer. Furthermore, brokerage commissions are received for paying out dividend on behalf of different companies. This performance obligation is also satisfied at the moment the transaction is processed, and the related revenue is therefore recognize at a point in time.

<u>Agent fee:</u> Agent fee relates to fees DSB receives from selling insurance on behalf of the insurance companies in Suriname. The performance obligations are only to sell insurance to the customer. At the moment the insurance is sold, the performance obligation is satisfied. Therefore, the revenue is recognized at a point in time.

<u>Brand registration:</u> These fees regard fees received by DSB received for registration of brands on behalf of the customer. After conducting the registration, the performance obligation is satisfied, and the benefits are transferred to the customer. Therefore, the revenue is recognized at a point in time.

4.5.3 Contract balances

The following are recognized in the statement of financial position arising from revenue from contracts with customers:

- 'Fees and commissions receivables' included under 'Other assets', which represent the Bank's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). These are measured at amortized cost and subject to the impairment provisions of IFRS 9.

- 'Unearned fees and commissions' included under 'Other liabilities', which represent the Bank's obligation to transfer services to a customer for which the Bank has received consideration (or an amount of consideration is due) from the customer. A liability for unearned fees and commissions is recognized when the payment is made, or the payment is due (whichever is earlier). Unearned fees and commissions are recognized as revenue when (or as) the Bank performs.

4.6 Net trading (loss)/income

Net trading income includes all gains and losses from changes in fair value and the related interest income or expense and dividends, for financial assets and financial liabilities held for trading. Furthermore, this income relates to gains and losses made from trading in foreign currency.

4.7 Net loss on financial assets designated at fair value through profit or loss (FVTPL)

Net loss on financial instruments at FVTPL represents financial assets and financial liabilities designated at FVTPL and also non-trading assets measured at FVTPL, as required by or elected under IFRS 9. The line item includes fair value changes and related interest, dividends and foreign exchange differences.

4.8 Financial instruments – initial recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.8.1 Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date on which DSB becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognized when funds are transferred (disbursed) to the customers' accounts. The Bank recognizes balances due to customers when funds are transferred to DSB.

4.8.2 Measurement categories of financial assets and liabilities

DSB classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortized cost, as explained in section 4.10.1
- FVTPL, as set out section 4.10.4

DSB classifies and measures its derivative and trading portfolio at FVTPL. DSB may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies. Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied.

4.8.3 Initial measurement and classification of financial instruments

Financial instruments of DSB are classified, at initial recognition, as subsequently measured at amortized cost and fair value through profit or loss. The classification of financial instruments at initial recognition depends on their contractual terms and DSB's business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, DSB recognizes the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, DSB defers the difference between the fair value at initial recognition and the transaction price. After initial recognition, DSB recognizes the deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the financial asset or liability.

In order for a financial asset to be classified and measured at amortized cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. DSB's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash.

4.9 Determination of fair value

DSB measures financial instruments such as derivatives and investments in equity instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by DSB. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. DSB uses a combination of independent appraisers, data provider and valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

4.9.1 Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1 – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Bank has access to at the measurement date. DSB considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the Statement of Financial Position".
- Level 2 – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, DSB classifies the instruments as Level 3. In short, Level 2 relates to valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Those that include one or more unobservable inputs that are significant to the fair value measurement as whole.

DSB evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary, based on the facts at the end of the reporting period. For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, DSB determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Furthermore, DSB determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets, and for non-recurring measurement, such as assets held for sale in discontinued operations.

4.9.2 Valuation

DSB applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralized financial instruments. DSB estimates the value of its own credit risk from market observable data, such as secondary prices for its trades. Details for fair value are further explained in Note 40.

In determining the fair value, external data providers and independent appraisers are involved for valuation of significant assets, such as investment properties and unquoted financial assets, and significant liabilities. Involvement of external appraisers is determined annually by the DSB. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the DSB analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per DSB's accounting policies. For this analysis, DSB verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to underlying relevant documents. To the extent that is possible, DSB also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Investment properties (Note 27)
- Financial instruments at fair value (Note 21 and 22.2)
- Valuation methods, significant estimates and assumptions (Note 40)

4.10 Financial assets and liabilities

4.10.1 Financial assets and liabilities at amortized cost

Financial instruments at amortised cost are subsequently measured using the effective interest (EIR) method, subject to impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate . Gains and losses are recognized in the income statement through the effective interest rate amortization process as well as when the asset is derecognized, modified or impaired. DSB's financial assets at amortised cost include due from banks, loans and advances to customers and other financial investments classified as debt instruments at amortized cost. DSB's financial liabilities include due to customers (including checking accounts, savings and deposits of customers) and other payables and issued debt. Measurement at amortized cost of financial instruments is only applied if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below.

4.10.1.1 Business model assessment

DSB determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the DSB's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

4.10.1.2 The SPPI test

As a second step of its classification process IFRS 9 requires DSB to assess the contractual terms of the financial asset to identify whether they meet the conditions of 'solely payments of principal and interest'. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, DSB applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de-minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, DSB measures the financial asset at FVTPL as is required by IFRS 9.

4.10.2 Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

DSB entered into derivative transactions with various counterparties. The derivative portfolio of DSB consist of foreign currency swaps. These derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. All these derivatives are OTC instruments. The notional amount and fair value of such derivatives are disclosed separately in Note 21. Changes in the fair value of derivatives are included in the Income statement line item 'Net gain or (loss) on financial assets and liabilities at fair value through profit or loss'.

4.10.3 Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the effective interest rate. The debt issued at amortized cost consist of a subordinated loan.

The financial debt issued and borrowed funds classified as a financial liability are set out in Note 31.

4.10.4 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are held for trading or have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. This category also includes equity investments which DSB had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on listed equity investments are recognized as other income in the Consolidated Statement of Income when the right of payment has been established.

DSB has designated only financial assets at fair value through profit or loss (see also Note 22.2). Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on a different basis; or
- The financial instruments are part of a group of financial instruments, which are managed and their performance evaluated on a fair value basis, in accordance with the investment strategy; or
- The financial instruments contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

Financial instruments at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in consolidated income statement. Dividend income from equity instruments measured at FVPL is recorded in the income statement as other operating income when the right to the payment has been established.

4.10.5 Financial guarantees and letters of credit

Financial guarantees are initially recognized in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, DSB's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement, and an ECL allowance as set out in Note 32. The premium received is recognized in the income statement in Net fees and commission income on a straight line basis over the life of the facility.

Letters of credit are commitments under which, over the duration of the commitment, DSB is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements. The nominal contractual value of financial guarantees and letters of credit, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. The nominal values of these instruments together with the corresponding ECL are disclosed in Note 32.

4.10.6 Reclassification of financial assets and liabilities

DSB did not reclassify its financial assets neither financial liabilities subsequent to their initial recognition. Reassessment of the classification only occurs if there is either a change in the terms of the contract which significantly modifies the cash flows that would otherwise require a reclassification of a financial instrument in a different category (amortized cost, FVTPL or FVOCI).

4.10.7 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

4.10.8 Derecognition of financial assets and liabilities

4.10.8.1 Financial assets

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognized (i.e., removed from DSB's consolidated statement of financial position) when:

- DSB's rights to receive cash flows from the asset have expired; or
- DSB has transferred its rights to receive cash flows from the financial asset or has entered a 'pass-through' arrangement; and either
- DSB has transferred substantially all the risks and rewards of the asset, or
- DSB has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

In the above context, DSB considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. Furthermore, DSB considers pass-through arrangements transactions whereby DSB retains the contractual rights to receive the cash flows of a financial asset, but assumes a contractual obligation to pay those cash flows to one or more entities ('eventual recipients'), with the following three conditions applying:

- DSB has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates;
- DSB cannot sell or pledge the original asset other than as security to the eventual recipients; or
- DSB has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, DSB is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

When DSB has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, DSB continues to recognize the transferred asset to the extent of its continuing involvement. In that case, DSB also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that DSB has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that DSB could be required to repay.

Regarding financial assets, such as loans to customers, DSB also derecognizes the asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Originated Credit Impaired. When assessing whether or not to derecognize a modified loan to a customer, amongst others, DSB considers mainly the following factors:

- Change in currency of the loan
- Change in counterparty
- Whether a contract modification is such that the capitalised instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective interest rate , DSB records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

4.10.8.2 Financial liabilities

Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

4.10.9 Impairment of financial assets

4.10.9.1 Expected Credit Loss Provision

DSB records an allowance for expected credit loss for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that DSB expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two categories. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). DSB's policies for determining if there has been a significant increase in credit risk are set out in Note 41. The 12mECL is the portion of lifetime ECL (LTECLs) that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on an individual basis since the nature of the underlying portfolio of financial instruments is also managed on an individual basis.

DSB has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default

occurring over the remaining life of the financial instrument. This is further explained in Note 41.
DSB categorizes its financial assets into Stage 1, Stage 2, Stage 3 and Purchased or originated credit impaired (POCI), as described below:

- Stage 1: When financial instruments are first recognized, DSB recognizes an allowance based on 12mECL. Stage 1 financial instruments also include facilities where the credit risk has improved and the loan has been reclassified to Stage 1.
- Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, DSB records an allowance for the LTECL. Stage 2 financial instruments also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: For financial instruments considered credit-impaired (as outlined in Note 41) DSB records an allowance for the LTECL.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted effective interest rate . The ECL allowance is only recognized or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset. As set out in section 4.10.11 a financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.10.9.2 Calculation of the expected credit loss provision

DSB calculates ECL based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the effective interest rate. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.
The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. The concept of PD is further explained in section 41.3.3.4.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in section 41.3.3.6.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral or credit enhancements that are integral to the facility and not required to be recognized separately. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 41.3.3.7.

When estimating the ECL, DSB considers three scenarios (progressive, base and adverse). Each of these is associated with different PDs, EADs and LGDs, as set out in Note 41.3.3.4. Where relevant, the assessment of multiple scenarios also incorporates how defaulted financial instruments are expected to be recovered, including the probability that the financial instruments might cure and the value of collateral or the amount that might be received for selling the asset.

Except for credit card and other revolving facilities, for which the treatment is set out in Note 41.3.3, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless DSB has the legal right to call it earlier. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarized below:

- Stage 1: The 12mECL is calculated as the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. DSB calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original effective interest rate. This calculation is made for each of the three scenarios, as explained above.
- Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, DSB records an allowance for the LTECL. The mechanics are similar to those explained for Stage 1, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original effective interest rate.
- Stage 3: For loans considered credit-impaired (as defined in section 41.3.3), DSB recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100.
- POCI: POCI assets are financial assets that are credit impaired on initial recognition. DSB only recognizes the cumulative changes in lifetime ECL since initial recognition, based on a probability-weighting of the three

scenarios, discounted by the credit-adjusted effective interest rate.

- Letters of credit: When estimating LTECL for letters of credit, DSB estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected effective interest rate on the financial instrument. For loans, credit cards and revolving facilities that include both a loan and an undrawn commitment, ECL is calculated and presented together with the loan. For letters of credit, the ECL is recognized within Provisions.
- Financial guarantees: DSB's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement, and the ECL provision. For this purpose, DSB estimates ECL based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECL related to financial guarantee contracts are recognized within Provisions.

DSB offers a several products including a variety of corporate and retail overdraft and credit cards facilities, in which DSB has the right to cancel and/or reduce the facilities with-in short notice. DSB does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects its expectations of customer behavior, the likelihood of default and its future risk mitigation procedures, which could include reducing or cancelling the facilities. Based on past experience and the expectations, the period over which DSB calculates ECL for these products, is one year for corporate products and three years for retail products. This is also the revision period for these type of facilities.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, as explained in Note 41, but greater emphasis is also given to qualitative factors such as changes in usage. The interest rate used to discount the ECL for credit cards is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities. This estimation takes into account that many facilities are repaid in full each month and are consequently not charged interest. The calculation of ECL, including the estimation of the expected period of exposure and discount rate is made, on an individual basis for corporate and retail products. Furthermore, collective assessments are made separately for portfolios of facilities with similar credit risk characteristics, including additional adjustment based on qualitative factors known about debtors.

4.10.9.3 Forward looking information

In order to capture forward looking information its ECL models, DSB allows for input of macro-economic factors in the ECL model. However, requirements for input factors are robust reliable forecasts. Therefore, DSB uses the real GDP growth of Suriname, include forward looking information in its calculation of the ECL.

4.10.10 Credit enhancements: collaterals

To mitigate its credit risks on financial assets, DSB seeks to use collateral, where possible. The collateral comes in various forms, but main collateral forms are cash, real estate and exchange traded stocks.

Cash flows expected from credit enhancements which are not required to be recognized separately by IFRS standards and which are considered integral to the contractual terms of a debt instrument which is subject to ECL, are included in the measurement of those ECL. On this basis, the fair value of collateral affects the calculation of ECL. Collateral is generally assessed, at a minimum, at inception and re-assessed on a yearly basis. However, some collateral, for example, cash, is valued daily. Details of the impact of the DSB various credit enhancements are disclosed in Note 41.3. To the extent possible, DSB uses active market data for valuing financial assets held as collateral. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent appraisers.

In its normal course of business, the DSB engages external agents to recover funds from collaterals, i.e. real estate, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, collateralized assets are not recorded on the statement of financial position.

4.10.11 Loan modifications and write-offs

Sometimes DSB makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral.

DSB sometimes modifies loans as a result of the borrower's present or expected financial difficulties. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Modifications may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original effective interest rate as calculated before the modification of terms. Derecognition decisions and classification to Stage 2 and Stage 3 are determined on a case-by-case basis for corporate loans. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 financial asset until it is collected or written off.

Financial assets are written off either partially or in their entirety only when DSB has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

4.11 Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises of cash on hand, cash in transit, non-restricted current accounts with Central Banks and amounts due from banks on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (note 19).

4.12 Leases

Effective as of 1 January 2019, DSB adopted IFRS 16 for the respective years presented in this set of financial statements. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

DSB adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. DSB's accounting policy under IFRS 16 assesses at inception whether a contract is, or contains, a lease by determining whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

DSB has lease contracts for ATM-machines, company vehicles and parking spaces. As a lessee, DSB applies one recognition and measurement approach for all leases, except for short-term leases (within 1 year) and leases of low-value assets. DSB recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets at the lease commencement date.

The right of use assets is initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs made, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the shorter of the estimated useful lifespan of the assets and the lease term, including periods covered by an option to extend the lease if DSB is reasonably certain to exercise that option. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for remeasurements of the lease liability. The right-of-use assets are presented within Note 26.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the implicit interest rate in the lease. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability. If the rate cannot be readily determined, DSB's modelled incremental rate of borrowing is used. Generally, DSB uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortized cost using the effective interest method whereby the balance is increased by interest expense and decreased by lease payments. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in DSB's estimate of the amount expected to be payable under a residual value guarantee, or if DSB changes its assessment of whether it will exercise a purchase, extension or termination option, a residual value guarantee, or if DSB changes its assessment of whether it will exercise a purchase, extension or termination option.

4.12.1 Short-term leases and leases of low-value assets

DSB has elected not to recognize right of use assets and lease liabilities for leases that have a lease term of 12 months or less and leases of low-value assets of USD 5,000. DSB recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.13 Hyperinflation

As of 1 January 2017 up till 1 January 2018, the Surinamese economy has been hyperinflationary, based on the criteria for hyperinflation in the guidelines of IFRS. Accordingly, adjustments and reclassifications for the purposes of presentation of IFRS financial statements include restatements, for changes in the general purchasing power of the Surinamese Dollar (SRD). Moreover, IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit at the reporting date.

On the application of IAS 29 DSB used the conversion coefficient derived from the consumer price index (CPI) as published by the General Bureau of Statistics (ABS Suriname). The oldest (part of an) asset required to be restated, relates to 2004. Therefore, DSB used the CPI's starting from 2004 to apply conversion coefficients. The CPI's and corresponding inflation over that period (from 1 January 2004) were as follows:

Year	CPI	Inflation
2004	29.9	10.0%
2005	32.9	9.9%
2006	36.6	11.3%
2007	39.0	6.4%
2008	44.7	14.7%
2009	44.6	-0.1%
2010	47.7	6.9%
2011	56.2	17.7%
2012	59.0	5.0%
2013	60.1	1.9%
2014	62.6	3.9%
2015	78.4	25.1%
2016	119.4	52.4%
2017	130.5	9.2%
2018	137.6	5.4%
2019	143.4	4.2%

The financial statement is based on the historical cost approach for the non-monetary items and based on the current cost approach for the monetary items. Under IFRS the monetary items are valued at fair value, which reflect the current value of the Surinamese economy. The non-monetary items are valued at historical cost, therefore being restated according to IAS 29, unless recently revaluations have been performed. The items in the financial statement that fall under non-monetary items are Investments in associates, Property, Plant and Equipment, Prepayments, Issued Capital and Share premiums.
Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit as of 1 January 2018. Non-monetary assets and liabilities on the other hand, are restated by applying the relevant conversion factor. The effect of inflation on the DSB's net monetary position is included in the retained earnings as of 1 January 2018.

The application of IAS 29 results in an adjustment for the loss of purchasing power of the Surinamese dollar (SRD) recorded in equity under retained earnings for an amount of SRD 27.6 million. In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power, which results in a loss on the net monetary position. This is derived as the difference resulting from the restatement of non-monetary assets and liabilities, equity and items in the statement of comprehensive income. Corresponding figures for the year ended December 31, 2017 have been restated so that they are presented in terms of the purchasing power of the Surinamese dollar as at 1 January 2018.

4.14 Property and equipment

Property and equipment are stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Right-of-use assets are presented together with property and equipment in the statement of financial position. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life or the lease term. Depreciation of owned assets is calculated on a straight-line basis over the estimated useful lifespan of the assets, as follows:

- Buildings 40 years
- Computer hardware 4 years
- Other furniture and equipment 5 to 10 years

- Vehicles 5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized. The residual values, useful lifespan and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Land and buildings are regularly assessed for revaluation. In such case they are measured at historical cost accumulated depreciation and impairment losses recognized after the date of revaluation. Revaluations are only recognised if these are according to IFRS 13 Fair value measurement. A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in consolidated income statement. A revaluation deficit is recognized in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation surplus.

4.15 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on a valuation performed by an accredited external independent valuer applying a valuation model in line with IFRS 13.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property DSB considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, DSB accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

4.16 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lifespan of intangible assets are assessed as finite. Intangible assets with finite lifespan are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful lifespan or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lifespan is recognized in the statement of profit or loss.

An intangible asset is derecognized upon disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

4.17 Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Property and equipment and Right of use assets (Note 26)
- Intangible assets (Note 28)
- Investments in associates (Note 22.3)

DSB assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, DSB estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are

corroborated by valuation multiples, or other available fair value indicators.
Impairment losses are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, DSB estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

4.18 Taxes

4.18.1 Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in Suriname. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation.

4.18.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for identified taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction in other comprehensive income.

DSB offsets deferred tax assets and deferred tax liabilities since current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities all relate to income taxes levied by the Surinamese taxation authority and are settled net with the tax authorities.

4.19 Provisions

Generally DSB recognizes provisions when she has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss.

If the effect of the time value of money is material, provisions are discounted using a discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

4.20 Pensions and other post-employment benefits

DSB operated a defined contribution plan, which requires contributions to be made to a separately administered fund. With the implementation of the Pension Act 2014, employers are obliged to implement a pension plan that offers the employees benefits that are at least equal to the benefits under the general pension plan. For compliance to the Act, DSB recorded additional provisions to comply with the local pension act. The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.The retirement benefits cost comprises of service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

Remeasurements, comprising of actuarial gains and losses, experience adjustments on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to equity through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that DSB recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

DSB recognizes the following changes in the net defined benefit obligation under Post-employment benefit plan obligations costs and Post-employment healthcare plan obligation costs in the consolidated statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs
- Net interest expense or income

4.21 Issued equity instruments

DSB has issued in the past financial instruments with equity components, also defined as an Additional Tier 1 debt. When establishing the accounting treatment for these non-derivative instruments, DSB first established whether the instrument is a compound instrument and classifies such instrument's components as financial liabilities, financial assets, or equity instruments in accordance with IAS 32.

The equity components are not reclassed as a result of a change in the likelihood that the obligations related to this instrument would be satisfied. The value of any derivative features embedded in the compound financial instrument, other than the equity component (such as an equity conversion option), is included in the liability component. Once the bank has determined the split between equity and liability, it further evaluates whether the liability component has embedded derivatives that must be separately accounted for. The Additional Tier 1 debt is based on its characteristics classified as an equity instrument and is fully classified within equity.

4.22 Related parties

The bank has transaction with all type of clients. Within these clients there are also parties which are related to the bank. A related party is a natural person, dependents or entity that is related to the bank. An entity or a natural person is related to DSB if this entity or natural person, or close relative of the natural person has control or joint control of DSB, has significant influence or is one of the managers at a key position within DSB. A related party transaction is a transfer of resources, services or obligations between DSB and a related party, regardless of whether a price is charged. For an overview of related parties refer to Note 39.

4.23 Standards issued but not yet effective

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

4.23.1 IFRS 17 Insurance Contracts

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

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

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

4.23.2 Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. DSB will not be affected by these amendments on the date of transition.

4.23.3 Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material are not expected to have a significant impact on DSB consolidated financial statements.

5. Basis of consolidation

The consolidated financial statements comprise the financial statements of DSB and its subsidiaries Surinaamse Trust Maatschappij N.V., Surinaamse Computer Maatschappij N.V. and Financieringsmaatschappij Paramaribo N.V. The latter two companies are inactive and therefore have no assets or liabilities. DSB owns 100 of the shares of Surinaamse Trust Maatschappij N.V. The financial statements of subsidiary are prepared for the same reporting year as the DSB. DSB consolidates its subsidiary since the bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When assessing whether it has power over an investee and therefore controls the variability of its returns, DSB considers all relevant facts and circumstances, including:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant
- activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

When necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies in line with the parent's accounting policies. All intra-company assets, liabilities, equity, income, expenses and cash flows relating to transactions between DSB and its subsidiary are eliminated in full on consolidation.

6. First-time adoption of IFRS

The consolidated financial statements, for the year ended 31 December 2019, are the first DSB has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2018, DSB prepared its financial statements in accordance with local generally accepted accounting principles (Local GAAP).

Accordingly, DSB has prepared financial statements that comply with IFRS applicable as at 31 December 2019, together with the comparative period data for the year ended 31 December 2018, as described in the summary of significant accounting policies (see section 4). In preparing the consolidated financial statements, DSB's opening statement of financial position was prepared as at 1 January 2018, DSB's date of transition to IFRS.

This section explains the major adjustments made by DSB in restating its Local GAAP consolidated financial statements, including the consolidated statement of financial position as at 1 January 2018 and the consolidated financial statements as of, and for, the year ended 31 December 2018, in order to obtained IFRS based consolidated financial statements. The afore mentioned adjustments are described in more detail in paragraph 6.3.

6.1 Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. DSB has applied the following exemptions:

6.1.1 Deemed cost

- DSB elected to use the Local GAAP valuation of each item of property, plant and equipment at the date of transition to IFRSs as deemed cost, since the valuation based on Local GAAP was, broadly comparable to cost or depreciated cost in accordance with IFRS. Items of property, plant and equipment are therefore carried in the IFRS based statement of financial position at the date of transition to IFRS based on the valuations in accordance with the Local GAAP as of 1 January 2018. Additionally, adjustments for changes in the general price index have been applied in accordance with IAS 29: Financial Reporting in Hyperinflationary Economies (see also section 4.13).

6.1.2 Leases

- DSB assessed all lease contracts (Operational/ Financial) existing at 1 January 2018 to determine whether a contract contains a lease based upon the conditions in place as at 1 January 2018.

- Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2018. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before 1 January 2018. The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognized as an expense on a straight-line basis over the lease term.

6.1.3 Investments in associates

- Investments in associates are measured using the equity method of accounting. Using the exemptions of IFRS 1, DSB elected to include the investments in associates at transition date based on the valuation of the assets and liabilities rather than applying a retrospective approach of the equity method.

6.1.4 Classification and measurement of financial instruments

- Since it is impracticable to assess a modified time value of money element as required by IFRS 9 on the basis of the facts and circumstances that exist at 1 January 2018, DSB assessed the contractual cash flow characteristics of financial assets based on the facts and circumstances that existed at date of transition to IFRS without taking into account the requirements related to the modification of the time value of money element.

- Also since it is impracticable to assess whether the fair value of a prepayment feature is insignificant on the basis of the facts and circumstances that exist at the date of transition to IFRSs, DSB assessed the contractual cash flow characteristics of its financial assets on the basis of the facts and circumstances that existed at the date of transition to IFRS without taking into account the exception for prepayment features.

- Since, at the date of transition to IFRS, determining whether there has been a significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, DSB recognized a loss allowance at an amount equal to lifetime expected credit losses except for financial instruments with low credit risk

6.1.5 Revenue

In transiting to IFRS, DSB applied the following practical expedients in determining the revenue from contracts with customers.

- Contracts completed before transition date are not restated
- Contracts that were modified before 1 January 2018 are not retrospectively restated as a separate contract. Instead, DSB reflected the aggregate effect of all of the modifications that occur before the transition date in when identifying the satisfied and unsatisfied performance obligations, determining the transaction price and allocating the transaction price to the satisfied and unsatisfied performance obligations.

6.2 Estimates during transition to IFRS

The estimates at 1 January 2018 and at 31 December 2018 are consistent with those made for the same dates in accordance with Local GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items:

- Pensions and other post-employment benefits
- Derivative financial instruments
- Loans and advances to customers
- Leases and right-of-use assets
- Debt issued and other borrowed funds
- Due to customers i.e. term deposits
- Provisions and other contingent liabilities
- Revenue recognition

The estimates used by DSB are to present these amounts in accordance with IFRS to reflect conditions at 1 January 2018, the date of transition to IFRS and as at 31 December 2018.

6.3 Impact of changes in the accounting policies from Local GAAP to IFRS

In order to understand the changes from Local GAAP to IFRS, the following tables present the restatements, reclassifications and remeasurements between the statement of financial position, the consolidated statement of income of other comprehensive income based on Local GAAP versus IFRS.

6.3.1 Impact of GAAP changes on the income statement for the year ended 31 December 2018

GAAP Changes to consolidated statement of profit and loss as of 31 December 2018

in thousand SRD for the year ended 31 December	Notes	Local GAAP 2018	Restatements	Reclassifications and Remeasurements	IFRS 2018
Interest income calculated using the effective interest method	PL-A	360,505	(23,780)	(24,086)	312,639
Interest expense calculated using the effective interest method	PL-B	(189,620)	0	(2,723)	(192,343)
Net interest income		**170,885**	**(23,780)**	**(26,809)**	**120,296**
Fee and commission income	PL-C	83,038	0	(1,376)	81,662
Fee and commission expense		(6,249)	0	0	(6,249)
Net fee and commission income		**76,789**	**0**	**(1,376)**	**75,413**
Net trading income		10,356	0	13,899	24,255
Impairment gains/(losses) from changes in the expected credit loss	PL-D	(122,480)	0	(130,592)	(253,072)
Net gain or (loss) on financial assets and liabilities at fair value through profit or loss	PL-E	(18,290)	0	72,571	54,281
Other operating income	PL-F	24,973	0	(1,277)	23,696
Net operating income		**142,233**	**(23,780)**	**(73,584)**	**44,869**
Personnel expenses	PL-G	(95,099)	0	(12,519)	(107,618)
Depreciation of property, equipment and right-of-use assets	PL-H	(6,495)	0	(7,483)	(13,978)
Amortisation of intangible assets	PL-I	(14,597)	0	4,213	(10,384)
Other operating expenses	PL-J	(82,210)	(17)	15,649	(66,578)
Total operating expenses		(198,401)	(17)	(140)	(198,558)
Net income before tax		**(56,169)**	**(23,797)**	**(73,724)**	**(153,689)**
Income tax income (expense)	PL-K	0	0	(25,378)	(25,378)
Net Income		**(56,169)**	**(23,797)**	**(99,102)**	**(179,067)**

6.3.1.1 PL-A Interest revenue calculated using the effective interest method

Differences in interest revenue under Local GAAP and IFRS include several adjustments. Under local GAAP interest revenue was calculated using the simple interest method while under IFRS interest income is calculated by applying the effective interest rate (EIR) to the gross carrying amount of the financial assets. For financial assets classified as stage 3 under IFRS 9, no interest income is recorded on the consolidated income statement. Due to the latter income amounting SRD 23.6 million related to interest from treasury bills of the Surinamese government is reversed from the consolidated income statement. An amount of SRD 18.9 million is reversed due to non-accrual loans, capitalization interest on overdraft facilities and interest on non-accrual government loan, while other differences between interest revenue under the previous GAAP and IFRS relate to corrections arising from the use of effective interest rate method, remeasurements and reclassifications arising from application of different IFRS standards. For the 2018 balances also restatements occurred. These restatements relate to reconciliation adjustments for outstanding interest which find basis in system (handling) errors

6.3.1.2 PL-B Interest expense calculated using the effective interest method

An additional amount of SRD 2.7 million in interest expense is added on the consolidated income statement conform IFRS. The difference includes several adjustments. Within local GAAP interest expense is calculated using the simple interest method while under IFRS interest expense is calculated using the effective interest rate method under IFRS 9. Other differences between interest expenses under the previous local GAAP and IFRS relate to several reclassifications including reclassification of interest expenses on deposits from banks amounting SRD 1.3 million, and expenses related to the right of use of assets for SRD 776.7 thousand.

6.3.1.3 PL-C Fee and commission income

Based on local GAAP commission earned on services provided (including services related to national and international payments and transfers, loan preparation and other commitments) are recorded under fee and commission income. Within IFRS, the fee and commission income and expenses relate more to the performance of contractual obligation, especially for services provided over time. In this way the matching principle of IFRS is abided. Therefore, correction of amounts relate to the fee and commission allocated to different service periods. The correction of commissions earned on loans in 2018 amounts SRD 1.2 million, which was recognized in fee and commission income under local GAAP.

6.3.1.4 PL-D Impairment gains/(losses) from changes in the expected credit loss

The method of assessing impairment gains and losses differ significantly between IFRS and local GAAP. While IFRS makes use of a so-called expected credit loss model, within local GAAP credit impairment losses are based on guidelines from the Central Bank of Suriname. Moreover, local GAAP, requires no expected credit loss allowance for loans classified as "pass". Under IFRS on the other hand, the ECL-allowance for all loans and other debt financial assets, together with financial guarantee contracts and letters of credit are classified in stage 1, stage 2 and stage 3 and subsequently provided for. Even government products might include an ECL allowance based on the expected credit loss. Also, IFRS takes the value of collateral also into account while calculating the expected credit loss, while this is not considered under the calculation of loan loss provision under local GAAP. Differences between impairment losses under local GAAP and impairment gains/(losses) from changes in the expected credit loss under IFRS amount to an increase of SRD 130.6 MM, arising from the differences method of calculating the loan loss provision.

6.3.1.5 PL-E Net gain or (loss) on financial assets and liabilities at fair value through profit or loss

Under local GAAP unrealized FX results of financial transactions and revaluation of off-balance sheet items of which swaps with third parties are recorded under Net gain or (loss) on financial assets and liabilities at fair value through profit or loss. Under IFRS the swaps are classified as derivatives which are valued at fair value. Changes in the fair value of these derivatives are included in Net gain or (loss) on financial assets and liabilities at fair value through profit or loss. The total difference in the Net gain or (loss) on financial assets and liabilities at fair value through profit or loss according to Local GAAP and IFRS amounts SRD 72.6 million of which SRD 79.8 million relates to Financial assets designated at fair value through profit or loss and SRD 7.2 million relates to Financial Liabilities designated at fair value through profit or loss.

6.3.1.6 PL-F Other operating income

A total difference of SRD 1.3 million arose within the other operating income conform to Local GAAP with IFRS. Under local GAAP exchange losses from Foreign exchange trading was also recorded under Other operating income while under IFRS only profits from Foreign exchange trading are recorded under other operating income while losses from aforementioned are recorded under other operating expenses.

6.3.1.7 PL-G Personnel expenses

Prior to IFRS the bank did not record separate provisions for the defined benefit obligation as stated in the local pension act. Instead, the bank recorded provisions for a defined contribution plan which does not fully agree to regulations in the pension act of 2014. The difference between the personnel costs conform Local GAAP and personnel cost conform IFRS amounts SRD 20.3 million.

6.3.1.8 PL-H Depreciation of property, equipment and right-of-use assets

Under local GAAP, the bank's property and equipment are depreciated on a straight-line depreciation basis. Under IFRS, bank's property and equipment is carried at a revalued amount, being its historical cost at the date of revaluation less subsequent depreciation and impairment. Depreciation is calculated on a straight-line basis over the depreciable amount and the estimated useful life expectancy. For buildings, depending on the component, the useful life expectancy is up to 40 years. The depreciation method is also applicable to other furniture and equipment with a lower useful life expectancy. The difference amounting SRD 7.4 million relates to reversals of depreciation on Land and Buildings and Other furniture and equipment for SRD 5.4 million and additional SRD 12.2 million of depreciation of right of use and land and buildings arising from applicable IFRS standards.

6.3.1.9 PL-I Amortisation of intangible assets

Intangible assets under the previous GAAP were carried at cost and was depreciated using a straight-line depreciation basis over the useful live of the asset. Under IFRS Intangible assets are valued at a revalued amount based on fair value less any subsequent amortisation and impairment losses. A total amount of SRD 4.2 million is reversed from the P&L as the amortization of the intangible assets is less than the depreciation calculated under previous local GAAP.

6.3.1.10 PL-J Other operating expenses

A decrease of SRD 14.4 million in other operating expenses is recorded on the consolidated income statement at transition to IFRS, of which a total amount of SRD 8.9 million relates to elimination entries between the bank and its subsidiary while SRD 2.1 million includes foreign exchange revaluation losses which is reclassified to other operating expenses. Under local GAAP a claim provision on the consolidated income statement of the bank's subsidiary was recorded under other operating expenses. Other differences amounting SRD 1.3 million includes reversal expenses related land and buildings and depreciation and disposal of property and equipment.

6.3.1.11 PL-K Income tax income (expense)

A total of SRD 19.3 million is recorded as income tax expense at transition date. This represents in the main a tax expense of SRD 20.7 million which relates to unrealized foreign exchange result recorded in 2018 coupled with the release of deferred tax liabilities recorded on property and equipment for SRD 1.1 million. Other differences recorded in the income tax relate to the release of deferred tax liabilities on intangible assets as well as deferred tax effects on the right-of-use assets.

6.3.2 Impact of GAAP changes on the balance sheet as of 1 January 2018 and as of 31 December 2018

GAAP Changes to consolidated statement of financial position as of 1 January 2018 (transition date)

in thousand SRD	Notes	Local GAAP as at 1 January 2018	Restatements	Reclassifications and Remeasurements	IFRS as at 1 January 2018
Assets					
Cash and balances with central banks	SOFP-A	668,093	0	51,822	719,915
Due from banks	SOFP-B	432,944	10	2,051,028	2,483,982
Financial assets at fair value through profit or loss	SOFP-D	3,053	0	15,530	18,583
Loans and advances to customers	SOFP-E	3,099,778	(18,633)	(32,267)	3,048,878
Current tax assets	SOFP-F	0	0	16,417	16,417
Debt instruments at amortised cost	SOFP-G	2,660,870	(13)	(2,001,716)	659,141
Investments in associates	SOFP-H	1,838	0	1,356	3,194
Other assets	SOFP-I	73,117	0	(37,473)	35,646
Accrued assets	SOFP-J	125,547	0	(125,547)	0
Property and equipment and right-of-use assets	SOFP-K	119,183	0	27,998	147,181
Investment properties	SOFP-L	0	0	5,403	5,403
Intangible assets	SOFP-M	0	0	33,511	33,511
Total Assets		**7,452,742**	**(18,636)**	**6,063**	**7,171,851**
Liabilities					
Due to banks	SOFP-N	110,792	0	115,772	226,564
Derivative financial instruments (liabilities)	SOFP-O	0	0	82,589	82,589
Due to customers	SOFP-P	0	(2,433)	6,551,773	6,549,340
Saving accounts	SOFP-P	2,108,698	0	(2,108,698)	0
Term deposits	SOFP-P	2,058,970	0	(2,058,970)	0
Current accounts	SOFP-P	2,322,167	0	(2,322,167)	0
Current tax liabilities	SOFP-Q	0	0	116	116
Other liabilities	SOFP-R	184,246	(8,780)	(61,378)	114,088
Accrued liabilities	SOFP-S	133,933	0	(133,933)	0
Debt issued and other borrowed funds	SOFP-T	74,700	0	2,063	76,763
Provisions	SOFP-U	93,417	0	(90,142)	3,275
Net employee defined benefit liabilities	SOFP-V	0	0	174,169	174,169
Deferred tax liabilities	SOFP-W	0	0	34,129	34,129
Total liabilities		**7,086,923**	**(11,213)**	**185,323**	**7,261,033**
Equity attributable to equity holders of parent					
Issued capital		1,010	0	0	1,010
Issued equity instruments	SOFP-X	0	0	31,728	31,728
Share premium	SOFP-Y	46,538	0	51,575	98,113
Retained earnings		38,050	(7,423)	(260,724)	(230,097)
Reserve for associates	SOFP-Z	1,838	0	(1,838)	0
Result of the period		10,064	0	0	10,064
Total equity attributable to parent		97,500	(7,423)	(179,259)	(89,182)
Total equity		**97,500**	**(7,423)**	**(179,259)**	**(89,182)**
Total liabilities and equity		**7,452,742**	**(18,636)**	**6,064**	**7,171,851**

GAAP Changes to consolidated statement of financial position as of 31 December 2018

in thousand SRD	Notes	Local GAAP as at 31 December 2018	Restatements	Reclassifications and Remeasurements	IFRS as at 31 December 2018
Assets					
Cash and balances with central banks	SOFP-A	1,316,537	0	(8,345)	1,308,192
Due from banks	SOFP-B	415,906	0	2,507,993	2,923,899
Derivative financial instruments (assets)	SOFP-C	0	0	30,899	30,899
Financial assets at fair value through profit or loss	SOFP-D	3,053	0	19,488	22,541
Loans and advances to customers	SOFP-E	2,529,166	(608)	(225,754)	2,302,804
Current tax assets	SOFP-F	0	0	20,911	20,911
Debt instruments at amortised cost	SOFP-G	2,974,089	0	(2,530,570)	443,519
Investments in associates	SOFP-H	9,054	0	(7,735)	1,319
Other assets	SOFP-I	42,177	0	(12,105)	30,073
Accrued assets	SOFP-J	46,374	0	(46,374)	0
Property and equipment and right-of-use assets	SOFP-K	116,387	0	27,078	143,465
Investment properties	SOFP-L	0	0	5,403	5,403
Intangible assets	SOFP-M	0	0	32,535	32,535
Total Assets		**7,452,742**	**(608)**	**(186,575)**	**7,265,560**
Liabilities					
Due to banks	SOFP-N	173,940	0	33,475	207,415
Derivative financial instruments (liabilities)	SOFP-O	0	0	53,671	53,671
Due to customers	SOFP-P	0	(1,364)	6,633,359	6,631,995
Saving accounts	SOFP-P	2,235,211	0	(2,235,211)	0
Term deposits	SOFP-P	1,824,172	0	(1,824,172)	0
Current accounts	SOFP-P	2,516,802	0	(2,516,802)	0
Current tax liabilities	SOFP-Q	0	0	132	132
Other liabilities	SOFP-R	106,690	0	(10,771)	95,919
Accrued liabilities	SOFP-S	145,617	0	(145,617)	0
Debt issued and other borrowed funds	SOFP-T	74,800	0	2,180	76,980
Provisions	SOFP-U	106,446	0	(105,785)	661
Net employee defined benefit liabilities	SOFP-V	0	0	122,974	122,974
Deferred tax liabilities	SOFP-W	0	0	59,507	59,507
Total liabilities		**7,183,678**	**(1,364)**	**66,940**	**7,249,254**
Equity attributable to equity holders of parent					
Issued capital		3,723	0	0	3,723
Issued equity instruments	SOFP-X	0	0	31,728	31,728
Share premium	SOFP-Y	268,409	0	51,575	319,984
Retained earnings		44,047	24,553	(228,663)	(160,061)
Reserve for associates		9,054	0	(9,054)	0
Result of the period		(56,170)	(23,797)	(99,100)	(179,067)
Total equity attributable to parent		269,064	756	(253,515)	16,306
Total equity		**269,064**	**756**	**(253,514)**	**16,306**
Total liabilities and equity		**7,452,742**	**(608)**	**(186,575)**	**7,265,560**

6.3.2.1 SOFP-A Cash and balances with central banks

The adoption of IFRS has resulted in several mapping changes. Accounts under cash and balances with Central Banks were mapped to due from banks and due to banks. Several accounts were reclassified from other liabilities and due to banks to cash and balances with Central Banks for an total amount of SRD 572.6 million as at 1 January 2018 and SRD 501.4 million as at 31 December 2018.

IFRS changes regard changes of the interest on the CBvS TD including effective interest rate bookings, ECL on Deposits with Central Banks and several reclassifications of current accounts with the CBvS of a total amount of SRD 520.8 million as at 1 January 2018 and SRD 493.1million as at 31 December 2018.

6.3.2.2 SOFP-B Due from banks

Under Due from banks there were several mapping changes. Accounts under due from banks were remapped to due to banks. Accounts under cash and balances with Central Banks, accrued assets and debt instruments at amortized cost were remapped to due from banks for a total of SRD 2,263 million as at 1 January 2018 and SRD 3,289 million as at 31 December 2018. The changes related to IFRS amounting SRD 211.8 million at 1 January 2018 and SRD 781 million at 31 December 2018 were mostly due to the reclassification of treasury bills and deposits held at the Central Bank of Suriname.

6.3.2.3 SOFP-C Derivative financial instruments (assets)

Under derivative financial instruments (assets) there were several mapping changes. Accounts under other assets were mapped to Derivative financial instruments (assets) for a total of SRD 26.8 million as at 1 January 2018 and SRD 1 million as at 31 December 2018. In 2018 the IFRS changes were related to recognition of swaps based on fair value of a total amount SRD 29.9 million.

6.3.2.4 SOFP-D Financial assets at fair value through profit or loss

The changes related to transition to IFRS amounting SRD 17 million at 1 January 2018 and SRD 21 million at 31 December 2018 were mostly related to adjustments exposures related to master cards shares.

6.3.2.5 SOFP-E Loans and advances to customers

Accounts under accrued assets, accrued liabilities, current accounts, savings accounts were remapped to Loans and advances to customers for a total amount of SRD 46 million as at 1 January 2018 and SRD 55.2 million as at 31 December 2018. The changes related to transition to IFRS include additional entries and reclassifications related to interest of SRD 17 million, ECL entries amounting SRD 69.1 million and reclasses and additional entries of SRD 10.8 million related to outstanding balances. As at 31 December 2018 the IFRS changes amounts SRD 171.1 million including SRD 1.6 million related to accrued interest, SRD 159.5 million related to ECL and SRD 10 million.

6.3.2.6 SOFP-F Current tax

Under local GAAP, current tax was classified as other assets or other liabilities. With the transition to IFRS, the amounts related to taxes are explicitly disclosed. Therefore reclassifications of SRD 16.4 million at transition date and SRD 20.9 million at 31 December 2018, have been made from other assets to current tax assets.

6.3.2.7 SOFP-G Debt instruments at amortised cost

Under Debt instruments at amortised cost accounts were remapped to due from banks. Accounts under accrued assets were remapped to debt instruments at amortised cost for a total amount of SRD 2,2 billion as at January 2018 and SRD 2.7 billion as at 31 December 2018. The changes made as a result of transition to IFRS for a total amount of SRD 209.5million as of 1 January 2018 relate to reclassifications and additional entries on ECL allowance, accrued interest and outstanding balance of treasury bills. As at 31 December 2018 a total amount of SRD 216.9 million relate to IFRS changes including adjustments, reclasses and additional entries on accrued interest, outstanding balance and ECL allowance.

6.3.2.8 SOFP-H Investments in associates

The changes made as a result of transition to IFRS relate mostly to impairment and restatement of investments in associates. As of 31 December 2018 the change amounts SRD 8 million of which SRD 7.2 million relate to revaluation due to hyperinflation of participation in DAVG.

6.3.2.9 SOFP-I Other assets

Under Other assets accounts were remapped to deferred tax assets, derivative financial instruments, other liabilities and property plant and equipment. Accounts under accrued assets and other liabilities were remapped to other assets for a total amount of SRD 38 million as of 1 January 2018 and SRD 12.6 million as of 31 December 2018. At transition to IFRS no material changes are noted.

6.3.2.10 SOFP-J Accrued assets

Under Local GAAP accrued assets relate to the accrued interest of financial assets. Under IFRS the accrued interest is included as part of the carrying amount of the financial asset. Therefore, depending on the underlying financial asset, several mapping changes have been made from accrued assets to either cash and balances with Central Banks, debt instruments at amortized cost, due from banks, other assets and loans and advances to customers for a total amount of SRD 125.5 million as at 1 January 2018 and SRD 46.3 million as at 31 December 2018. No adjustments are made as a result of transition to IFRS.

6.3.2.11 SOFP-K Property and equipment and right-of-use assets

Under IFRS, right-of-use assets resulting from leases are recognized in addition to the Property and equipment. Furthermore, IFRS requires a separate split of properties and equipment, investment properties and intangible assets. Therefore accounts under Property and equipment and right-of-use assets were mapped to other intangible assets for SRD 31.3 million as at 1 January 2018 and SRD 26.2 million as at 31 December 2018. IFRS changes amounting to SRD 59.3 million at 1 January 2018 and SRD 53.2 million at 31 December 2018 relate to reclasses and restatement of several items.

6.3.2.12 SOFP-L Investment properties

As mentioned above, under IFRS, investment properties are separately presented from Property and equipment. The changes on this line item mostly due the reclassification of investment property on a separate line item, for a total amount of SRD 5.4 million in 2017 and 2018.

6.3.2.13 SOFP-M Intangible assets

Changes in intangible assets relate to the presentation of intangible assets on a separate financial statement line item. Accounts under property and equipment and right-of-use assets have therefore been mapped to other intangible assets for a total amount of SRD 31.4 million as of 1 January 2018 and SRD 26.2 million as of 31 December 2018. The changes made as a result of transition to IFRS relate mostly to the hyperinflation adjustment of intangible assets for a total amount of SRD 2.1 million as of 1 January 2018 and SRD 6.4 million as of 31 December 2018.

6.3.2.14 SOFP-N Due to banks

Accounts under due to banks were remapped from other liabilities and due from banks for a total amount of SRD 636.5 million as of 1 January 2018 and SRD 33.4 million as of 31 December 2018. The changes made as a result of transition to IFRS relate to reclassification from due to banks to working account with Central Bank of SRD 520.7 million as of 1 January 2018.

6.3.2.15 SOFP-O Derivative financial instruments (liabilities)

Under local GAAP derivative financial instruments, moreover swaps, were presented as off-balance sheet items. Under IFRS derivative financial instruments are recognized and measured at fair value. The changes made as a result of transition to IFRS relate mostly to recognition of the fair value of foreign currency swaps relating to a liability position, total amounting to SRD 23.7 million as of 1 January 2018 and SRD 10.9 million as of 31 December 2018.

6.3.2.16 SOFP-P Due to customers

Under IFRS, accrued interest related to financial instruments are including in the carrying amount of the financial instrument. Under local GAAP, all accrued interest to be paid is separately classified under accrued assets. Furthermore, all financial liabilities due to customers are presented as one financial line item. Therefore, with the transition to IFRS, changes were made based on remapping from accrued assets, current accounts, saving accounts and term deposit to due to customers for a total amount of SRD 6.5 billion as of 1 January 2018 and SRD 6.6 billion as of 31 December 2018. Furthermore, changes include corrections made as a result of noted differences from reconciliation activities of the due from customers, for a total amount of SRD 2.8 million as of 1 January 2018 and SRD 1.3 million as of 31 December 2018.

6.3.2.17 SOFP-Q Current tax liabilities

Under IFRS current taxes are presented as a separate line item. Adjustments in the transition to IFRS mainly relate to reclassifications from other liabilities to current tax liabilities for a total amount of SRD 112 thousand as of 1 January 2018 and SRD 128 thousand as of 31 December 2018.

6.3.2.18 SOFP-R Other liabilities

With the transition to IFRS mapping adjustments were made including remapping from other liabilities to current tax liabilities, cash and balances with Central Banks, debt issued and other borrowed funds, Derivative financial instruments (liabilities) and other assets. Furthermore, under IFRS lease liabilities and prepaid fees are recognized on the statement of financial position which are included in the other liabilities as well. The aforementioned reclassifications and additional recognized amounts resulted in a change of SRD 76.1 million as of 1 January 2018 and SRD 64.1 million as of 31 December 2018.

6.3.2.19 SOFP-S Accrued liabilities

Accrued liabilities under local GAAP consisted of accrued interest payables. Under IFRS these are presented together with the carrying amount of originating financial liability. Mapping changes from accrued liabilities therefore relate to due to customers, loans and advances to customers and other liabilities for a total amount of SRD 133.9 million as of 1 January 2018 and SRD 145.6 million as of 31 December 2018.

6.3.2.20 SOFP-T Debt issued and other borrowed funds

Under IFRS some financial instruments are valued using the amortized cost. Furthermore, accrued interest is included in the carrying amount of the underlying. Therefore, changes made relate to reclasses from other liabilities to Debt issued and other borrowed funds. Furthermore, remeasurement changes are made as a result of transition to IFRS were mostly related to adjustment bookings for the subordinated loan valued at amortized cost, including the effect of the use of the effective interest rate method, totally amounting to an adjustment of SRD 1.7 million as of 1 January 2018 and SRD 1.6 million as of 31 December 2018.

6.3.2.21 SOFP-U Provisions

With the transition to IFRS, Net employee benefit liabilities and deferred taxes are presented as separate line items. Thus, mapping changes from provisions to deferred tax liabilities and Net employee defined benefit liabilities are made resulting in SRD 86.9 million as of 1 January 2018 and SRD 83.2 million as of 31 December 2018. . In addition to reclasses, changes made as a result of transition to IFRS relate mostly to the expected credit loss booking of financial guarantees and letters of credits and release of provisions due to lack of satisfying the criteria for provisioning under IFRS of a total amount of SRD 2.7 million as of 1 January 2018 and SRD 661 thousand as of 31 December 2018. The latter relates to reversal of additional provisions after deduction of actual claims paid.

6.3.2.22 SOFP-V Net employee defined benefit liabilities

Net employee benefit liabilities are presented with the transition to IFRS on a separate line item. Changes made relate to mapping changes from provision to net employee benefit for a total amount of SRD 85 million as of 1 January 2018 and SRD 81.1 million as of 31 December 2018. In addition IFRS changes are made mostly due to an additional booking regarding provisioning required according Pension Law for a resulting in a total change in provision of SRD 89.2 million as of 1 January 2018 and SRD 41.9 million as of 31 December 2018.

6.3.2.23 SOFP-W Deferred tax liabilities

IFRS changes are made as a result of transition to IFRS mostly due to an additional booking regarding deferred tax effects resulting from hyperinflation adjustments for a total amount of SRD 32.1 million as of 1 January 2018 and SRD 57.4 million as of 31 December 2018.

6.3.2.24 SOFP-X Issued equity Instruments

The changes made to issued equity instruments as a result of transition to IFRS relate to reclassification of the AT-1 Loan in order to present this separately for a total amount of SRD 31.7 million as of 1 January 2018 and as of 31 December 2018 recognized at historical cost.

6.3.2.25 SOFP-Y Share premium

The changes made on share premium relate mostly to hyperinflation restatements of issued capital and share premium for a total amount of SRD 51.5 million as of 1 January 2018 and as of 31 December 2018. Under Local GAAP no hyperinflation effects are considered.

6.3.3 Impact of GAAP changes on the statement of other comprehensive income for the year ended 31 December 2018

GAAP Changes to other comprehensive income for the year ended 31 December 2018

in thousand SRD	Notes	Local Gaap 2018	Remeasurements	IFRS 2018
Loss for the year:		(56,169)	(122,897)	(179,067)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods				
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods		0	0	0
Income tax related to items that may be reclassified to profit or loss		0	0	0
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods net of tax		**0**	**0**	**0**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods				
Remeasurement gain/(loss) on defined benefit plans	SOCI-A	0	60,036	60,036
Exchange rate differences related to the items that will not be reclassified to profit or loss	SOCI-B	0	(65)	(65)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**0**	**59,971**	**59,971**
Income tax related to items that will not be reclassified to profit or loss		0	0	0
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods net of tax		**0**	**59,971**	**59,971**
Other comprehensive income for the year, net of tax		**0**	**59,971**	**59,971**
Total comprehensive income for the year, net of tax		**(56,169)**	**(62,926)**	**(119,096)**

6.3.3.1 SOCI-A Remeasurement gain/(loss) on defined benefit plans

Prior to the financial statements based on IFRS all changes in defined benefit plans were recorded as a provision through the consolidated income statement. Under IFRS, remeasurement on defined benefit plans, comprising of actuarial gains and losses, experience adjustments (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. For financial year 2018, the amount related to remeasurement on defined benefit plans amounts SRD 60 million. Net interest expense, service cost and other expenses related to defined benefit plans are recognized in profit or loss.

6.3.3.2 SOCI-B Exchange rate differences related to the items that will not be reclassified to profit or loss

The bank maintains two post-employment plans which are recorded in foreign currency. Under the previous local GAAP, all exchange rate differences arising from revaluation of defined benefit plans were recorded through the consolidated income statement. Exchange differences on liabilities arising from defined benefit plans, comprising of actuarial gains and losses and experience adjustments, are recorded through statement of comprehensive income.

7 Significant accounting judgements, estimates and assumptions

The preparation of DSB's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the accounting policies, management has made the following primary judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Existing circumstances and assumptions about future developments may change due to circumstances beyond DSB's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognized in the consolidated financial statements with substantial management judgement are described below with respect to judgements and estimates involved.

7.1 Going concern

Management prepared these financial statements on a going concern basis. In making this judgement management considered the Bank's financial position, current intentions, profitability of operations and access to financial resources, and analyzed the impact of the recent financial crisis on future operations of the Bank.

7.2 Provision for expected credit losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. DSB's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- DSB's internal credit grading model, which assigns PDs to the individual grades
- DSB's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- Development of ECL models, including the various formulas, statistical distributions and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as GDP levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models, maintaining robust estimates.

For an extended description of the expected credit loss estimation process, refer to section 41.

7.3 Fair value measurement of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Since the fair values of most financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk, funding value adjustments, yield curves, correlation and volatility. For further details about determination of fair value please see section 40.

7.4 Effective Interest Rate (EIR) method

DSB's effective interest rate method, recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans and deposits and recognizes the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well expected changes to Suriname's market base rate and other fee income/expense that are integral parts of the instruments.

7.5 Deferred taxes

Deferred taxes assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilized. Since in Suriname tax losses can be utilized for a limited amount of years, judgement is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits, together with future tax-planning strategies. Because of the significant judgements and unreliably estimation involved with the recoverability amounts of losses, deferred tax assets in respect of tax losses are not recognized. The recognized deferred tax assets relate to lease and rights-of-use assets. However since, the taxes relate to the same tax authority and can be settled net, the total amount of deferred tax assets is netted with the outstanding deferred tax liability (see also note 18.3).

7.6 Defined benefit plans

The cost of the defined benefit pension plan and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations based on demographic and financial assumptions. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Calculation of the defined benefit obligations are performed by an independent licensed actuary based on the following assumptions:

- Demographic assumptions
  - * Mortality rates: for the calculation of present values, mortality rates according to the Surinamese mortality data are used with an age reduction of 2 year for men and women.
  - * Date of birth: it is assumed that all persons were born on July 1st of their year of birth.
  - * Partner eligibility rate: it is assumed that at retirement, 90% of male employees respectively 70% of female employees will be married or will live together as concubines with a partner who will be granted entitlements under the pension plan.
  - * Turnover rates: experience figures of DSB show that termination of employment other than through retirement and death is negligible. On this basis, the dismissal and disability rates have been set at zero.
  - * Effective date of benefit payment: it is assumed that the payment of a retirement pension of participant will commence on the first day of the month following the 60th birthday of the participant, on the understanding that, in the event of death of a participant, the payment of a survivor's pension will start immediately.

- Financial assumptions
  - * **Price inflation:** the assumed price inflation in Suriname is based on expectations of DSB, taking the multiple year plan into account.
  - * **Discount rate:** a discount rate has been used that is set at the price inflation of +1.5% , on the understanding that for the short and medium term, the specific expectation of DSB based on the 3-year interest payment has been assumed.
  - * **Salary increases:** the salary increase in subsequent years is set at price inflation in the previous financial year plus 2% on the understanding that specific expectations of DSB for the short and medium term have taken into account.
  - * **Pension base percentage future years:** DSB has decided to set and maintain the pension base percentage for future years at lower percentage of the actual pension base percentage and the constant pension base percentage at the balance sheet.
  - * **Expected rate of return on plan assets DSB pension fund foundation:** the expected rate of return on plan assets is relevant for the adjustment of pensions in payment and deferred pensions. The expected return is set at interest rates used for the discount rate.
  - * **Adjustment/ indexation of pensions in payment:** the annual adjustment of pensions in payment and deferred pensions by DSB Pension Fund Foundation is based on excess interest. The Annual adjustment per January 1 is set at the difference between the previous year's expected rate of return on plan assets and the actuarial interest of 4 , which is used to determine the present value of the pension obligations of the DSB pension fund. For short term, available information on the actual returns of the pension fund is taken into account.
  - * **Definition of pensionable salary:** based on the definition in the certified pension insurance agreement, pensionable salary is average monthly salary for the last 60 months for which contributions were paid.
  - * **Future increases of maximum pensionable salary:** DSB expects that increases will be determined in an ad hoc manner, therefore the future increases have been set at 0.
  - * **Base of indexation of pensions in payment:** DSB has determined that adjustment of pensions in payment may be based on excess interest.
  - * **Adjustment/indexation of pensions in payment (percentages):** DSB has determined the excess interest as the difference between the expected return on DSB plan assets and the actuarial interest of 4% , which is used to determine the present value of the pension obligations of the DSB pension fund. Hence, the adjustment of pensions in payment is equal to the assumed adjustment under the DSB pension plan.

7.7 Provisions and Contingent liabilities

DSB and its subsidiary operate in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent in its operations. As a result, DSB is involved in various legal proceedings arising in the ordinary course of business.

When DSB can reliably measure the outflow of economic benefits in relation to a specific existing case and considers such outflows to be probable, DSB records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, since DSB is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, DSB does not include detailed, case-specific disclosures in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies refer to Note 32.

7.8 Revenue recognition from contracts with customers

DSB applies the following judgement in its revenue recognition from contracts with customers.

7.8.1 Estimating variable consideration and assessing the constraint

Asset management contracts include management and performance fees, which are based on the value of its customers' assets under management and therefore give rise to variable consideration. Asset management fees are determined and invoiced at the end of each month. At that date, the uncertainty regarding the variable consideration is resolved and the consideration is no longer constrained. Accordingly, DSB recognizes revenue from management fees at the end of each month. The "constraint" concept introduced by IFRS 15 is a new way of evaluating variable consideration. In order to include variable consideration in the transaction price, DSB concludes that it is 'highly probable' that a significant revenue reversal will not occur in future periods. For the purpose of this analysis, the meaning of the term 'highly probable' is consistent with the existing of 'significantly more likely than probable'. IFRS 15 includes factors to consider that could increase the likelihood or the magnitude of a revenue reversal. Among these factors for DSB the most important is whether the performance period is nearing its end, for which it is then highly probable that a significant reversal will not occur. DSB has considered the above in making a judgement as to the extent to which the variable consideration under its asset management contracts is constrained.

7.8.2 Allocating the variable consideration to distinct services within a series

DSB's asset management, custody, servicing and credit card transaction processing contracts all contain a single performance obligation comprising of a series of distinct services that are substantially the same and have the same pattern of transfer to the customer. Although DSB may perform various activities each day, the bank has concluded that each day of service is substantially the same because the nature of its promise to the customer is to provide an overall service. DSB has applied the variable consideration allocation exception in each of these contracts. This is because the fees received each day or, for asset management fees, each month, relate specifically to the DSB's efforts to transfer the services for that day or month, which is distinct from the services provided in other days or quarters. In addition, the amount allocated corresponds to the value provided to the customer for that period.

7.9 Determination of the lease term for lease contracts with renewal and termination options (DSB as a lessee)

DSB determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. DSB has several lease contracts that include extension and termination options. Management applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, DSB considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, management reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate the lease.

7.9.1 Estimating the incremental borrowing rate

DSB cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that DSB would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what DSB 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the functional currency). The Bank estimates the IBR using interest rate models based on observable inputs (such as market interest rates) and is required to make certain specific adjustments (such as the credit risk or to adjustments to reflect the terms and conditions of the lease).

8 Segment information

In accordance with IFRS 8, DSB is required to disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which DSB engages and the economic environments in which it operates. During 2019 and 2018 respectively, the core business activities of DSB from which it earns revenues and incur expenses are divided in 5 segmentations:

- **Retail banking**: this relates to banking services to individual customers' deposits and consumer loans, overdrafts, credit card facilities and funds transfer facilities and small business lending
- **Corporate banking:** this relates to banking services such as loans and other credit facilities and deposit and current accounts for corporate and institutional customers
- **Treasury:** treasury services focus on funding and liquidity management, investments in debt instruments at amortized costs, and specialized foreign currency and financial instruments trading
- **Asset management:** this relates to agency services to investors by managing their investments and providing a platform for engaging in investment activities.
- **Other:** those activities that are not directly related to the segmentations above

An analysis of DSB's segmented income statement, total assets and liabilities is presented in the following tables for the period ending 31 December 2018 and 31 December 2019. In this segmentation overview, multiple segmentation amounts are allocated using different weights, depending on the nature of the amounts. Therefore the allocation is based on the nature of the cost, revenue, assets and liabilities and the consideration of what segment these amounts relate to. Aspects hereby considered are:

- Ratio of the provision for corporate and retail loans
- Ratio of the number of corporate and retail cards sold
- Ratio of retail and corporate loans
- Ratio of staff in each segment

Segmented Consolidated Information 2019

in thousand SRD for the year ended 31 December	Retail banking	Corporate banking	Treasury	Asset management	Other	2019
Interest income calculated using the effective interest method	58,747	164,283	92,258	0	0	315,288
Interest expense calculated using the effective interest method	(74,705)	(99,573)	0	0	0	(174,278)
Net interest income	**(15,958)**	**64,710**	**92,258**	**0**	**0**	**141,010**
Fee and commission income	37,085	27,077	1,727	9,310	0	75,199
Fee and commission expense	(2,985)	(619)	(56)	(282)	(1,689)	(5,631)
Net fee and commission income	**34,100**	**26,458**	**1,671**	**9,028**	**(1,689)**	**69,568**
Net trading income	0	0	(20,608)	0	0	(20,608)
Impairment gains/(losses) from changes in the expected credit loss	(11,938)	16,467	(41,223)	3,791	0	(32,903)
Net gain or (loss) on financial assets and liabilities at fair value through profit or loss	0	0	(6,047)	0	0	(6,047)
Other operating income	2,242	23,372	539	1,321	0	27,474
Net operating income	**8,446**	**131,007**	**(26,590)**	**14,140**	**(1,689)**	**178,494**
Personnel expenses	(59,765)	(12,404)	(1,128)	(10,641)	(33,829)	(117,767)
Depreciation of property, equipment and right-of-use assets	(7,168)	(1,488)	(135)	(678)	(4,058)	(13,527)
Amortisation of intangible assets	(6,664)	(1,383)	(126)	(629)	(3,771)	(12,573)
Other operating expenses	(37,085)	(8,030)	(1,637)	(4,332)	(20,982)	(72,066)
Total operating expenses	(110,682)	(23,305)	(3,026)	(16,280)	(62,640)	(215,933)
Net income before tax	**(102,236)**	**107,702**	**23,564**	**(2,140)**	**(64,329)**	**(37,439)**
Income tax income (expense)	0	0	0	(2,420)	1,712	(708)
Net Income / Loss	**(102,236)**	**107,702**	**23,564**	**(4,560)**	**(62,617)**	**(38,145)**
Total Assets	921,797	3,017,785	2,957,443	178,521	67,914	7,143,460
Total Liabilities	**3,233,227**	**3,645,000**	**129,781**	**3,951**	**193,072**	**7,205,032**

Segmented Consolidated Information 2018

in thousand SRD for the year ended 31 December	Retail banking	Corporate banking	Treasury	Asset management	Other	2018
Interest income calculated using the effective interest method	49,091	202,687	60,861	0	0	312,639
Interest expense calculated using the effective interest method	(79,311)	(113,032)	0	0	0	(192,343)
Net interest income	**(30,220)**	**89,655**	**60,861**	**0**	**0**	**120,296**
Fee and commission income	41,145	25,202	2,826	12,489	0	81,662
Fee and commission expense	(3,396)	(633)	(90)	(323)	(1,807)	(6,249)
Net fee and commission income	**37,749**	**24,569**	**2,736**	**12,166**	**(1,807)**	**75,413**
Net trading income	0	0	24,255	0	0	24,255
Impairment gains/(losses) from changes in the expected credit loss	(6,604)	(252,424)	3,839	2,117	0	(253,072)
Net gain or (loss) on financial assets and liabilities at fair value through profit or loss	0	0	54,281	0	0	54,281
Other operating income	387	2,121	19,736	1,452	0	23,696
Net operating income	**1,312**	**(136,079)**	**165,708**	**15,735**	**(1,807)**	**44,869**
Personnel expenses	(56,110)	(10,454)	(1,493)	(9,692)	(29,869)	(107,618)
Depreciation of property, equipment and right-of-use assets	(7,594)	(1,415)	(202)	(725)	(4,042)	(13,978)
Amortisation of intangible assets	(5,642)	(1,051)	(150)	(536)	(3,005)	(10,384)
Other operating expenses	(32,308)	(6,912)	(5,768)	(4,408)	(17,181)	(66,577)
Total operating expenses	(101,590)	(19,832)	(7,613)	(15,361)	(54,097)	(198,557)
Net income before tax	**(100,342)**	**(155,911)**	**158,095**	**374**	**(55,904)**	**(153,688)**
Income tax income (expense)	0	0	0	0	(25,378)	(25,378)
Net Income / Loss	**(100,342)**	**(155,911)**	**158,095**	**374**	**(81,282)**	**(179,066)**
Total Assets	1,194,686	2,482,441	3,347,471	172,940	68,021	7,265,560
Total Liabilities	**3,275,452**	**3,645,828**	**161,641**	**2,183**	**164,150**	**7,249,254**

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the total revenue in 2019 or 2018.

9 Interest and similar income

in thousand SRD for the year ended 31 December	2019	2018
Interest income calculated using the effective interest method		
Deposits with central banks	292	1,715
Deposits with other banks	2,009	2,568
Debt instruments at amortised cost	89,957	56,578
Loans and advances to customers	223,030	251,778
Total Interest income calculated using the effective interest method	**315,288**	**312,639**
Other interest and similar income		
Total interest and similar income	**315,288**	**312,639**

Included in the interest income are corresponding adjustment to the amounts recorded in the statement of financial position, reflecting changes to DSB's EIR assumptions, incorporating the characteristics and expected behavior of the balances.

10 Interest and similar expense

in thousand SRD for the year ended 31 December	2019	2018
Interest expense calculated using the effective interest method		
Due to banks	4,472	4,644
Debt issued and other borrowed funds	6,086	6,499
Due to customers	163,720	181,200
	174,278	**192,343**
Other interest and similar expense		
Total interest and similar expense	**174,278**	**192,343**

11 Net fees and commission income

Disaggregated revenue information segments (in thousands)	For the year ended 31 December 2019				
Fee income earned from services that are provided over time:	Retail banking	Corporate banking	Treasury	Asset management	Total
Cards membership fees	1,947	473	0	0	2,420
Rental fees	1,639	234	0	0	1,873
Custody fees	0	0	149	0	149
Service charges over time	6,075	3,575	0	5,352	15,002
Loan orginated fees	560	41	0	0	601
Loan commitment fees	0	863	0	0	863
Total	**10,221**	**5,186**	**149**	**5,352**	**20,908**
fees income earned from services that are provided at a point in time:					
Physical transfer fees	8,445	313	0	12	8,770
Closing fees	8,888	0	0	421	9,309
System transaction fees	9,515	21,578	0	0	31,093
Agent fees	0	0	0	3,352	3,352
Brand registration	0	0	0	173	173
Brokerage fees	0	0	1,578	0	1,578
Other fees	16	0	0	0	16
Total	**26,864**	**21,891**	**1,578**	**3,958**	**54,291**
Total fee and commision income	**37,085**	**27,077**	**1,727**	**9,310**	**75,199**

Segments (in thousands)	For the year ended 31 December 2018				
Fee income earned from services that are provided over time:	Retail banking	Corporate banking	Treasury	Asset management	Total
Cards membership fees	1,967	676	0	0	2,643
Rental fees	1,566	223	0	0	1,789
Custody fees	0	0	178	0	178
Service charges over time	5,885	3,931	0	8,210	18,026
Loan orginated fees	355	94	0	0	449
Loan commitment fees	0	1,073	0	0	1,073
	9,773	**5,997**	**178**	**8,210**	**24,158**
fees income earned from services that are provided at a point in time:					
Physical transfer fees	9,660	239	0	22	9,921
Closing fees	11,183	0	0	255	11,438
System transaction fees	10,513	18,968	0	0	29,481
Agent fees	0	0	0	3,884	3,884
Brand registration	0	0	0	117	117
Brokerage fees	0	0	2,649	0	2,649
Other fees	14	0	0	0	14
	31,370	**19,207**	**2,649**	**4,278**	**57,504**
Total fee and commision income	**41,143**	**25,204**	**2,827**	**12,488**	**81,662**

For the both years ending 31 December 2019 and 2018 no fees and commissions have been recognized as revenue related to services provided in prior periods but not recognized as revenue in those prior periods as a result of being constrained in line with Note 4.5.

12 Net trading (loss)/income

in thousand SRD for the year ended 31 December	2019	2018
Debt securities	(40)	(48)
Foreign exchange transactions	(20,568)	24,303
Total	**(20,608)**	**24,255**

Debt securities income includes the results of buying and selling debt securities at amortized cost. Foreign exchange transactions includes gains and losses from foreign exchange trading under spot contracts. Other foreign exchange differences arising on non–trading activities are taken to other operating income/expense in the consolidated income statement.

13 Impairment gains/(losses) from changes in the expected credit loss

The table below shows the ECL charges on financial instruments for the year recorded in the consolidated income statement:

Impairment gains/(losses) from changes in the expected credit loss				
in thousand SRD for the year ended 31 December 2019	Stage 1	Stage 2	Stage 3	Total
Cash and balances with central banks	0	4,673	97,490	102,163
Due from banks	(550)	1,260	0	710
Debt instruments measured at amortised cost	(6)	(407)	(41,854)	(42,267)
Loans and advances to customers	(15,320)	4,353	(17,706)	(28,673)
Financial guarantees	(8)	0	1,372	1,364
Letters of credit	(392)	0	(3)	(395)
	(16,276)	**9,879**	**39,299**	**32,902**
in thousand SRD for the year ended 31 December 2018	Stage 1	Stage 2	Stage 3	Total
Cash and balances with central banks	0	(61)	0	(61)
Due from banks	191	33	0	224
Debt instruments measured at amortised cost	(135)	(999)	45,911	44,777
Loans and advances to customers	(19,107)	(6,549)	236,237	210,581
Financial guarantees	(5)	0	(2,169)	(2,174)
Letters of credit	(441)	0	166	(275)
	(19,497)	**(7,576)**	**280,145**	**253,072**

14 Net (loss) or gain on financial assets and liabilities at fair value through profit or loss

in thousand SRD for the year ended 31 December	2019	2018
Financial assets mandatorily measured at fair value through profit or loss	0	57,557
Financial assets designated at fair value through profit or loss	736	3,958
Financial liabilities mandatorily measured at fair value through profit or loss	(6,783)	(7,234)
	(6,047)	**54,281**

Further information on assets and liabilities designated at FVPL is disclosed in Note 22.

15 Other operating income

in thousand SRD for the year ended 31 December	2019	2018
Result from investments in associates	42	54
Exchange rate results	501	19,682
Recovery of loans written-off	5,487	1,223
Other operating income	21,444	2,737
	27,474	**23,696**

16 Personnel expenses

in thousand SRD for the year ended 31 December	2019	2018
Wages and salaries	82,056	75,256
Social security costs	8,239	6,852
Post-employment benefit plan obligations costs	10,000	16,193
Post-employment healthcare plan obligation costs	3,606	3,666
Anniversary payment plan obligation costs	6,667	568
Training expenses	1,084	2,764
Other personnel expenses	6,114	2,319
	117,766	**107,618**

17 Other operating expenses

in thousand SRD for the year ended 31 December	2019	2018
Advertising and marketing costs	1,858	2,056
Result from investments in associates	573	3,567
Exchange rate results	364	1,353
Housing	12,656	13,017
Maintenance costs	21,631	18,406
Professional fees	9,216	6,978
Telephone charges	3,322	3,313
Money transport	2,000	2,183
Office Supplies	7,081	6,755
Other operating expenses	13,365	8,950
	72,066	**66,578**

Maintenance costs are cost related to maintenance of electronics (including ATMs). Costs related to security and maintenance of bank buildings, insurance and utilities amounting a total of SRD 11.2 million are included in Housing costs. Professional fees include consultancy costs and auditor fees for the respective amounts of SRD 7.0 million and SRD 1.6 million in 2019 compared to respectively SRD 2.9 million and 3.2 million in 2018.

18 Taxes

18.1 Reconciliation of the total tax charge

The tax charge shown in the income statement differs from the tax charge that would apply if all profits had been charged at DSB's tax rate. A reconciliation between the tax expense and the accounting profit multiplied by the tax rate for the years ended 31 December 2019 and 2018 is, as follows:

Income tax income (expense)		
in thousand SRD for the year ended 31 December	2019	2018
Accounting loss before tax	(37.437)	(153,689)
Equity Booking	(43,987)	68,090
Participation losses not subject to tax:	573	3,567
temporary differences:	4,705	(70,496)
Taxable Loss:	**(76,146)**	**(152,528)**
Total statutory taxable Loss	**(76,146)**	**(152,528)**
Current income tax charge of consolidated subsidiaries (STM)	(2,420)	0
Deferred tax relating to origination and reversal of temporary differences through P&L	1,712	(25,378)
Income tax expense reported in the consolidated income statement	**(708)**	**(25,378)**

Effective Tax Rate		
in thousand SRD for the year ended 31 December	2019	2018
Loss before tax	(37.437)	(153,689)
Tax at statutory rate 36%	(13,477)	(55,328)
Differences:		
Tax effect on losses not recognized	13,979	79,422
Participation	206	1,284
Total tax charge	**708**	**25,378**

The Company has incurred losses in the past and current year of SRD 325,3 million. Under Suriname tax law, tax losses can be carried forward for up to 7 years. The Company has elected not to book the deferred tax asset relating to these losses. Management considers the changes in business and the countries macro-economic situation. As a result Management does not expect to recover the deferred tax assets related to the incurred losses before they expire.

18.2 Current tax

The current tax assets (2019: 20,5 million and 2018: 20,9 million) in the consolidated statements of financial position consist of overpaid income tax. Current tax liabilities (2019: SRD 169 thousand and 2018: SRD 132 thousand) consist of outstanding sales tax payable to tax authorities as of 31 December 2019 and 2018 respectively.

18.3 Deferred tax

The following table shows deferred tax recorded in the statement of financial position and changes recorded in the Income tax expense:

Deferred Tax Assets in thousand SRD for the year ended 31 Dec.	2018				2019			
	Opening Balance	Changes through P&L	Changes through OCI	Closing Balance	Opening Balance Deferred tax assets	Changes through P&L	Changes through OCI	Closing Balance
Depreciation of Revaluation due to hyperinflation on PPE and intangibles	0	0	0	0	0	0	0	0
Revaluation due to hyperinflation on other asstes	0	0	0	0	0	0	0	0
Revaluation due to hyperinflation on investment in Associates	0	0	0	0	0	0	0	0
Other temporary differences (ROU)	0	139	0	139	139	80	0	219
Unrealized FX Gains	0	0	0	0	0	0	0	0
Total	**0**	**139**	**0**	**139**	**139**	**80**	**0**	**219**

Deferred Tax Liablilties in thousand SRD for the year ended 31 Dec.	2018				2019			
	Opening Balance	Changes through P&L	Changes through OCI	Closing Deferred Tax Liablilties	Opening Deferred Tax Liablilties	Changes through P&L	Changes through OCI	Closing Balance
Depreciation of Revaluation due to hyperinflation on PPE and intangibles	33,928	(1,771)	0	32,157	32,157	(1,690)	0	30,467
Revaluation due to hyperinflation on other asstes	201	0	0	201	201	59	0	260
Revaluation due to hyperinflation on investment in Associates	0	0	0	0	0	0	0	0
Other temporary differences (ROU)	0	0	0	0	0	0	0	0
Unrealized FX Gains	0	27,288	0	27,288	27,288	0	0	27,288
Total	**34,129**	**25,517**	**0**	**59,646**	**59,646**	**(1,631)**	**0**	**58.015**
Net Total	**34,129**	**25,378**	**0**	**59,507**	**59,507**	**(1,711)**	**0**	**57,796**

19 Cash and balances with central banks

Cash and balances with central banks			
in thousand SRD for the year ended 31 December	**2019**	**2018**	**"As at 1 January 2018"**
Cash and cash equivalents	212,662	308,234	229,346
Cash reserves with central banks	1,543,321	504,150	345,222
Loans and advances to central banks	384,995	0	0
Deposits with central banks	674,493	(10)	75,355
Current accounts with central banks	300,870	495,818	70,050
Subtotal	3,116,341	1,308,192	719,973
Allowance for ECL	(102,164)	0	(58)
	3,014,177	**1,308,192**	**719,915**

Cash and cash equivalents include cash items such as banknotes, coins, cash at ATMs and cash in transit. Cash reserves with the Central Banks represent mandatory reserve deposits which are not available for use in DSB's day–to–day operations. Loans and advances to Central Bank regards advances provided to the Central Bank of Suriname resulting from subsequent events (refer to Note 42). Deposits with the Central Bank relates to investments in term deposits at the Central Bank in local and foreign currency. Current accounts with Central Bank includes working accounts held at Central Bank for interbank transactions.

19.1 Impairment allowance on cash and balances with central banks

The table below shows the credit quality and the maximum exposure to credit risk based on the DSB's internal credit rating system, average PD range and year-end stage classification. The amounts presented are net of allowance for ECL. Details of the DSB's internal grading system and DSB's impairment assessment and measurement approach is set out in section 41.3.3.

In thousand SRD as at 1 January 2018					
Internal rating grade	Average PD	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	0%	644,618			644,618
4	1.4%		75,355		75,355
Non-performing					
5,6,7	100%			0	0
Total		**644,618**	**75,355**	**0**	**719,973**

In thousand SRD as of 31 December 2018					
Internal rating grade	Average PD	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	5.21%	1,308,191			1,308,191
4	0.00%		0		0
Non-performing					
5,6,7	100.00%			0	0
Total		**1,308,191**	**0**	**0**	**1,308,192**

In thousand SRD as of 31 December 2019					
Internal rating grade	Average PD	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	0%	294,937			294,937
4	4.06%		1,789,936		1,789,936
Non-performing					
5,6,7	100%			1,181,268	1,181,268
Total		**294937**	**1,789,936**	**1,031,468**	**3,116,341**

A reconciliation of changes in gross carrying amount and corresponding ECL allowances by stage for cash and balances with Central Bank is as follows:

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2018	**644,618**	**0**	**75,355**	**58**	**0**	**0**	**719,973**	**58**
Payments and assets derecognised	0	0	(75,000)	(58)	0	0	(75,000)	(58)
Effect of modifications	663,584	0	0	0	0	0	663,584	0
Changes in accrued interest	0	0	(365)	0	0	0	(365)	0
31 December 2018	**1,308,202**	**0**	**(10)**	**0**	**0**	**0**	**1,308,192**	**0**

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2019	**1,308,202**	**0**	**(10)**	**0**	**0**	**0**	**1,308,192**	**0**
New assets originated	(135,781)	0	1,136,052	4,675	1,031,468	97,489	2,031,739	102,164
Payments and assets derecognised	(373,333)	0	0	0	0	0	(373,333)	0
Transfers to stage 2	(504,150)	0	504,150	0	0	0	0	0
Effect of modifications	0	0	149,740	0	0	0	149,740	0
Changes in accrued interest	0	0	3	0	0	0	3	0
31 December 2019	**294,938**	**0**	**1,789,935**	**4,675**	**1,031,468**	**97,489**	**3,115,487**	**102,164**

The increase of the cash and balances with the Central Bank in 2018 are primarily caused by effect of modifications. These modifications relate to an increase of the balances of working accounts and cash reserves held at CBvS. In 2018 an increase of SRD 425.7 million of the SRD working account is noted while the required SRD cash reserve increased by SRD 158.9 million. In 2019 SRD 2.0 billion of new assets are generated while an ECL of SRD 102.1 million is recorded. The largest portion of this increased ECL has been due to the misuse of foreign exchange cash reserves by the Central Bank of Suriname. It came to DSB's attention that the cash reserves of 2019 for so-far held in foreign currency, were misused by the CBvS, without DSB's permission. Due to this event, an increase of the ECL has been recognized. These misused amounts are as agreed with the Central Bank converted firstly to a USD and a EUR credit facility which is subsequently restructured into a loan that will be paid off over an agreed period. Other new assets generated include term deposits in local and foreign currency, a new USD working account opened for inter banking transaction purposes and movements in reserve requirements.

20 Due from banks

Cash and balances with central banks

in thousand SRD for the year ended 31 December	2019	2018	As at 1 January 2018
Current accounts with other banks	529,083	449,380	548,236
Deposits with other banks	1,018,677	2,475,566	1,936,569
Subtotal	1,547,760	2,924,946	2,484,805
Allowance for ECL	(1,757)	(1,047)	(823)
	1,546,003	**2,923,899**	**2,483,982**

Deposits with other banks regards investments in term deposits at local and international banks in local and foreign currency. The table below shows the credit quality and the maximum exposure to credit risk based on the DSB's internal credit rating system, average PD range and year-end stage classification for due from banks. The amounts presented are gross of allowance for ECL. Details of the DSB's internal grading system and DSB's impairment assessment and measurement approach is set out in section 41.3.3.

In thousand SRD as of 1 January 2018

Internal rating grade	Average PD	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	0.0%	2,484,805			2,484,805
4	0.0%		0		0
Non-performing					
5,6,7	100%			0	0
Total		**2,484,805**	**0**	**0**	**2,484,805**

In thousand SRD as of 31 December 2018

Internal rating grade	Average PD	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	0%	2,909,697			2,909,697
4	2.7%		15,249		15,249
Non-performing					
5,6,7	100%			0	0
Total		**2,909,697**	**15,249**	**0**	**2,924,946**

In thousand SRD as of 31 December 2019

Internal rating grade	Average PD	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	0%	1,493,280			1,493,280
4	5.6%		54,480		54,480
Non-performing					
5,6,7	100%			0	0
Total		**1,493,280**	**54,480**	**0**	**1,547,760**

A reconciliation of changes in gross carrying amount and corresponding ECL allowances by stage for due from banks is as follows:

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2018	**2,484,805**	**823**	**0**	**0**	**0**	**0**	**2,484,805**	**823**
New assets originated	2,447,593	1,014	15,192	33	0	0	2,462,785	1,047
Payments and assets derecognised	(2,027,460)	(825)	0	0	0	0	(2,027,460)	(825)
Unwind of discount	(108)	0	(2)	0	0	0	(110)	0
Effect of modifications	1	0	0	0	0	0	1	0
Changes in accrued interest	4,866	2	59	0	0	0	4,925	2
31 December 2018	**2,909,697**	**1,014**	**15,249**	**33**	**0**	**0**	**2,924,946**	**1,047**

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carry-ing amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2019	**2,909,697**	**1,014**	**15,249**	**33**	**0**	**0**	**2,924,946**	**1,047**
New assets originated	323,169	464	37,450	1,293	0	0	360,619	1,757
Payments and assets derecognised	(2,447,594)	(1,010)	(15,192)	284	0	0	(2,462,786)	(726)
Unwind of discount	(30)	0	(2)	0	0	0	(32)	0
Effect of modifications	716,527	0	0	0	0	0	716,527	0
Changes in accrued interest	(8,489)	(4)	16,975	(318)	0	0	8,486	(322)
31 December 2019	**1,493,280**	**464**	**54,480**	**1,292**	**0**	**0**	**1,547,759**	**1,757**

There were no contractual amounts outstanding in relation to Due from banks that were still subject to enforcement activity both at 31 December 2019 and at 31 December 2018. The increase of the due from bank in 2018 includes increase in deposits with other banks of SRD 538.9million while no material changes are recorded in ECL. In 2019 a significant decrease is noted in due from banks primarily caused by movement of foreign currency cash reserves, which were invested abroad, to the Central Bank of Suriname and an increase of current accounts with other banks as a result of incoming international transfers and deposits which are not re-invested.

21 Derivative financial instruments

in thousand SRD for the year ended 31 December	2019	2018	"As at 1 January 2018"
Derivative financial instruments (assets)			
Foreign currency swaps	0	30,899	0
Derivative financial instruments (liabilities)			
Foreign currency swaps	(48,270)	(53,671)	(82,589)
Total	**(48,270)**	**(22,772)**	**(82,589)**

Derivative financial instruments (assets and liabilities) relate to currency swaps. The swaps held by DSB are contracts where DSB pays a specified amount in one currency and receives a specified amount in another currency at a specific exchange rate and date in the future. These swap derivatives are valued at fair value and classified generally under Level 1.

22 Investment entities

22.1 Overview of all equity related investments

DSB has invested in several entities over the years. The percentages of equity interest and the controlling interest differs for each entity. These so-called investment entities are depending on the percentage of ownership classified either a consolidated subsidiary, equity investment (as part of financial assets at fair value through profit or loss) or an associate. The following table provides an overview of all investment entities together with classification of the investment type.

	Proportion of ownership						
Investment Entity	2019	2018	2017	Number of Shares owned	Nominal value per share	Nominal value in (base currency)	Investment type
TBL Multiplex	9%	9%	9%	420	USD 1,000.00	USD 420,000.00	Equity investment
Stadsherstel	8.49%	8.49%	8%	20	SRD 10,000.00	SRD 200,000.00	Equity investment
Mastercard	0.000%	0.0012%	0.0012%	13970	USD 0.0001	USD 1.40	Equity investment
Suritrust	100%	100%	100%	1	SRD 50.00	SRD 50.00	Subsidiary (Consolidated)
DSB Assuria vastgoed	49%	49%	49%	48530	SRD 10.00	SRD 485,296.00	Associate
B- Nets	25%	25%	25%	240	SRD 1,000.00	SRD 240,000.00	Associate

22.2 Equity investments at fair value through profit or loss

Financial assets designated at fair value through profit or loss relate to equity investments in TBL Multiplex N.V. and Stadsherstel Suriname N.V. These investments are based on their equity interest percentage classified as financial assets at fair value through profit and loss, as presented in the table below.

Financial assets at fair value through profit or loss			
in thousand SRD for the year ended 31 December	2019	2018	As at 1 January 2018
Equity investments			
TBL Multiplex	2,718	2,718	2,718
Stadsherstel	336	336	336
Mastercard	0	19,487	15,529
	3,054	**22,541**	**18,583**

22.3 Investments in associates

Investments in associates			
in thousand SRD for the year ended 31 December	2019	2018	As at 1 January 2018
DSB Assuria Vastgoed	0	0	1,890
B-Nets	1,399	1,319	1,304
	1,399	**1,319**	**3,194**

22.3.1 DSB Assuria Vastgoed N.V. (DAVG)

DSB has a 49% interest in DSB Assuria Vastgoed N.V. (DAVG). DAVG core activity was in principle the development of real estate with a view to selling the developed land. Macro-economic developments in recent years have abandoned this idea and made the decision not to continue developing, but to preserve the areas with a view to increase in value and sell it when opportunity arises. DAVG is a private entity that is not listed on any public exchange. The group interest in DAVG is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarized financial information of DSB's investment in DAVG.

DSB Assuria Vastgoed			
in thousand SRD for the year ended 31 December	**2019**	**2018**	**As at 1 January 2018**
Current assets	13,168	14,165	19,074
Non-current assets	49,316	194,513	237,635
Current liabilties	(15,850)	(15,346)	(11,423)
Non-current liabilties	(30,872)	(175,226)	(241,532)
Equity	15,762	18,106	3,754
Group's share in equity 49% (2018: 49%)	7,723	8,872	1,839
Accummulated GAAP changes	(4,813)	(6,733)	51
Accummulated losses to compensate	(2,910)	(2,139)	0
Group carrying amount on the investment	**0**	**0**	**1,890**

Revenue sales	149,314	2,607
Cost of sales	(143,208)	(1,534)
Operating expenses	(5,120)	(357)
Finance costs	(2,558)	(8,939)
Profit before tax	**(1,572)**	**(8,223)**
Income tax expense	0	0
Profit for the year	**(1,572)**	**(8,223)**
Groups share of profit of the year (49%)	**(771)**	**(4,029)**

22.3.2 Banking Network Suriname N.V. (B-Nets)

DSB has a 25% interest in Banking Network Suriname N.V. (B-Nets), which is involved in taking care of the interbank network in Suriname. Their main goal is in stimulating electronic payment transactions in Suriname. B-Nets is a private entity that is not listed on any public exchange. The group interest in B-Nets is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarized financial information of DSB's investment in B-Nets.

B-Nets			
in thousand SRD for the year ended 31 December	**2019**	**2018**	**As at 1 January 2018**
Current assets	4,694	4,842	3,903
Non-current assets	6,831	6,036	5,280
Current liabilties	(5,073)	(4,758)	(3,967)
Non-current liabilties	(1,323)	(1,313)	0
Equity	5,129	4,807	5,216
Group's share in equity 25% (2018: 25%)	1,282	1,202	1,304
Accummulated GAAP changes	117	117	0
Goodwill	0	0	0
Group carrying amount on the investment	**1,399**	**1,319**	**1,304**

Revenue sales	14,932	13,181
Cost of sales	(8,010)	(6,897)
Operating expenses	(6,161)	(6,122)
Finance costs	(258)	(69)
Profit before tax	**503**	**93**
Income tax expense	(181)	(33)
Profit for the year	**322**	**60**
Groups share of profit of the year	**81**	**15**

22.4 Impairment of investments in entities

Following the guidelines of IAS 36, in 2018 an impairment of SRD 3.1 million of assets is identified for the investment in associate Banking Network Suriname N.V. (BNETS). For other assets, it is concluded that no impairment is needed. BNETS is a company established by four commercial banks in Suriname, including De Surinaamsche Bank N.V. Based on the economic situation, hyperinflationary adjustments were made at the date of transition to IFRS (see also Note 4.13). Based on its Net Asset Value (NAV) as of 31 December 2018, an impairment of SRD 3.1 million is applied for BNETS.

23 Loans and advances to customers

in thousand SRD for the year ended 31 December	**2019**	**2018**	**As at 1 January 2018**
Advances to customers	591,160	649,034	1,000,047
Credit cards	15,874	20,506	19,808
Loans to government entities	237,577	253,177	290,835
Loans to private parties	1,387,491	1,635,686	2,032,727
Loans to private parties through Suritrust	177,148	175,216	175,116
Subtotal	**2,409,250**	**2,733,619**	**3,518,533**
Allowance for ECL	(344,862)	(430,815)	(469,655)
	2,064,388	**2,302,804**	**3,048,878**

Set out below is an overview of ECL on loans and advances to customers

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	2018	2019	2018	2019	2018	2019	2018	2019
Advances to customers	32,768	25,948	757	2,052	24,257	16,103	57,782	44,103
Credit cards	266	252	43	30	1,853	1,624	2,162	1,906
Loans to government entities	0	0	300	1	19,029	58,797	19,329	58,798
Loans to private parties	16,174	7,396	2,132	7,593	325,787	221,406	344,093	236,395
Loans to private parties through Suritrust	763	1,138	2,516	433	4,170	2,089	7,449	3,660
	49,971	**34,734**	**5,748**	**10,109**	**375,096**	**300,019**	**430,815**	**344,862**

DSB has aligned its definition of credit impaired assets under IFRS 9 to the definition used by the Central Bank of Suriname of non-performing loans - refer to Note 41.3.3.3 for further information.

Advances to customers include overdraft facilities to retail and corporate customers while fixed loans to retail and corporate clients financed directly by DSB are classified as loans to private parties. Under loans to private parties through Suritrust all fixed loans are recoded which are financed by DSB's assets under management of Suritrust.

23.1 Impairment allowance on loans and advances to customers

The tables in the next sub sections present the credit quality and the maximum exposure to credit risk based on the DSB's internal credit rating system, average PD range and year-end stage classification for the advances to customers, credit cards, loans to government entities, loans to private parties and loans to private parties through Suritrust respectively. Loans to private parties are loans which are directly financed with DSB's funding, while loans to private parties through Suritrust relates to loans financed with DSB's assets managed by Suritrust. The amounts presented are gross of allowance for ECL. Details of the DSB's internal grading system and DSB's impairment assessment and measurement approach is set out in section 41.3.3.

23.1.1 Advances to customers

The table below summarizes the gross carrying amount in the classification of stage 1, 2 and 3 for advances to customers respectively, as presented below. For a more extensive understanding of the internal grading system and staging refer to section 41.3.3.1.

In thousand SRD as of 1 January 2018					
Internal rating grade	Average PD	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	18.3%	716,380			716,380
4	17.20%		26,942		26,942
Non-performing					
5,6,7	100%			256,725	256,725
Total		**716,380**	**26,942**	**256,725**	**1,000,047**

In thousand SRD as of 31 December 2018					
Internal rating grade	Average PD	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	20.51%	588,374			588,374
4	18.46%		10,821		10,821
Non-performing					
5,6,7	100%			49,839	49,839
Total		**588,374**	**10,821**	**49,839**	**649,034**

In thousand SRD as of 31 December 2019					
Internal rating grade	Average PD	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	33.10%	540,972			540,972
4	34.47%		19,038		19,038
Non-performing					
5,6,7	100%			31,150	31,150
Total		**540,972**	**19,038**	**31,150**	**591,160**

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL by stage for advances to customers is as follows:

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2018	**716,380**	**40,652**	**26,942**	**1,141**	**256,725**	**94,644**	**1,000,047**	**136,437**
New assets originated	14,291	754	8	7	610	412	14,909	1,173
Payments and assets derecognised	(189,527)	(11,591)	(3,436)	(34)	(293,176)	(117,894)	(486,139)	(129,519)
Transfers to stage 1	19,480	4,886	(5,469)	(344)	(14,011)	(4,542)	0	0
Transfers to stage 2	(7,388)	(606)	13,006	2,621	(5,618)	(2,015)	0	0
Transfers to stage 3	(2,296)	(168)	(20,327)	(727)	22,622	895	(1)	0
Impact of transfers on ECL	0	(3,678)	0	(1,922)	0	3,644	0	(1,956)
Unwind of discount	0	0	0	0	0	0	0	0
Re-measurement of year end ECL	0	0	0	0	0	0	0	0
Effect of modifications	51,476	4,470	122	17	6,925	734	58,523	5,221
Changes to models	0	0	0	0	0	0	0	0
Changes to assumptions	0	0	0	0	0	0	0	0
Recoveries	0	0	0	0	29,689	29,689	29,689	29,689
Write-offs	0	0	0	0	0	0	0	0
Changes in accrued interest	(12,162)	(1,800)	(6)	(1)	46,383	18,871	34,215	17,070
Foreign exchange adjustments	(1,880)	(150)	(19)	(1)	(310)	(181)	(2,209)	(332)
31 December 2018	**588,374**	**32,769**	**10,821**	**757**	**49,839**	**24,257**	**649,034**	**57,783**

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2019	**588,374**	**32,769**	**10,821**	**757**	**49,839**	**24,257**	**649,034**	**57,783**
New assets originated	433	42	24	19	193	140	650	201
Payments and assets derecognised	(74,054)	(6,840)	(2,615)	(154)	(33,662)	(8,763)	(110,331)	(15,757)
Transfers to stage 1	3,687	447	(2,711)	(119)	(976)	(328)	0	0
Transfers to stage 2	(15,365)	(1,914)	16,288	2,273	(923)	(359)	0	0
Transfers to stage 3	(9,768)	(302)	(2,949)	(257)	12,717	560	0	1
Impact of transfers on ECL	0	(271)	0	(470)	0	3,237	0	2,496
Unwind of discount	0	0	0	0	0	0	0	0
Re-measurement of year end ECL	0	0	0	0	0	0	0	0
Effect of modifications	47,060	1,982	151	0	4,814	(205)	52,025	1,777
Changes to models	0	0	0	0	0	0	0	0
Changes to assumptions	0	0	0	0	0	0	0	0
Recoveries	0	0	0	0	0	0	0	0
Write-offs	0	0	0	0	(3,184)	(3,184)	(3,184)	(3,184)
Changes in accrued interest	(142)	(19)	7	0	2,263	707	2,128	688
Foreign exchange adjustments	747	54	22	3	69	41	838	98
31 December 2019	**540,972**	**25,948**	**19,038**	**2,052**	**31,150**	**16,103**	**591,160**	**44,103**

In 2018 the overdraft facilities to customers exposure decreased by SRD 351 million. The decrease is primarily caused by the following:

- SRD 486.1 million movement from derecognition of stage 3 facilities and payments on performing overdraft facilities following a decrease in the ECL.
- SRD 53.6 million net of ECL increase of outstanding amount of existing facilities.
- SRD 63.9 million increase in the gross carrying amount caused by changes in accrued interest and recovery of stage 3 assets while the ECL from aforementioned amounts SRD 45.1 million.

In 2019 the portfolio further decreases due to:

- Payments and derecognition of stage 1 and stage 3 overdraft facilities for a total gross carrying amount of SRD 110.3 million with minor movements in the ECL;
- SRD 50.2 million net of ECL increase in exposure of existing overdraft facilities.

23.1.2 Credit cards

The table below summarizes the gross carrying amount in the classification of stage 1, 2 and 3 for credit cards respectively, as presented below. For a more extensive understanding of the internal grading system and staging refer to section 41.3.3.1.

In thousand SRD as at 1 january 2018					
Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	1.89%	16,707			16,707
4	1.98%		1,032		1,032
Non-performing					
5,6,7	100.00%			2,069	2,069
Total		**16,707**	**1,032**	**2,069**	**19,808**

In thousand SRD as of 31 December 2018					
Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	2.12%	16,085			16,085
4	2.19%		1,488		1,488
Non-performing					
5,6,7	100.00%			2,933	2,933
Total		**16,085**	**1,488**	**2,933**	**20,506**

In thousand SRD as of 31 December 2019					
Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	2.02%	12,469			12,469
4	2.06%		954		954
Non-performing					
5,6,7	**100.00%**			**2,451**	**2,451**
Total		**12,469**	**954**	**2,451**	**15,874**

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL by stage for credit cards is as follows:

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2018	**16,707**	**280**	**1,032**	**31**	**2,069**	**1,439**	**19,808**	**1,750**
New assets originated	1,320	11	180	4	110	41	1,610	56
Payments and assets derecognised	(7,887)	(54)	(223)	(2)	(732)	(237)	(8,842)	(293)
Transfers to stage 1	1,254	541	(495)	(17)	(759)	(524)	0	0
Transfers to stage 2	(710)	(11)	770	23	(60)	(11)	0	1
Transfers to stage 3	(1,255)	(20)	(323)	(11)	1,578	31	0	0
Impact of transfers on ECL	0	(531)	0	15	0	1,183	0	667
Unwind of discount	0	0	0	0	0	0	0	0
Re-measurement of year end ECL	0	0	0	0	0	0	0	0
Effect of modifications	6,642	49	536	0	858	64	8,036	113
Changes to models	0	0	0	0	0	0	0	0
Changes to assumptions	0	0	0	0	0	0	0	0
Recoveries	0	0	0	0	0	0	0	0
Write-offs	0	0	0	0	(134)	(134)	(134)	(134)
Changes in accrued interest	(6)	0	10	0	0	0	4	0
Foreign exchange adjustments	20	1	1	0	3	1	24	2
31 December 2018	**16,085**	**266**	**1,488**	**43**	**2,933**	**1,853**	**20,506**	**2,162**

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2019	**16,085**	**266**	**1,488**	**43**	**2,933**	**1,853**	**20,506**	**2,162**
New assets originated	(2,446)	5	14	1	30	12	(2,402)	18
Payments and assets derecognised	(8,250)	(58)	(342)	(5)	(904)	(349)	(9,496)	(412)
Transfers to stage 1	1,793	632	(928)	(31)	(865)	(601)	0	0
Transfers to stage 2	(359)	(6)	455	30	(96)	(23)	0	1
Transfers to stage 3	(561)	(9)	(200)	(5)	761	15	0	1
Impact of transfers on ECL	0	(618)	0	(4)	0	670	0	48
Unwind of discount	0	0	0	0	0	0	0	0
Re-measurement of year end ECL	0	0	0	0	0	0	0	0
Effect of modifications	6,189	39	478	1	655	112	7,322	152
Changes to models	0	0	0	0	0	0	0	0
Changes to assumptions	0	0	0	0	0	0	0	0
Recoveries	0	0	0	0	0	0	0	0
Write-offs	0	0	0	0	(66)	(66)	(66)	(66)
Changes in accrued interest	(4)	0	(12)	0	0	0	(16)	0
Foreign exchange adjustments	22	1	1	0	3	1	26	2
31 December 2019	**12,469**	**252**	**954**	**30**	**2,451**	**1,624**	**15,874**	**1,906**

Movements in exposures and ECL related to credit cards are primarily driven by the following 3 factors is both 2018 and 2019:

- New credit cards provided to clients
- Down payments on existing exposure and,
- Increase of exposures of existing credit cards.

It is notable for 2018 that while new assets are generated, no consolidated increase of the gross carrying amount is recorded. As shown in table above, the decrease in payments and assets derecognized is compensated by an increase as a effect of modifications.

23.1.3 Loans to government entities

The table below summarizes the gross carrying amount in the classification of stage 1, 2 and 3 for loans to government entities respectively, as presented below. For a more extensive understanding of the internal grading system and staging refer to section 41.3.3.1.

In thousand SRD as at 1 january 2018					
Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	0.00%	0			0
4	6.70%		305,402		305,402
Non-performing					
5,6,7	100.00%			(14,567)	(14,567)
Total		**0**	**305,402**	**(14,567)**	**290,835**

In thousand SRD as of 31 December 2018					
Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	0.00%	0			0
4	4.37%		82,633		82,633
Non-performing					
5,6,7	100.00%			170,544	170,544
Total		**0**	**82,633**	**170,544**	**253,177**

In thousand SRD as of 31 December 2019					
Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	0.00%	0			0
4	0.00%		234		234
Non-performing					
5,6,7	100.00%			237,342	237,342
Total		**0**	**234**	**237,342**	**237,577**

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL by stage for loans to government entities is as follows:

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2018	**0**	**0**	**305,402**	**2,071**	**(14,567)**	**0**	**290,835**	**2,071**
New assets originated	0	0	0	0	(13,464)	0	(13,464)	0
Payments and assets derecognised	0	0	(29,898)	(6,433)	0	0	(29,898)	(6,433)
Transfers to stage 1	0	0	0	0	0	0	0	0
Transfers to stage 2	0	0	0	0	0	0	0	0
Transfers to stage 3	0	0	(224,100)	(1,121)	224,100	1,121	0	0
Impact of transfers on ECL	0	0	0	0	0	17,906	0	17,906
Unwind of discount	0	0	97	21	0	0	97	21
Re-measurement of year end ECL	0	0	0	0	0	0	0	0
Effect of modifications	0	0	7,895	4	13,464	0	21,359	4
Changes to models	0	0	0	0	0	0	0	0
Changes to assumptions	0	0	0	0	0	0	0	0
Recoveries	0	0	0	0	0	0	0	0
Write-offs	0	0	0	0	0	0	0	0
Changes in accrued interest	0	0	26,775	5,775	(39,270)	0	(12,495)	5,775
Foreign exchange adjustments	0	0	(3,538)	(17)	281	2	(3,257)	(15)
31 December 2018	**0**	**0**	**82,633**	**300**	**170,544**	**19,029**	**253,177**	**19,329**

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2019	**0**	**0**	**82,633**	**300**	**170,544**	**19,029**	**253,177**	**19,329**
New assets originated	0	0	0	0	(13,482)	0	(13,482)	0
Payments and assets derecognised	0	0	(19,174)	(37)	(7,206)	0	(26,380)	(37)
Transfers to stage 1	0	0	0	0	0	0	0	0
Transfers to stage 2	0	0	0	0	0	0	0	0
Transfers to stage 3	0	0	(60,294)	(256)	60,294	256	0	0
Impact of transfers on ECL	0	0	0	0	0	6,573	0	6,573
Unwind of discount	0	0	0	0	0	0	0	0
Re-measurement of year end ECL	0	0	0	0	0	0	0	0
Effect of modifications	0	0	0	0	13,482	16,489	13,482	16,489
Changes to models	0	0	0	0	0	0	0	0
Changes to assumptions	0	0	0	0	0	0	0	0
Recoveries	0	0	0	0	0	0	0	0
Write-offs	0	0	0	0	0	0	0	0
Changes in accrued interest	0	0	(2,931)	(6)	13,430	16,425	10,499	16,419
Foreign exchange adjustments	0	0	0	0	280	25	280	25
31 December 2019	**0**	**0**	**234**	**1**	**237,342**	**58,797**	**237,577**	**58,798**

As shown in table above, the loans to government entities in stage 3 increased to SRD 170.5million as of December 2018 and even further to SRD 237.3 million as of December 2019. This results in an increase of the ECL recorded at SRD 19.0 million as of 31 December 2018 and even more at SRD 58.7 million as of December 2019. These major increases in 2018 is due to the fact that the government failed to perform on its USD 30 million loan, which thus became non-performing in both 2018 and 2019. In addition other material loans amounting to SRD 60.3 million became non-performing in 2019. Together with the deteriorating credit rating of the Surinamese government, this resulted in an increase of the expected credit loss.

The decrease of the net loan exposure to the government in 2018 is primarily driven by the following:

- SRD 224 million of gross carrying amount transfer from stage 2 to stage 3.
- SRD 6.4 million ECL decrease due to movements in principal amount.
- SD 17.9 million from transfers on ECL.

The decrease of the net loan exposure to the government in 2019 is the ultimate result of:

- SRD 26.4 million of payments on outstanding balances of stage 2 and stage 3 loans.
- SRD 60.3 million movement from stage 2 to stage 3 requiring an additional ECL of SRD 6.6 million.
- Decrease of SRD 8.9 million due to a greater increase in the ECL compared to the increase in gross carrying amount due to changes in accrued interest and additional disbursements.

23.1.4 Loans to private parties

The table below summarizes the gross carrying amount in the classification of stage 1, 2 and 3 for loans to private parties respectively, as presented below. For a more extensive understanding of the internal grading system and staging refer to section 41.3.3.1.

In thousand SRD as at 1 january 2018					
Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	2.10%	1,273,849			1,273,849
4	2.37%		151,822		151,822
Non-performing					
5,6,7	100.00%			607,056	607,056
Total		**1,273,849**	**151,822**	**607,056**	**2,032,727**

In thousand SRD as of 31 December 2018					
Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	2.19%	917,462			917,462
4	2.59%		71,260		71,260
Non-performing					
5,6,7	100.00%			646,964	646,964
Total		**917,462**	**71,260**	**646,964**	**1,635,686**

In thousand SRD as of 31 December 2019					
Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	1.30%	635,222			635,222
4	1.58%		194,248		194,248
Non-performing					
5,6,7	100.00%			558,020	558,020
Total		**635,222**	**194,248**	**558,020**	**1,387,490**

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL by stage for loans to private parties is as follows:

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2018	**1,273,849**	**27,537**	**151,822**	**5,500**	**607,056**	**286,796**	**2,032,727**	**319,833**
New assets originated	390,428	4,362	18,747	1,009	109,692	30,279	518,867	35,650
Payments and assets derecognised	(372,336)	(5,019)	(32,007)	(104)	(141,267)	108,320	(545,610)	103,197
Transfers to stage 1	59,146	27,078	(7,614)	(253)	(51,533)	(26,825)	(1)	0
Transfers to stage 2	(27,771)	(315)	37,562	3,700	(9,791)	(3,385)	0	0
Transfers to stage 3	(333,336)	(11,226)	(94,729)	(4,747)	428,065	15,973	0	0
Impact of transfers on ECL	0	(25,321)	0	(3,104)	0	201,659	0	173,234
Unwind of discount	445	4	51	(3)	0	0	496	1
Re-measurement of year end ECL	0	0	0	0	0	0	0	0
Effect of modifications	8,437	(29)	22	(1)	112	49	8,571	19
Changes to models	0	0	0	0	0	0	0	0
Changes to assumptions	0	0	0	0	0	0	0	0
Recoveries	0	0	0	0	0	0	0	0
Write-offs	0	0	0	0	(278,249)	(278,249)	(278,249)	(278,249)
Changes in accrued interest	(67,610)	(681)	(2,580)	134	(5,288)	(8,667)	(75,478)	(9,214)
Foreign exchange adjustments	(13,790)	(216)	(14)	1	(11,833)	(163)	(25,637)	(378)
31 December 2018	**917,462**	**16,174**	**71,260**	**2,132**	**646,964**	**325,787**	**1,635,686**	**344,093**

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2019	**917,462**	**16,174**	**71,260**	**2,132**	**646,964**	**325,787**	**1,635,686**	**344,093**
New assets originated	216,571	2,259	32,763	5,760	209,840	109,891	459,174	117,910
Payments and assets derecognised	(307,782)	(6,755)	(41,337)	(789)	(300,959)	(172,011)	(650,078)	(179,555)
Transfers to stage 1	27,649	10,142	(9,959)	(121)	(17,690)	(10,021)	0	0
Transfers to stage 2	(165,770)	(2,843)	165,942	2,925	(172)	(82)	0	0
Transfers to stage 3	(42,970)	(978)	(24,253)	(775)	67,222	1,753	(1)	0
Impact of transfers on ECL	0	(9,616)	0	(1,525)	0	12,633	0	1,492
Unwind of discount	340	27	86	2	0	0	426	29
Re-measurement of year end ECL	0	0	0	0	0	0	0	0
Effect of modifications	3,732	219	501	0	85	5	4,318	224
Changes to models	0	0	0	0	0	0	0	0
Changes to assumptions	0	0	0	0	0	0	0	0
Recoveries	0	0	0	0	0	0	0	0
Write-offs	0	0	0	0	(54,570)	(54,570)	(54,570)	(54,570)
Changes in accrued interest	(15,640)	(1,263)	(1,043)	(20)	5,434	7,642	(11,249)	6,359
Foreign exchange adjustments	1,630	34	288	4	1,866	379	3,784	417
31 December 2019	**635,222**	**7,400**	**194,248**	**7,593**	**558,020**	**221,406**	**1,387,490**	**236,399**

The decrease of the loans to private parties in 2018 is primarily driven by the following:

- SRD 483.2 million (net of ECL) of new loans granted.
- SRD 545.6 million decrease in gross carrying amount as a result of down payments and derecognition while an additional SRD 103.2 million ECL is recorded on these loans. The latter is caused by expiry of collateral of one or more loans.
- SRD 201.6 million net impact on additional ECL as a result transfers of loans primarily to stage 3.
- Write-offs of stage 3 loans amounting SRD 278.2 million, resulting in decrease of ECL of same amount.

In financial year 2019, a total decrease of SRD 248 million is realized in loans to private parties portfolio, primarily driven by the following development in the portfolio:

- SRD 341.2 million (net of ECL) of new loans granted.
- SRD 650 million decrease in gross carrying amount as a result of down payments and derecognition which resulted in a release of the ECL for SRD 179.5 million.
- Write-offs of stage 3 loans amounting SRD 54.5 million, resulting in decrease of ECL of same amount.

23.1.5 Loans to private parties through Suritrust

The table below summarizes the gross carrying amount in the classification of stage 1, 2 and 3 for loans to private parties through Suritrust respectively, as presented below. For a more extensive understanding of the internal grading system and staging refer to section 41.3.3.1.

In thousand SRD as at 1 january 2018					
Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	5.27%	92,520			92,520
4	5.45%		60,211		60,211
Non-performing					
5,6,7	100.00%			22,385	22,385
Total		**92,520**	**60,211**	**22,385**	**175,116**

In thousand SRD as of 31 December 2018					
Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	4.53%	98,142			98,142
4	4.65%		57,088		57,088
Non-performing					
5,6,7	100.00%			19,986	19,986
Total		**98,142**	**57,088**	**19,986**	**175,216**

In thousand SRD as of 31 December 2019					
Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	3.78%	157,582			157,582
4	3.64%		10,949		10,949
Non-performing					
5,6,7	100.00%			8,616	8,616
Total		**157,582**	**10,949**	**8,616**	**177,148**

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL by stage for loans to private parties through Suritrust is as follows:

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2018	**92,520**	**976**	**60,211**	**3,572**	**22,385**	**5,017**	**175,116**	**9,565**
New assets originated	11,427	118	3,579	72	404	84	15,410	274
Payments and assets derecognised	(12,354)	(349)	(4,995)	(1,013)	(1,603)	(551)	(18,952)	(1,913)
Transfers to stage 1	7,177	617	(4,944)	(177)	(2,233)	(440)	0	0
Transfers to stage 2	(2,361)	(39)	7,957	1,321	(5,596)	(1,282)	0	0
Transfers to stage 3	(1,431)	(23)	(5,109)	(363)	6,540	387	0	1
Impact of transfers on ECL	0	(565)	0	(923)	0	966	0	(522)
Unwind of discount	20	1	11	3	0	0	31	4
Effect of modifications	2,887	18	405	32	89	(11)	3,381	39
Changes in accrued interest	257	9	(27)	(8)	0	0	230	1
31 December 2018	98,142	763	57,088	2,516	19,986	4,170	175,216	7,449
December 31, 2018	**98,142**	**763**	**57,088**	**2,516**	**19,986**	**4,170**	**175,216**	**7,449**

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2019	**98,142**	**763**	**57,088**	**2,516**	**19,986**	**4,170**	**175,216**	**7,449**
New assets originated	18,825	170	1,967	37	775	217	21,567	424
Payments and assets derecognised	(20,060)	(249)	(1,784)	(47)	(612)	(22)	(22,456)	(318)
Transfers to stage 1	58,816	3,705	(51,424)	(2,254)	(7,393)	(1,451)	(1)	0
Transfers to stage 2	(764)	(4)	6,337	1,078	(5,573)	(1,074)	0	0
Transfers to stage 3	(508)	(3)	(925)	(40)	1,433	43	0	0
Impact of transfers on ECL	0	(3,285)	0	(848)	0	206	0	(3,927)
Unwind of discount	29	1	1	0	0	0	30	1
Effect of modifications	2,629	29	75	0	0	0	2,704	29
Changes in accrued interest	473	11	(386)	(9)	0	0	87	2
31 December 2019	**157,582**	**1,138**	**10,949**	**433**	**8,616**	**2,089**	**177,148**	**3,660**

While the portfolio of loans through Suritrust does not change materially in 2019, the ECL allowance does decrease by SRD 3.8 million . The decrease is primarily due to the impact of transfers of loans from stage 2 and stage 3 classification to stage 1.

24 Debt instruments at amortized cost

in thousand SRD for the year ended 31 December	2019	2018	"As at 1 January 2018"
Treasury Bills	98,013	263,420	211,274
Bonds	202,432	226,993	449,984
Allowance for ECL	(4,626)	(46,894)	(2,117)
	295,819	**443,519**	**659,141**

The table below shows the credit quality and the maximum exposure to credit risk based on the DSB's internal credit rating system, average PD range and year-end stage classification for the debt instruments at amortized costs. The amounts presented are gross of allowance for ECL. Details of the DSB's internal grading system and DSB's impairment assessment and measurement approach is set out in section 41.3.3.

In thousand SRD as at 1 january 2018

Internal rating grade	Average PD	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	0.00%	363,277			363,277
4	1.00%		297,981		297,981
Non-performing					
5,6,7	100%			0	0
Total		**363,277**	**297,981**	**0**	**661,258**

In thousand SRD as of 31 December 2018

Internal rating grade	Average PD	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	2.00%	138,215			138,215
4	1.00%		89,252		89,252
Non-performing					
5,6,7	100.00%			262,946	262,946
Total		**138,215**	**89,252**	**262,946**	**490,413**

In thousand SRD as of 31 December 2019

Internal rating grade	Average PD	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	2.00%	111,529			111,529
4	1.00%		91,377		91,377
Non-performing					
5,6,7	100.00%			97,539	97,539
Total		**111,529**	**91,377**	**97,539**	**300,445**

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL by stage for debt instruments at amortized cost is as follows:

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2018	**363,277**	**200**	**297,981**	**1,917**	**0**	**0**	**661,258**	**2,117**
New assets originated	(61)	0	0	0	262,946	45,910	262,885	45,910
Payments and assets derecognised	(219,020)	(133)	(195,877)	(357)	0	0	(414,897)	(490)
Transfers to stage 2	(1,963)	(2)	1,963	2	0	0	0	0
Impact of transfers on ECL	0	0	0	20	0	0	0	20
Unwind of discount	(30)	0	(10)	0	0	0	(40)	0
Changes in accrued interest	(1,155)	0	(14,923)	(665)	0	0	(16,078)	(665)
Foreign exchange adjustments	(2,833)	0	118	2	0	0	(2,715)	2
31 December 2018	**138,215**	**65**	**89,252**	**919**	**262,946**	**45,910**	**490,413**	**46,894**

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2019	**138,215**	**65**	**89,252**	**919**	**262,946**	**45,910**	**490,413**	**46,894**
New assets originated	(430)	0	0	0	97,539	4,057	97,109	4,057
Payments and assets derecognised	(24,453)	(4)	(62)	(81)	(262,946)	(45,911)	(287,461)	(45,996)
Transfers to stage 2	(2,068)	(2)	2,068	2	0	0	0	0
Impact of transfers on ECL	0	0	0	29	0	0	0	29
Unwind of discount	22	0	(11)	(3,813)	0	0	11	(3,813)
Changes in accrued interest	(325)	0	10	3,454	0	0	(315)	3,454
Foreign exchange adjustments	568	0	120	1	0	0	688	1
31 December 2019	**111,529**	**59**	**91,377**	**511**	**97,539**	**4,056**	**300,445**	**4,626**

In 2018 the debt instrument at amortized cost decreased materially, driven by the following movements:

- Investments in Treasury bills of the Surinamese government expired in 2018 and were extended including interest earned being the new principal amount. As the government was not able to pay off the Treasury bills, extended contracts were classified as a stage 3 asset including an ECL of SRD 45.9 million.
- The repayment of the treasury bills amounting SRD 414.9 million did not result in a decrease of ECL because there was no ECL recorded on these Treasury bills.
- The bond portfolio of the bank decreased in 2018 by SRD 222.9 million. Funds released from expired bonds are kept available for daily business purposes.

As viewed in the above table, in 2019 the gross carrying amount of the debt instruments at amortized cost decreased by SRD 190 million of which SRD 165.4 million includes repayment of treasury bills of the Surinamese government. As the treasury bills were classified as stage 3 assets, a release of SRD 42.3 million in the ECL allowance is also noted.

25 Other assets

in thousand SRD for the year ended 31 December	**2019**	**2018**	**"As at 1 January 2018"**
Accounts receivables and sundry debtors	9,295	0	0
Fee and commission receivables	0	0	3
Inventories	3,021	3,853	3,301
Prepaid expenses	7,235	7,488	10,860
Settlement and clearing accounts	16,907	18,732	21,482
	36,456	**30,073**	**35,646**

As at year end 2019 swap contracts matured but were not yet settled with the counterparty. Therefore the settlement exposure of these swaps are recorded under accounts receivables and sundry debtors. Amounts receivables and amount payables to the same counterpart are presented on a net basis.

26 Property, equipment and right-of-use assets

				Right-of-use assets (*)					
in thousand SRD	Land and buildings	Computer hardware	Other furniture and equipment	Vehicles	Land and buildings	Computer hardware	Other furniture and equipment	Vehicles	Total
Cost or valuation									
At 1 January 2018	155,325	3,828	30,477	1,670	9,040	0	0	1,596	201,936
Additions	5,285	476	3,241	0	1,230	0	0	526	10,758
Disposals	(3,483)	0	(1,006)	(517)	0	0	0	0	(5,006)
Exchange rate differences (OCI)	0	0	0	0	7	0	0	0	7
At 31 December 2018	**157,127**	**4,304**	**32,712**	**1,153**	**10,277**	**0**	**0**	**2,122**	**207,695**
Depreciation and Impairment									
Accumulated Depreciation at 1 January 2018	(38,843)	(877)	(14,473)	(562)	0	0	0	0	(54,755)
Depreciation charge for the year	(4,674)	(1,008)	(6,352)	(279)	(1,181)	0	0	(484)	(13,978)
Depreciated amount on disposals	3,291	0	919	293	0	0	0	0	4,503
At 31 December 2018	**(40,226)**	**(1,885)**	**(19,906)**	**(548)**	**(1,181)**	**0**	**0**	**(484)**	**(64,230)**
At 31 December 2018	**116,901**	**2,419**	**12,806**	**605**	**9,096**	**0**	**0**	**1,638**	**143,465**

in thousand SRD	Land and buildings	Computer hardware	Other furniture and equipment	Vehicles	Right-of-use assets (*) Land and buildings	Computer hardware	Other furniture and equipment	Vehicles	Total
Cost or valuation									
At 1 January 2019	157,126	4,304	32,713	1,153	9,097	0	0	1,638	206,031
Additions	1,762	69	1,413	135	582	0	0	337	4,298
Disposals	0	0	0	(1,014)	0	0	0	0	(1,014)
Exchange rate differences (OCI)	0	0	0	0	6	0	0	0	6
At 31 December 2019	**158,888**	**4,373**	**34,126**	**274**	**9,685**	**0**	**0**	**1,975**	**209,321**
Depreciation and Impairment									
Accumulated Depreciation at 1 January 2019	(40,226)	(1,885)	(19,906)	(548)	0	0	0	0	(62,565)
Depreciation charge for the year	(3,308)	(1,183)	(6,995)	(94)	(1,279)	0	0	(668)	(13,527)
Depreciated amount on disposals	0	0	0	368	0	0	0	0	368
At 31 December 2019	**(43,534)**	**(3,068)**	**(26,901)**	**(274)**	**(1,279)**	**0**	**0**	**(668)**	**(75,724)**
At 31 December 2019	**115,354**	**1,305**	**7,225**	**0**	**8,406**	**0**	**0**	**1,307**	**133,597**

Land and buildings are valued at historical cost, whereby the carrying amount of buildings is decreased by accumulated depreciation. The carrying amounts of lease liabilities as well as the movements within the lease liabilities during the periods are presented in Note 30.

27 Investment properties

in thousand SRD for the year ended 31 December	2019	2018	As at 1 January 2018
Available for Sale			
Opening balance at 1 January	3,223	3,223	3,223
Additions (subsequent expenditure)	0	0	0
Net loss from fair value remeasurement	0	0	0
Closing balance at 31 December	3,223	3,223	3,223
Other investment properties			
Opening balance at 1 January	2,180	2,180	2,180
Additions (subsequent expenditure)	0	0	0
Net loss from fair value remeasurement	0	0	0
Closing balance at 31 December	2,180	2,180	2,180
Closing balance at 31 December	**5,403**	**5,403**	**5,403**

The investment properties relate to land that DSB owns. These are not used for the daily operations of DSB. The latest revaluation was performed as at 31 December 2010. The properties consist of rented out real estate or land for which no purpose of future use has been determined.

28 Intangible assets

in thousand SRD for the year ended 31 December	2019	2018
Cost or valuation		
At 1 January	54,089	44,683
Additions	2,693	9,407
At 31 December	**56,782**	**54,090**
Depreciation and Impairment		
Accumulated Depreciation at 1 January	(21,555)	(11,171)
Amortization charge for the year	(12,573)	(10,384)
At 31 December	**(34,128)**	**(21,555)**
At 31 December	**22,654**	**32,535**

The intangible assets relate to licenses on computer software used by DSB in its day-to-day operations.

29 Due to customers

in thousand SRD for the year ended 31 December	2019	2018	As at 1 January 2018
Current accounts of customers	2,708,645	2,515,683	2,319,772
Savings accounts of customers	2,246,623	2,234,801	2,108,569
Deposits of customers	1,695,415	1,881,511	2,120,999
	6,650,683	**6,631,995**	**6,549,340**

Deposits pledged as collateral for loans and advances, guarantees and letter of credit commitments are included in due to customers.

30 Other liabilities

in thousand SRD for the year ended 31 December	2019	2018	As at 1 January 2018
Accounts payables and sundry creditors	702	10,059	928
Accrued expenses	13,570	4,464	24
Unearned fee and commissions	10,666	8,798	7,636
Lease Liabilities	10,328	11,123	10,637
Other	0	24,013	57,928
Settlement and clearing accounts	19,310	37,462	36,935
	54,576	**95,919**	**114,088**

Settlement and clearing accounts include accounts to be settled with other local banks as a result of ATM and Point Of Sale System transactions made by DSB cardholders at another bank's ATM or POS machine. All unearned fees and commissions at the end of the previous year have been recognized as revenue in the current year. The tables below provide some details on the movements of the lease liabilities throughout the financial years 2018 and 2019. A maturity analysis of the lease liabilities is disclosed in Note 41.4.1.3.

The tables below provide some details on the movements of the lease liabilities throughout the financial years 2018 and 2019. A maturity analysis of the lease liabilities is disclosed in Note 41.4.1.3.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Vehicles			
in thousand SRD	**Vehicles**	**Buildings**	**Total**
As at 1 January 2018 - effect of adoption of IFRS 16	1,596	9,041	10,637
Additions	526	1,230	1,756
Accretion of interest	53	723	776
Payments	(509)	(1,547)	(2,056)
FX Rate remeasurement	2	8	10
As at 31 december 2018	**1,668**	**9,455**	**11,123**
As at 1 January 2019 - effect of adoption of IFRS 16	**1,668**	**9,455**	**11,123**
Additions	337	583	920
Accretion of interest	49	809	858
Payments	(695)	(1,887)	(2,582)
FX Rate remeasurement	2	7	9
As at 31 december 2019	**1,361**	**8,966**	**10,328**

31 Debt issued and other borrowed funds

31.1 USD 10 million subordinated loan

Debt issued and other borrowed funds

in thousand SRD for the year ended 31 December	**2019**	**2018**	**As at 1 January 2018**
Subordinated loan			
Outstanding balance	72,397	73,269	73,062
Accrued interest	4,361	3,711	3,701
	76,758	**76,980**	**76,763**

On May 31, 2017, DSB issued a USD 10 million nominal subordinated loan to Assuria Levensverzekering N.V. Based on the subordination and the tenor, this loan is designated as Tier-2 Capital by the Central Bank of Suriname. This loan has a term of 10 years at an interest rate of 8.5% per year. The interest payment will always be credited to the lender on the due date. The interest on arrears is 10% per year. As of 1 June 2019 the contractual interest rate has been changed to 6%.

The subordinated loan is valued at amortized cost using the Effective Interest Rate method (EIR). As of 31 December 2019, the loan is valued at SRD 76.8 million (2018: SRD 77.0 million). The fair value is SRD 107.9 million (2018: SRD 113.9 million). This difference in value is due to the discount rate being used for DSB credit risk. Based on the term deposit market rates in Suriname, DSB's market credit risk results in an effective interest rate of 3%, resulting in the excessive spread for the subordination.

It has been contractually stipulated that, if DSB's assets allow it, substitution by another provider of capital through a subordinated loan or capital contribution will take place. This is in accordance with the conditions of the Central Bank of Suriname.

32 Provisions and other contingent liabilities

32.1 Provisions

in thousand SRD for the year ended 31 December	**2019**	**2018**	**As at 1 January 2018**
Financial guarantees	1,620	253	2,426
Letters of Credit	16	408	849
Allowance for ECL	**1,636**	**661**	**3,275**
Other provisions	5,885	0	0
	7,521	**661**	**3,275**

An analysis of changes in the outstanding exposures and the corresponding allowance for impairment losses in relation to guarantees and letter of credit is set out in following paragraph. Other provisions consist of legal claims from third parties against the Bank.

32.2 Impairment allowance on financial guarantees and letters of credit

The table below shows the credit quality and the maximum exposure to credit risk based on the DSB's internal credit rating system, average PD range and year-end stage classification for the financial guarantees and letters of credit. The amounts presented are gross of allowance for ECL. Details of the DSB's internal grading system and DSB's impairment assessment and measurement approach is set out in section 41.3.3

In thousand SRD as at 1 January 2018					
Internal rating grade	Average PD	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	11.52%	191,019			191,019
4	9.36%		1,293		1,293
Non-performing					
5,6,7	100.00%			14,710	14,710
Total		**191,019**	**1,293**	**14,710**	**207,022**

In thousand SRD as of 31 December 2018					
Internal rating grade	Average PD	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	10.64%	181,863			181,863
4	3.59%		35		35
Non-performing					
5,6,7	100.00%			6,861	6,861
Total		**181,863**	**35**	**6,861**	**188,759**

In thousand SRD as of 31 December 2019					
Internal rating grade	Average PD	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	10.16%	153,261			153,261
4	17.75%		984		984
Non-performing					
5,6,7	100.00%			4,621	4,621
Total		**153,261**	**984**	**4,621**	**158,866**

A reconciliation of changes in outstanding exposures and corresponding allowance for ECL by stage for financial guarantees and letters of credit is as follows.

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Outstanding Exposure	ECL	Outstanding Exposure	ECL	Outstanding Exposure	ECL	Outstanding Exposure	ECL
1 January 2018	**191,019**	**868**	**1,293**	**0**	**14,710**	**2,407**	**207,022**	**3,275**
New assets originated	48,042	414	0	0	1,052	(1)	49,094	413
Payments and assets derecognised	(62,535)	(861)	(137)	0	(4,482)	(27)	(67,154)	(888)
Transfers to stage 1	5,188	0	(1,121)	0	(4,068)	0	(1)	0
Transfers to stage 3	(7)	0	0	0	7	0	0	0
Effect of modifications	425	2	0	0	0	(1,975)	425	(1,973)
Foreign exchange adjustments	(269)	0	0	0	(358)	(166)	(627)	(166)
31 December 2018	**181,863**	**423**	**35**	**0**	**6,861**	**238**	**188,759**	**661**

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carry-ing amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2019	**181,863**	**423**	**35**	**0**	**6,861**	**238**	**188,759**	**661**
New assets originated	46,216	17	949	0	0	0	47,165	17
Payments and assets derecognised	(74,970)	(416)	0	0	(2,285)	(13)	(77,255)	(429)
Effect of modifications	0	0	0	0	0	1,384	0	1,384
Foreign exchange adjustments	152	0	0	0	45	3	197	3
31 December 2019	**153,261**	**24**	**984**	**0**	**4,621**	**1,612**	**158,866**	**1,636**

While in 2018 SRD 49 million of new financial guarantees and letters of credit were granted, the exposure on these commitments decreased by SRD 18.3 million. As a result of additional collateral, a SRD 2.6 million ECL release is recorded in 2018. In 2019, the exposure decreases further by SRD 29.9, while again an SRD 1.4 million ECL increase is recorded for a stage 3 commitment. SRD 47.2 million of new commitments were granted, while SRD 77.3 million of outstanding amount was paid off in 2019.

32.3 Contingent liabilities

As at December 31, 2019, there were certain legal claims outstanding against DSB and its subsidiary. DSB's legal counsel's opinion is that it is possible, but not probable, that the court ruling may be in favor of the claimant. Accordingly, no provision for any claims has been made in these financial statements. The possible outflow which could result from such litigation, based on the current status of the legal proceedings, is estimated to be SRD 847.2 million, while the timing of the outflow is uncertain. Although there are no specific implications, additional legal claims against DSB or its subsidiary might be possible.

A specific litigation proceeding is related to money which has been confiscated in 2018 in The Netherlands during its shipment to China. This shipment was done by the Central Bank of Suriname on behalf of three commercial banks. The affected parties have started in 2019 a legal procedure to force the authorities to release this money and the Court of Law Amsterdam came to the conclusion that the money shipment has been done under state immunity and the public prosecution office was not entitled to seize the money involved in the shipment. As a result, the Court of Law demanded the release the money. The public prosecutor decided to appeal at the High Court. The High Court decided in July 2021 that the consideration of state-immunity is not well motivated, and they have referred the legal case back to the Court of Law Amsterdam for renewed legal treatment. That the commercial bank will not be able to release the seized money is possible but not probable, because we have received ample legal advice to support that the state-immunity is applicable and cannot be annulled. Accordingly, no provision for any loss has been made in these financial statements for this legal proceeding.

DSB also plans to close branches which require significant investments if operations are continued through these branches. As per end of reporting period no reliable estimate can be made of the costs associated with the permanent closure of the respective branches.
To meet the financial needs of customers, DSB also enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other commitments to lend. Even though these obligations may not be recognized on the statement of financial position, they contain credit risk and therefore, form part of the overall risk of DSB. Letters of credit and guarantees (including standby letters of credit) commit DSB to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans. The nominal values of such commitments are listed below:

Off-balance sheet items

in thousand SRD for the year ended 31 December	**2019**	**2018**	**As at 1 January 2018**
Undrawn commitments	322,889	341,132	440,381
Financial guarantees	100,446	101,636	112,742
Letters of Credit	58,420	87,123	94,280
	481,755	**529,891**	**647,403**
Assets under management	973,083		

Third party assets held in custodian
DSB provides custody and transaction services to third parties. At the reporting date, the bank had investments assets under administration on behalf of third parties amounting to SRD 973.1 million. DSB acts in fiduciary capacities that result in the holding or placing of assets on behalf of third parties. These assets and income arising thereon are excluded from these consolidated financial statements.

33 Pensions and other post-employment benefit plans

De Surinaamsche Bank N.V. maintains a pension plan. Contributions are paid by both the employee and the bank to the pension fund 'Pensioenfonds De Surinaamsche Bank N.V.' in accordance with the terms of the plan and local legal requirements. The foundation is directed by a board which is responsible for the investment strategy of the plan. The funds are primarily invested in mortgages, term deposits and locally tradeable securities. The foundation is responsible for the pension payments to retired bank employees, therefore the bank has no obligation to pensioners with regards to the regular pension payments.

The pension plan which the bank maintained in previous years did not comply to the local pension act "Wet Algemeen Pensioen 2014". The pension act requires the bank to maintain a Defined Benefit plan rather than a defined contribution plan. In compliance to the Act DSB is obliged to implement a pension plan that offers the employees benefits that are at least equal to the benefits under the general pension plan. In compliance to the pension act, DSB has recorded a total provision of SRD 61.9 million for the year ended 2019 as a result of the current pension plan to be categorized as a defined benefit plan.

In addition, the bank maintains a defined benefit plan providing other post-employment benefits to retired employees, of which the healthcare plan and Christmas vouchers are accounted in USD. All other benefits are accounted in SRD. These arrangements are contained in the 'Regulation on provisions for DSB pensioners' and form a direct liability for the bank, having no deductible assets for the defined benefit plan.

The defined benefit post-employment benefits are as follows:

- Health care plan for pensioners
- Bonus to pensioners
- Funeral expenses for pensioners
- Social security benefits to pensioners
- Lumpsum to pensioners
- Christmas vouchers for pensioners
- Easter benefit for pensioners
- Retirement gift

Net employee defined benefit liabilities

in thousand SRD for the year ended 31 December	**2019**	**2018**	**As at 1 January 2018**
Short-term net employee benefits	7,935	7,602	7,284
Pension plan	61,874	27,687	74,893
Post-employment healthcare plan	53,673	45,061	48,517
Provision for anniversary payments	25,727	21,323	21,597
Other post-employment benefit liabilities	22,936	21,301	21,878
	172,145	**122,974**	**174,169**

The net defined benefit liability is recognized within Net employee defined benefit liabilities in the statement of financial position. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized through other comprehensive income. The fair value of the defined benefit obligation, and the related current service cost and the past service cost, were determined using the projected unit credit method. The most recent (actuarial) valuations of the defined benefit obligation were carried out as at December 31, 2019 by a registered actuary.

Changes in the present value of the defined benefit obligations from pension plan:

in thousand SRD for the year ended 31 December 2019		Benefit cost charged to profit or loss				
Pension plan	1 January 2019	Current Service cost	Past Service Cost	Interest cost	Net Foreign Exchange Loss/Gain	Subtotal P&L
Fair value of plan assets	**211,114**	**4,483**	**0**	**13,954**	**0**	**18,437**
Defined benefit obligation	238,801	10,985	0	15,298	0	26,283
Net Benefit Liability	**27,687**	**6,502**	**0**	**1,344**	**0**	**7,846**

in thousand SRD for the year ended 31 December 2018		Benefit cost charged to profit or loss				
Pension plan	1 January 2018	Current Service cost	Past Service Cost	Interest cost	Net Foreign Exchange Loss/Gain	Subtotal P&L
Fair value of plan assets	**196,877**	**3,938**	**0**	**13,180**	**0**	**17,118**
Defined benefit obligation	271,770	12,400	0	17,705	0	30,105
Net Benefit Liability	**74,893**	**8,462**	**0**	**4,525**	**0**	**12,987**

Changes in the present value of the defined benefit obligations from post-employment healthcare plan:

Defined benefit obligation at 1 January 2018	**48,517**
Interest cost	1,529
Current service cost	2,138
Benefits paid	(1,484)
Net Foreign Exchange Loss/Gain	65
Remeasurements	(5,704)
Defined benefit obligation at 31 December 2018	**45,061**
Interest cost	1,856
Current service cost	1,751
Benefits paid	(2,599)
Net Foreign Exchange Loss/Gain	60
Remeasurements	7,544
Defined benefit obligation at 31 December 2019	**53,673**

	Remeasurement gains/(losses) in OCI				
Benefits Paid	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions paid by DSB	31 December 2019
(7,684)	**2,459**	**0**	**2,459**	**9,662**	**233,988**
(7,684)	0	38,462	38,462	0	295,862
0	**(2,459)**	**38,462**	**36,003**	**(9,662)**	**61,874**

	Remeasurement gains/(losses) in OCI				
Benefits Paid	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions paid by DSB	31 December 2019
(6,983)	**(4,593)**	**0**	**(4,593)**	**8,695**	**211,114**
(6,983)	0	(56,091)	(56,091)	0	238,801
0	**4,593**	**(56,091)**	**(51,498)**	**(8,695)**	**27,687**

in thousand SRD for the year ended 31 December 2019		Benefit cost charged to profit or loss				
Other post-employment benefit liabilities	1 January 2019	Current Service cost	Past Service Cost	Interest cost	Net Foreign Exchange Loss/Gain	Subtotal P&L
Bonus to pensioners	2,033	45	0	146	0	191
Funeral expenses for pensioners	4,187	141	0	309	0	450
Social security benefits to pensioners	839	0	0	59	0	59
Lumpsum to pensioners	7,392	304	0	545	0	849
Christmas vouchers for pensioners	4,029	119	0	161	0	280
Easter benefit for pensioners	2,542	103	0	187	0	290
Retirement gift	279	18	0	20	0	38
Net Benefit Liability	**21,301**	**730**	**0**	**1,427**	**0**	**2,157**

in thousand SRD for the year ended 31 December 2019		Benefit cost charged to profit or loss				
Other post-employment benefit liabilities	1 January 2018	Current Service cost	Past Service Cost	Interest cost	Net Foreign Exchange Loss/Gain	Subtotal P&L
Bonus to pensioners	1,934	45	0	274	0	319
Funeral expenses for pensioners	3,867	142	0	562	0	704
Social security benefits to pensioners	960	5	0	134	0	139
Lumpsum to pensioners	7,451	329	0	1,076	0	1,405
Christmas vouchers for pensioners	4,457	139	0	139	0	278
Easter benefit for pensioners	2,579	111	0	373	0	484
Retirement gift	630	47	(190)	20	0	(123)
Net Benefit Liability	**21,878**	**818**	**(190)**	**2,578**	**0**	**3,206**

	Remeasurement gains/(losses) in OCI				
Benefits Paid	Actuarial changes arising from changes in financial assumptions	"Experience adjustments	Net Foreign Exchange Loss/Gain through OCI	Sub-total included in OCI	31 December 2019
(156)	(24)	(5)	0	(29)	2,039
(42)	(77)	(94)	0	(171)	4,424
(78)	136	16	0	152	972
(290)	(52)	(98)	0	(150)	7,801
(219)	637	3	5	645	4,735
(95)	(11)	(35)	0	(46)	2,691
(25)	(3)	(15)	0	(18)	274
(905)	**606**	**(228)**	**5**	**383**	**22,936**

	Remeasurement gains/(losses) in OCI				
Benefits Paid	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Net Foreign Exchange Loss/Gain through OCI	Sub-total included in OCI	31 December 2018
(150)	77	(147)	0	(70)	2,033
(71)	10	(323)	0	(313)	4,187
(88)	35	(207)	0	(172)	839
(284)	(575)	(605)	0	(1,180)	7,392
(217)	(520)	25	6	(489)	4,029
(94)	(215)	(212)	0	(427)	2,542
(53)	(179)	4	0	(175)	279
(957)	**(1,367)**	**(1,465)**	**6**	**(2,826)**	**21,301**

The principal assumptions used in determining post-employment benefit obligations are shown below:

Future consumer price index increases:	2019	2018	As at 1 January 2018
SRD			
2018	N/A	N/A	10.00%
2019	N/A	6.00%	10.00%
2020	10.00%	6.00%	10.00%
2021	10.00%	6.00%	10.00%
2022	10.00%	5.00%	5.00%
2023 and following years	5.00%	5.00%	5.00%
USD	2.20%	2.20%	2.00%
Discount rate SRD:			
2018	N/A	N/A	14.75%
2019	N/A	7.50%	14.75%
2020	11.50%	7.50%	14.75%
2021	11.50%	7.50%	14.75%
2022	11.50%	7.50%	6.50%
2023 and following years	6.50%	6.50%	6.50%
Single Equivalent Discount rate	6.53%	6.51%	6.60%
Discount rate USD:			
Healthcare Plan	3.16%	4.20%	N/A
Christmas Coupons	3.09%	4.10%	N/A
Future salary increases:			
1/1/18	N/A	N/A	12.50%
1/1/19	N/A	7.50%	12.50%
1/1/2020	12.50%	7.00%	12.50%
1/1/21	12.50%	7.00%	12.50%
1/1/22	12.00%	7.00%	12.00%
1/1/2023 and per january 1st, of following years	7.00%	7.00%	7.00%
Healthcare cost increase rate:			
1/1/19	N/A	N/A	2.00%
1/1/20	N/A	2.00%	3.00%
1/1/2021 and per january 1st, of following years	2.70%	2.70%	3.00%
Further life expectation for pensioners at the age of 60:	**Years**	**Years**	**Years**
Male	18.4	18.4	18.4
Female	21.0	21.0	21.0

A quantitative sensitivity analysis for significant assumptions as at 31 December is, as shown below:
Impact on defined benefit obligation

in thousand SRD for the year ended 31 December	**2019**	**2018**
Pension plan		
Defined benefit obligation	295,862	238,801
1% increase of Discount rate	(43,910)	(35,076)
1% decrease of Discount rate	56,416	45,043
1% increase salary increases	22,458	17,960
1% decrease salary increases	(19,241)	(15,355)
1% increase pension adjustment	33,184	26,715
1% decrease pension adjustment	(28,425)	(22,904)
Post-employment healthcare plan		
Defined benefit obligation	53,673	45,061
1% increase of Discount rate	(8,123)	(6,277)
1% decrease of Discount rate	10,647	8,070
1% increase yearly cost	10,273	7,857
1% decrease yearly cost	(8,024)	(6,223)
Provision for anniversary payments		
Defined benefit obligation	25,727	21,323
1% increase of Discount rate	(2,176)	(1,732)
1% decrease of Discount rate	2,531	2,016
1% increase yearly cost	2,591	2,093
1% decrease yearly cost	(2,267)	1,830
Other post-employment benefit liabilities		
Defined benefit obligation	22,936	21,301
1% increase of Discount rate	(3,174)	(2,941)
1% decrease of Discount rate	4,081	3,782
1% increase yearly cost	2,863	2,650
1% decrease yearly cost	(2,267)	(2,098)
Accumulated		
Defined benefit obligation	398,198	326,486
1% increase of Discount rate	(57,383)	(46,026)
1% decrease of Discount rate	73,675	58,911
1% increase yearly cost	38,185	30,560
1% decrease yearly cost	(31,799)	(21,846)

33.1 Other long-term employee benefits

De Surinaamsche Bank provides anniversary payments to employees at 12½ years, 25 years, 30 years, 35 years and 40 years of service provided. Depending on the jubilee, the anniversary payment varies between 2½ and 7 times the monthly salary. Interest costs, Service costs and actuarial gain/losses for the long-term employee benefits are recognized through the profit and loss. The liabilities for anniversary payments are recorded under Provisions on the statement of financial position.

Changes in the present value of other long-term employee benefits are shown below:

Changes in the present value of the defined benefit obligations from anniversary payment plan:

Defined benefit obligation at 1 January 2018	**21,597**
Interest cost	3,125
Current service cost	2,026
Benefits paid	(842)
Remeasurements	(4,583)
Defined benefit obligation at 31 December 2018	**21,323**
Interest cost	1,511
Current service cost	1,727
Benefits paid	(2,263)
Remeasurements	3,429
Defined benefit obligation at 31 December 2019	**25,727**

The short-term net employee benefits recorded under the Net employee benefits relates to vacation balances, bonuses to be paid and other facilities to the board of directors.

34 Issued capital and reserves

Issued capital and reserves Authorised	**2019**	**2018**	**As at 1 January 2018**
Ordinary shares of SRD 0.10 each	37,733,609	37,225,338	10,104,462
	37,733,609	**37,225,338**	**10,104,462**

Ordinary shares

Ilssued and fully paid	**Thousands**	**in thousand SRD**
At 1 January 2018	10,104	1,010
Issued in 2018	27,121	2,713
At 31 December 2018	**37,225**	**3,723**
Issued in 2019	508	50
At 31 December 2019	**37,733**	**3,773**

In 2019 a total number of 508,000 shares (2018: 27,121,000 shares) were issued at SRD 0.10 each, resulting to an increase of the issued capital of SRD 50,000 (2018: SRD 2.7 million).

Share premium is calculated using proceeds from issued shares minus the par value.

35 Issued equity instruments

35.1 USD 5 million perpetual bond

On April 23, 2015, the Bank placed USD 5 million nominally "deeply subordinated callable perpetual fixed rate notes" at Assuria Levensverzekering N.V. Based on the subordination and the tenor, the loan is designated as additional capital (additional tier 1 or AT-1) for the determination of the solvency ratio by the Central Bank of Suriname. The fee from the bank's profit distribution amounts to 9% under restrictive conditions. It has been contractually established that the common equity Tier 1 ratio must be 12% to include the full AT-1 amount as issued equity instruments. If the common equity tier 1 ratio of the DSB, calculated in accordance with the regulatory capital requirements, falls below 6%, the equity instrument will be written down pro-rata, whereby the shortfall of capital (equaling the regulatory capital requirement, set at 6%, minus the actual amount of common equity capital tier 1 present), as a percentage of the regulatory capital requirement shall be the percentage with which the principal amount of the equity instrument shall be reduced.

36 Maturity analysis of assets and liabilities

The tables beneath give an overview of the maturity analysis of DSB's assets and liabilities.

Maturity analysis of assets and liabilities

in thousand SRD as at 31 December 2019	Within 12 months	After 12 months	Total
Assets			
Cash and balances with central banks	608,848	2,405,329	3,014,177
Due from banks	1,524,951	21,052	1,546,003
Financial assets at fair value through profit or loss	0	3,054	3,054
Loans and advances to customers	838,859	1,225,529	2,064,388
Current tax assets	20,512	0	20,512
Debt instruments at amortised cost	128,722	167,097	295,819
Investments in associates	0	1,399	1,399
Other assets	26,200	10,256	36,456
Property and equipment and right-of-use assets	0	133,597	133,597
Investment properties	0	5,403	5,403
Intangible assets	0	22,654	22,654
Total Assets	**3,148,092**	**3,995,370**	**7,143,462**
Liabilities			
Due to banks	137,114	0	137,114
Derivative financial instruments (liabilities)	16,164	32,106	48,270
Due to customers	5,805,379	845,304	6,650,683
Current tax liabilities	169	0	169
Other liabilities	49,639	4,937	54,576
Debt issued and other borrowed funds	0	76,758	76,758
Provisions	7,521	0	7,521
Net employee defined benefit liabilities	0	172,145	172,145
Deferred tax liabilities	0	57,796	57,796
Total liabilities	**6,015,986**	**1,189,046**	**7,205,032**

Maturity analysis of assets and liabilities

in thousand SRD as at 31 December 2018	Within 12 months	After 12 months	Total
Assets			
Cash and balances with central banks	804,041	504,151	1,308,192
Due from banks	2,911,869	12,030	2,923,899
Derivative financial instruments (assets)	30,899	0	30,899
Financial assets at fair value through profit or loss	0	22,541	22,541
Loans and advances to customers	1,011,887	1,290,917	2,302,804
Current tax assets	20,911	0	20,911
Debt instruments at amortised cost	18,420	425,099	443,519
Investments in associates	0	1,319	1,319
Other assets	18,731	11,342	30,073
Property and equipment and right-of-use assets	0	143,465	143,465
Investment properties	0	5,403	5,403
Intangible assets	0	32,535	32,535
Total Assets	**4,816,758**	**2,448,802**	**7,265,560**
Liabilities			
Due to banks	207,415	0	207,415
Derivative financial instruments (liabilities)	12,185	41,486	53,671
Due to customers	5,423,513	1,208,482	6,631,995
Current tax liabilities	132	0	132
Other liabilities	63,218	32,701	95,919
Debt issued and other borrowed funds	0	76,980	76,980
Provisions	661	0	661
Net employee defined benefit liabilities	0	122,974	122,974
Deferred tax liabilities	0	59,507	59,507
Total liabilities	**5,707,124**	**1,542,130**	**7,249,254**

Maturity analysis of assets and liabilities

in thousand SRD as at 1 January 2018	Within 12 months	After 12 months	Total
Assets			
Cash and balances with central banks	299,396	420,519	719,915
Due from banks	2,476,705	7,277	2,483,982
Financial assets at fair value through profit or loss	0	18,583	18,583
Loans and advances to customers	1,489,157	1,559,721	3,048,878
Current tax assets	16,417	0	16,417
Debt instruments at amortised cost	409,004	250,137	659,141
Investments in associates	0	3,194	3,194
Other assets	21,483	14,161	35,646
Property and equipment and right-of-use assets	0	147,181	147,181
Investment properties	0	5,403	5,403
Intangible assets	0	33,511	33,511
Total Assets	**4,712,162**	**2,459,687**	**7,171,851**
Liabilities			
Due to banks	226,564	0	226,564
Derivative financial instruments (liabilities)	36,687	45,902	82,589
Due to customers	5,157,962	1,391,378	6,549,340
Current tax liabilities	115	0	116
Other liabilities	48,232	65,856	114,088
Debt issued and other borrowed funds	0	76,763	76,763
Provisions	3,275	0	3,275
Net employee defined benefit liabilities	0	174,169	174,169
Deferred tax liabilities	0	34,129	34,129
Total liabilities	**5,472,835**	**1,788,197**	**7,261,033**

37 Capital

DSB actively manages its capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, Central Bank of Suriname (CBvS). The adequacy of the DSB's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios) and adopted by the CBvS in supervising DSB.

DSB is not in compliance with the capital requirements set by the CBvS. The CBvS standard requires a common equity tier 1 (CET1) ratio of minimum 6% and capital adequacy ratio (CAR) of 10%. Due to the Capital adequacy, Asset quality, Management capability, Earnings, Liquidity and Sensitivity (CAMELS) rating of DSB, the minimum CAR is set at 11.25%. As noted in the table below, DSB is not meeting these two externally imposed capital requirements over the reported periods

37.1 Capital management

DSB is subject to supervision by the Central Bank of Suriname and had to maintain its capital level up to the norms prescribed by the Central Bank. The Bank manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. To maintain a strong and sound capital position the bank has been strengthening its capital in the recent years by issuance of additional tier 1 capital, obtaining a subordinated loan and issuance of new shares. Further the bank decided to maintain a long open currency position in USD for expected credit losses from deteriotation of the foreign currency loan portfolio due to the economic downturn.

Mainly due to the legacy loan including non-performing assets dating to 2015/ 2016 and the impact of the IFRS conversion adjustments relating to ECL on the government loans the Bank did not meet its capital requirements as of December 31, 2018 and 2019.

37.2 Regulatory capital

In thousand SRD as of 31 December 2018				
Regulatory capital	Actual 2019	Required 2019	Actual 2018	Required 2018
Common Equity Tier1 (CET1) capital	(115,952)	169,460	(47,956)	214,665
Additional Tier 1	31,728	31,728	31,728	31,728
Other Tier 2 capital instruments	0	76,758	0	76,980
Total regulatory capital	**(84,224)**	**282,433**	**(16,229)**	**357,773**
Risk weighted assets	**2,824,334**		**3,577,734**	
CET1 capital ratio	-4.1%		-1.3%	
Total capital ratio	-3.0%		-0.5%	

Regulatory capital consists of CET 1 capital, which comprises share capital, retained earnings including current year loss and foreign currency translation result. In 2018 the Bank issued new shares which increased the Bank's capital by approximately SRD 225 million. The other components of regulatory capital are: Additional Tier 1 capital and Other Tier 2 capital. To partially cover the risk of foreign exchange rate fluctuations DSB strengthened its capital structure in 2015 where an Additional Tier 1 capital of USD 5 million was issued. In addition, DSB obtained a subordinated loan in 2017 amounting to USD 10 million which is included in the capital of the bank as the conditions in the agreement allows it to be accounted for as Tier 2 capital.

Since 2015 DSB is under strict supervision of the CBvS because of the financial non-performance of the Bank. One of the focus points of the CBvS was the Bank's credit assessment and monitoring, which was not sufficient and as a result, the Bank was not able to issue any corporate loans in 2018 and 2019. This restriction was released in Q4 2019 as the Bank addressed the credit related observations from the CBvS by that date.

Confidence has surged in the bank in the period after the 2019 fiscal year, as evidenced by increased funding of 22% and for credit available funding increased by 1081%. In addition, the SRD and USD loan book grew by 15% and 30% respectively.

Other measures the Bank has taken are cleaning up the loan portfolio, recovering more than SRD 407 million in debt from non-performing loans after 2019, as well as restructuring legacy USD loans that are serviced by companies that generate SRD income. This also led to a strong improvement in the non-performing ratio that has gone down from 22% as per of December 2019 to 6% in September 2022 (excluding the government).

DSB management is working towards selling off approximately USD 33 million of non-performing government debt that will lead to a release of provisions of nearly USD 7 million as well as being recorded back on our Open Currency Position. Its solution will add approximately 2% to our CAR.

In April 28 2022 a guarantee agreement regarding Accaribo was signed between DSB, Assuria and Panso where Assuria has agreed to effective 2019 to provide DSB USD 10,2 million as collateral.This collateral represent term deposits held in the name of Assuria at DSB. This resulted in a decrease of the ECL. The Capital Adequacy Ratio was improved with 2.3% to negative 3%.

38 Additional cash flow information

Cash and cash equivalents

in thousand SRD	Notes	2019	2018
Cash and cash equivalents	**19**	**212,662**	**308,234**
Current accounts with central banks	19	299,162	495,818
Current accounts with other banks	20	529,083	449,380
		1,042,613	**1,253,432**

The cash reserves and deposits with the Central Bank are not available to finance the DSB's day-to-day operations and, therefore, are not part of cash and cash equivalents.

Change in operating assets

in thousand SRD	Notes	2019	2018
Net change in balances with central bank	19	(1,322,002)	(158,986)
Net change in derivative financial instruments	21	30,899	(30,899)
Net change in financial assets designated and mandatorily classified at fair value through profit or loss	22	19,487	(3,958)
Net change in loans and advances to customers	23	238,416	746,074
Net change in current tax assets		399	(4,494)
Net change in other assets	25	(6,381)	5,571
		(1,039,184)	**553,310**

Change in operating liabilities

in thousand SRD	Notes	2019	2018
Net change in due to banks		(70,301)	(19,149)
Net change in due to customers	29	18,688	82,655
Net change in derivative financial instruments	21	(5,401)	(28,918)
Net change in current tax liabilities		37	17
Net change in deferred tax liabilities		(1,711)	25,378
Net changes in provision		6,860	(2,614)
Net change in net employee defined benefit liabilities		49,171	(51,195)
Net change in other liabilities		(41,343)	(18,169)
		(44,000)	**(11,995)**

Net gain/(loss) from investing activities

in thousand SRD	Notes	2019	2018
Change in deposits with central banks	19	(674,503)	75,365
Change in deposits with other banks	20	1,457,596	(538,997)
Change in Debt Instruments at amortised cost	24	147,700	215,622
Change in investments in assiociates	22	(80)	1,875
		930,713	**(245,909)**

Changes in liabilities arising from financing activities

in thousand SRD	Notes	Subordinated Notes 2019	Subordinated Notes 2018
Opening balance	31	76,980	76,763
Cash flow items:			
Non-Cash flow items:			
Movement in accrued interest	31	650	10
Foreign currency translation results	31	(872)	207
Ending balance		**76,758**	**76,980**

39 Related party disclosures

The following table provides the total amount of transactions that have been entered with related parties for the relevant financial year.

In thousand SRD	Year	Sales to related parties	Purchases from related parties	Amount owed by related parties	Amount owed to related parties	Interest received	Interest Paid
Shareholders	2018	0	7,141	37,292	586,376	1,134	32,005
	2019	0	8,065	25,317	566,049	1,862	25,855
Associates	2018	0	0	151,214	7,699	22	8
	2019	0	0	150,322	2,024	84	1
Investment entity	2018	0	0	28	283	0	0
	2019	0	0	0	2,646	48	1
Key Management	2018	0	0	162	7,595	14	2
	2019	0	0	257	1,115	9	2
Supervisory Board	2018	0	0	1,355	39,961	81	1,956
	2019	0	0	16	1,003	23	3
Close member & Significant influence in other companies	2018	0	49	0	1,391	0	1
	2019	0	0	111,823	34,743	7,874	39
Employee benefit plan	2018	0	0	0	76,608	0	0
	2019	0	0	0	66,362	0	0

Purchases from the shareholders relates to various forms of insurance e.g. medical insurance for staff, and general insurance. Some of these insurances have been paid in USD and EUR, however all balances in the table above are presented in SRD based on the exchange rate at the end of the financial year.

Loans and advances are shown under "Amount owed by related parties". Advanced insurance payments and claims are also included. The advanced payments concern insurance amounts that have been paid to Assuria N.V. in a certain year but expires next year. The total advanced payments and claims in 2018 are SRD 272 thousand and in 2019 SRD 574 thousand. Loan and advances in foreign currencies have been converted in SRD based on the exchange rate.

"Amount owed to related parties" covers all deposits (current accounts, savings accounts and term deposits) of the related parties, loans provided to the bank as well as premium payables. A subordinated loan of USD 10 million has been provided by Assuria N.V. Furthermore, Assuria N.V. has participated in Perpetual Bonds of the Bank for USD 5 million (refer to Note 35). Due payments relates to payments that must be made regarding medical insurance to Assuria N.V. of an amount of SRD 2 million in 2018 and SRD 752 thousand in 2019.

39.1 Shareholders

In November 2018 the bank issued new shares. A significant portion of these shares was purchased by Hakrinbank N.V., N.V. Self Reliance and Fatum N.V. Since then, these shareholders and Assuria N.V. each own 17.8% of the bank's shares. As a result of the aforementioned issue, the shareholding of Assuria N.V. decreased from 45% to 17.8%. Government interest also decreased from 9.04% to below 5%. Although the Government owns less than 5% of shares, they are indirectly related, because they have more than 5% ownership in both Hakrinbank N.V. (2018: 51% and 2019: 38%) and N.V. Self Reliance. No dividends have been paid to the shareholders since 2016.

39.2 Subsidiary

Suritrust acts as an agent for the bank and other parties. Their core business is asset management. Funds are provided by the bank and third parties to Suritrust which is being used for mortgage loans. Suritrust receives a commission if the borrowers pay the monthly payments. The bank had provided funds to Suritrust for mortgage loans to staff, other personal clients based on their income (e.g. 7% cash reserve mortgage loans). The interest rate charged to these customers are usually below the market rate except the 7% cash reserve mortgage loans, which are provided by the other banks in Suriname as well.

39.3 Associates

Panaso Vastgoed N.V. is a 100% subsidiary of DSB Assuria Vastgoedmaatschappij (DAVG). DSB has an ownership of 49% in DAVG while the remaining 51% is owned by Assuria N.V. These associates are real estate companies. The loans granted to these associates were for purchase and development of 550 hectares of land at Accaribo to subsequently sell it in lots. The initial maturity date of these loans was December 2021. In order to resolve the non-performing status of these loans, in 2019 the land was sold to the Central Bank of Suriname. Afterwards this transaction was reversed by the Central Bank of Suriname. According to the guarantee agreement between DSB, Assuria N.V, Panaso Vastegoed N.V. and DSB Assuria Vastgoedmaatschappij (DAVG) a loan of USD 20 million was granted to Panaso Vastgoed N.V.
DSB has 25% investments in another associate, also known as Banking Network Suriname N.V. (BNETS). Besides DSB, Hakrinbank N.V. also has a 25% interest in BNETS. Loans granted to this associate are intended for investment purposes in hardware. Over financial year 2018 dividend of SRD 117 thousand was paid by BNETS.

39.4 Key management

In 2018 key management consisted of Ms. Hanna Lieuw Hie (acting CEO), Mr. Peter Ng A Tham (CCO) and Mr. Rene van Rooij (COO). In July 2019 Ms. Hanna Lieuw Hie left the organization, while Mr. Ng A Tham retired in October 2019. In August 2019 Mr. Steven Coutinho was appointed as CEO of the bank. In 2021 Mr. Steven Coutinho has left the company. In January 2022 Mr. Arjan Molenkamp has joined DSB as director. In below table the compensation of key management personnel is presented.

Compensation key management personnel

in thousands of SRD for the year ended on 31 december of	2019	2018
Short term employee benefits	4,074	3,570
Post-employment pension and medical benefits	270	317
Termination benefits	1,536	0
Total compensation paid to key management personnel	**5,880**	**3,887**

The amount disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel. Several components of the short-term employee benefits are in USD or EUR. Bonuses paid by the bank is partially fixed.

39.5 Supervisory Board, close member & significant influence in other companies

As a result of the share issuance in November 2018, a new board was formed in February 2019. Only one member of the previous board has joined the new board. The previous board of 2018 consisted of 6 members, while in the new board, there are 5 members. The above-mentioned shareholders, except the government, have a representative in the board. The following persons were closely related to the DSB during financial year 2018 and 2019 through the supervisory board.

- The chairman of the supervisory board of 2018 was the former CEO (S. Smit) of Assuria N.V.
- The chairman of the new board in 2019 is Mr. M.E. Emanuels who is also the CEO of TBL Multiplex (an investment entity of DSB).
- Mr. J.J. Healy Jr. of the previous supervisory board is the chairman of the Supervisory Board of Assuria N.V.
- Apart from the above chairmen, Ms. A. Sardjoe who was part of the new board of 2019 is a close family member of the owner of Rudisa Holdingmaatschappij N.V. Rudisa is one of the key clients of DSB. In January 2020 Ms. Angela Sardjoe is appointed as the Chief Risk Officer of DSB and end 2021 she has decided to leave DSB.
- Ms. R. Sohansingh who was part of the supervisory board of 2018, has controlled ownership in Advocatenkantoor Essed & Sohansingh. In 2018 this legal firm has handled legal cases of DSB.
- Mr. M. J. A. Brahim was in the supervisory board of 2018 and together with his spouse, they have controlled ownership in the companies SureAim and Brahim & Partners, who are clients of DSB.
- Mr. W. Sowma who has been part of the previous board as well as the new broad since 2019, is the owner of the retail store, N.V. Marley, who is a client of DSB.

The terms and conditions of transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

39.6 Employee benefit plan

The employee benefit plan regards provisions for health care as well as other post employee benefits such as bonus to pensioners and funeral expenses for pensioners. Refer to Note 33 for the post-employment benefits.

40 Fair value measurement

This note describes the fair value measurement of financial instruments.

40.1 Valuation principles

According to IFRS 13, the fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It should be noted that this concerns the principal (or most advantageous) market under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to determine the fair value of financial assets and financial liabilities, DSB follows a fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- **Level 1:** inputs are (unadjusted) quoted prices in active markets for those (or identical) assets or liabilities that the Bank can access at the measurement date.
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices of identical instruments).
- **Level 3:** inputs are unobservable inputs for the asset or liability. For the valuation techniques used, assumptions and inputs include benchmark interest rates, yield curves and credit spreads. The Bank has used yield curve modelling, net present value and discounted cash flow models for its valuation techniques.

DSB's fair value methodology is based on models developed by external parties. Upon acceptance of these models, a number of controls and other safeguards are in place to ensure its alignment and use with DSB's purpose. All these models are subject to approvals by various functions of DSB including the risk and finance functions. Fair value estimates are reviewed and challenged by the Risk and Finance functions.

When relying on third-party sources, the Risk management department together with the Finance department are responsible for:

- Challenging the approved list of third-parties
- Understanding the valuation methodologies and sources of inputs and verifying their suitability for IFRS reporting requirements.

Valuation techniques and specific considerations for Level 3 inputs are further explained in note 40.3.

40.2 Assets and liabilities by fair value hierarchy

40.2.1 Fair value of financial instruments measured at fair value

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Assets and liabilities by fair value hierarchy

In thousand SRD as of 31 December 2019				
Assets measured at fair value on a recurring basis	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity investments	0	0	3,054	3,054
Total financial assets measured at fair value	**0**	**0**	**3,054**	**3,054**
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Foreign exchange contracts	0	48,270	0	48,270
Total liabilities measured at fair value	**0**	**48,270**	**0**	**48,270**

In thousand SRD as of 31 December 2018				
Assets measured at fair value on a recurring basis	Level 1	Level 2	Level 3	Total
Derivative financial instruments				
Foreign exchange contracts	**0**	**30,899**	**0**	**30,899**
Financial assets at fair value through profit or loss				
Equity investments	19,487	0	3,054	22,541
Total financial assets measured at fair value	**19,487**	**30,899**	**3,054**	**53,440**
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Foreign exchange contracts	0	53,671	0	53,671
Total liabilities measured at fair value	**0**	**53,671**	**0**	**53,671**

In thousand SRD as at 1 January 2018				
Assets measured at fair value on a recurring basis	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity investments	15,529	0	3,054	18,583
Total financial assets measured at fair value	**15,529**	**0**	**3,054**	**18,583**
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Foreign exchange contracts	0	82,589	0	82,589
Total liabilities measured at fair value	**0**	**82,589**	**0**	**82,589**

40.2.2 Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non–financial liabilities.

IIn thousand SRD as of 31 December 2019	**Carrying amount**	**Fair value**			
Financial assets		Level 1	Level 2	Level 3	Total
Cash and balances with central banks	3,014,177	2,397,399	0	528,455	2,925,854
Due from banks	1,546,003	529,083	943,712	57,517	1,530,312
Loans and advances to customers	2,064,388	0	0	3,095,539	3,095,539
Debt instruments at amortised cost	295,819	210,013	0	103,797	313,810
Total financial assets	**6,920,387**	**3,136,495**	**943,712**	**3,785,308**	**7,865,515**
Financial liabilities					
Due to banks	137,114	137,114	0	0	137,114
Due to customers	6,650,683	4,952,673	0	1,778,272	6,730,945
Debt issued and other borrowed funds	76,758	0	0	107,868	107,868
Total financial liabilities	**6,864,555**	**5,089,787**	**0**	**1,886,140**	**6,975,927**

There were no transfers between Level 1 and Level 2, including movements in Level 3 during 2019.

In thousand SRD as at 31 December 2018	**Carrying amount**	**Fair value**			
Financial assets		Level 1	Level 2	Level 3	Total
Cash and balances with central banks	1,308,192	1,308,192	0	0	1,308,192
Due from banks	2,923,899	449,380	2,451,849	15,267	2,916,496
Loans and advances to customers	2,302,804	0	0	3,594,935	3,594,935
Debt instruments at amortised cost	443,519	233,266	0	286,272	519,537
Total financial assets	**6,978,414**	**1,990,838**	**2,451,849**	**3,896,473**	**8,339,160**
Financial liabilities					
Due to banks	207,415	207,415	0	0	207,415
Due to customers	6,631,995	4,750,484	0	1,995,554	6,746,038
Debt issued and other borrowed funds	76,980	0	0	113,863	113,863
Total financial liabilities	**6,916,390**	**4,957,899**	**0**	**2,109,417**	**7,067,316**

There were no transfers between Level 1 and Level 2, including movements in Level 3 during 2018.

In thousand SRD as at 1 January 2018	Carrying amount	Fair value			
Financial assets		Level 1	Level 2	Level 3	Total
Cash and balances with central banks	719,915	644,560	0	74,492	719,052
Due from banks	2,483,982	548,236	1,892,941	39,459	2,480,636
Loans and advances to customers	3,048,878	0	0	4,209,719	4,209,719
Debt instruments at amortised cost	659,141	463,881	0	206,560	670,441
Total financial assets	**6,911,916**	**1,656,677**	**1,892,941**	**4,530,231**	**8,079,848**
Financial liabilities					
Due to banks	226,564	226,564	0	0	226,564
Due to customers	6,549,340	4,428,341	0	2,482,335	6,910,676
Debt issued and other borrowed funds	76,763	0	0	119,889	119,889
Total financial liabilities	**6,852,667**	**4,654,905**	**0**	**2,602,223**	**7,257,128**

There were no transfers between Level 1 and Level 2, including movements in Level 3 during 2017.

40.3 Valuation techniques

Valuation techniques are subject to the type of financial instrument purposed for.

40.3.1 Valuation techniques of financial instruments measured at fair value

40.3.1.1 Foreign exchange contracts

Foreign exchange contracts include foreign exchange swap contracts. These instruments are subject to the currency risk, the credit risk as well as the time value. In order to incorporate all these elements in the fair value, DSB makes use of models based on a combination of observable foreign currency exchange rates in active markets, unobservable and calculated forward points, as well as yield curves. Therefore, the foreign exchange contracts are classified as Level 2 financial instruments.

40.3.1.2 Financial assets at FVTPL

Investments in equity instruments are valued using the fair value of the numbers of shares held by DSB. For listed shares these fair values are publicly available which are used as a basis for fair valuing the investments in equity instruments. These equity investments are classified as level 1. For equity investments in companies of which the shares are not publicly listed, a fair value estimate is made based on the NAV-method, using the audited financial statements of the underlying companies. The investment is then valued using the proportion of shares owned by DSB. These equity investments are classified as level 3 instruments.

40.3.2 Valuation techniques of financial instruments not measured at fair value

40.3.2.1 Immediately due assets and liabilities

Assets that are immediately due, such as balances on current or saving accounts at other banks (including the Central Bank of Suriname) are classified as level 1 instruments. This is also applicable for liabilities that are immediately due, namely balances on current and saving accounts which are due to banks or customers. Because these instruments are immediately due, the fair value is equal to the carrying amount excluding the long-term time deposits included within cash and balances with CBvS and due from/to banks . These instruments are cash and balances with Central Banks, due from banks and due to customers.

40.3.2.2 Sovereign government debt securities

Government debt securities include Treasury bills of the Surinamese government and include short term bills with fixed interest payments. These instruments are not traded in active markets; thus, therefore DSB uses valuation methods which are based on models developed. These models make use of a combination of the discounting cash flow (DCF) method, together with interest-rate modelling techniques. In determining the fair value, a counterparty valuation adjustment is being made to include as well the counterparty risk. Since the calculated fair value is a complete model-based calculation which DSB calibrated on the bank's data, these instruments are classified as Level 3 type of instruments and are included in the debt instruments at amortised cost.

40.3.2.3 Debt securities

Corporate and sovereign debt securities consist of foreign corporate and sovereign bonds which are presented as debt instruments at amortised cost. The debt securities within DSB's portfolio are all standard fixed rate securities, without complex coupon or embedded derivative characteristics. Therefore DSB uses active market prices to estimate the corresponding fair value including the relevant credit spreads. Corporate bonds invested in as well as foreign sovereign bonds, are classified as Level 1 instruments.

40.3.2.4 Term deposits

40.3.2.4.1 Deposits at other banks
These are term deposits which has been placed at local and international financial institutions including the Central Bank of Suriname. Since these instruments are all OTC financial instruments, DSB makes use of modelling the calculation of the fair value of these financial instruments. These models account for using the DCF method, using both, market available data (including credit ratings as well as credit spreads based on the respective credit ratings) and modelled yield curves. All instruments where foreign traded market data is used, are classified as level 2 instruments and are included in due from banks. Deposits at the Central Bank of Suriname and all instruments where internal yield curve modelling is used, are classified as level 3 instruments and are included in cash and balances with Central Bank and due from banks respectively.

40.3.2.4.2 Liabilities
DSB also has term deposits which are due to customers. Using similar modelling, yet different input, as the level 3 deposits at other banks, the fair value for these instruments is calculated. Therefore, DSB classifies these instruments as Level 3.

40.3.2.5 Loans and advances to customers and subordinated loan
Loans and advances to customers, including credit cards (assets) and the subordinated loan (liability) are valued using the same method which is based on the discounted cash flow method with discounting based on modelled yield curves adjusted for market credit risk. Therefore, based on the inputs used, DSB classifies these instruments as Level 3.

40.3.2.6 Valuation adjustments and other inputs and considerations
As described in the previous sections, the fair value calculations of the valued financial instruments are subject to among others, the credit risk, currency risk, and time value associated with these instrument. In obtaining the fair value, DSB applies in line with IFRS 9 additional valuation adjustments to its base valuation procedures to better reflect the individual characteristics of trades that market participants would consider when trading in or setting specific prices for these instruments. Adjustments considered in these are credit and debit valuation adjustments (depending on the counterparty and own credit risk), as well as collateralization adjustments.

40.4 Significance of financial instruments
DSB has several financial instruments, both assets and liabilities, in its portfolio. The significance of these financial instruments financial position and performance of DSB is described per category of financial instruments.

40.4.1 Loans and advances to customers
Lending is the core business of the bank. This is reflected in the financial position and income statement as loans and advances to customers are the most significant financial instruments in the portfolio based on percentage of total assets in total income. As of December 31, 2019, the loans and advances portfolio are 29% of total assets (2018: 32%). The interest income received from these instruments is 71% of total interest revenue (2018: 81%).

40.4.2 Investment portfolio
The investment portfolio of the bank is the second most significant asset category and consists of treasury bills and bonds. Each of these items have a significance as follows.

40.4.2.1 Financial assets – Treasury bills
DSB has Treasury bills of the Government of the Republic of Suriname in its investment portfolio. As of December 31, 2019, the Treasury bills are 1.3% of total assets (2018: 3.0%). Since the treasury bills are classified as stage 3 instruments in 2019 no interest income is recorded on these instruments.

40.4.2.2 Financial assets – Term deposits
DSB has term deposits at the Central Bank of Suriname and at commercial banks. The gross portfolio of term deposits at the Central Bank of Suriname is 9.4% of total assets (2018: 0%) while the portfolio of term deposits at commercial banks is 14.1% of the total assets (2018: 34.1%).

40.4.2.3 Debt instruments – Bonds
In order to diversify its investment portfolio, the bank also invests in corporate and (foreign) government bonds in both US dollar and Euro. As of December 31, 2019, the bond portfolio was 2.8% of total assets (2018: 3.1%), while the interest income received from bonds is 0.1% of total net income (2018: 0.1%).

40.4.3 Due to customers – Term deposits
Term deposits placed at DSB by customers is a funding source. Term deposits make up 25.5% of the total amount due to customers (2018: 28.4%) and 23.3% of total liabilities (2018: 26%). The interest expense paid for these instruments is 93.6% of total interest expense (2018: 94.1%).

40.4.4 Derivative financial instruments

Derivative financial instruments (i.e. foreign currency swaps) are entered as trade deals with several parties. These instruments are recognized on the statement of financial position and make up 0.7% of total liabilities as of December 31, 2019 (2018: 0.7%).

40.4.5 Subordinated loan

DSB has a subordinated loan which is part of the bank's (tier 2) capital for calculation of its solvency ratio. Interest costs represent 3.5% of interest expense (2018: 3.3%).

41 Risk management

41.1 Introduction

DSB operates in Suriname and performs banking services. Risk is inherent in the bank's activities and is managed through an Enterprise Risk Management (ERM) framework, including ongoing identification, measurement and monitoring, and subject to risk limits and other controls. This process of risk management is critical to DSB's continuing profitability and everyone within the bank is accountable for the risk exposures relating to his or her responsibilities. DSB's ERM framework is based on the international best practice Enterprise Risk Management framework – Integrating with Strategy and Performance, as established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

41.2 Risk governance and risk management strategies and systems

41.2.1 Risk management structure

The Board of Directors is responsible for the overall risk management approach and the risk management strategies and principles on a day-to-day basis.

The Supervisory Board is responsible for monitoring and approving the overall risk process within DSB and oversight of the Board of Directors. In its oversight role, the Supervisory Board is supported by the Risk and Compliance Committee, the Audit Committee and the Selection and Remuneration Committee.

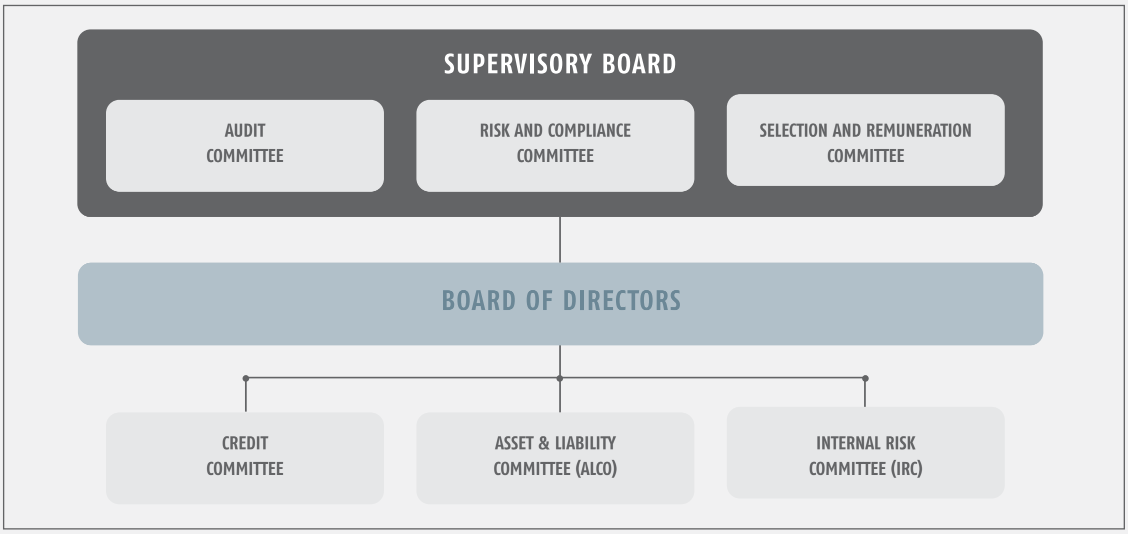


FIGURE 1: RISK STRUCTURE OF DSB

The Risk and Compliance Committee is responsible for overseeing the development of the risk strategy and implementation of the ERM framework, policies and limits. Furthermore, the Risk and Compliance Committee is responsible for oversight of risk decisions and monitoring risk levels and reports to the Supervisory Board. The roles and responsibilities of all three committees are described in detail in their respective charters.

The Board of Directors is supported by the Internal Risk Committee (IRC), the Credit Committee (CC), the Asset and Liability Committee (ALCO). These committees are all chaired by a member of the Board of Directors.

The Risk Management (RM) Department operates under the direct responsibility of the Chief Financial Risk Officer, who is a member of the Board of Directors. The RM Department is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The department works closely with and reports monthly to the Internal Risk Committee and at least quarterly to the Risk and Compliance Committee.

The IRC, which consists of the Board of Directors and Managers of several departments, is responsible for the monitoring of risk related issues based on management information and decision-making regarding risk related measures, including opportunities. DSB's Treasury department is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and managing the liquidity risks of the bank.

41.2.2 Risk Governance

The internal risk governance of DSB is based on 'the three lines of defense' model. [1]

In this model, the first line management (the business) is responsible for the design and execution of its own processes. The first line identifies, measures and reports the risk and compares it to the Bank's risk appetite. The second line supports the business, sets the framework, gives advice and monitors whether the business actually does take responsibility. The second line also monitors whether the Bank operates in compliance with laws and regulations and its internal policies regarding integrity. The third line (the Internal Audit Department) assesses independently the functioning of the first and second line.

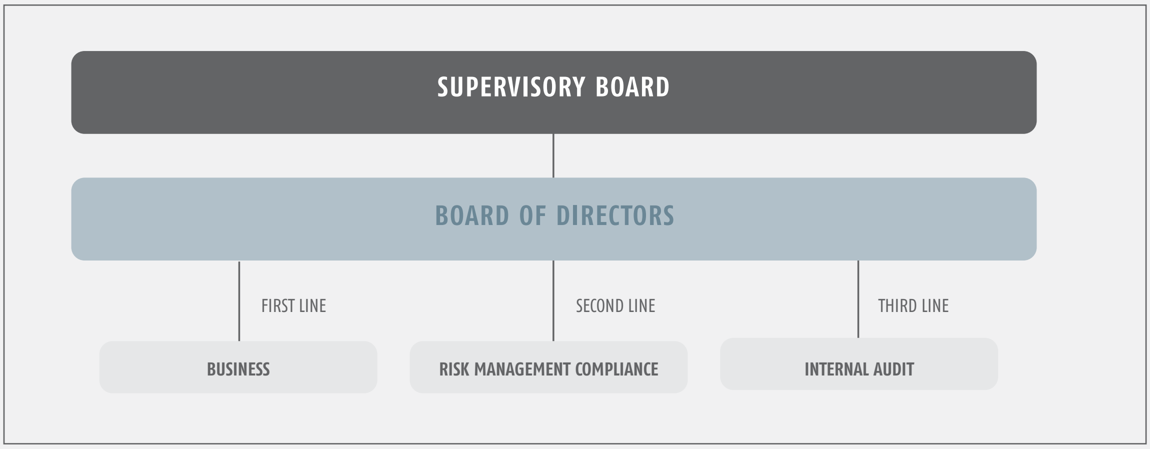


FIGURE 1: RISK STRUCTURE OF DSB

41.2.3 Risk identification, - mitigation and - culture

As described, DSB's main risk management framework is based on the COSO framework. Using this framework as a basis, DSB identified the following risks which were included in her 2019 risk universe:

- Strategic risk
- Operational risk (including IT risk)
- Financial risk, including liquidity risk and credit risk
- Market risk
- Legal & Compliance risk

In addition to the risks already identified and included in the bank's risk universe, DSB has an incident management process in place where employees report incidents to the Risk Management Department. The incidents are analyzed, and recommendations are done to prevent future incidents of the same nature. An overview of incidents is reported to the IRC and the Supervisory Board on a monthly basis.

Key Risk Indicators (KRI's) are reported and discussed in the IRC. Starting in 2017 an overall bank risk assessment is executed on a yearly basis, resulting in recommendations to mitigate identified risks. In 2019 a follow-up was performed on the status of these recommendations. Furthermore, in 2019 a risk assessment was performed with the management team, resulting in an overview of the top 10 high risks for DSB. An overview of the top 5 risks for DSB identified by the management team is listed below:

- Quality of the loan portfolio (high dollarization, insufficient collateral).
- Concentration within the funding portfolio.
- Risk of getting de-risked by correspondent banks.
- Most of the costs are fixed and depend on the exchange rate.
- Economic situation and projections in Suriname.

For new projects and products, risks are being identified in a Risk Control Matrix (RCM) in which controls are being monitored to mitigate emerging/possible risks. Risks identified from reported incidents and other observed risks are being gathered in an overall risk issue overview. On request risk assessments are also being executed.

In order to either mitigate and reduce operational risks, following up on internal audit findings is an integral part of DSB's risk management. The internal audit department therefore monitors the progress of each follow-up on a quarterly basis. Related to financial risk, DSB actively makes use of collaterals and, among others, screening of the payback capacity of (potential) customers to mitigate its credit risk. By analyzing different industries and counterparties (peer analysis), DSB also manages the market risk. To

[1] As of July 2020, the Institute of Internal Auditors (IIA) has updated the three lines of defense model and has changed the name to three lines model. Where necessary, DSB will adjust its governance structure, policies and procedures accordingly.

manage the legal risk, DSB makes use of her inhouse legal counsel before entering into contracts. For standard recurring contracts, DSB uses prepopulated templates which are regularly screened by the inhouse legal department. See also paragraph 41.3, 41.4 and 41.5 for further elaboration on DSB's approach to mitigating Credit, Liquidity and Market Risk.

DSB requires its employees to perform their duties with due care, honesty and integrity. Therefore, in order to maintain an appropriate risk culture, DSB applies a Code of Conduct which all employees must sign upon commencement of employment and in case of changes in the Code of Conduct. Furthermore, on an annual basis, employees are required to update their knowledge on information security and anti-money laundering guidelines provided through the bank's e-learning platform.

41.2.4 Risk measurement and reporting

DSB's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily performed based on pre-defined measures established within the bank. These limits reflect the business strategy and market environment of DSB as well as the level of risk that the bank is willing to accept. In addition, DSB's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

In order to identify, analyze, report and control risks on at least monthly basis, information is compiled from all lines of business and processed. This information is reported to all relevant risk committees, such as the Credit Committee, Asset & Liability Commitee and the Internal Risk Committee for monitoring and decision- making purposes and presented to the Risk and Compliance Committee. Exceptions are also reported to the relevant committees through KRI-dashboards (for all risk categories). Also, an overview of the status of outstanding risk issues, incidents, and outstanding IRC-action points are reported on a monthly basis.

It is DSB's policy to ensure that a robust risk awareness is embedded in its organizational risk culture. Employees are expected to take ownership and be accountable for the risks the Bank is exposed to that they decide to take on. DSB's internal training and development emphasizes that employees are made aware of the risk appetite and that employees are supported in their roles and responsibilities to monitor and keep the exposure to risk within the bank's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

41.3 Credit risk

Credit risk is the risk that a counterparty will not meet contractual or other agreed obligations (such as obligations related to credits or loans extended, exposures made or guarantees received), including when resulting from restrictions on foreign payments.
DSB manages and controls credit risk by setting limits on the amount of risk it is willing to accept. DSB distinguishes credit risk in three sub-risk categories, namely:

1. Credit default risk: the risk that a counterparty cannot meet its payment obligations towards DSB.
2. Credit concentration risk: the risk of too high a concentration at one customer / group that falls into default. In order to avoid excessive concentrations of risk, DSB's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.
3. Collateral risk: the risk of depreciation of the collateral, as well as having insufficient collateral.

Managing credit risk within DSB falls under the supervision of the Credit Committee. The Credit Committee (CC), which is chaired by the Executive Board, is an internal committee in which credit proposals, credit revisions as well as credit risk reports (including an overview of the credits in pipeline, restructured credits portfolio concentration, non-performing loans, etc.) are being discussed. The Credit Committee is responsible for managing DSB's credit risk through comprehensive policies, governance and review procedures, monitoring of limit sets to ensure these are in line with the overall credit risk appetite and strategy of DSB. The roles and responsibilities of the CC is described in detail in its own charter.
The Credit Risk department, which is part of the Risk Management department, is responsible for working with the business within DSB to ensure the credit risk policy is executed. The Credit Risk department supports and advise the business. All new credit proposals and credit revisions are analyzed by the Credit Risk department, resulting in an advice which is presented by the Head of Risk in the weekly CC. Subsequently, the CC approves or declines the credit proposals or revisions based on this advice. The business is primarily responsible for managing credit risk, such as the credit portfolio, as well as maintaining and comply with the credit policy, manuals and laws and regulations.

41.3.1 Credit monitoring

DSB maintains a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision, also called credit monitoring.
Credit monitoring focuses on assessing the potential loss as a result of the risks to which it is exposed in order to take corrective actions. Furthermore, the process aims to maintain the credit relationship and performing periodic credit reviews to assess the continuity perspective. The quality of the loan portfolio is monitored through MIS-reports. In addition, the managers of the first line hold weekly individual meetings with the relationship managers and monthly departmental meetings (Monthly Huddle).

The credit monitoring process is split into regular monitoring and intensive monitoring. This process is described in detail in DSB's procedures manual.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position. In the case of credit derivatives, DSB is also exposed to the risk of default of the counterparty referenced by the derivative. However, to reflect potential losses, DSB applies portfolio-based debit and credit value adjustments.
The process of credit monitoring includes the impairment assessment and the calculation of the expected credit loss provision (refer to section 41.3.3).

41.3.2 Intensive monitoring
To manage the credit risk, DSB also applies intensive monitoring on credit facilities. Intensive monitoring concerns the monitoring of watch-list accounts and non-performing credits. The Restructuring & Recovery team within the Risk Management department is responsible for intensive monitoring and management of the non-performing/high risk lending portfolio. The focus is to develop and implement recovery strategies in order to maximize recoveries and minimize losses. Furthermore, for intensive monitoring the Restructuring & Recovery team monitors timely execution of recovery strategies. In this sense regularly a collateral check is performed to report and restore out of order collateral.

41.3.3 Impairment Assessment and ECL calculation
During the credit monitoring process, DSB applies an impairment assessment. DSB considers the following portfolios when applying this assessment:

- Cash and balances with Central Bank: this consist of DSB's funds held at the Central Bank in the following categories:
    - Loans and advances to the Central Bank of Suriname
    - Deposits at the Central Bank of Suriname
- Due from banks: these are deposits at other banks
- Loans and advances to customers: these are facilities consisting of the following sub-categories
    - Loans to private parties
    - Loans to private parties through Suritrust
    - Advances to customers
    - Credit cards
    - Loans to government entities
- Debt instruments at amortized cost: these are debt investment products of the following categories:
    - Foreign sovereign and corporate bonds
    - Treasury Bills of the Republic of Suriname
- Provisions: credit risk related items are financial guarantees and letters of credits

During the impairment assessment process, DSB assesses using its internal rating system whether the credit-related financial instruments are performing or are going into default, in order to estimate the expected credit loss and recognize an appropriate expected credit loss allowance.

41.3.3.1 DSB's internal rating system
Below outlines the internal rating system DSB applies to perform the impairment assessment.

Loans and advances, financial guarantees and letters of credit
For the loans and advances to customers, financial guarantees and letters of credit, DSB makes use of an internal rating system to perform the impairment assessments. This internal rating is driven by the number of days delinquent as well as added manual input from the ERM-Department. Although the credit risk rating is driven by the number of days delinquent, the rating is not consistent between retail and corporate facilities. This internal rating system is different for corporate and retail clients.
For corporate clients, the borrowers are assessed by dedicated credit risk employees of DSB. The credit risk assessment is based on a credit assessment that takes into account various qualitative and quantitative information such as:

- Days delinquency
- Historical financial information together with forecasts and budgets prepared by the client.
- Any publicly available information on the clients from external parties. This includes external rating grades issued by rating agencies
- Any macro-economic information, e.g., GDP growth, foreign exchange rate developments and inflation
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the client's performance.

The complexity and granularity of the rating techniques varies based on the exposure of DSB and the complexity and size of the customer. Some very small corporate loans are rated within the models for retail products. Retail clients are rated by an automated tool primarily driven by days past due.
DSB considers an exposure to have significantly increased in credit risk when the credit risk rating of the facility increases to four (4) and above. Based on DSB's internal credit risk rating system, retail facilities with a credit risk rating of four (4) would have days delinquent ranging from 30 to 59, whereas, corporate facilities with a credit risk rating of four (4) would have days delinquent ranging from 60 to 89. The credit risk ratings for corporate facilities are additionally adjusted based on manual scanning procedures based on information as mentioned above. Based on the internal risk rating, management classifies facilities as either Stage 1, Stage 2

or Stage 3 as defined in section 4.10.9. The internal rating system together with the applicable staging is outlined in the table below.

Days Delinquent	Internal Risk Rating (Retail)	Internal Risk Rating (Corporate)
0-29	1,2,3	1,2,3
30-59	4	1,2,3
60-89	5	4
90-119	6	5
120-179	7	5
180-364	7	6
>= 365	7	7

Thus, the staging classification defined by management is assigned as follows:

- Stage One: all facilities with a credit risk rating of 1, 2 or 3 are classified as stage 1.
- Stage Two: all facilities with a credit risk rating of 4 are classified as stage 2
- Stage Three: all facilities with a credit risk rating of 5, 6 or 7 are classified as stage 3.

Foreign Sovereign and Corporate Securities

For foreign sovereign and corporate securities DSB uses external available ratings determined by various rating agencies (e.g. Moody's, S&P, Fitch), rather than applying an internal system to assess significant increases in credit risk. DSB considers an exposure to have significantly increased in credit risk when the credit risk rating of the facility has been either downgraded three or more notches, or downgraded from Investment grade (BBB- or above) to Non-investment grade (BB+ or below). The staging classification is then assigned as follows:

- Stage One: all facilities with a credit risk rating of BBB- or above which have not experienced a downgrade in credit risk rating of three or more notches since initial recognition to be classified as stage 1.
- Stage Two: all facilities with a credit risk rating BB+ to CCC-. Facilities which have a credit risk rating above BB+ that have also experienced a downgrade in credit risk rating of three or more notches since initial recognition are also classified as stage 2.
- Stage Three: all facilities with a credit risk rating below CCC- to be classified as stage 3.

An overview of the above is given in the following figure.

Risk Status	Risk Characteristic	Moody	S&P/Fitch	Absolute Staging Criteria	Relative Staging Criteria
Investment grade	Highest Quality	Aaa	AAA	Stage 1	Each downgrade of 3 or more notches in stage 1 results in a stage 2 classification
	High Quality	Aa1	AA+		
		Aa2	AA		
		Aa3	AA-		
	Strong payment capacity	A1	A+		
		A2	A		
		A3	A-		
	Adequate payment capacity	Baa1	BBB+		
		Baa2	BBB		
		Baa3	BBB-		
Speculative grade	Likely to fulfill obligations ongoing uncertainty	Ba1	BB+	Stage 2	Each downgrade of 3 or more notches in stage 2 results in a stage 3 classification
		Ba2	BB		
		Ba3	BB-		
	High credit risk	B1	B+		
		B2	B		
		B3	B-		
	Very high credit risk	Caa1	CCC+		
		Caa2	CCC		
		Caa3	CCC-		
	Near default with little prospect of recovery	Ca	CC	Stage 3	
		Ca	C		
	Default	C	RD		
			D		

Local Sovereign Securities

The staging process for the local sovereign securities is due to the high uncertainty and complexity less straightforward compared to the investment and loans model. In order to determine the staging of local sovereign securities, a case by case manual judgement approach has been applied which is a combined approach of corporate loans and that of the foreign sovereign securities. Therefore, the first factor in determining the staging is the days delinquent. Similar to the corporate loans, the staging 1, 2 or 3 depends on whether the days delinquent are respectively below 60 days, 60 to 89 days or 90 days and higher. Furthermore, a restructuring as a result of inability to pay back the investments are also categorized as stage 3. Also, the sovereign credit ratings from various rating agencies applicable to the Republic of Suriname are used as an indicator for staging.

41.3.3.2 Significant increase in credit risk

DSB regularly monitors all financial assets subject to ECL. In order to determine whether an instrument is subject to 12mECL or LTECL, the DSB assesses whether there has been a significant increase in credit risk since initial recognition. DSB applies a qualitative method for triggering a significant increase in credit risk for an asset, i.e. moving a customer/facility to the watch list. This happens when the internal risk rating moves to 4. For financial instruments with a significant increase in credit risk, DSB assigns the Stage 2 ECL classification. When estimating ECLs on a collective basis for a group of similar assets, DSB applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

41.3.3.3 The definition of default, impaired and cure

IFRS 9 does not define the term "default" but instead requires each entity to do so themselves. DSB considers a financial instrument defaulted for ECL calculations in all cases when the borrower's status becomes non-performing. For ECL purposes all non-performing financial instruments are set to stage 3. The status of non-performing (and thus stage 3) is defined as follows for the following product categories:

- Corporate facilities – DSB considers a corporate financial instrument to be non-performing in all cases when the borrower becomes 90 days past due on its contractual payments. Based on the Bank's internal credit risk rating system, all corporate facilities that are considered default or greater than or equal to 90 days past due, would have a credit risk rating of either five (5), six (6) or seven (7).
- Retail facilities – The Bank considers a retail financial instrument to be non-performing or default in all cases when the borrower becomes 60 days past due on its contractual payments. Based on the Bank's internal credit risk rating system, all retail facilities that are considered default or greater than or equal to 60 days past due, would have a credit risk rating of either five (5), six (6) or seven (7).
- Investments - DSB mainly invests in international counterparties with a Standard & Poor's (S&P) "investment grade" rating of AAA, AA, A or BBB or equivalent, and which are covered by a deposit guarantee scheme. Investments with counterparties with a credit rating <BBB or without a credit rating, must be approved by the ALCO and Supervisory Board (From DSB). As a definition of default, DSB applies ratings below CCC-
- DSB's credit policy, regarding restructured loan, conforms with the guideline of the Central Bank of Suriname (guideline #2: Credit classification and provisioning) and considers a restructured financial loan or facility "cured" and therefore re-classified after an evaluation period as performing and all existing specific provisions are reversed. This after an evaluation period of proven payments of at least three (3) months if there are monthly repayments for retail loans and six (6) months for business/ corporate loans. Restructured credits may not contain terms and conditions that do not require payment of principal or interest during three and six months (retail and business/ corporate loans respectively) after the date of the restructuring, which means that no credits may be extended during this period with a grace period, nor credits with 'bullet payment' conditions.

41.3.3.4 Determining the probability of default

Probabilities of Default (PD) refer to the estimate of the likelihood of default over a given time period. The objective of the Probability of Default (PD) model is to calculate the PD values for forecasting in annual periods the likelihood of default over a given time period. In calculating the PD DSB makes use of models. These models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilize supplemental external information that could affect the borrower's behavior. Where practical, calculations also build on information of rating agencies. These information sources are used to determine the probability of defaults (PDs) within DSB's framework with the help of statistical modelling. PDs are also adjusted for IFRS 9 ECL calculations to incorporate forward looking information and the IFRS 9 Stage classification of the exposure. This is repeated for several economic scenarios as appropriate.

41.3.3.5 Forward Looking Information Adjustments

IFRS 9 requires unbiased and probability weighed ECL estimation over the expected life of the instrument. This requires forecasting the cashflows of financial instruments and modelling the expected credit loss. To obtain reliable ECL estimates, forward looking information is incorporated in the models. This is done using a scorecard to calculate a multiplier based on projected macroeconomic factors. This scorecard is populated based on DSB's analysis done on projected macroeconomic variables, using external data providers such as Oxford Economics.

The scorecard requires focuses on three major inputs to calculate an FLI adjustment, namely economic scenario weighting, macro-economic inputs and an impact state multiplier.

Economic scenarios

ECL can also be estimated with the inclusion of multiple economic scenarios. DSB considers the following economic scenarios for the calculation of the ECL model:

- Base: PDs are not stressed in the base scenario as it is considered a normality scenario with business as usual. A base scenario would indicate that the macroeconomic factors are expected to remain stable.

- Adverse: Multiples are downgraded in absolute percentages to constitute the adverse scenario. An adverse scenario would indicate the macro-economic conditions are expected to worsen.
- Progressive: A progressive scenario would indicate the macroeconomic factors are expected to improve

Based on the economic perspectives as of December 2019, for the above scenarios, DSB has included almost equally weighted probabilities, resulting in 30%, 35% and 35% for the Progressive, Base and Adverse scenario respectively.

Macroeconomic factors weighting
The macroeconomic factors used to include forward looking information are Real GDP Growth, the Exchange Rate and the Inflation. However, before applying these inputs in the ECL model, the forecasts are checked for robustness and significance, such that only the Real GDP growth is used.

The impact state multiplier
Apart from the economic scenarios and macro-economic factors weighting, an impact state multiplier is applied. This multiplier represents the effect of positive, negative or stable impact on the default rate. For the loans and advances to customers, credit cards, guarantees and letters of credit, this is obtained by analyzing the movements in the projected macroeconomic variables selected over the forecast period. The multiplier focuses on the change in the macroeconomic variables relative to the reporting date to derive a multiplier for positive and negative impacts for each macroeconomic variable. This is then applied for each economic scenario. For investments, the impact state multiplier focuses on the impact of the movement of the stable scenario credit risk rating to one notch above the base credit risk rating and one notch down from base credit risk rating respectively. The default rate for this credit risk rating is then considered over a forecast horizon. The default rates captured by S&P by credit risk rating without modifiers is used for this. Similarly to the stable state, the default rate for the positive and negative states are considered and each compared relative to the stable state over the same period. Together with the macro-economic variables and the economic scenarios this results for each scenario in different default rates depending on the portfolio composition.

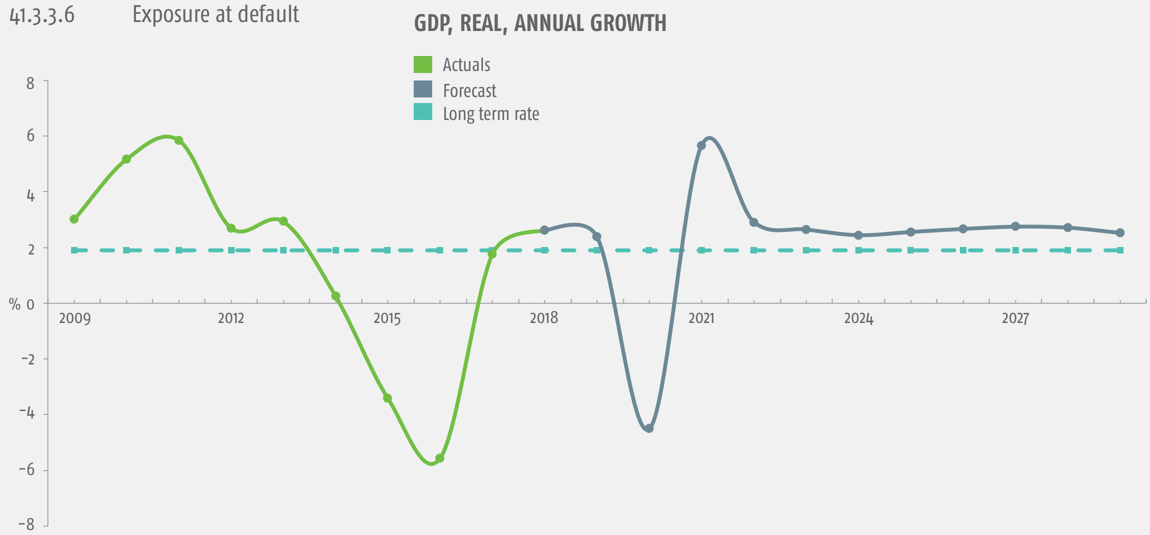
The table below summarizes the impact on the PDs applied based on the forward looking information for 1 January 2018, 31 December 2018 and 31 December 2019.

Effect of annual real GDP growth forecast

Indicator	2019	2018	as at 1 january 2018
Positive	0.92	0.97	0.71
Negative	1.07	1.11	1.00

This table resulted from the forecasted information related to the real GDP annual growth. The information (including forecasts) are obtained from an external data provider.

41.3.3.6 Exposure at default



The Exposure at Default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation. One of the major aspects of IFRS 9 is that cash flows are now required to be estimated over the lifetime of a financial instrument for some cases whereas under Local GAAP and IAS 39, the exposure was solely calculated based on the outstanding balance of the financial instrument. Therefore, the Exposure at Default (EAD) is based on the expected cash flows (i.e. estimated using behavioral and statistical models) for each financial instrument from the reporting date to the last cash flow on the considered default date. Thus, to derive the EAD, DSB estimates what it expects the balance of a financial instrument to be in the future by taking into consideration both the client's ability to increase its exposure as well as prepayment options and future payments over the expected life of a financial instrument. Such approach is in line with IFRS 9 as it does not look at exposure as being static, rather addresses potential changes in exposure based upon past and expected behavioral patterns of the borrower. Any modelling of future cash flows is done at an appropriately granular level (i.e. instrument level) and considers the unique aspects of each product.

To calculate the EAD for a Stage 1 financial instrument, DSB assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments. DSB determines EADs by modelling the range of possible exposure outcomes at various points in time, at instrument level. A summarize determination of the EAD on instrument type level is described below.

Loans

As described the Exposure at Default (EAD) relates to the expected total outstanding balance as expected default date, any late interest, accrued interest and penalty interest accumulated. The estimated period to derive the total accrued interest and penalty interest is dependent on the number of days delinquent in which the facility goes into default. Thus, for Corporate and Retail loans, accrued interest and penalty interest is derived for a period of 90 days and 60 days respectively for each default date. To derive a Lifetime Expected Credit Loss (LTECL), the aforementioned is applied untill the contractual end date of the loan. For Stage 3 facilities, the Exposure at Default is equal to the outstanding principal amount.

Debt instruments at amortized cost

For debt instruments such as bonds, the EAD equals the amortized facility balance plus accrued interest for Stage 1 and 2 classified instruments and only the amortized facility balance for Stage 3. For facilities with bullet payment the EAD equals the amounted invested plus accrued interest as applicable. Depending on the staging , future payments over the expected life are taken in to account, similar to the approach of loan products.

Credit cards and other revolving facilities

The Exposure at Default for credit cards and revolving facilities takes into account both the used and the undrawn portion of the limit if the current amount utilized is lower than the average utilization. The utilization rate is derived based DSB's historical data. Thus, the Exposure at Default for credit cards and other revolving facilities relates to the drawn portion of the limit, accrued interest and late fees or penalty interest on the drawn portion above the limit and the undrawn amount. Similar to the loans, accrued interest and penalty interest are applied for 90 days and 60 days for Corporate and Retail facilities respectively. The estimated Exposure at Default for Stage 3 facilities is set to the outstanding balance as at reporting date.

Guarantees ad Letters of Credit

The Exposure at Default (EAD) for financial guarantees and letters of credit are based on historical experience with these instruments being called upon. Based on the DSB's historical experience, management provided an average utilization rate on a facility level. This is set against the total available facility amount to obtain the EAD.

41.3.3.7 Loss given default

The objective of the Loss Given Default (LGD) model is to estimate the loss percentage on the exposure of the client that has ended up in the default state. The loss percentage is determined by one minus the ratio of received recoveries to the Exposure at Default (EAD – amount due) on unique facility level. The recovery is based on the difference between the cash flows due and the value that is expected to be received (including from collateral). The LGDs calculated are depending of the financial instrument type calculated using three approaches, i.e. collateral approach, rating approach and restructuring approach.

Collateral Approach

The collateral approach is applied for corporate and retail lending facilities. For corporate facilities, the driver of the LGD rate is the amount and type of collateral that is agreed. Collaterals are assessed at least annually during the full revision of the portfolio, and bi-annually during a revision of so-called watch-list accounts (Stage 2 accounts). The revision is performed by the account managers and reviewed and approved by DSB's specialized credit risk department. The applied LGD rates for the expected credit loss provision are based on a standardized framework that takes into account the expected EAD in comparison to the amount expected to be recovered or realized from any collateral held. For retail lending products the DSB also considers available collaterals for obtaining the LGD rates. Though retail lending products are reviewed on an ad hoc basis, similar to corporates products, the applied LGD rates are obtained using a standardized framework that takes into account the expected EAD in comparison to the amount expected to be recovered or realized from any collateral held. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types). For the calculation of the LGD, DSB considers three main-collateral types, i.e. cash collateral, mortgages on property & real estate and exchange traded stocks.
Depending on the collateral type, market rate adjustments are made using recent data. Also, forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for some financial instruments. When assessing forward-looking information. Examples of key inputs involve changes in, collateral values including property prices for mortgages, commodity prices, the payment status, or other factors that might be indicative of losses in DSB.

The LGD is thus estimated over future periods to include the term of exposures and incorporate expectations about future changes in the value of collateral and exposure. Therefore, the LGD calculated takes into account, time to sell, changes in fair value of collateral over time, cost to sell and discounting of collateral. LGDs were calculated on a customer level using current collateral amounts. Time to sell, a market rate adjustment and a discount rate are applied to estimate a present value of the collateral amount. The updated collateral amount is then set against the exposure amount at each point in time to derive LGD for the remaining life on a customer level. Based on historical data the model uses the following settings to calibrate the Loss Given Default:

Collateral Type	Time to sell	Market Rate Adjustment
Mortgage	1.5 years	65%
Cash	0	0%
Exchange traded stocks	Bi-monthly	0%

DSB estimates regulatory and IFRS 9 LGDs on a different basis. While regulatory provisions do not consider collateral at all, under IFRS 9, collaterals play a crucial role in determining the LGD rates that are estimated for the Stage 1, Stage 2, Stage 3 and POCI for of each asset class. The inputs for these LGD rates are estimated and, and where possible, calibrated through back testing against recent recoveries.

Rating approach

The rating approach is applied by DSB to foreign debt instruments at amortized cost. For this approach DSB analyzes historical data in order to determine an appropriate LGD rate. As there is a lack of in-house data, external data provider reports prepared by Moody's Investor Services are used. Using this historical data DSB obtains the recovery rates and thus the LGDs by credit risk rating for the financial instruments in the portfolio.

Restructuring approach

For local sovereign facilities denominated in local and foreign currencies the LGDs are determined on a different basis. The LGDs are based on the comparison of the fair value of expected restructured cash flows over the contemplated tenor and the outstanding amount at default.

In order to determine the LGD for local sovereign securities DSB applies a method of recovery due to the restructuring. This approach uses more complicated modelling compared to the rating and collateral approach to determine the LGD rates. The basic idea for this method is determining what kind of restructuring is most likely successful yet reasonable. Successful in this sense is defined as a restructured product which both parties will agree to and which is expected to be performing till maturity. The model focuses on the term structure and the payments of the restructured product. In determining the LGD, considerations of the economic development in the Republic of Suriname are taken into account as well as successful restructurings of similar products. Furthermore, interest rate term structure modelling is applied to finally obtain the appropriate LGD rates.

41.3.4 Grouping of financial assets

DSB calculates the allowance for ECL on an individual instrument level rather than a collective level. However, for some ECL calculations DSBs use grouping in determining the underlying factors for the ECL allowance (i.e. PDs, LGDs and EADs). The groups are based on clients, business type (corporate versus retail) and even product type.

In alignment with DSB's risk segmentation, portfolios are segmented by product type, to derive probabilities of defaults, although ECLs are calculated on an individual basis. The mostly applied grouping on the calculation of the probabilities of defaults is that of corporate, retail and sovereign financial instruments. Apart from this, credit cards are segmented even further by different credit card types. For the EAD calculation, grouping of loans is performed by different loan types (e.g. disconto, linear, amortized, bullet), as these affect the expected cashflow payments. However, as far as the collaterals are concerned, for the LGD calculation the collaterals are grouped by client, as most collaterals are client related rather than product related. In this way the collaterals are assigned to all connected facilities of a specific client. Utilization amounts for undrawn amounts, letters of credit and financial guarantee are grouped by product type.

41.3.5 Risk concentration

41.3.5.1 Exposure per asset class for each counterparty type

DSB's portfolio consists of 3 counterparty types, i.e. corporate clients, retail clients and government. Concentrations of risk are managed by counterparty type. The credit exposure to any client or counterparty is given for 31 December 2017, 2018 and 2019 in the table below before taking into account collateral or other credit enhancements.

31 december 2019	Corporate		Government		Retail		Total		
In thousand SRD	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commitments	Total ECL
Cash and balances with central banks	**0**	**0**	**3,116,341**	**0**	**0**	**0**	**3,116,341**	**0**	**102,164**
Cash and cash equivalents	0	0	212,662	0	0	0	212,662	0	0
Cash reserves with central banks	0	0	1,543,321	0	0	0	1,543,321	0	14,863
Current accounts with central banks	0	0	300,870	0	0	0	300,870	0	4,675
Deposits with central banks	0	0	674,493	0	0	0	674,493	0	53,041
Loans and advances to central banks	0	0	384,995	0	0	0	384,995	0	29,586
Debt instruments at amortised cost	**180,919**	**0**	**119,520**	**0**	**0**	**0**	**300,445**	**0**	**4,626**
Bonds	180,919	0	21,513	0	0	0	202,432	0	569
Treasury Bills	0	0	98,013	0	0	0	98,013	0	4,057
Due from banks	**1,547,760**		**0**	**0**	**0**	**0**	**1,547,760**		**1,757**
Current accounts with other banks	529,083		0	0	0	0	529,083		0
Deposits with other banks	1,018,677	0	0	0	0	0	1,018,677	0	1,757
Loans and advances to customers	**1,756,397**	**233,298**	**237,577**	**0**	**415,277**	**89,591**	**2,409,250**	**322,889**	**344,862**
Advances to customers	588,229	118,140	0	0	2,931	281	591,160	118,421	43,564
Credit cards	4,057	38,007	0	0	11,817	88,034	15,874	126,041	1,905
Current accounts of customers	0	74,848	0	0	0	1,266	0	76,114	536
Loans to government entities	0	0	237,577	0	0	0	237,577	0	58,798
Loans to private parties	1,160,049	2,303	0	0	227,442	10	1,387,491	2,313	236,401
Loans to private parties through Suritrust	4,061	0	0	0	173,087	0	177,148	0	3,658
Provisions	**158,866**	**158,866**	**0**	**0**	**0**	**0**	**158,866**	**158,866**	**1,636**
Financial guarantees	100,446	100,446	0	0	0	0	100,446	100,446	1,620
Letters of credit	58,420	58,420	0	0	0	0	58,420	58,420	16
Grand Total	**3,643,942**	**392,164**	**3,473,443**	**0**	**415,277**	**89,591**	**7,532,662**	**481,755**	**455,045**

31 december 2018	Corporate		Government		Retail		Total		
In thousand SRD	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commitments	Total ECL
Cash and balances with central banks	**0**	**0**	**1,308,192**	**0**	**0**	**0**	**1,308,192**	**0**	**0**
Cash and cash equivalents	0	0	308,234	0	0	0	308,234	0	0
Cash reserves with central banks	0	0	504,150	0	0	0	504,150	0	0
Current accounts with central banks	0	0	495,818	0	0	0	495,818	0	0
Deposits with central banks	0	0	(10)	0	0	0	(10)	0	0
Debt instruments at amortised cost	**205,713**	**0**	**284,700**	**0**	**0**	**0**	**490,413**	**0**	**46,894**
Bonds	205,713	0	21,280	0	0	0	226,993	0	982
Treasury Bills	0	0	263,420	0	0	0	263,420	0	45,912
Due from banks	**2,909,697**	**0**	**15,249**	**0**	**0**	**0**	**2,924,946**	**0**	**1,047**
Current accounts with other banks	449,380	0	0	0	0	0	449,380	0	0
Deposits with other banks	2,460,317	0	15,249	0	0	0	2,475,566	0	1,047
Loans and advances to customers	**2,070,916**	**250,465**	**253,177**	**213**	**409,526**	**90,454**	**2,733,619**	**341,132**	**430,815**
Advances to customers	646,000	99,435	0	0	3,034	342	649,034	99,777	56,423
Credit cards	4,313	37,356	0	0	16,193	88,742	20,506	126,098	2,162
Current accounts of customers	0	106,982	0	0	0	1,117	0	108,099	1,359
Loans to government entities	0	0	253,177	213	0	0	253,177	213	19,329
Loans to private parties	1,416,102	6,692	0	0	219,584	253	1,635,686	6,945	344,093
Loans to private parties through Suritrust	4,501	0	0	0	170,715	0	175,216	0	7,449
Provisions	**188,759**	**188,759**	**0**	**0**	**0**	**0**	**188,759**	**188,759**	**661**
Financial guarantees	101,636	101,636	0	0	0	0	101,636	101,636	253
Letters of credit	87,123	87,123	0	0	0	0	87,123	87,123	408
Grand Total	**5,375,085**	**439,224**	**1,861,318**	**213**	**409,526**	**90,454**	**7,645,929**	**529,891**	**479,417**

1 january 2018	Corporate		Government		Retail		Total		
In thousand SRD	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commitments	Total ECL
Cash and balances with central banks	**0**	**0**	**719,973**	**0**	**0**	**0**	**719,973**	**0**	**58**
Cash and cash equivalents	0	0	229,346	0	0	0	229,346	0	0
Cash reserves with central banks	0	0	345,222	0	0	0	345,222	0	0
Current accounts with central banks	0	0	70,050	0	0	0	70,050	0	0
Deposits with central banks	0	0	75,355	0	0	0	75,355	0	58
Debt instruments at amortised cost	**427,066**	**0**	**234,192**	**0**	**0**	**0**	**661,258**	**0**	**2,117**
Bonds	427,066	0	22,918	0	0	0	449,984	0	1,844
Treasury Bills	0	0	211,274	0	0	0	211,274	0	273
Due from banks	**2,484,805**	**0**	**0**	**0**	**0**	**0**	**2,484,805**	**0**	**823**
Current accounts with other banks	548,236	0	0	0	0	0	548,236	0	0
Deposits with other banks	1,936,569	0	0	0	0	0	1,936,569	0	823
Loans and advances to customers	**2,822,130**	**293,744**	**290,835**	**54,938**	**405,568**	**91,699**	**3,518,533**	**440,381**	**469,656**
Advances to customers	996,571	139,432	0	0	3,476	292	1,000,047	139,724	136,068
Credit cards	3,376	37,690	0	0	16,432	90,017	19,808	127,707	1,750
Current accounts of customers	0	101,613	0	0	0	1,296	0	102,909	369
Loans to government entities	0	0	290,835	54,938	0	0	290,835	54,938	2,071
Loans to private parties	1,818,768	15,009	0	0	213,959	94	2,032,727	15,103	319,833
Loans to private parties through Suritrust	3,415	0	0	0	171,701	0	175,116	0	9,565
Provisions	**207,022**	**207,022**	**0**	**0**	**0**	**0**	**207,022**	**207,022**	**3,275**
Financial guarantees	112,742	112,742	0	0	0	0	112,742	112,742	2,426
Letters of credit	94,280	94,280	0	0	0	0	94,280	94,280	849
Grand Total	**5,941,023**	**500,766**	**1,245,000**	**54,938**	**405,568**	**91,699**	**7,591,591**	**647,403**	**475,929**

41.3.5.2 Credit quality per asset classes

To provide information that facilitates understanding of DSB's credit risk profile, including any significant risk concentrations, a quantitative summary of aggregate credit risk exposures is presented for each asset class based on the staging. This overview includes the current exposures as well as the maximum exposures.

31 december 2019	Stage 1		Stage 2		Stage 3		Total		
In thousand SRD	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commitments	Total ECL
Cash and balances with central banks	**294,938**	**0**	**1,789,935**	**0**	**1,031,468**	**0**	**3,116,340**	**0**	**102,164**
Cash and cash equivalents	213,428	0	(766)	0	0	0	212,662	0	0
Cash reserves with central banks	0	0	1,471,348	0	71,973	0	1,543,321	0	14,862
Current accounts with central banks	81,510	0	219,360	0	0	0	300,870	0	4,675
Deposits with central banks	0	0	99,993	0	574,500	0	674,493	0	53,041
Loans and advances to central banks	0	0	0	0	384,995	0	384,995	0	29,586
Debt instruments at amortised cost	**111,118**	**0**	**91,788**	**0**	**97,539**	**0**	**300,445**	**0**	**4,626**
Bonds	111,118	0	91,314	0	0	0	202,432	0	569
Treasury Bills	0	0	474	0	97,539	0	98,013	0	4,057
Due from banks	**1,493,464**	**0**	**54,296**	**0**	**0**	**0**	**1,547,760**	**0**	**1,757**
Current accounts with other banks	529,083	0	0	0	0	0	529,083	0	0
Deposits with other banks	964,381	0	54,296	0	0	0	1,018,677	0	1,757
Loans and advances to customers	**1,345,454**	**321,215**	**226,215**	**1,674**	**837,581**	**0**	**2,409,250**	**322,889**	**344,862**
Advances to customers	540,967	118,040	19,039	382	31,154	0	591,160	118,422	43,564
Credit cards	12,469	125,065	955	976	2,450	0	15,874	126,041	1,905
Current accounts of customers	0	76,113	0	0	0	0	0	76,113	536
Loans to government entities	97	0	139	0	237,341	0	237,577	0	58,798
Loans to private parties	634,349	1,997	195,122	316	558,020	0	1,387,491	2,313	236,401
Loans to private parties through Suritrust	157,572	0	10,960	0	8,616	0	177,148	0	3,658
Provisions	**153,260**	**153,260**	**984**	**984**	**4,622**	**4,622**	**158,866**	**158,866**	**1,636**
Financial guarantees	95,095	95,095	729	729	4,622	4,622	100,446	100,446	1,620
Letters of credit	58,165	58,165	255	255	0	0	58,420	58,420	16
Grand Total	**3,398,234**	**474,475**	**2,163,218**	**2,658**	**1,971,210**	**4,622**	**7,532,662**	**481,755**	**455,045**

31 December 2018	Stage 1		Stage 2		Stage 3		Total		
In thousand SRD	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commitments	Total ECL
Cash and balances with central banks	**1,308,202**	**0**	**(10)**	**0**	**0**	**0**	**1,308,192**	**0**	**0**
Cash and cash equivalents	308,234	0	0	0	0	0	308,234	0	0
Cash reserves with central banks	504,150	0	0	0	0	0	504,150	0	0
Current accounts with central banks	495,818	0	0	0	0	0	495,818	0	0
Deposits with central banks	0	0	(10)	0	0	0	(10)	0	0
Debt instruments at amortised cost	**137,815**	**0**	**89,652**	**0**	**262,946**	**0**	**490,413**	**0**	**46,894**
Bonds	137,815	0	89,178	0	0	0	226,993	0	982
Treasury Bills	0	0	474	0	262,946	0	263,420	0	45,912
Due from banks	**2,909,882**	**0**	**15,064**	**0**	**0**	**0**	**2,924,946**	**0**	**1,047**
Current accounts with other banks	449,380	0	0	0	0	0	449,380	0	0
Deposits with other banks	2,460,502	0	15,064	0	0	0	2,475,566	0	1,047
Loans and advances to customers	**1,619,117**	**339,095**	**224,238**	**2,037**	**890,264**	**0**	**2,733,619**	**341,132**	**430,815**
Advances to customers	588,373	99,640	10,822	135	49,839	0	649,034	99,775	56,423
Credit cards	16,085	124,849	1,489	1,249	2,932	0	20,506	126,098	2,162
Current accounts of customers	0	107,661	0	440	0	0	0	108,101	1,359
Loans to government entities	0	0	82,633	213	170,544	0	253,177	213	19,329
Loans to private parties	916,538	6,945	72,184	0	646,964	0	1,635,686	6,945	344,093
Loans to private parties through Suritrust	98,121	0	57,110	0	19,985	0	175,216	0	7,449
Provisions	**181,862**	**181,863**	**35**	**35**	**6,861**	**6,861**	**188,758**	**188,759**	**661**
Financial guarantees	94,739	94,740	35	35	6,861	6,861	101,635	101,636	253
Letters of credit	87,123	87,123	0	0	0	0	87,123	87,123	408
Grand Total	**6,156,878**	**520,958**	**328,979**	**2,072**	**1,160,071**	**6,861**	**7,645,928**	**529,891**	**479,417**

1 January 2018	Stage 1		Stage 2		Stage 3		Total		
in thousand SRD	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commitments	Total ECL
Cash and balances with central banks	**644,618**	**0**	**75,355**	**0**	**0**	**0**	**719,973**	**0**	**58**
Cash and cash equivalents	229,346	0	0	0	0	0	229,346	0	0
Cash reserves with central banks	345,222	0	0	0	0	0	345,222	0	0
Current accounts with central banks	70,050	0	0	0	0	0	70,050	0	0
Deposits with central banks	0	0	75,355	0	0	0	75,355	0	58
Debt instruments at amortised cost	**363,276**	**0**	**297,982**	**0**	**0**	**0**	**661,258**	**0**	**2,117**
Bonds	363,276	0	86,708	0	0	0	449,984	0	1,844
Treasury Bills	0	0	211,274	0	0	0	211,274	0	273
Due from banks	**2,484,805**	**0**	**0**	**0**	**0**	**0**	**2,484,805**	**0**	**823**
Current accounts with other banks	548,236	0	0	0	0	0	548,236	0	0
Deposits with other banks	1,936,569	0	0	0	0	0	1,936,569	0	823
Loans and advances to customers	**2,099,456**	**384,199**	**545,409**	**56,182**	**873,668**	**0**	**3,518,533**	**440,381**	**469,655**
Advances to customers	716,380	139,372	26,942	353	256,725	0	1,000,047	139,725	136,068
Credit cards	16,707	126,865	1,032	841	2,069	0	19,808	127,706	1,750
Current accounts of customers	0	102,859	0	50	0	0	0	102,909	369
Loans to government entities	0	0	305,402	54,938	(14,567)	0	290,835	54,938	2,071
Loans to private parties	1,273,849	15,103	151,822	0	607,056	0	2,032,727	15,103	319,833
Loans to private parties through Suritrust	92,520	0	60,211	0	22,385	0	175,116	0	9,565
Provisions	**191,019**	**191,019**	**1,293**	**1,293**	**14,710**	**14,710**	**207,022**	**207,022**	**3,275**
Financial guarantees	100,807	100,807	1,293	1,293	10,642	10,642	112,742	112,742	2,426
Letters of credit	90,212	90,212	0	0	4,068	4,068	94,280	94,280	849
Grand Total	**5,783,174**	**575,218**	**920,039**	**57,475**	**888,378**	**14,710**	**7,591,591**	**647,403**	**475,929**

41.3.6 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. DSB has guidelines in place to cover the acceptability of each type of collateral. For credit enhancement purposes DSB makes use of cash collateral, mortgages on property & real estate and exchange traded stocks. The most used collateral types for lending are mortgages. In general this is based on predefined rules, where a haircut is applied to the market value of the appraiser. DSB works with independent appraisers to obtain an appraisal for an prospective mortgage.

Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement if necessary. In its normal course of business DSB engages external agents to recover funds from properties, generally at auction, to settle outstanding debt. Any surplus funds are returned to the obligors. DSB does not repossess collateralized properties. Therefore repossession processes are not recorded on the statement of financial position.

Disclosure of credit quality and the exposure for credit risk per categories based on the DSB's internal credit rating system and year-end stage classification are further disclosed in Notes 19, 20, 23, 24 and 32.1. The tables on the following pages show the maximum exposure to credit risk by class of financial asset. They also show the total value of collateral and net exposure to credit risk.

31 December 2019							
in thousand SRD	Maximum exposure	Cash	Exchange traded stocks	Mortgage	Total Collateral	Net Exposure	ECL
Cash and balances with central banks	**3,116,341**	**0**	**0**	**0**	**0**	**3,116,341**	**102,164**
Cash and cash equivalents	212,662	0	0	0	0	212,662	0
Cash reserves with central banks	1,543,321	0	0	0	0	1,543,321	14,863
Current accounts with central banks	300,870	0	0	0	0	300,870	4,675
Deposits with central banks	674,493	0	0	0	0	674,493	53,041
Loans and advances to central banks	384,995	0	0	0	0	384,995	29,586
Debt instruments at amortised cost	**300,445**	**0**	**0**	**0**	**0**	**300,445**	**4,626**
Bonds	202,432	0	0	0	0	202,432	569
Treasury Bills	98,013	0	0	0	0	98,013	4,057
Due from banks	**1,547,760**	**0**	**0**	**0**	**0**	**1,547,760**	**1,757**
Current accounts with other banks	529,083	0	0	0	0	529,083	0
Deposits with other banks	1,018,677	0	0	0	0	1,018,677	1,757
Loans and advances to customers	**2,732,140**	**274,624**	**287,399**	**2,127,900**	**2,689,923**	**42,217**	**34,4862**
Advances to customers	709,583	207,650	191,235	556,740	955,625	(246,042)	43,564
Credit cards	141,916	36,258	51	35,355	71,664	70,252	1,905
Current accounts of customers	76,113	17,261	0	131,280	148,541	(72,428)	536
Loans to government entities	237,577	0	0	16,505	16,505	221,072	58,798
Loans to private parties	1,389,803	13,455	96,113	1,139,246	1,248,814	140,989	236,401
Loans to private parties through Suritrust	177,148	0	0	248,774	248,774	(71,626)	3,658
Provisions	**158,866**	**28,998**	**0**	**170,293**	**199,291**	**(40,425)**	**1,636**
Financial guarantees	100,446	26,614	0	120,184	146,798	(46,352)	1,620
Letters of credit	58,420	2,384	0	50,109	52,493	5,927	16
Grand Total	**7,855,552**	**303,622**	**287,399**	**2,298,193**	**2,889,214**	**4,966,339**	**455,045**

31 December 2018							
in thousand SRD	Maximum exposure	Cash	Exchange traded stocks	Mortgage	Total Collateral	Net Exposure	ECL
Cash and balances with central banks	**1,308,192**	**0**	**0**	**0**	**0**	**1,308,192**	**0**
Cash and cash equivalents	308,234	0	0	0	0	308,234	0
Cash reserves with central banks	504,150	0	0	0	0	504,150	0
Current accounts with central banks	495,818	0	0	0	0	495,818	0
Deposits with central banks	(10)	0	0	0	0	(10)	0
Loans and advances to central banks	0	0	0	0	0	0	0
Debt instruments at amortised cost	**490,413**	**0**	**0**	**0**	**0**	**490,413**	**46,894**
Bonds	226,993	0	0	0	0	226,993	982
Treasury Bills	263,420	0	0	0	0	263,420	45,912
Due from banks	**2,924,946**	**0**	**0**	**0**	**0**	**2,924,946**	**1,047**
Current accounts with other banks	449,381	0	0	0	0	449,381	0
Deposits with other banks	2,475,565	0	0	0	0	2,475,565	1,047
Loans and advances to customers	**3,074,751**	**267,284**	**291,289**	**2,479,248**	**3,037,821**	**36,930**	**430,815**
Advances to customers	748,814	204,239	131,001	736,303	1,071,543	(322,729)	56,423
Credit cards	146,603	35,879	104	37,426	73,409	73,194	2,162
Current accounts of customers	108,101	15,855	43,792	84,878	144,525	(36,424)	1,359
Loans to government entities	253,389	0	0	16,505	16,505	236,884	19,329
Loans to private parties	1,642,629	11,311	116,392	1,364,889	1,492,592	150,037	344,093
Loans to private parties through Suritrust	175,215	0	0	239,247	239,247	(64,032)	7,449
Provisions	**188,759**	**67,508**	**63**	**152,393**	**219,964**	**(31,205)**	**661**
Financial guarantees	101,636	63,727	63	93,561	157,351	(55,715)	253
Letters of credit	87,123	3,781	0	58,832	62,613	24,510	408
Grand Total	**7,987,061**	**334,792**	**291,352**	**2,631,641**	**3,257,785**	**4,729,276**	**479,417**

1 January 2018							
in thousand SRD	Maximum exposure	Cash	Exchange traded stocks	Mortgage	Total Collateral	Net Exposure	ECL
Cash and balances with central banks	**719,973**	**0**	**0**	**0**	**0**	**719,973**	**58**
Cash and cash equivalents	229,346	0	0	0	0	229,346	0
Cash reserves with central banks	345,222	0	0	0	0	345,222	0
Current accounts with central banks	70,050	0	0	0	0	70,050	0
Deposits with central banks	75,355	0	0	0	0	75,355	58
Loans and advances to central banks	0	0	0	0	0	0	0
Debt instruments at amortised cost	**661,257**	**0**	**0**	**0**	**0**	**661,257**	**2,117**
Bonds	449,984	0	0	0	0	449,984	1,844
Treasury Bills	211,273	0	0	0	0	211,273	273
Due from banks	**2,484,805**	**0**	**0**	**0**	**0**	**2,484,805**	**823**
Current accounts with other banks	548,236	0	0	0	0	548,236	0
Deposits with other banks	1,936,569	0	0	0	0	1,936,569	823
Loans and advances to customers	**3,958,914**	**293,498**	**141,926**	**3,037,124**	**3,472,548**	**486,366**	**469,656**
Advances to customers	1,139,772	213,668	95,037	1,049,706	1,358,411	(218,639)	136,068
Credit cards	147,514	34,180	185	8,567	42,932	104,582	1,750
Current accounts of customers	102,909	18,826	43,818	142,886	205,530	(102,621)	369
Loans to government entities	345,773	0	0	16,505	16,505	329,268	2,071
Loans to private parties	2,047,830	26,824	2,886	1,584,928	1,614,638	433,192	319,833
Loans to private parties through Suritrust	175,116	0	0	234,532	234,532	(59,416)	9,565
Provisions	**207,022**	**69,517**	**8**	**168,438**	**237,963**	**(30,941)**	**3,275**
Financial guarantees	112,742	65,449	8	111,116	176,573	(63,831)	2,426
Letters of credit	94,280	4,068	0	57,322	61,390	32,890	849
Grand Total	**8,031,971**	**363,015**	**141,934**	**3,205,562**	**3,710,511**	**4,321,460**	**475,929**

Over the years, the net exposure for the Loans and advances to customers portfolio decreased overall mainly due to an increase of the collateralization for the several credit facilities.

41.4 Liquidity risk & funding management

Liquidity risk can be considered one of the most important risks for DSB because in the absence of adequate control this risk may jeopardize the continuity of DSB. Liquidity risk is defined as the risk that DSB does not have sufficient liquid financial resources to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that DSB might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to DSB on acceptable terms. To limit its liquidity risk, management has arranged for diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. DSB has developed internal control processes and contingency plans for managing liquidity risk. The identified liquidity risk factors and how DSB manages her liquidity risk is described in detail in DSB's Liquidity policy.

DSB considers two types of liquidity risk:

1. Funding concentration risk: this is the risk of a decrease in large non-regular funding because of a large concentration in funding per currency and consolidated.
2. Market liquidity risk: this relates to the risk that the bank cannot sell an asset in a timely manner at a reasonable market price due to insufficient market depth (insufficient supply and demand) or market disruption. Market liquidity risk includes the sensitivity in liquidity value of a portfolio due to changes in the applicable haircuts and market value. It also concerns uncertainty about the time required to realize the liquidity value of the assets.

Funding and liquidity risk management within DSB falls under the supervision of the ALCO function. The ALCO is responsible for managing DSB's liquidity risk through comprehensive policies, governance and review procedures, stress testing, monitoring of limit sets to ensure these are in line with the overall liquidity risk appetite and strategy of DSB. The Treasury department of DSB is responsible for working with other departments within DSB to ensure the liquidity risk strategy is executed. This incorporates an assessment of expected cash flows and the availability of high-grade liquid collateral which could be used to secure additional funding, if required.

The main objective of DSB's funding and liquidity risk management thus is to maintain sufficient liquidity to fund the commercial activities of DSB both in normal and stressed market circumstances across various currencies and tenors. This requires a diversified funding structure considering relevant opportunities and constraints. DSB's funding is attracted primarily through a combination of long-term and short-term funding. The Treasury department manages the funding in line with the risk appetite to ensure a sufficiently diversified and stable funding base. In managing these risks, DSB makes a clear distinction between going-concern (including day-to-day) risk management and contingency risk management.

41.4.1 Going-concern risk management

Going-concern management entails management of the day-to-day liquidity position within specified limits. This allows DSB to meet payment obligations on a timely basis. The most important actions DSB uses to measure and manage DSB's funding and liquidity risk are:

1. Daily monitoring of liquid assets per currency.
2. Forecast of liquid assets per currency
3. Maturity mismatch per currency
4. Stress testing per currency

These methods are described in more detail in the following subsections.

41.4.1.1 Daily monitoring of cash per currency.

The daily monitoring of liquid assets per currency is done by making use of several liquidity ratios which fulfill as KRI's and by monitoring the 'liquidity' dashboard. The 'liquidity' dashboard is very detailed, with a specific indication of available liquidity and the norms. The Treasury department ensures that DSB is in compliance with the norms.
In managing the day-to-day liquidity risks DSB formulated per risk category Key Risk Indicators (KRIs) and set the risk appetite and tolerance level to manage and monitor the risks.

1. Funding mix: this indicates the composition of DSB's available resources per currency and the distribution of the available funds divided over current, savings and term deposits, per currency. Establishing limits for the funding mix is important for among other things, interest management.
2. Funding concentration: this is the concentration of funding at one customer and/or a group and the risk that DSB will run into liquidity problems because that funding is withdrawn or because that customer goes into "default". The Treasury department also monitors DSB's top 10 funders. The top 10 funders are monitored per product, per currency and over DSB's total funding (equivalent in SRD). It is important that DSB's liquidity position remains stable, in the event of large withdrawals from one or more of these funders (individually or per group),
3. Liquidity Coverage Ratio (LCR): the objective of the LCR is to assess DSB's short-term resilience by ensuring availability of sufficient high-quality liquid assets to survive.

4. Liquidity ratio: this is a regulatory ratio (liquiditeitsverhouding), which is similar to the LCR adjusted for the short term time-deposits placed with other banks. The purpose of the one-day liquidity ratio is to ensure that DSB maintains an adequate level of immediately liquid assets that can be converted into cash to meet immediate obligations.
5. Loan to deposit ratio (LDR): LDR represents the percentage of DSB's loan portfolio compared to the total funding (current accounts, saving accounts and term deposits) instead of equity. A high LDR in relation to the standard indicates that DSB has less cash available because of its lending. The advantage of a high LDR can be a higher return (debit interest). A low LDR in relation to the standard indicates that DSB has a possible excess of cash. The disadvantage of this may be that the funding is insufficiently used, so that they do not yield a return. DSB monitors the effective LDR (LDRe) and normal LDR (LDR). The difference between the effective and normal LDR is that the effective LDR is based on funding excluding mandatory cash reserves and working accounts at the Central Bank, while the normal LDR contains the total funding.
6. Funding gap: DSB compiles the available funding on a weekly basis, considering the loans in the pipeline. The funding gap calculation establishes the relation between the net available funding and the total available funding for loans.

41.4.1.2 Forecasts per currency based on the daily positions.

The forecast of liquid assets is based on the available liquid assets and the trend analysis for a period of 12 months, consisting of 3 months on a daily basis, 3 months on a weekly basis and 6 months on a monthly basis. Based on these results actions are taken e.g., increase or decrease of funding, lending and investments.

DSB's liquidity position was positive for the years 2018 and 2019, containing that DSB always had sufficient liquidity to meet its short-term obligations. But DSB did not always meet all liquidity norms for e.g. the regulatory liquidity ratio (liquiditeitsverhouding). Direct structural actions have been taken to always meet all norms in the future, including additional liquidity buffers of 10% of the current accounts and 10% of all savings and 100% for all time-deposits that will mature within 30 days. From December 2019 till reporting date DSB has meets all liquidity norms.

41.4.1.3 Maturity mismatch per currency

In managing liquidity risk DSB must honor the commitments by making sure that there is enough liquidity to meet the funding requirements. To ensure adequate liquidity the gap between assets and liabilities in terms of maturities should be monitored. A positive gap implies that DSB has sufficient cash to meet its obligations, while the reverse applies in the case of a negative gap.

The table below summarizes the maturity profile of the DSB's financial assets and the undiscounted cash flows of its financial liabilities as at 31 December 2018 and 31 December 2019. Trading derivatives are shown separately, by contractual maturity at the foot of the table. The table represents only contractual cashflows for stage 1 and stage 2 financial instruments.

Analysis of financial assets and liabilities by contractual maturities

1 January 2018							
in thousand SRD	On Demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets							
Cash and balances with central banks	299,396	0	0	0	0	420,519	719,915
Debt instruments at amortised cost	0	130,506	41,444	237,054	202,368	47,769	659,141
Due from banks	548,235	433,167	343,610	1,151,693	0	7,277	2,483,982
Derivative financial instruments (assets)	0	0	0	0	0	0	0
Loans and advances to customers	882,037	77,285	87,077	442,758	975,312	584,409	3,048,878
Financial assets at fair value through profit or loss	0	0	0	0	0	18,583	18,583
Current tax assets	16,417	0	0	0	0	0	16,417
Investments in associates	0	0	0	0	0	3,194	3,194
Other assets							
Accounts receivables and sundry debtors	0	0	0	0	0	0	0
Fee and commission receivables	0	0	1	0	0	0	1
Settlement and clearing accounts	0	21,482	0	0	0	0	21,482
Total financial assets	**1,746,085**	**662,440**	**472,132**	**1,831,505**	**1,177,680**	**1,081,751**	**6,971,593**
Financial liabilities							
Derivative financial instruments (liabilities)	0	28,832	3,265	4,590	45,902	0	82,589
Due to customers	4,428,341	89,390	131,174	509,057	1,180,888	210,490	6,549,340
Provisions	3,275	0	0	0	0	0	3,275
Due to banks	226,564	0	0	0	0	0	226,564
Current tax liabilities	115	0	0	0	0	0	116
Debt issued and other borrowed funds	0	0	0	0	0	76,763	76,763
Net employee defined benefit liabilities	0	0	0	0	0	174,169	174,169
Deferred tax liabilities	0	0	0	0	0	34,129	34,129
Other liabilities							
Accounts payables and sundry creditors	928	0	0	0	0	0	928
Accrued expenses	0	0	24	0	0	0	24
Unearned fee and commissions	0	0	7,636	0	0	0	7,636
Lease Liabilities	0	229	451	2,029	7,999	15,905	26,613
Settlement and clearing accounts	0	36,935	0	0	0	0	36,935
Total financial liabilities	**4,659,223**	**155,386**	**142,550**	**515,676**	**1,234,789**	**511,456**	**7,219,080**
Total net financial assets/(liabilities)	**(2,913,138)**	**507,054**	**329,582**	**1,315,829**	**(57,109)**	**570,295**	**(247,487)**

Analysis of financial assets and liabilities by contractual maturities

31 December 2018							
in thousand SRD	On Demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets							
Cash and balances with central banks	804,041	0	0	0	0	504,151	1,308,192
Debt instruments at amortised cost	0	8,022	5,012	5,386	400,178	24,921	443,519
Due from banks	449,381	564,471	560,994	1,337,023	0	12,030	2,923,899
Derivative financial instruments (assets)	0	30,899	0	0	0	0	30,899
Loans and advances to customers	610,961	82,125	73,137	245,664	953,915	337,002	2,302,804
Financial assets at fair value through profit or loss	0	0	0	0	0	22,541	22,541
Current tax assets	20,911	0	0	0	0	0	20,911
Investments in associates	0	0	0	0	0	1,319	1,319
Other assets							
Accounts receivables and sundry debtors	0	0	0	0	0	0	0
Fee and commission receivables	0	0	0	0	0	0	0
Settlement and clearing accounts	0	18,731	0	0	0	0	18,731
Total financial assets	**1,885,294**	**704,248**	**639,143**	**1,588,073**	**1,354,093**	**901,964**	**7,072,815**
Financial liabilities							
Derivative financial instruments (liabilities)	0	503	0	11,682	41,486	0	53,671
Due to customers	4,750,483	115,073	95,683	462,274	1,027,395	181,087	6,631,995
Provisions	661	0	0	0	0	0	661
Due to banks	207,415	0	0	0	0	0	207,415
Current tax liabilities	132	0	0	0	0	0	132
Debt issued and other borrowed funds	0	0	0	0	0	76,980	76,980
Net employee defined benefit liabilities	0	0	0	0	0	122,974	122,974
Deferred tax liabilities	0	0	0	0	0	59,507	59,507
Other liabilities							
Accounts payables and sundry creditors	10,059	0	0	0	0	0	10,059
Accrued expenses	0	0	4,464	0	0	0	4,464
Unearned fee and commissions	0	0	8,798	0	0	0	8,798
Lease Liabilities	0	229	435	1,771	4,393	14,985	21,813
Settlement and clearing accounts	0	37,462	0	0	0	0	37,462
Total financial liabilities	**4,968,750**	**153,267**	**109,380**	**475,727**	**1,073,274**	**455,533**	**7,235,931**
Total net financial assets/(liabilities)	**(3,083,456)**	**550,981**	**529,763**	**1,112,346**	**280,819**	**446,431**	**(163,116)**

Analysis of financial assets and liabilities by contractual maturities

31 December 2019							
in thousand SRD	On Demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets							
Cash and balances with central banks	508,858	99,990	0	0	933,978	1,471,351	3,014,177
Debt instruments at amortised cost	0	386	7,677	120,659	143,457	23,640	295,819
Due from banks	529,081	129,526	607,954	258,390	0	21,052	1,546,003
Derivative financial instruments (assets)	0	0	0	0	0	0	0
Loans and advances to customers	561,570	46,759	48,608	181,922	913,337	312,194	2,064,388
Financial assets at fair value through profit or loss	0	0	0	0	0	3,054	3,054
Current tax assets	20,512	0	0	0	0	0	20,512
Investments in associates	0	0	0	0	0	1,399	1,399
Other assets							
Accounts receivables and sundry debtors	9,295	0	0	0	0	0	9,295
Fee and commission receivables	0	0	0	0	0	0	0
Settlement and clearing accounts	0	16,905	0	0	0	0	16,905
Total financial assets	**1,629,316**	**293,566**	**664,239**	**560,971**	**1,990,772**	**1,832,688**	**6,971,552**
Financial liabilities							
Derivative financial instruments (liabilities)	0	2,531	5,324	8,309	32,106	0	48,270
Due to customers	4,955,268	70,052	167,755	612,304	700,359	144,945	6,650,683
Provisions	7,521	0	0	0	0	0	7,521
Due to banks	137,114	0	0	0	0	0	137,114
Current tax liabilities	169	0	0	0	0	0	169
Debt issued and other borrowed funds	0	0	0	0	0	76,758	76,758
Net employee defined benefit liabilities	0	0	0	0	0	172,145	172,145
Deferred tax liabilities	0	0	0	0	0	57,796	57,796
Other liabilities							
Accounts payables and sundry creditors	702	0	0	0	0	0	702
Accrued expenses	0	0	13,570	0	0	0	13,570
Unearned fee and commissions	0	0	10,666	0	0	0	10,666
Lease Liabilities	0	229	443	1,925	6,145	15,186	23,928
Settlement and clearing accounts	0	22,104	0	0	0	0	22,104
Total financial liabilities	**5,100,774**	**94,916**	**197,758**	**622,538**	**738,609**	**466,830**	**7,221,426**
Total net financial assets/(liabilities)	**(3,471,458)**	**198,650**	**466,481**	**(61,567)**	**1,252,163**	**1,365,858**	**(249,874)**

The contractual maturity of lease liabilities are shown in table below.

Maturity analysis lease liabilities 2019 (amounts in thousands SRD)										
2019		0-1 mth	> 1-3 mth	> 3-6 mth	> 6-9 mth	> 9-12 mth	> 1-3yrs	> 3-5yrs	> 5yrs	**Total**
Vehicles	USD	9	18	27	27	20	109	72	8	**290**
Vehicles	SRD	0	0	0	0	0	0	0	0	**0**
Buildings	USD	16	30	45	44	44	331	78	562	**1,150**
Buildings	SRD	42	83	125	125	125	994	732	10,917	**13,143**
Total in SRD		**229**	**443**	**664**	**657**	**604**	**4,290**	**1,856**	**15,186**	**23,929**

Maturity analysis lease liabilities 2018 (amounts in thousands SRD)										
2018		0-1 mth	> 1-3 mth	> 3-6 mth	> 6-9 mth	> 9-12 mth	> 1-3yrs	> 3-5yrs	> 5yrs	**Total**
Vehicles	USD	9	16	17	17	17	82	39	0	**197**
Vehicles	SRD	0	0	0	0	0	0	0	0	**0**
Buildings	USD	16	31	47	45	44	217	36	544	**980**
Buildings	SRD	42	83	124	124	124	863	732	10,917	**13,009**
Total in SRD		**229**	**435**	**603**	**588**	**580**	**3,100**	**1,293**	**14,986**	**21,813**

Maturity analysis lease liabilities as at 1 January 2018 (amounts in thousands SRD)										
2017		0-1 mth	> 1-3 mth	> 3-6 mth	> 6-9 mth	> 9-12 mth	> 1-3yrs	> 3-5yrs	> 5yrs	**Total**
Vehicles	USD	9	18	27	27	27	169	82	39	**397**
Vehicles	SRD	0	0	0	0	0	0	0	0	**0**
Buildings	USD	16	31	47	47	47	354	217	580	**1,339**
Buildings	SRD	42	83	125	125	125	998	863	11,283	**13,643**
Totaal SRD		**229**	**451**	**676**	**676**	**676**	**4,898**	**3,101**	**15,904**	**26,613**

41.4.1.4 Liquidity management and monitoring

DSB conducts quarterly and ad hoc stress tests in which the impact of cash in- and outflows under plausible stress scenarios is evaluated. Both market-wide and DSB-specific stress scenarios are defined and analysed. The goal of these stress tests is twofold. Firstly, it helps DSB to review her risk framework, i.e. the liquidity buffer size, risk appetite and limits. Secondly, it allows DSB to identify ways to reduce outflows in times of crisis. Liquidity mismatch reporting and stress testing results are reported regularly and reviewed by the ALCO.

The following table provides an overview of the aforementioned KRIs together with the norm and the amounts for 1 January 2018, 31 December 2018 and 31 December 2019.

Key Risk Indicators (KRIs)	**Norm**	**31 december 2019**	**31 december 2018**	**1 january 2018**
LCR	100%	126.1%	176.8%	195.5%
Liquidity Ratio	100%	227.6%	139.4%	101.9%
LDRe	95%	31.0%	34.7%	46.6%
Net Stable Funding Ratio	100%	271.3%	249.7%	222.6%

41.4.2 Contingency risk management

Contingency risk management aims to ensure that, in the event of either a DSB-specific or general market stress event, DSB can generate sufficient liquidity to withstand a short- or long-term liquidity crisis. In addition, DSB has the following measures to cope with an event of significant liquidity shortages.

1. Liquidity Contingency Plan (LCP): The LCP is a supplement to DSB's Liquidity Policy. The LCP sets out the guidelines and responsibilities for addressing possible liquidity shortfalls in emergency situations. This only comes into effect if the liquidity position is threatened, or if strong indications exist of a liquidity stress. The LCP enables DSB to manage its liquidity without unnecessarily jeopardizing business lines, while limiting excessive funding costs in severe market circumstances. Based on trigger levels DSB takes sequence measures in the event of a further significant reduction in the available cash and cash equivalents. The trigger levels are based on the Liquidity Coverage Ratio, the Liquidity ratio and an Early warning measure set

by DSB. DSB has a liquidity action plan which will be executed by DSB's liquidity crisis team in the event of a liquidity crisis. The team is convened and chaired by the CEO to effectively manage the liquidity crisis.

2. Liquidity buffer: DSB holds a liquidity buffer to accommodate cash outflows during stress. These buffers are percentages of the funds raised. The buffer consists of unencumbered, high-quality liquid assets, including Treasury bills, bonds and cash. The cash reserve and SNEPS resources are liquidity buffers held at the Central Bank of Suriname (the so-called Lender of Last Resort), all other liquidity buffers are held on current accounts with various financial institutions. DSB will appeal to the buffers held at the Central Bank of Suriname if other measures to normalize the liquidity position again, have not produced the desired result.

41.5 Market risk

Market risk is the probability of loss that could result from a decrease in the market value of assets or an increase in the market value of liabilities. Market risk and how DSB manages it is described in detail in DSB's Asset & Liability Management (ALM) Policy and DSB's Investment Policy. There are three types of market risk that DSB mainly considers, i.e.:

1. Currency risk: the risk of currency fluctuations.
2. Interest rate risk: the risk of fluctuations in interest rates in the market.
3. Market value of risk: decrease in value of assets, including the investment portfolio.

Managing market risk within DSB falls under the supervision of the ALCO function. The ALCO is responsible for managing DSB's market risk through comprehensive policies, governance and review procedures, stress testing, monitoring of limit sets to ensure these are in line with the overall market risk appetite and strategy of DSB. The roles and responsibilities of the ALCO are described in detail in its own charter. Similar to the liquidity risk, the Treasury department of DSB is responsible for working with other departments within DSB to ensure the market risk strategy is appropriately executed.

41.5.1 Market risk management

The initial goal of market risk management is to adequately identify, assess and manage fluctuations in the market (i.e. market volatility), which may have a possible financial impact on DSB. The following sections describe the three types of market risk that DSB has identified.

41.5.1.1 Currency risk

Currency risk management is essential for DSB, as it maintains SRD as reporting currency, but has multiple foreign currencies in her operations, in particular USD and EUR. As a result, DSB is continuously exposed to currency risk. Currency risk is the risk of unfavourable exchange rate fluctuations that can have a negative financial impact: unexpected and unacceptable (large) losses in the result and possible reduction in capital (solvency). An important part of currency risk management is identifying the foreign currency risk areas and, where possible, hedging open positions.

DSB is exposed to currency risk as a result of:
Translation risk when converting the balance sheet items into the reporting currency. The risk here is that exchange rate fluctuations could negatively affect the value of DSB.

Transaction risk in the settlement of foreign currency transactions. The risk here is that DSB's result could be negatively affected if currencies are sold at a lower exchange rate than at which it was purchased.

DSB manages currency risk by setting limits for the foreign currency net open position (NOP) and the limits for the dollarization rate with regard to lending and raising funding, taking into account the risk appetite, which is based on the strategy of DSB.

41.5.1.2 Interest rate risk

The interest rate risk is estimated as marginal due to the fact that the debit interest rates on credit facilities and credit interest rates on saving and demand accounts, are valid until further notice (only credit interest rates on term deposits are fixed). Interest rates can be adjusted at any time as market conditions change.

Factors that are taken into account in this regard are the inflation rate, the market interest rate, the cost of funds (COF), the movement in funding, the credit space and the expectation of demand for credit. Interest rates are generally raised if funding stagnates and the credit space is therefore limited to meet the credit demand (if there is sufficient demand for credit). The interest rate can therefore be seen as a control instrument to meet the demand and supply of money.

In this context, the COF is used to monitor the level of the debit and credit interest rates. The COF is the ratio between the interest paid and the average funding, extrapolated to 12 months, taking into account the funding mix, cash reserves (35% SRD, USD & EUR 50%), Due from banks (SRD 5%) and liquidity buffers of 10% for savings and current accounts.

The following table provides an analysis of the Bank's interest rate risk exposure on financial assets and liabilities. The Bank's assets and liabilities are included at carrying amount and categorised by contractual maturity dates. The majority of the financial instruments including investments in securities and loans are held fixed and not variable.

Interest rate risk profile by maturity

As at 31 December 2019						
Assets	**Carrying amount**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Non-interest bearing**
Cash and balances with central banks	3,014,117	99,990	0	933,978	1,980,209	0
Due from banks	1,546,003	737,481	258,390	0	550,133	0
Loans and advances to customers	2,064,388	656,937	181,922	913,876	311,653	0
Debt instruments at amortised cost	295,819	8,064	120,659	143,457	23,639	0
	6,920,387	**1,502,472**	**560,971**	**1,991,311**	**2,865,634**	**0**
Liabilities						
Due to banks	137,114	137,114	0	0	0	0
Due to customers	6,650,683	5,193,074	612,304	700,359	144,946	0
Debt issued and other borrowed funds	76,758	0	0	0	76,758	0
	6,864,555	**5,330,188**	**612,304**	**700,359**	**221,704**	**0**
Total interest sensitivity gap	55,832	(3,827,716)	(51,333)	1,290,952	2,643,930	0

As at 31 December 2018						
Assets	**Carrying amount**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Non-interest bearing**
Cash and balances with central banks	1,308,192	0	0	0	1,308,192	0
Due from banks	2,923,899	1,125,465	1,337,023	0	12,030	449,381
Loans and advances to customers	2,302,804	766,223	245,664	953,915	337,002	0
Debt instruments at amortised cost	443,519	13,033	5,386	400,178	24,922	0
	6,978,414	**1,904,721**	**1,588,073**	**1,354,093**	**1,682,146**	**449,381**
Liabilities						
Due to banks	207,415	0	0	0	0	207,415
Due to customers	6,631,995	4,961,240	462,274	1,027,395	181,086	0
Debt issued and other borrowed funds	76,980	0	0	0	76,980	0
	6,916,390	**4,961,240**	**462,274**	**1,027,395**	**258,066**	**207,415**
Total interest sensitivity gap	62,024	(3,056,519)	1,125,799	326,698	1,424,080	241,966

As at 1 January 2018						
Assets	**Carrying amount**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Non-interest bearing**
Cash and balances with central banks	719,915	75,297	0	0	0	644,618
Due from banks	2,483,982	776,777	1,151,693	0	555,512	0
Loans and advances to customers	3,048,878	1,046,399	442,758	975,311	584,410	0
Debt instruments at amortised cost	659,141	171,949	237,054	202,368	47,770	0
	6,911,916	**2,070,422**	**1,831,505**	**1,177,679**	**1,187,692**	**644,618**
Liabilities						
Due to banks	226,564	0	0	0	0	226,564
Due to customers	6,549,340	4,648,905	509,057	1,180,888	210,490	0
Debt issued and other borrowed funds	76,763	0	0	0	76,763	0
	6,852,667	**4,648,905**	**509,057**	**1,180,888**	**287,253**	**226,564**
Total interest sensitivity gap	59,249	(2,578,483)	1,322,448	(3,209)	900,439	418,054

41.5.1.3 Market (value) risk

Market value management is important to DSB because of the volatility of the market value, which can affect DSB's results and financial position. Based on the statement of financial position of DSB, the market value risk related to its Investment portfolio consisting of the risk of value depreciation in bonds, term deposits, treasury bills and equity investments (which is described in DSB's Investment Policy) is managed. No sensitivity was performed as there is no major impact, as majority of the invesmtents are debt securities (add percentage of debt securities) and explain that the interest is fixed.

Market value risk focuses on the market value volatility. DSB limits its exposure to market volatility by limiting her investment portfolio. Because of our low solvency in 2018 and 2019, investments were only done in term deposits and other debit instruments, all set to the status of "hold to maturity".

41.5.2 Market risk ratio's

As was mentioned above, DSB has identified three types of market risks. Per risk DSB formulate KRIs and set the risk appetite and tolerance to manage and monitor the risks.

41.5.2.1 Currency risk

Currency risk measures focus on the currency fluctuations. In order to manage the currency risk DSB has formulated the following KRIs:

1. NOP: net open currency position is the difference between the foreign currency assets and foreign currency liabilities, including off-balance positions such as forward contracts (swap and forward) and guarantees. DSB can have a surplus (long position) or a shortage (short position) of currency. Exchange rates and foreign currency open positions are both administered daily in DSB's core banking system, including the revaluation of the NOP. The NOP KRI for every currency is set at a max of 10% of T1 capital; and for all currencies consolidated to USD the KRI is max 20% of T1 capital.
2. Dollarization: it indicates which part of the loan portfolio or funding portfolio consists of foreign currency. A high degree of dollarization on the statement of financial position makes DSB more sensitive to exchange rate fluctuations. A too high ratio will increase the weighted risk assets (RWA) and lower solvency. In general, DSB strives to minimize exchange rate fluctuations on the statement of financial position. The maximum dollarization of the funding is 63% of total funding and for the credit portfolio 60%.
3. VW 48 guideline: in accordance with the VW 48 guideline of the Central Bank of Suriname, DSB may only stake its available funds in foreign currency to customers who generate foreign currency directly from abroad or an international organization. Provisions for facilities are recognized in the base currency in order to limit DSB's currency risk.

41.5.2.2 Interest rate risk

Interest rate risk measures the interest fluctuations. DSB has formulated the following KRI's:

1. Cost of Funds (COF): The COF is the ratio between the interest paid and the average funding, extrapolated to 12 months, taking into account the funding mix, cash reserves (35% SRD, USD & EUR 50%), Due from banks (SRD 5%) and liquidity buffers of 10% for savings and current accounts.
2. Net interest income (NII): the NII is calculated by subtracting the interest costs from the interest income.

41.5.3 Stress test & gap analyses

DSB uses both stress tests and gap analyses in her market risk management. A gap analysis provides insight into the relationship between the assets and liabilities of the statement of financial position. A stress test is a (forward-looking) tool for identifying possible effects on the financial risks and stability of DSB, considering a series of specified changes in risk factors, which correspond to serious but plausible external shocks. Stress tests can include:

1. Sensitivity analyzes: this type of stress test examines the effects of an incremental change in a risk factor. It is usually performed over a shorter time with incremental changes in the currency rates.
2. Scenario analysis: this type of stress test uses a hypothetical future state of the DSB risk universe to define changes in various risk factors and the causal chains. Different types of risks and their interconnectivity are assessed, and this is usually performed over the time horizon that is appropriate for the organization.

Monthly, the Treasury department provides the ALCO with a maturity gap and open currency position (OCP) gap analyses. Quarterly or ad hoc the Treasury department together with the ERM and Finance department are responsible for conducting stress tests which are presented to the ALCO.

41.5.4 Analysis of interest rate & open currency position

A simplified analysis of the impact of foreign currency rate changes on net interest income, results from open currency position and equity is presented in the table below.

Effect of changes in currency rates on the position as of 31 December 2019

Amounts in thousand SRD	Increase by	Effect on net interest income	Effect of OCP	Effect on Equity
USD	10.0%	2,501	13,528	16,029
EUR	8.5%			
USD	15.0%	3,745	20,284	24,029
EUR	12.7%			
USD	25.0%	6,259	33,829	40,088
EUR	21.3%			

Effect of changes in currency rates on the position as of 31 December 2018

Amounts in thousand SRD	Increase by	Effect on net interest income	Effect of OCP	Effect on Equity
USD	10.0%	7,371	(21,071)	(13,700)
EUR	8.5%			
USD	15.0%	11,045	(31,478)	(20,433)
EUR	12.7%			
USD	25.0%	18,507	(52,805)	(34,298)
EUR	21.3%			

Effect of changes in currency rates on the position as of 1 January 2018

Amounts in thousand SRD	Increase by	Effect on net interest income	Effect of OCP	Effect on Equity
USD	10.0%	6,400	12,167	18,567
EUR	8.5%			
USD	15.0%	9,577	18,335	27,912
EUR	12.7%			
USD	25.0%	16,020	30,332	46,352
EUR	21.3%			

The net open currency position (OCP) as at 31 December 2019 in SRD, USD and EUR are -SRD 201.9 million , USD 6.7 million, EUR 3.5 million (2018: SRD 292.4 million; USD 956 thousand; -EUR 29.3 million) respectively. This is represented by the net of SRD, USD and EUR assets of SRD 2.5 billion, USD 578.4 million and EUR 105.6 million respectively (2018: SRD 2.6 billion; USD 535 billion; EUR 87 million) and SRD, USD and EUR liabilities of SRD 2.7 billion, USD 581.7 million, EUR 102.2 million respectively (2018: SRD 2.3 billion; USD 534.1 million; EUR 116.4 million).

42 Events after reporting date

The consolidated financial statements for the year ended 31 December 2019 were authorized for issue in the general meeting of shareholders on 28 October 2022.

The following adjusting as well as non-adjusting events occurred after the reporting period:

a. Management has re-issued these 2019 consolidated financial statements which have been re-approved by the Board of Directors on 28 October 2022 (replacing the previously approved consolidated financial statements of 9 December 2021). The 2019 re-issued consolidated financial statements have been amended for the following: After careful consideration, Assuria, Panaso Vastgoed N.V. and the Central bank of Suriname jointly decided not to continue the sale and purchase of the Accaribo-property of Panaso Vastgoed N.V. at Accaribo. In this respect, on April 28, 2022, the respective parties agreed to dissolve the sale and purchase agreement of the Accaribo-property and as a result. De Surinaamsche Bank relinquished the sale and purchase price which was held at the Central Bank of Suriname in the form of a deposit of USD 20 million. Also a guarantee agreement was signed between De Surinaamsche Bank, Assuria N.V. and Panaso Vastgoed N.V., whereby it was agreed that the USD 20 million debt position of Panaso Vastgoed N.V. to De Surinaamsche Bank would be accounted for as of August 30, 2019 and that Assuria would guarantee this debt for their 51% share in DAVG/Panaso Vastgoed N.V., amounting to USD 10.2 million with retrospective effect to financial year 2019. This guarantee will be covered by means of cash in the form of term deposits which are held at De Surinaamsche Bank. The effect of this transaction has been included in the 2019 financial statements. This has resulted in a decrease in the credit loss provision on this transaction, which has improved the net result of the bank from negative SRD 114.5 million to negative SRD 38.1 million. The Bank's Capital Adequacy Ratio has improved by 2.3% from negative 5.3% to negative 3.0%.

Consolidated statement of financial position	Changes	December 2019 as previously reported	Adjustments	December 2019 Reinsuance	Notes
Cash and balances with Central Banks	Deposits with Central Banks	824,293	(149,800)	674,493	19
Cash and balances with Central Banks	Allowance for ECL	(251,964)	149,800	(102,164)	19
Loan and advances to customers	Loans to private parties	1,237,691	149,800	1,387,491	23
Loan and advances to customers	Allowance for ECL	(271,460)	(73,402)	(344,862)	23
Consolidated statement of Profit and Loss	**Impairment losses from changes in the expected credit loss**	**(109,300)**	**76,398**	**(32,902)**	**13**

Reclassification

In addition, the Bank has reclassified cash and balances with central bank, and amounts due to and due from bank as follows:

Consolidated statement of financial position	Changes	December 2019 as previously reported	Reclassification	December 2019 Reinsuance	Notes
Cash and balances with Central Bank	Currents account with Central Banks	300,016	854	300,870	19
Due from Banks	Currents account with other Banks	1,120,564	(591,482)	529,083	20
Due from Banks	Current account with other Banks	1,064,876	(46,199)	1,018,677	20
Due from Banks	Currents account with other Banks	773,941	(636,827)	137,114	

b. In January 2020, it was discovered that the foreign currency cash reserves of the Surinamese commercial banks were used by the Central Bank of Suriname (CBvS). It has been agreed between the commercial banks and the CBvS that the used cash reserves (funds) will be converted into a loan with an initial date as of March 2020. DSB's portion of that loan is USD 33.4 million and Euro 16 million. No delays have been reported on the repayment of that loan by the CBvS. As this deficit has been discovered early in 2020, DSB cannot assume differently rather than that these amounts have been used in and before the ending of 2019. In addition, at maturity date, it was noted that the CBvS was not able to repay DSB's Term Deposit of USD 50 million which was invested at the CBvS. DSB agreed with the CBvS that the Term Deposit will be converted into a loan.

c. In 2020 DSB has provided two additional overdraft facilities to the Republic of Suriname on 29 June 2020 an amount of SRD 130 million and on 1 September 2020 an amount of SRD 120 million. As these amounts are relevant in the context of our ECL provision calculation, refer to section 7.2 for further details regarding the impact.

d. A restricted default rating was given to Suriname by Fitch rating agency on 13 July 2020. This rating was rather quickly upgraded to a CC LTR status on July 16th 2020. S&P has awarded the Republic of Suriname a CCC rating with a stable outlook. In March 2021, the Surinamese government requested for consent for a further moratorium on repayment of the international bonds which resulted in a credit downgrade to Restricted Default (RD) by Fitch on April 1, 2021. This credit downgrade makes it more challenging for DSB to access international correspondent banks and to execute international transactions.

e. In the first quarter of 2020, the country was confronted with the global pandemic COVID-19. The country has taken precautionary measures to minimize the spread of the virus. It was also necessary for the bank to take these measures to protect its customers and staff. In addition, this pandemic creates challenges for our clients to fulfill their payment obligations. Until now we can conclude that the impact of COVID-19 on our operations and profitability was not as severe as initially expected. However, on the other hand, COVID-19 is still seen as a significant estimate as no one can predict how the virus continues to develop and what impact this will have in the future and in particular on our business or the economy in a broader sense. We refer to the Going Concern paragraph in the financial statements to explain how COVID-19 affects our assessment for the going concern assumption.

f. In the first quarter of 2020, the branch at Kasabaholo has been closed. Both our employees and customers were accommodated at the other branches of the bank. At closure of the branch, the branch was put for sale and in the meantime a sale agreement has been signed for an amount of SRD 7,200,000 and a profit has been realized on this transaction.

g. On September 22, 2020 the Surinamese Dollar (SRD) was depreciated by the CBvS from SRD 7,396 to SRD 14,018 for the USD purchase, and from 7,520 to 14,290 for the USD sale. As of June 2021, the Central Bank of Suriname has implemented a flexible currency system driven by the market. As the Euro versus USD exchange rate is internationally set, the SRD depreciation in September 2020 also effected the SRD versus Euro exchange rate. As of

October 31, 2022 both the USD and the Euro exchange rates increased to the following:

Currency	Buying rate	Selling rate
USD	28.76	29.35
EURO	28.42	29.01

h. The Board has decided to dispose and sell the fund/asset management activities of the Surinaamse Trustmaatschappij N.V. and the planning is for this to take place somewhere in 2022. Furthermore, the Board also decided to discontinue the insurance activities of the Surinaamse Trustmaatschappij N.V. This will be realized by accommodating all operational activities to the insurance partners.
i. Solidarity tax of 10% for wage tax and income tax is applicable from February 1, 2021 to December 31, 2021. Implementation of solidarity tax has no impact for deferred tax as at December 31, 2019.
j. Suriname was previously considered hyperinflationary from 2016 to 2017. The IMF World Economic Outlook (WEO) reported a 3-year cumulative rate of inflation of 77% and an annual rate of inflation of 61% as of December 2020. For 2021, the IMF WEO forecasts an annual rate of inflation of 49% (2022: 25%) and a 3-year cumulative rate of inflation of 149% (2022: 199%). The Suriname General Bureau of Statistics reported a 37% inflation for the 8 months ending 31 August 2021. Therefore, Suriname should be considered hyperinflationary going forward.
k. The Value Added Tax Act has been passed. This law will replace the current Turnover Tax Act. The 10% VAT rate will come into effect on January 1, 2023.

DSB DE SURINAAMSCHE BANK

voor meer informatie: www.dsb.sr

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