DE SURINAAMSCHE BANK

JAARVERSLAG 2021

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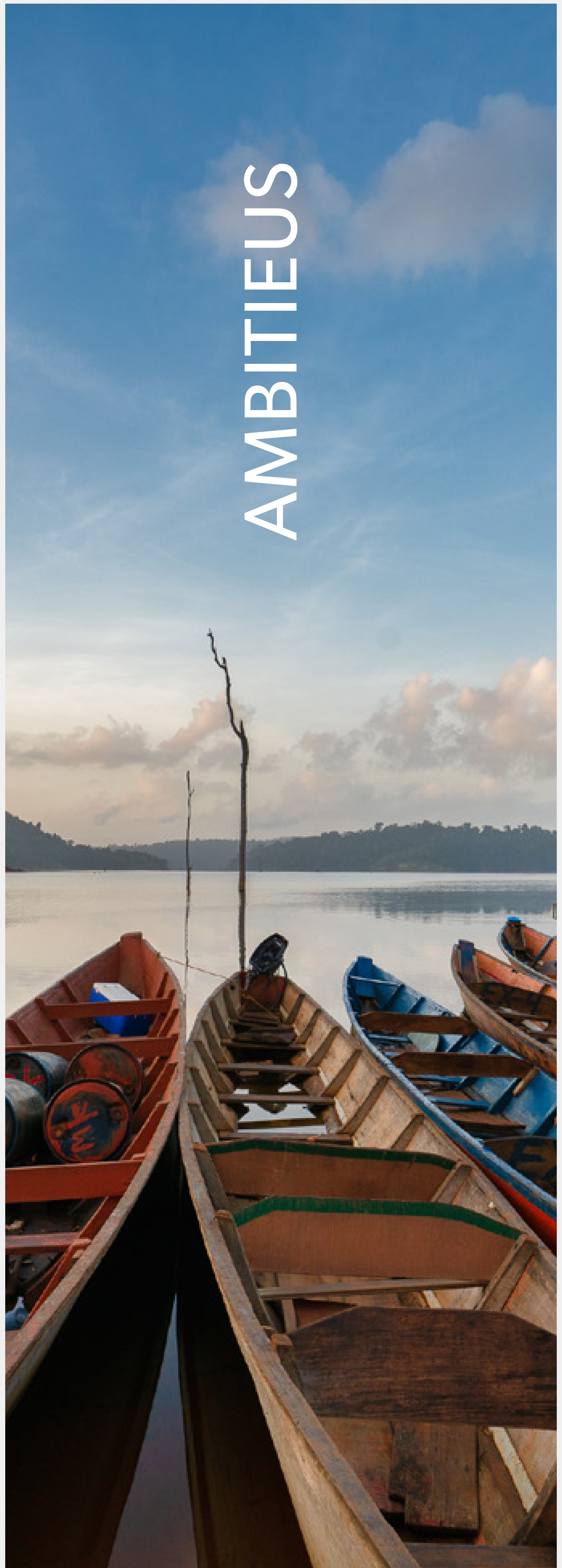


TWO TIER BOARD STRUCTURE

Supervisory Board

Executive Board

Chief Risk Officer

Chief Financial Officer

Sales Board

Manager Treasury

Manager Finance

Legal Counsel

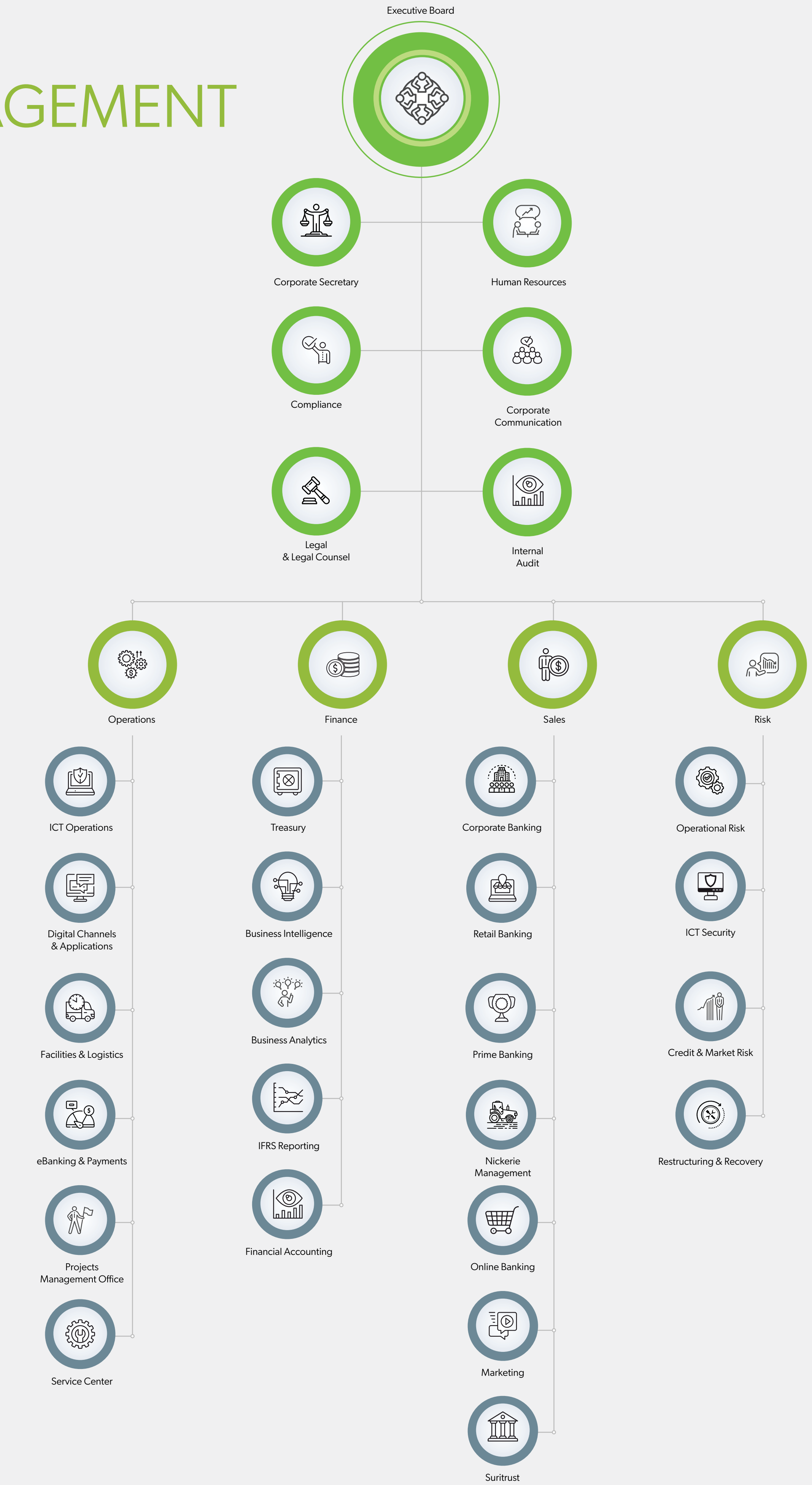
Manager Prime Banking

Manager Corporate Banking

Manager ICT

Manager Risk

DSB MANAGEMENT TEAM



VERSLAG VAN DE RAAD VAN COMMISSARISSEN

Algemeen
Dit verslag geeft een uiteenzetting van de uitgevoerde taken en verantwoordelijkheden van de Raad van Commissarissen betreffende het boekjaar 2021.

Vanwege de hyperinflatie in Suriname is DSB voor het verslagjaar 2021 verplicht om de IFRS-richtlijn IAS 29, Financial Reporting in Hyperinflationary Economies, toe te passen. Deze standaard biedt richtlijnen om ervoor te zorgen dat de financiële overzichten nauwkeurig de effecten van hyperinflatie op de financiële positie en prestaties van een entiteit, in dit geval DSB, weerspiegelen.

Samenstelling Directie
De huidige directie wordt gevormd door twee statutaire directeuren, namelijk de heren Waldo Halfhuid, de Chief Financial Officer (CFO) en Alexander van Petten, de Chief Risk Officer (CRO). Tijdens de aanstaande Algemene Vergadering van Aandeelhouders zal de voordracht van een derde statutaire directeur plaatsvinden, om te voldoen aan de principes van goed bestuur en aan de vereisten van de Centrale Bank van Suriname voor een systeembank. Deze vereisten stellen dat de directie van systeembanken uit minimaal drie statutaire directeuren moet bestaan.

Raad van Commissarissen

Samenstelling
De Raad van Commissarissen is per 1 januari 2024 als volgt samengesteld:
Raad van Commissarissen
Ir. Nilesh Bishesar MBA - President Commissaris
Mr. Roy Baidjnath-Panday - Vice President Commissaris
Drs. Stanley Mathura QT
Robert Kasanrawi MBA MMA QT
Drs. Rishie Parbhudayal AAG
Drs. Jürgen van Ommeren RA
Mr. Judith van der Gugten

De heer Stanley Mathura is op 13 maart 2024 benoemd tot lid van de Raad van Commissarissen van de Centrale Bank van Suriname en heeft daarom zijn positie als lid van de Raad van Commissarissen van DSB op 17 februari 2024 neergelegd. De Raad van Commissarissen bedankt de heer Stanley Mathura voor zijn inzet voor de Raad van Commissarissen van DSB en wenst hem alle succes in zijn werkzaamheden als lid van de RvC van de Centrale Bank van Suriname.

Beleid en toezicht boekjaar 2021
In 2021 lag de focus op het voortzetten van het transformatieproces van DSB, dat gericht is op het versterken van de interne organisatie en het optimaliseren van de compliance- en risicomanagementfuncties van DSB. Daarnaast is er hard gewerkt aan het verder verbeteren en versterken van de financiële positie van DSB. Gedurende het boekjaar 2021 zijn verdere verbeteringen aangebracht in de interne controle, wat heeft bijgedragen aan de stabilisatie van DSB. De groeiende behoefte aan uniformiteit en transparantie in financiële verslaggeving, mede ingegeven door globalisatie, heeft geleid tot een verschuiving naar het toepassen van de International Financial Reporting Standards (IFRS). Dit bevordert niet alleen de uniformiteit, maar vergemakkelijkt ook de beoordeling en vergelijking van financiële rapporten van ondernemingen wereldwijd.

In lijn met het bovenstaande en vanwege wettelijke bepalingen in het Burgerlijk Wetboek 2 en de wet op de jaarrekening, heeft DSB besloten om vanaf 2019 te rapporteren volgens IFRS-standaarden. Het proces van conversie naar IFRS heeft echter geleid tot vertragingen in de publicatie van de voorgaande jaarverslagen, wat ook doorwerkte in de publicatie van het jaarverslag van 2021. DSB streeft ernaar om de achterstand in jaarverslagen voor 2022 en 2023 op relatief korte termijn in te lopen en heeft hiervoor reeds passende maatregelen genomen om het inloopproces te waarborgen.

In het verslagjaar 2021 heeft de Raad van Commissarissen 18 vergaderingen gehouden.

Ontwikkelingen gedurende het boekjaar

De nettowinst na belasting bedraagt voor het boekjaar 2021 SRD 370,6 miljoen (aangepast 2020: SRD 283,2 miljoen), een toename van het resultaat met SRD 87,4 miljoen. Deze resultaatverbetering is met name toe te schrijven aan toename van de rentebatenen vrijvallen in de kredietvoorzieningen. De solvabiliteit van DSB is als gevolg van het positieve resultaat over 2021 met maar liefst 9,0% verbeterd en is voor ultimo 2021 vastgesteld op 13,5%. Tevens zijn alle belangrijke liquiditeitsratio's ruim boven de hiervoor gestelde minimum-norm van 100%.

Commissies van de Raad van Commissarissen

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

Audit Commissie

In 2021 bestond de Audit Commissie uit de heren R. Kasanrawi (voorzitter), S. Mathura en W. Sowma. Per 1 januari 2024 bestond de Audit Commissie uit de leden de heren R. Kasanrawi (voorzitter), S. Mathura en J. van Ommeren allen leden. Aangezien de heer S. Mathura op 17 februari 2024 aftrad als lid van de Raad van Commissarissen van DSB, bestond de commissie vanaf die datum uit de leden R. Kasanrawi (voorzitter) en J. van Ommeren.

De taken en verantwoordelijkheden van de commissie zijn vastgelegd in een reglement (Audit Committee Charter). De commissie heeft in het kalenderjaar 2021 meer dan vier keren vergaderd, waarvan één keer met de externe accountant. In kalenderjaar 2021 heeft de commissie meerdere malen met het management/de directie, de Internal Audit Afdeling en de externe accountant vergaderd inzake de controle van de jaarrekening. 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 audit jaarplan alsmede de samenstelling van het komend audit jaarplan. Gedurende 2021 heeft de Audit Commissie 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 Commissie

In 2021 bestond de Risk & Compliance Commissie uit de heren R. Parbhudayal (voorzitter), S. Mathura en W. Sowma. Per 1 januari 2024 bestond de Risk & Compliance Commissie uit de leden R. Parbhudayal (voorzitter), S. Mathura en R. Baidjnath Panday allen leden. Aangezien de heer S. Mathura op 17 februari 2024 geen lid meer was van de Raad van Commissarissen van DSB, bestond de commissie op die datum uit de leden R. Parbhudayal (voorzitter) en R. Baidjnath Panday.

In het verslagjaar heeft de Risk & Compliance Commissie in totaal vier vergaderingen gehouden. De Risk & Compliance Commissie 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 Commissie vergaderingen besproken en goedgekeurd.

Selectie, Benoemings- & Remuneratie Commissie

In 2021 bestond de Selectie, Benoemings-& Remuneratie Commissie uit de heren E. Emanuels (voorzitter), R. Kasanrawi en W. Sowma. Per 1 januari 2024 bestond de Selectie, Benoemings-& Remuneratie Commissie uit de leden R. Baidjnath Panday (voorzitter), R. Kasanrawi, R. Parbhudayal en J. van der Gugten allen leden.

De commissie heeft in het verslagjaar meerdere 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 periodieke zelfevaluaties gedaan met als doel vast te stellen of de taken adequaat zijn verricht en verantwoordelijkheden zijn genomen met in achtneming van de statuten van de vennootschap, de geldende regelgeving in Suriname en of er voldoende toezicht wordt gehouden op het gevoerde beleid. In het algemeen is het functioneren van de Raad over 2021 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 2021 in totaal SRD 297.080,- en is tijdens de algemene vergadering van aandeelhouders van 26 maart 2015 vastgesteld.

Jaarrekening en voorstel winstverdeling

Ter voldoening aan het voorschrift van artikel 22 van de statuten berichten wij u inzake de jaarrekening 2021 van De Surinaamsche Bank N.V. het volgende: wij hebben de vennootschappelijke- en de geconsolideerde balans per 31 december 2021, de vennootschappelijke- en de geconsolideerde winst- en verliesrekening over 2021 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 het boekjaar 2021. De geconsolideerde winst na belasting over het boekjaar bedraagt SRD 370,6 miljoen. Aangezien de vrij uitkeerbare reserves in 2021 een negatief saldo vertonen zijn er geen renteverplichtingen voor het additioneel aangetrokken kapitaal ter versterking van het Tier 1 vermogen (AT1).

Gegeven het feit dat de vrij uitkeerbare reserves een negatief saldo vertonen zal DSB ondanks een solvabiliteitsratio van boven de norm over het boekjaar 2021 geen dividend uitkeren aan haar aandeelhouders.

Vooruitzichten

In de periode eind 2021 tot op heden heeft het transformatietraject van DSB, gericht op versterking van de interne organisatie en de optimalisatie van de compliance en risk functie van DSB, zich voortgezet en zijn vruchten afgeworpen. In deze periode zijn door het verbeterd risicomanagement, de kredietvoorzieningen sterk verlaagd en in diverse gevallen zijn slechte kredieten afgewikkeld waardoor kredietvoorzieningen geheel of gedeeltelijk zijn vrijgevallen. Een en ander heeft zich vertaald in een verbetering van de solvabiliteits- en liquiditeitspositie van DSB. Gezien de voorlopige resultaten bereikt in de periode eind 2021 tot op heden, heeft de Raad alle vertrouwen in een goede en gezonde toekomst van DSB.

Dankwoord

De Raad van Commissarissen is dankbaar voor de toewijding van de directie en alle medewerkers. Daarnaast wil zij ook de klanten en aandeelhouders van DSB bedanken voor het vertrouwen in De Surinaamsche Bank N.V.

Paramaribo, 03 juni 2024

Raad van Commissarissen
Ir. Nilesh Bishesar MBA - President Commissaris
Mr. Roy Baidjnath-Panday - Vice President Commissaris
Robert Kasanrawi MBA MMA QT
Drs. Rishie Parbhudayal AAG
Drs. Jürgen van Ommeren RA
Mr. Judith van der Gugten

CORPORATE GOVERNANCE

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

DSB voldoet aan haar verplichtingen om op maatschappelijk verantwoorde wijze haar bedrijfsvoering te plegen. In onze interne structuur is de inbedding van goed bestuur gestoeld op zowel de regelgeving vanuit onze toezichthouder alsmede onze toewijding en betrokkenheid in de samenleving. Wij zijn gericht op waarde creatie en houden rekening met de belangen van onze stakeholders.

Op basis van de principes van goed bestuur 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. Het functioneren van de directie is gestoeld op specifieke kennis op diverse gebieden zowel financiële expertise, risicobeheer, verantwoord commercieel ondernemen, leiderschap alsmede op technologische ontwikkelingen op bancair gebied.

De directie heeft voor de uitoefening van haar taken regels over de taakverdeling, werkwijze en besluitvorming, bepalingen over gedrag en cultuur, de omgang met en wijze van informatieverschaffing aan de Raad van Commissarissen vastgelegd in het directiereglement.

Raad van Commissarissen

Conform de Corporate Governance Code bestaat de Raad van Commissarissen uit minimaal 5 en maximaal 7 leden. De leden van de Raad van Commissarissen worden benoemd door de Algemene Vergadering van Aandeelhouders en voor toetsing voorgelegd aan de Centrale Bank van Suriname. De Raad van Commissarissen heeft een drietal commissies benoemd uit haar midden:

Selectie, Benoeming en Remuneratie commissie
Audit Commissie
Risk & Compliance Commissie

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

De Raad van Commissarissen heeft ten aanzien van haar taken eveneens de afspraken vastgelegd in een RvC reglement.

Gedragscode

In de bedrijfsvoering van DSB wordt bijzondere aandacht besteed aan goed risicobeleid, het voldoen aan de vereisten van internationale- en nationale regelgeving voor financiële verslaggeving, compliance alsmede de inrichting van de audit afdeling met ter zake deskundige en betrokken medewerkers.

Voor de gehele bank, zowel voor de RvC, de directie en alle medewerkers gelden gedragsregels ten aanzien van integere en zorgvuldige uitoefening van hun beroep. De principes van ons integriteitsbeleid zijn geïntegreerd in de kernwaarden en gedragscode van onze bank.

DSB evalueert en actualiseert regelmatig haar werkprocessen en procedures teneinde te voldoen aan de steeds veranderende internationale en nationale ontwikkelingen op bancair gebied waaronder compliance vereisten en maatschappelijk verantwoord ondernemen.

Compliance

DSB is zich bewust van haar poortwachtersrol en heeft ter voldoening van de Internationale en nationale vereisten conform het “Three Lines risicomangement model”, waarin elke lijn specifieke rollen en verantwoordelijkheden heeft.De compliance functie is in de tweede lijn belegd. De taken en verantwoordelijkheden van de afdeling Compliance zijn vastgelegd in het Compliance Charter. De compliance functie richt zich op het bevorderen van en (doen) toezien op de naleving van wetten, regelgeving, interne procedures en gedragsregels die relevant zijn voor de integriteit en reputatie van DSB. Compliance handelt onafhankelijk en monitort het Anti Money Laundering (AML) / Counter-Terrorist Financing (CFT) beleid van DSB en ziet toe op de naleving van wet- en regelgeving op dit gebied. Compliance rapporteert rechtstreeks aan de directie en aan de Raad van Commissarissen. DSB hanteert de volgende definitie voor compliance: Het geheel van maatregelen dat zich richt op de implementatie, handhaving en naleving van wet- en regelgeving, alsmede interne procedures en gedragsregels ter waarborging van de reputatie en integriteit van DSB.

De belangrijkste beheersmaatregelen voor compliance risico’s worden periodiek gemonitord. DSB heeft haar AML/CFT beleid alsmede KYC/CDD (Know Your Customer/Customer Due Diligence) beleid om ervoor te zorgen dat DSB voldoet aan de vereisten van wet- en regelgeving op dit gebied. Tevens is de klokkenluidersregeling geactualiseerd. Alle medewerkers inclusief de directie en de RvC worden regelmatig getraind op het gebied van compliance en AML/CFT.

De beoordeling en beheersing van het compliance risico is onderdeel van het integrale risicomanagement van DSB, zoals uitgewerkt in het Enterprise Risk Management (ERM) beleid van DSB. Het compliance risico wordt onderverdeeld in de integriteit van de organisatie, de medewerkers en de diensten/producten en de klanten.

Binnen het compliance werkgebied vallen eveneens:

1. Het toezien op de naleving van de relevante wet- en regelgeving, de waarden, normen en gedragsregels van DSB, onder andere door het verstrekken van advies en het formuleren van beleid.
2. Het beheersen van compliance risico’s.
3. Het bankbreed creëren van compliance awareness.
4. Het onderhouden van het contact met de Centrale Bank van Suriname (CBvS) (conform de AML/CFT richtlijn).
5. Het onderhouden van het contact met de Financial Intelligence Unit (FIU) Suriname. Het laatste voor het melden van zowel objectieve als subjectieve meldingen namens DSB.

Uitgangspunt bij het managen van compliance risico’s is de eerste verantwoordelijkheid van lijnmanagement. Onder lijnmanagement vallen alle afdelingsmanagers. Zij dienen zelf compliance risico’s te identificeren, te beoordelen, meten, managen en daarover conform instructies te rapporteren aan de Compliance afdeling.

De afdelingsmanagers dragen er ook zorg voor dat compliance binnen hun eigen afdeling wordt verankerd door effectief uitvoeren van het Integriteitsbeleid. Hierbij is het bevorderen van het compliance bewustzijn bij alle medewerkers cruciaal.

Elke medewerker is zelf verantwoordelijk voor goed gedrag, te weten voldoen aan de Code of Conduct alsook aan het interne beleid.

De onafhankelijke toetsing van de opzet, het bestaan en de werking van de compliance functie is een taak die berust bij de Internal Audit Department (IAD) en/of bij de externe accountant.

De Compliance afdeling bestaat uit een Manager Compliance en Compliance Officers die als compliance functionarissen binnen DSB verantwoordelijk zijn voor de uitoefening van de compliance functie. De Manager Compliance is verantwoordelijk voor de Compliance afdeling en heeft een directe rapportagelijn naar de directie en RvC.

PROFIELEN RAAD VAN COMMISSARISSEN

NILESH BISHESAR

President-Commissaris

- Is lid van de Raad van Commissarissen van De Surinaamsche Bank N.V. en vanaf 2021 President-commissaris;
- 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;
- Van 2003 – 2006 Business Development Officer Staatsolie;
- Van 2001 – 2003 Account Manager bij Zoodat Webmedia;
- Van 2022 – 2024 Board member geweest van de ICT Associatie;
- Heeft ruim 25 jaar ervaring in diverse leidinggevende posities in Suriname, de Caribbean en Nederland;
- 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.

ROY BAIDJNATH-PANDAY

Vice President-Commissaris

- Is lid van de Raad van Commissarissen van De Surinaamsche Bank N.V. en vanaf 2021 vice president-commissaris;
- Is voorzitter van de Selectie-, Aanstellings- en Remuneratiecommissie (SARC)en lid van de Risk & Compliance Commissie (RCC);
- 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 Caribbean Financial Action Task Force;
- Van 2014 tot en met 2021 Procureur-Generaal;
- Heeft meer dan 35 jaar ervaring in diverse leidinggevende posities binnen de 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 mastergraad in Rechten van de universiteit van Paramaribo en een diploma in Mensenrechten van de Universiteit van Curaçao.

ROBERT KASANRAWI

Commissaris

- Is lid van de Raad van Commissarissen van De Surinaamsche Bank N.V. vanaf 2018;
- Is voorzitter van de Audit Commissie (AC) en lid van de Selectie-, Aanstellings- en Remuneratiecommissie (SARC);
- Is Hoofddirecteur Financiële en Operationele Aangelegenheden bij Self Reliance N.V.
- Van 2017 – 2018 Voorzitter van Stichting 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 van Kersten Lease N.V.;
- Heeft een mastergraad in Business Administration en Management Accounting van FHR Instituut/School of Management & Maastricht University.

RISHIE PARBHUDAYAL

Commissaris

- Is lid van de Raad van Commissarissen van De Surinaamsche Bank N.V. vanaf 2020;
- Is voorzitter van de Risk en Compliance Commissie (RCC) en lid van de Selectie-, Aanstellings- en Remuneratiecommissie (SARC);
- 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 vanaf oktober 2023 Managing Director van Assuria Levensverzekering Curacao N.V.;
- 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 27 jaar ervaring in de financiële sector.

JÜRGEN VAN OMMEREN

Commissaris

- Is lid van de Raad van Commissarissen van De Surinaamsche Bank N.V. vanaf 2021
- Is lid van de Audit Commissie
- Vanaf 2012 Finance Manager bij CKC Machinehandel Surmac N.V.
- Van 2010 tot 2012 audit teamleider 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

JUDITH VAN DER GUGTEN

Commissaris

- Is lid van de Raad van Commissarissen van De Surinaamsche Bank N.V. vanaf december 2023;
- Is lid van de Selectie-, Aanstellings- en Remuneratiecommissie (SARC);
- Vanaf 2012 zelfstandig werkzaam als adviseur/consultant;
- Van 2007 tot 2012 directeur van SJSSN (thans CDR);
- Vanaf augustus 2023 als advocaat parttime verbonden aan Sewcharan & Pick;
- Vanaf september 2021 Lid van de Accreditatieraad van NOVA (Nationaal Orgaan voor Accreditatie) namens de VSB;
- Vanaf 2016 plaatsvervangend lid Arbeidsadviescollege (AAC) namens de VSB;
- Bezit een doctorale graad, Nederlands Recht behaald aan Erasmus Universiteit Rotterdam en is professioneel opgeleid Mediator.

PROFIELEN DIRECTIE

WALDO HALFHUID

Chief Financial Officer

- Trad in augustus 2023 in dienst van De Surinaamsche Bank als Chief Financial Officer en tevens statutair directeur
- Heeft al meer dan 35 jaar ervaring op het gebied van financiën (IFRS), prudentiele wetgeving en voorschriften
- Is bestuurslid van diverse stichtingen en commissies

ALEXANDER VAN PETTEN

Chief Risk Officer

- Is in november 2022 benoemd tot Chief Risk Officer en tevens statutair directeur
- Is vanaf 2012 in dienst bij De Surinaamsche Bank en heeft verschillende functies bekleed zoals; Head Risk, Department Manager E-Banking & Payments

DE WERELD OM ONS HEEN

Het jaar 2021 was economisch weliswaar een hersteljaar, maar een moeilijk jaar voor Suriname. Volgens het IMF is de wereldeconomie in 2021 met 6,1%[1] gestegen, na een terugval van ongeveer 3,5% in 2020 als gevolg van de Covid-19-pandemie. De gevolgen van de Covid-19-pandemie waren in 2021 nog aanwezig, maar in mindere mate dan het jaar daarvoor, als gevolg van de beschikbaarheid van diverse Covid-vaccins. Desondanks werd deze pandemie ook in 2021 oogekenmerkt door perioden van volledige en gedeeltelijke lockdowns (met name in de eerste helft van het jaar), verstoring van de economische en sociale activiteiten en een gezondheidssysteem dat nog steeds zwaar onder druk stond. De gevolgen van deze wereldwijde crisis zijn zichtbaar in sterke afname van consumptie en investeringen, verlies van werkgelegenheid en een toename van armoede in de wereld. Een wereldwijde crisis die zijn weerga niet kent.

De economische groei van Latijns-Amerika en het Caraïbisch gebied is in 2021 gestegen met 7,0%, een herstel van een negatieve groei in 2020 naar een positieve groei in 2021. Echter, de lokale economie van Suriname volgde niet hetzelfde patroon als de wereldwijde economische groei, noch de groei in Latijns-Amerika en het Caraïbisch gebied. In 2021 was er voor Suriname nog steeds sprake van een economische inkrimping van 2,4% (in 2020 bedroeg deze 16%). De goudproductie daalde in 2021 met 8%, terwijl de wereldmarktprijs met 2% steeg. De productie nam voornamelijk af als gevolg van Covid-19-beperkingen, zware regenval en ongunstige arbeidsomstandigheden. Diverse sectoren, waaronder met name de toeristensector, konden in 2021 beperkt functioneren als gevolg van de Covid-19-protocollen. Ondanks de pandemie, verstoring van de supply-chain en overstromingen bij diverse olievelden, heeft Staatsolie, de aan de Staat gelieerde oliemaatschappij van Suriname, haar olieproductie kunnen handhaven. De gemiddelde ruwe olieproductieprijs, die in 2020 daalde, steeg in 2021 met liefst 59,0%. De werkloosheid in Suriname nam volgens het IMF in 2021 toe met 0,1% van 11,1% in 2020 naar 11,2% in 2021. Recente cijfers tonen aan dat de werkloosheid in Suriname in 2022 is gedaald naar 10,3% [2]. Dit is een teken van langzaam economisch herstel en het weer aantrekken van de arbeidsmarkt.

Op de handelsbalans van Suriname zien we voor 2021 een afname van 6,0% van de export, terwijl de import met 4,4% is toegenomen. De afname van de export zit voornamelijk in het afnemende goudexportvolume, dat met 10% is gedaald. De toename van de importwaarde is met name het gevolg van de hoge inflatie en zit voornamelijk in consumentenproducten. De financiële rekening van de betalingsbalans geeft ten opzichte van 2020 een tekort van USD 38,8 miljoen vanwege de toename in schulden van de Centrale Bank van Suriname alsook de overheid. De toename van de schulden is met name het gevolg van de depreciatie van de SRD.

De inflatie bereikte in 2021 een niveau van 60,7% als gevolg van de sterke verzwakking van de wisselkoers van de SRD, stijgende prijzen van nutsbedrijven en verhoogde inkomstenbelasting (solidariteitsheffing). Tevens is de inflatie ook gestegen als gevolg van internationale factoren zoals de stijging van de olieprijs, prijzen van diverse grondstoffen zoals graan, soja en zeevrachtkosten [3].

De interne factoren, inclusief de 10% solidariteitsheffing, hebben geleid tot een toename van de overheidsinkomsten. Hierdoor werd het overheidstekort van 9,7% van het BBP in 2020 omgevormd tot een overschot van 1,8% in 2021. Als gevolg van het herschikkingsproces van de overheidsleningen kwam er ook een vertraging in de groei van de overheidsschulden. Echter, de totale overheidslening steeg met 5,2% tot SRD 49,9 miljard (128,9% van BBP). Deze stijging is met name het gevolg van de vreemde valuta-componenten die vanwege de koersaanpassing in juni 2021 in SRD zijn toegenomen [4].

In 2021 heeft de Centrale Bank van Suriname diverse monetaire maatregelen getroffen. Exporteurs moesten 100% van hun exportopbrengsten repatriëren naar Suriname en 30% hiervan verkopen aan de Centrale Bank. Deze maatregel leverde echter niet het gewenste resultaat op. Verder werd ook de SRD-kasreserve van 35% naar 39% verhoogd om de beschikbare geldhoeveelheid te beperken. Op 7 juni 2021 is de Centrale Bank van Suriname overgestapt van een gereguleerd wisselkoersbeleid naar een flexibel wisselkoersregime. Deze omschakeling heeft plaatsgevonden onder het nieuwe "reserve monetary targeting framework" (RTM-framework). De wisselkoers deprecieerde met 52,8%. Het nieuwe wisselkoersbeleid was een van de vereisten van het IMF voor hun steun inzake de implementatie van het crisis- en herstelplan van de overheid. Om de wisselkoers en inflatie te beheersen, zijn in juli 2021 termijndeposito veilingen geïmplementeerd. Deze maatregel maakt deel uit van de Open Market Operations (OMO) van de Centrale Bank van Suriname en is bedoeld om de basisgeldhoeveelheid te reguleren door de beschikbare liquiditeiten bij banken te beïnvloeden. De introductie van een flexibel wisselkoersbeleid en OMO's zijn een belangrijke basis voor macro-economisch herstel. Ook werd invulling gegeven aan het monetair beleid door het ondertekenen van een "Memorandum of Understanding" tussen de Centrale Bank van Suriname en het Ministerie van Financiën en Planning om zich te onthouden van elke vorm van monetaire financiering[5].

De maatschappelijke geldhoeveelheid (M1) steeg met 47,9% ten opzichte van 2020 tot SRD 23,8 miljard als gevolg van een toename van de direct opeisbare tegoeden. Deze stegen met 54,0%, met name vanwege de depreciatie van de SRD-munteenheid (71,6% van de direct opeisbare tegoeden bestaat uit vreemde valuta). Ook de M2 is met 43,9% toegenomen tot SRD 47,3 miljard als gevolg van liquiditeiten uit internationale reserves en leningen aan de private sector[6].

In december 2021 heeft de Surinaamse overheid samen met het IMF een 3-jarige overeenkomst onder de Extended Fund Facility voor Suriname afgesloten, betrekking hebbende op het economisch herstelplan van de Surinaamse regering. Hierbij zal een bedrag van USD 688,8 miljoen in tranches worden overgemaakt. In december 2021 is ook de eerste tranche van USD 55,1 miljoen met de aanvang van het programma overgemaakt. De bedoeling van dit programma is niet alleen het stabiliseren van het overheids financieel systeem, het herstel van de staatsschuld, het verbeteren van het monetaire en wisselkoersbeleid, maar ook het beschermen van sociaal zwakkeren en het aanpakken van corruptie en witwassen van geld.

De nominale groei van de kredietportefeuille van de bancaire sector in SRD is ten opzichte van 2020 met 4,2% afgenomen, met name vanwege de Covid-19-pandemie. Ook in USD en EUR is er in alle sectoren sprake van een afname van de kredietportefeuille bij de bancaire sector van respectievelijk 4,4% en 26,1%. Ondanks een afname laat de Financial Soundness Indicator van de bancaire sector, zoals gepubliceerd door de Centrale Bank van Suriname, een solvabiliteitsratio zien van 14,5%. Deze is hoger dan het vereiste niveau van 10% (in 2020 bedroeg de solvabiliteitsratio 11,8%). In 2021 is ook de non-performing ratio verbeterd van 14,6% in 2020 naar 12,8%, met name als gevolg van een sterkere toename van de bruto waarde door de wisselkoersaanpassing. Hoewel de non-performing ratio is afgenomen, is de kwaliteit van deze leningen verslechterd als gevolg van de Covid-19-pandemie en de economische crisis. In 2021 is de liquiditeitspositie van de banken verder verbeterd. De liquiditeitsratio is verbeterd van 101,3% in 2020 naar 117,0% in 2021 [7].

In 2021 hebben de internationale ratingbureaus Fitch Ratings en S&P Global Ratings (S&P) de langetermijn vreemde valuta credit rating verlaagd. Fitch Ratings heeft een rating bevestigd van Restricted Default (RD) (in 2020 was de rating C toegekend aan Suriname). S&P heeft de rating verlaagd van CCC in 2020 naar Selective Default (SD) in 2021 [8].

1 www.imf.org
2 www.macrotrends.net/www.imf.org/www.staatsolie.com/www.cbvs.sr
3 www.cbvs.sr
4 www.cbvs.sr

5 www.cbvs.sr
6 www.cbvs.sr
7 www.cbvs.sr
8 www.cbvs.sr

DIRECTIEVERSLAG

Inleiding

Het jaar 2021 werd, voor het tweede jaar op rij, gedomineerd door de Covid-19 pandemie, die niet alleen onze onderlinge interacties, maar ook de ontwikkelingen in de wereldeconomie beïnvloedde. Na de economische terugval van 2020 herstelde de economie zich in 2021. Niettemin bleef de onzekerheid terugkeren, met toenemende infectieaantallen en opkomende nieuwe varianten van Covid-19. Met de introductie van het "Thuiswerken" binnen DSB, konden we het grootste deel van de dienstverlening garanderen. DSB heeft tijdens de hele Covid-periode, een crisis team in het leven geroepen, dat belast was met de dagelijkse monitoring van de situatie- en welzijn op de werkvloer.

Vanwege de hyperinflatie in Suriname waren we verplicht om over het verslagjaar 2021 de IFRS-richtlijn IAS 29, Financial Reporting in Hyperinflationary Economies, toe te passen. Deze standaard biedt richtlijnen om ervoor te zorgen dat de financiële overzichten nauwkeurig de effecten van inflatie op de financiële positie en prestaties van een entiteit, zoals DSB, weerspiegelen.

Commercie

Om onze dienstverlening beter af te stemmen op de diverse behoeften van klanten, hebben we het klantenbestand opgedeeld in verschillende segmenten. Dit stelt ons in staat om op maat gemaakte services en producten aan te bieden. Deze aanpak werd ondersteund door de oprichting van nieuwe afdelingen, zoals Prime Banking voor high-end particuliere klanten en Corporate Solutions voor zakelijke klanten zonder kredietbehoeften. De verdere digitalisering van onze diensten speelde een centrale rol in onze strategie, waardoor klanten meer keuzevrijheid kregen en lange wachttijden werden voorkomen. Nieuwe online aanvraagmodules en verbeterde digitale kanalen werden ontwikkeld om aan de veranderende behoeften van onze klanten te voldoen.

In 2021 zijn we gestart met Video Banking, waarbij onze prime- en corporate klanten zelf een videogesprek kunnen inplannen met hun relatiemanager. Video Banking bleek tijdens de Covid-19 periode een uitkomst te zijn voor de communicatie met onze klanten.

Het aanvraagproces voor een nieuwe pinpas werd vereenvoudigd en geoptimaliseerd. Klanten konden eenvoudig en snel zelf een nieuwe pinpas aanvragen als deze kwijt, gestolen of ingetrokken was, door een aanvraagformulier in te vullen op onze website. Binnen 5 werkdagen ontving de klant een bericht dat hij of zij de nieuwe pinpas kon ophalen bij het DSB-kantoor in de Hermitage Mall.

Cost Control

Door activiteiten te centraliseren, te specialiseren en digitaliseren, konden we efficiënter werken en tegelijkertijd de kwaliteit van onze financiële dienstverlening verbeteren. Technologische investeringen werden gedaan om de klantenservice te verbeteren en om cybersecurity verder te optimaliseren. Het personeelsbestand werd geoptimaliseerd om de operationele kosten te beheersen zonder concessies te doen aan de kwaliteit van onze service.

Risk Management

DSB heeft haar beleidskader versterkt en vernieuwd, met een focus op het identificeren en beheersen van risico's. Maatregelen werden genomen om de kredietportefeuille te beschermen tegen economische onzekerheden, zoals de zwakke economische omgeving en devaluatie van de Surinaamse munt. Een incident management systeem werd verder geoptimaliseerd om incidenten te registreren en te analyseren, wat resulteerde in een betere naleving en handhaving van beleid en procedures.

Performance management

DSB investeert in haar medewerkers door het vaststellen van duidelijke rollen en verantwoordelijkheden, het aanbieden van trainingen en het bevorderen van een cultuur van motivatie en betrokkenheid. De focus ligt op het creëren van een omgeving waarin medewerkers worden gestimuleerd om hun volledige potentieel te benutten en bij te dragen aan het succes van DSB.

Ook in 2021 hebben medewerkers via performance management aandacht besteed aan de 3 pijlers in onze balanced scorecard. De prestaties van elke medewerker worden beoordeeld op hun individuele bijdrage aan:

- Inkomstenverhoging
- Kostenverlaging
- Risicomanagement

In 2021 hebben we het beleid omtrent Leren & Groeien van onze medewerkers en de monitoring van prestaties op basis van Performance Management geformaliseerd.

Financial performance

In 2021 hebben we ondanks de Covid-19 pandemie een positieve ontwikkeling doorgemaakt. Als gevolg van de hyperinflatie in Suriname moesten we conform IFRS richtlijnen IAS 29, Financial Reporting in Hyperinflationary Economies, toepassen. Op basis van IAS 29 moesten ook de cijfers over het verslagjaar 2020 opnieuw worden vastgesteld (restated).

In 2021 behaalden we een nettoresultaat van SRD 370,6 miljoen, hetgeen een toename is van 31% ten opzichte van het nettoresultaat van 2020: SRD 283,2 miljoen. Mede als gevolg van het positief resultaat 2021 liet het eigen vermogen een positieve ontwikkeling zien en bedroeg ultimo 2021 SRD 751,3 miljoen (2020: 375,1 miljoen).

DSB's Capital Adequacy Ratio (CAR) (solvabiliteitsratio) liet in 2021 mede als gevolg van de stijging van het eigen vermogen een significante verbetering zien. Per ultimo 2021 had DSB een CAR van 13,5% wat ten opzicht van 2020 een stijging is van 9,0% (2020: 4,5%). De minimumnorm van de CAR voor DSB is vastgesteld op 11,25%.

De netto rentebaten stegen in 2021 ten opzichte van 2020 met 65% tot SRD 475,5 miljoen. De grootste stijging is echter een vrijval van de waardeveranderingen door wijzigingen in de verwachte kredietverliezen in 2021 van SRD 153,0 miljoen ten opzichte van een toevoeging aan de verwachte kredietverliezen in 2020 van SRD 110,0 miljoen. De inkomsten uit ongerealiseerde koersresultaten daalden in 2021 ten opzichte van 2020 met 28% tot SRD 228,2 miljoen.
Mede als gevolg van het toepassen v
an IAS 29 Financial Reporting in Hyperinflationary Economies, daalden de totale operationele kosten in 2021 met 23% tot een bedrag van SRD 464,4 miljoen (2020: SRD 600,0 miljoen).

De cost/income ratio (totale operationele kosten afgezet tegen netto resultaat uit operationele activiteiten exclusief voorzieningen van verwachte kredietverliezen) verbeterde van 68% in 2020 naar 54% in 2021.

Liquidity

Om de liquiditeit van DSB conform stringente internationale regels te managen passen we de Basel III liquiditeit richtlijnen toe. Het Basels Comité heeft twee liquiditeitsratio's vastgesteld om ervoor te zorgen dat de bancaire sector voldoende liquiditeit heeft om aan haar korte- en lange termijnverplichtingen te voldoen; Liquidity Coverage Ratio (LCR) en Net Stable Funding Ratio (NSFR). Deze twee liquiditeitsvereisten zijn bedoeld om de liquiditeitsrisico's te achterhalen in tijden van financiële onzekerheid. Zowel de LCR als de NSFR moeten voldoen aan een minimale ratio van 100%. Dit houdt in dat de vereiste liquiditeit en de aanwezige liquiditeit in evenwicht zijn. DSB's LCR-ratio is in 2021 gestegen tot 203,4% (2020: 137,7%). De NSFR-ratio is in 2021 gestegen tot 227,1% (2020: 206,1%). Het vorenstaande houdt in dat DSB zeer liquide is.

Outlook

De directie is optimistisch over de vooruitzichten voor DSB en verwacht verdere verbeteringen in de financiële prestaties. Met een focus op het beheersen kosten en risico's, het vergroten van de inkomsten en het verder cultiveren van een prestatiegerichte cultuur, is DSB goed gepositioneerd voor verdere groei en successen in de toekomst.

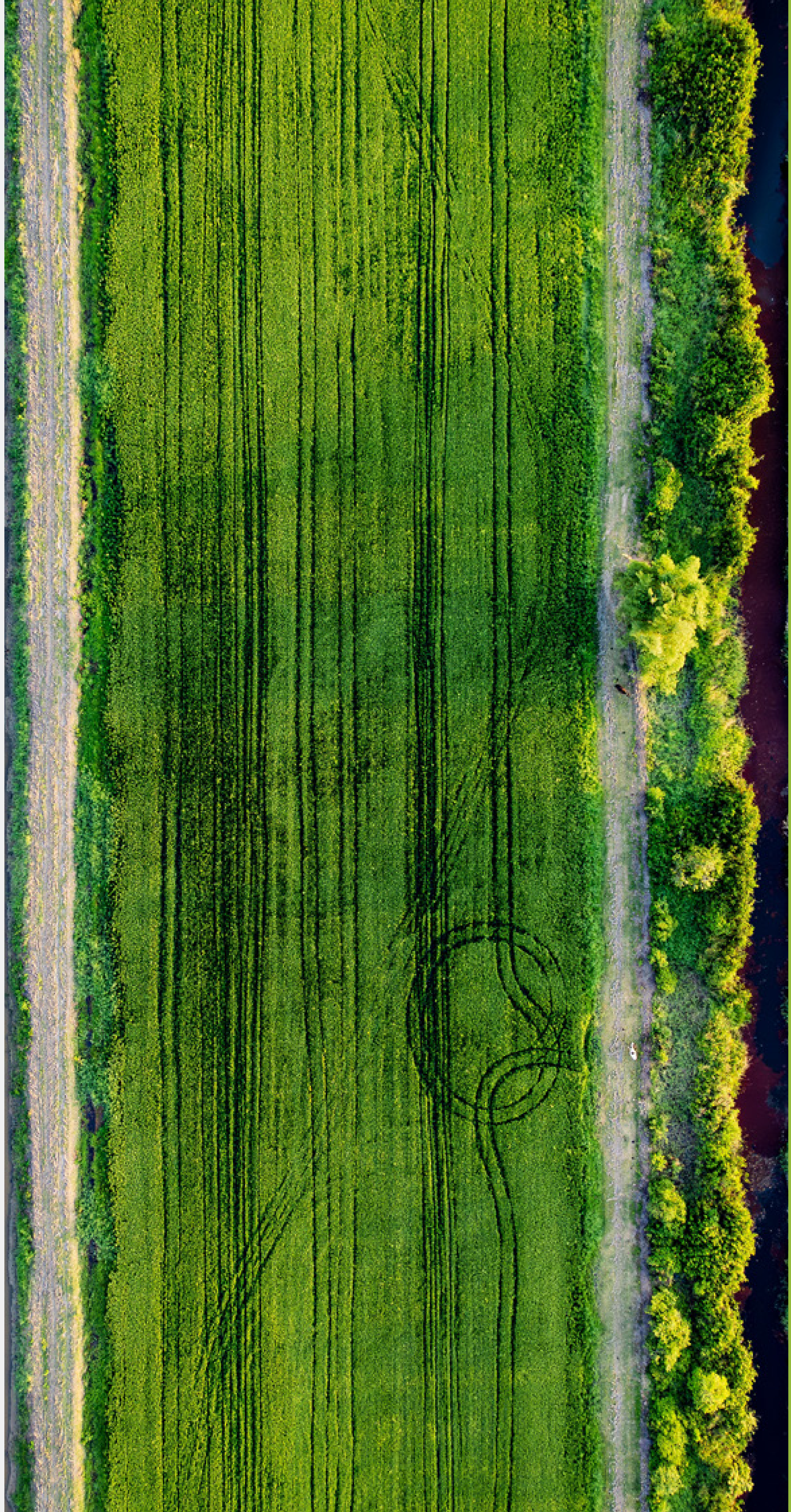
In memoriam

In 2021 hebben wij helaas afscheid moeten nemen van 2 medewerkers te weten mevrouw Ermie Atmidi-Djasmadi (24 april 2021) en mevrouw Morena Tan A Kiam (17 oktober 2021). Eveneens hebben wij afscheid genomen van 8 gepensioneerden, te weten:

- Edmund Hanenberg (05 mei 2021)
- Evert Reyme (26 juni 2021)
- Aseli Amattaram (06 augustus 2021)
- Roel Leeuwin (13 september 2021)
- Edward Muller (05 oktober 2021)
- Tsoen Then Tjon Soe Tsoi (03 november 2021)
- Hillary Thijm (22 augustus 2021)
- Jozef Brahim (1 december 2021)

Dankwoord

De directie is dankbaar voor de steun en inzet van alle medewerkers, de Raad van Commissarissen en klanten. Hun bijdrage heeft geleid tot de positieve ontwikkelingen en het succes van DSB.



REPORT OF THE SUPERVISORY BOARD

General
This report provides an overview of the tasks and responsibilities carried out by the Supervisory Board concerning the financial year 2021.

Due to hyperinflation in Suriname, DSB was obliged to apply IFRS standard IAS 29, Financial Reporting in Hyperinflationary Economies, for the financial year 2021. This standard provides guidelines to ensure that the financial statements accurately reflect the effects of inflation on the financial position and performance of an entity, in this case, DSB.

Board of Directors
The board of directors currently consists of two statutory directors, namely Mr. Waldo Halfhuid (CFO) and Mr. Alexander van Petten (CRO). During the upcoming Annual General Meeting of Shareholders, the nomination of a third statutory director will take place to comply with the principles of good governance and the requirements of the Central Bank of Suriname. These requirements stipulate that the management of systemic banks must consist of at least three statutory directors.

Supervisory Board

Composition
As of January 1, 2024, the Supervisory Board is composed as follows:

Mr. Nilesh Bishesar MBA – Chairman of the Supervisory Board
Mr. Roy Baidjnath-Panday – Vice Chairman of the Supervisory Board
Drs. Stanley Mathura QT
Robert Kasanrawi MBA MMA QT
Drs. Rishie Parbhudayal AAG
Drs. Jürgen van Ommeren RA
Mr. Judith van der Gugten

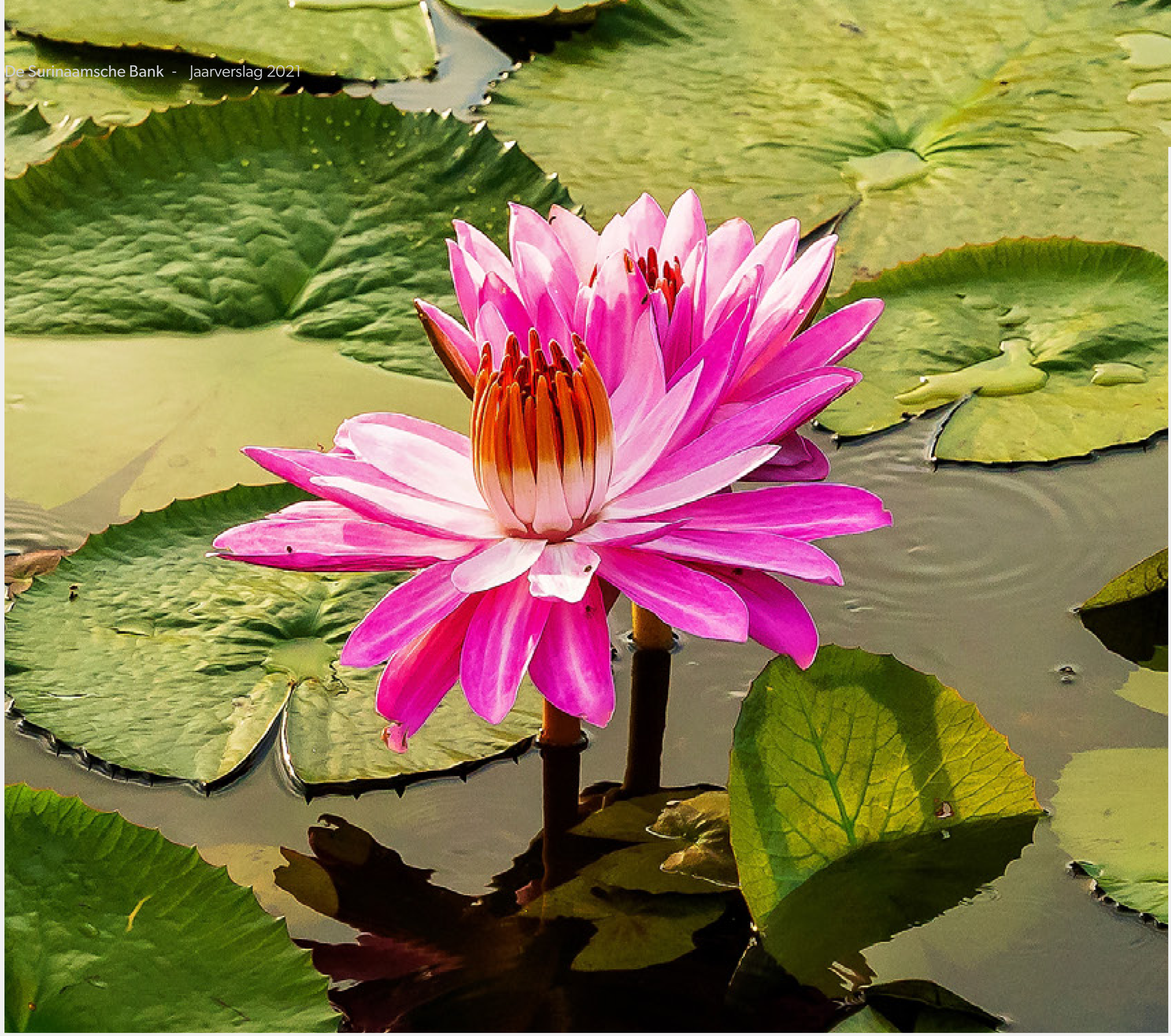
Mr. Stanley Mathura was appointed as a member of the Supervisory Board of the Central Bank of Suriname on March 13, 2024, and therefore resigned from his position as a member of DSB's Supervisory Board on February 17, 2024. The Supervisory Board would like to thank Mr. Stanley Mathura for his dedication to the Supervisory Board of DSB and wishes him every success in his role as a member of the Supervisory Board of the Central Bank of Suriname.

Policy and Supervision for the Financial Year 2021
In 2021, the focus was on continuing the transformation process of DSB, aimed at strengthening the internal organization and optimizing the DSB's compliance and risk management functions. Additionally, efforts were made to further improve and strengthen DSB's financial position. During the financial year 2021, further improvements were made in internal control, contributing to the stabilization of DSB. The growing need for uniformity and transparency in financial reporting, driven by globalization, has led to a shift towards the adoption of International Financial Reporting Standards (IFRS). This not only promotes uniformity but also facilitates the assessment and comparison of financial reports of companies worldwide.

In line with the above and due to legal provisions in Book 2 of the Civil Code, DSB decided to report according to IFRS standards from 2019 onwards. The process of conversion to IFRS has led to delays in the publication of previous annual reports, which also affected the publication of the 2021 annual report. DSB aims to catch up on the backlog of annual reports for 2022 and 2023 in the relatively short term and has already taken appropriate measures to ensure this catch-up process.

In the reporting year 2021, the Supervisory Board held 18 meetings.

Developments during the Financial Year
The net profit after tax for 2021 amounts to SRD 370.6 million (restated 2020: SRD 283.2 million), an increase in profit of SRD 87.4 million. This improvement in results is mainly attributable to an increase in interest income and gains from changes in the expected credit loss. DSB's solvency has improved by 9.0% as a result of the improvement in 2021, reaching 13.5% at the end of 2021. Additionally, all key liquidity ratios are well above the minimum requirement of 100%.



Supervisory Board Committees

To optimize the contribution of the members of the Supervisory Board, specific tasks have been assigned to three committees:

Audit Committee

In 2021, the Audit Committee consisted of Mr. R. Kasanrawi (chairman), Mr. S. Mathura, and Mr. W. Sowma. As of January 1, 2024, the Audit Committee consisted of Mr. R. Kasanrawi (Chairman), Mr. S. Mathura, and Mr. J. van Ommeren. Since S. Mathura resigned as a member of DSB's Supervisory Board on February 17, 2024, the committee consisted of Mr. R. Kasanrawi (Chairman) and Mr. J. van Ommeren from that date.

The tasks and responsibilities of the committee are laid down in a charter (Audit Committee Charter). In the calendar year 2021, the committee held four meetings, one of which was with the external auditor. In the calendar year 2021, the committee held several meetings with management/ the board, the Internal Audit Department, and the external auditor regarding the financial statements and their audit. The meetings discuss the recommendations of the Internal Audit Department, the external auditor, and the Central Bank of Suriname, as well as their follow-up. Also discussed are the functioning and capacity (both qualitative and quantitative) of the Internal Audit Department, audit reports, the realization of the current audit year plan, and the composition of the upcoming audit year plan. In 2021, the Audit Committee also held discussions with the external auditor and IT auditors regarding critical risks, the progress of the audit, and their recommendations for improving internal control.

Risk & Compliance Committee

In 2021, the Risk & Compliance Committee consisted of Mr. R. Parbhudayal (chairman), Mr. S. Mathura and W. Sowma. As of January 1, 2024, the Risk & Compliance Committee consisted of Mr. R. Parbhudayal (Chairman), Mr. S. Mathura, and Mr. R. Baidjnath-Panday. Since Mr. S. Mathura was no longer a member of DSB's Supervisory Board as of February 17, 2024, the committee consisted of Mr. R. Parbhudayal (Chairman) and Mr. R. Baidjnath-Panday from that date.

In the reporting year, the Risk & Compliance Committee held a total of four meetings. The committee focuses on the overall bank-wide risk management system and the resulting risk areas, including compliance risk. During the regular meetings, various risk areas were assessed based on DSB's risk appetite and tolerance. The compliance report, presented monthly to the Board, as well as the review and progress of the Compliance program, were discussed. Several policy documents were discussed and approved during special Risk & Compliance Committee meetings.

Selection, Appointment and Remuneration Committee

In 2021, the Selection, Appointment and Remuneration Committee consisted of Mr. E. Emanuels (chairman), R. Kasanrawi and W. Sowma. As of January 1, 2024, the Selection, Appointment and Remuneration Committee consisted of Mr. R. Baidjnath-Panday (Chairman), Mr. R. Kasanrawi, Mr. R. Parbhudayal, and Ms. J. van der Gugten.

In the reporting year, the committee held several meetings. These meetings discussed, among other things, the remuneration and performance of the management, the organizational structure, and the filling of management and key staff positions.

Performance

In the meetings of the Supervisory Board and its committees, members actively participated in discussions and decision-making. The Supervisory Board conducted periodic self-assessments to determine whether tasks were adequately performed, responsibilities were taken in accordance with the company's articles of association, applicable regulations in Suriname, and whether sufficient oversight was maintained over the policies implemented. In general, the performance of the Board for 2021 was considered satisfactory by its members, although there is always room for improvement.

Remuneration

The general meeting of shareholders determines the remuneration of the Supervisory Board. The remuneration of the Supervisory Board amounted to a total of SRD 297,080 in 2021 and was established during the general meeting of shareholders on March 26, 2015.

Annual Accounts and Proposal for Profit Distribution

To comply with the requirement of Article 22 of the articles of association, we inform you regarding the 2021 annual accounts of De Surinaamsche Bank N.V. as follows: we have had the corporate and consolidated balance sheets as of December 31, 2021, the corporate and consolidated income statements for 2021, and the consolidated cash flow statement with its explanatory notes examined, and we advise you to approve the present annual accounts, as presented together with the audit opinion of Ernst & Young Suriname, submitted for consideration by the management. This approval extends to discharge the management for its management and the Supervisory Board for its supervision in the financial year 2021. The consolidated net profit after tax for the financial year amounts to SRD 370.6 million. Since the distributable reserves show a negative balance in 2021, there are no interest obligations for the additional capital raised to strengthen Tier 1 capital (AT1).

Given the fact that the distributable reserves show a negative balance, DSB is not allowed to pay dividends to its shareholders for the fiscal year 2021.

Outlook

From late 2021 to the present, DSB's transformation journey, aimed at strengthening the internal organization and optimizing the DSB's compliance and risk function, has continued and yielded results. During this period, improved risk management has led to a significant reduction in provisions, and in several cases, bad debts have been settled, resulting in the partial or complete release of provisions. All of this has translated into an improvement in the DSB's solvency and liquidity position. Based on the preliminary results achieved from late 2021 to the present, the Board has full confidence in a good and healthy future for DSB.

Acknowledgment

The Supervisory Board is grateful for the dedication of the management and all employees. Additionally, they would like to thank the customers and shareholders of DSB for their trust in De Surinaamsche Bank N.V.

Paramaribo, June 03, 2024

Supervisory Board:
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Mr. Roy Baidjnath-Panday – Vice Chairman of the Supervisory Board
Robert Kasanrawi MBA MMA QT
Drs. Rishie Parbhudayal AAG
Drs. Jürgen van Ommeren RA
Mr. Judith van der Gugten

CORPORATE GOVERNANCE

Good governance remains high on the agenda of the management and Supervisory Board of DSB. DSB's vision is reflected in its core values: Open, Responsible, and Ambitious. These core values guide DSB's policies.

DSB fulfills its obligations to conduct its business operations in a socially responsible manner. In our internal structure, the embedding of good governance is based on both the regulations from our regulator as well as our dedication and involvement in society. We focus on value creation and take into account the interests of our stakeholders.

Based on the principles of good governance, the corporate structure is designed with a management responsible for steering the organization and a Supervisory Board that performs a supervisory role on behalf of the shareholders.

Directors are appointed by the General Meeting of Shareholders upon nomination by the Supervisory Board and subject to approval by the Central Bank of Suriname.

The functioning of the management is based on specific knowledge in various areas including financial expertise, risk management, responsible commercial practices, leadership, and technological developments in the banking sector.
The management has established rules regarding task division, working methods, decision-making, provisions on behavior and culture, and the handling and provision of information to the Supervisory Board in the management regulations.

Supervisory Board

In accordance with the Corporate Governance Code, the Supervisory Board consists of a minimum of 5 members. The members of the Supervisory Board are appointed by the General Meeting of Shareholders. Approval from the Central Bank of Suriname is required for the appointment of supervisory directors. The Supervisory Board has appointed three committees from among its members:

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

These committees advise the Supervisory Board on specific tasks. The Supervisory Board has also established agreements regarding its tasks in a Supervisory Board Regulation.

Code of Conduct

DSB's business operations pay special attention to good risk management, compliance with the requirements of international and national financial reporting regulations, compliance, and the organization of audit departments with knowledgeable and involved employees.

For the entire bank, including the Supervisory Board, management, and all employees, rules of conduct regarding the honest and careful performance of their profession apply. The principles of our integrity policy are integrated into the core values and code of conduct of our bank.

DSB continuously evaluates and updates its work processes and procedures to comply with the constantly changing international and national developments in banking, including compliance requirements and corporate social responsibility.

Compliance

DSB is aware of its gatekeeper role and, to meet international and national requirements according to the "Three Lines model", in which each line has specific roles and responsibilities, the compliance function is placed in the second line. The tasks of the Compliance department are laid down in the Compliance Charter. The compliance function focuses on promoting and ensuring compliance with laws, regulations, internal procedures, and codes of conduct that are relevant to the integrity and reputation of DSB. Compliance operates independently and monitors DSB's Anti-Money Laundering (AML) / Counter-Terrorist Financing (CFT) policy and ensures compliance with laws and regulations in this area. Compliance reports directly to the management and to the Supervisory Board.

DSB defines compliance as: The set of measures aimed at the implementation, enforcement, and compliance with laws and regulations, as well as internal procedures and codes of conduct to safeguard the reputation and integrity of DSB.

The main control measures for compliance risks are periodically monitored. DSB has updated its AML/CFT policy as well as its KYC/CDD (Know Your Customer/Customer Due Diligence) policy to ensure compliance with all legal and regulatory requirements in this area. The whistleblower policy has also been updated. All employees, including management and the Supervisory Board, receive regular training on compliance and AML/CFT.

The assessment and management of compliance risk is part of DSB's integral risk management, as outlined in DSB's Enterprise Risk Management (ERM) policy. Compliance risk is divided into the integrity of the organization, personnel and services/products, and customers.

Within the compliance area falls:
Ensuring compliance with relevant laws and regulations, values, norms, and codes of conduct of DSB, including providing advice and formulating policies.

Managing compliance risks.

Creating compliance awareness throughout the bank.

Maintaining contact with the Central Bank of Suriname (CBvS) (in accordance with the AML/CFT guideline).

Maintaining contact with the Financial Intelligence Unit (FIU) Suriname. The latter for reporting both objective and subjective reports on behalf of DSB.

The management of compliance risks is based on the first responsibility of line management. Line management includes all department managers. They must identify, assess, measure, manage, and report on compliance risks themselves in accordance with instructions to the Compliance department.

Department managers also ensure that compliance is anchored within their own department by effectively implementing the Integrity Policy. Promoting compliance awareness among all employees is crucial in this regard.

Each employee is personally responsible for compliant behavior, namely compliance with the Code of Conduct as well as internal policies.

The independent assessment of the setup, existence, and functioning of the compliance function is a task entrusted to the Internal Audit Department (IAD) and/or the external auditor.

The Compliance department consists of a Compliance Manager and Compliance Officers who are responsible for exercising the compliance function within DSB. The Compliance Manager is responsible for the Compliance department and has a direct reporting line to the Supervisory Board.

PROFILES SUPERVISORY BOARD

NILESH BISHESAR

President-Commissaris

- Member of the Supervisory Board of De Surinaamsche Bank N.V. and since 2021 Chairman of the Board;
- Since 2012, managing Director of Qualogy Caribbean;
- From 2010 to 2012, Commercial Manager at Qualogy Caribbean;
- From 2008 to 2010, Managing Director at Westgroup Consulting;
- From 2006 to 2008, Manager Corporate & Consumer Sales at Digicel Caribbean;
- From 2003 to 2006, Business Development Officer at Staatsolie Suriname;
- From 2001 to 2003, Account Manager at Zoodat Webmedia;
- From 2022 to 2024, Board member of the ICT Association;
- Has over 25 years of experience in various leadership positions in Suriname, the Caribbean and the Netherlands;
- Holds a doctoral degree in Aerospace Engineering from TU-Delft and a master's degree in business administration from FHR Institute/Maastricht School of Management.

ROY BAIDJNATH-PANDAY

Vice President-Commissaris

- Member of the Supervisory Board of De Surinaamsche Bank N.V. since 2021 and also Vice President of the Board;
- Chairman of the Selection, Appointment, and Remuneration Committee and member of the Risk & Compliance Committee;
- Since 2021, Chairman of the Project Implementation Unit for Anti Money Laundering for Suriname;
- Until 2021, Chairman of the National Anti-Money Laundering Committee and Suriname's representative at the Caribbean Financial Action Task Force;
- From 2014 to 2021, served as the Prosecutor General;
- Possesses over 35 years of experience in various leadership positions within the Judiciary, including Attorney General and Chief Prosecutor;
- Chairman and member of various advisory committees and boards in the field of law and justice;
- Holds a master's degree in law from the University of Paramaribo and a diploma in Human Rights from the University of Curaçao.

ROBERT KASANRAWI

Commissaris

- Member of the Supervisory Board of De Surinaamsche Bank N.V. since 2018.
- Chairman of the Audit Committee and member of the Selection, Appointment and Remuneration Committee.
- Is Chief Director of Financial and Operational Affairs at Self Reliance N.V.
- Served as the Chairman of Stichting Pensioenfonds C. Kersten & Co. from 2017 to 2018;
- Held various financial positions, including Financial Manager and Managing Director, at CKC Motors Co N.V. from 2005 to 2017;
- Worked as Finance Manager at Kersten Lease N.V. from 2012 to 2017;
- Holds a master's degree in business administration and management accounting from FHR/School of Management & University of Maastricht.

RISHIE PARBHUDAYAL

Commissaris

- Is a member of the Supervisory Board of De Surinaamsche Bank N.V. since 2020;
- Serves as the Chairman of the Risk Committee (RCC), and is a member of the Selection, Appointment, and Remuneration Committee (SARC) and the Audit Committee (AC);
- Has been the Chief Operations Officer at Assuria N.V. since July 1, 2017;
- Member of the Board of Directors of Gulf Insurance Ltd., Assuria Life (T&T) Ltd., Assuria General & Life (Guyana) Inc.;
- Chairman of the Investment Committee of Gulf Insurance Ltd., Assuria Life T&T, Assuria General & Life (Guyana) Inc.;
- Is Managing Director of Assuria Life Curacao since October 2023;
- Serves as a board member and secretary of the Surinamese Stock Exchange;
- Is a member of the Actuarial Society in the Netherlands (AG) and the Caribbean Actuarial Association (CAA);
- Has over 25 years of experience in the financial sector.
- Holds a doctoral degree in Actuarial Sciences and Econometrics;
- Has over 27 years of experience in the financial sector.

JÜRGEN VAN OMMEREN

Commissaris

- Is a member of the Supervisory Board of De Surinaamsche Bank since 2021.
- Serves as a member of the Audit Committee.
- Has been the Finance Manager at CKC Machinehandel Surmac N.V. since 2012.
- Worked as an audit team leader at Ernst & Young Accountants (Amsterdam) from 2010 to 2012.
- Was an audit team member at BDO CampsObers Accounts & Adviseurs from 2007 to 2010.
- Holds a Master's degree in Accounting & Control, a postgraduate diploma in Accountancy from Vrije Universiteit Amsterdam, and is a Registered Accountant (RA) accredited by the Dutch Institute of Chartered Accountants (NBA) following the completion of the professional training program for accountants in Amsterdam.

JUDITH VAN DER GUGTEN

Commissaris

- Is a member of the Supervisory Board of De Surinaamsche Bank N.V. since December 2023;
- Is a member of the Selection, Appointment, and Remuneration Committee (SARC);
- Working independently as a consultant since 2012;
- Served as director of SJSSN (now CDR) from 2007 to 2012;
- Part-time lawyer at Sewcharan & Pick since August 2023;
- Serves as a Member of the Accreditation Council of NOVA (National Accreditation Body) on behalf of VSB since September 2021;
- Serves as a deputy member of the Labor Advisory College (AAC) on behalf of VSB since 2016;
- Holds a doctoral degree in Dutch Law obtained from Erasmus University Rotterdam and is a professionally trained Mediator;

PROFILES EXECUTIVE BOARD

WALDO HALFHUID

Chief Financial Officer

- Joined De Surinaamsche Bank in August 2023 as the Chief Financial Officer and statutory director
- Brings over 35 years of experience in finance (IFRS), prudential law, and regulations
- Serves as a board member on various foundations and committees

ALEXANDER VAN PETTEN

Chief Risk Officer

- Appointed Chief Risk Officer and statutory director in November 2022
- Has been with De Surinaamsche Bank since 2012, holding various roles including Head of Risk and Department Manager of E-Banking & Payments

THE WORLD AROUND US

In 2021, although the year was economically a recovery year, it was a difficult year for Suriname. According to the IMF, the world economy grew by 6.1%[1] in 2021, after a decline of about 3.5% in 2020 due to the Covid-19 pandemic. The effects of the Covid-19 pandemic were still present in 2021, but to a lesser extent than the previous year, due to the availability of various Covid vaccines. Nonetheless, this pandemic in 2021 was also marked by periods of full and partial lockdowns (especially in the first half of the year), disruption of economic and social activities, and a healthcare system that was still heavily strained. The consequences of this global crisis are visible in sharp reductions in consumption and investment, job losses, and an increase in poverty worldwide. A global crisis unparalleled in recent history.

The economic growth of Latin America and the Caribbean increased by 7.0% in 2021, a recovery from negative growth in 2020 to positive growth in 2021. However, the local economy of Suriname did not follow the same pattern as global economic growth, nor the growth in Latin America and the Caribbean. In 2021, Suriname still experienced an economic contraction of 2.4% (in 2020, this was 16%). Gold production fell by 8% in 2021, while the world market price rose by 2%. Production mainly declined due to Covid-19 restrictions, heavy rainfall, and unfavorable working conditions. Various sectors, including notably the tourism sector, could only operate limitedly in 2021 due to Covid-19 protocols. Despite the pandemic, supply chain disruptions, and flooding at various oil fields, Staatsolie, the state-owned oil company of Suriname, managed to maintain its oil production. The average crude oil production price, which fell in 2020, rose by as much as 59.0% in 2021. Unemployment in Suriname increased by 0.1% to 11.2% in 2021 according to the IMF. Recent figures show that unemployment in Suriname fell to 10.3%[2] in 2022, indicating slow economic recovery and improvements in the labor market.

On Suriname's trade balance, we see a 6.0% decrease in exports for 2021, while imports increased by 4.4%. The decline in exports is mainly due to the decreasing gold export volume, which fell by 10%. The increase in import value is mainly due to high inflation and is primarily found in consumer products. The financial account of the balance of payments shows a deficit of USD 38.8 million compared to 2020, due to an increase in central bank and government debts. The increase in debts is mainly due to the depreciation of the SRD.

Inflation reached a level of 60.7% in 2021 due to the sharp weakening of the SRD exchange rate, rising utility prices, and increased income tax (solidarity tax). Additionally, inflation also rose due to international factors such as rising oil prices, prices of various commodities like grain, soy, and sea freight costs[3].

Internal factors, including the 10% solidarity tax, led to an increase in government revenues. This transformed the budget deficit of 9.7% of GDP in 2020 into a surplus of 1.8% in 2021. Due to the restructuring process of government loans, there was also a slowdown in the growth of government debts. However, total government borrowing increased by 5.2% to SRD 49.9 billion (128.9% of GDP). This increase is mainly due to foreign currency components, which increased in SRD due to the exchange rate adjustment in June 2021[4].

In 2021, the Central Bank of Suriname took various monetary measures. Exporters were required to repatriate 100% of their export proceeds to Suriname and sell 30% of this to the Central Bank of Suriname. This measure did not yield the desired result. Furthermore, the SRD reserve requirement was increased from 35% to 39% to limit the available money supply. On June 7, 2021, the central bank switched from a regulated exchange rate policy to a flexible exchange rate regime. This switch took place under the new "reserve monetary targeting framework" (RTM framework). The exchange rate depreciated by 52.8%. The new exchange rate policy was one of the IMF's requirements for their support in implementing the government's crisis and recovery plan. To control the exchange rate and inflation, term deposit auctions were implemented in July 2021. This measure is part of the central bank's Open Market Operations (OMO) and is intended to regulate the base money supply by influencing the available liquidity at banks. The introduction of a flexible exchange rate policy and OMOs are an important basis for macroeconomic recovery. Monetary policy was also shaped by signing a "Memorandum of Understanding" between the Central Bank of Suriname and the Ministry of Finance and Planning to refrain from any form of monetary financing [5]. The money supply (M1) increased by 47.9% compared to 2020 to SRD 23.8 billion due to an increase in demand deposits. These rose by 54.0%, mainly due to the depreciation of the SRD currency (71.6% of demand deposits consist of foreign currency). M2 also increased by 43.9% to SRD 47.3 billion due to liquidity from international reserves and loans to the private sector[6].

1 www.imf.org
2 www.macrotrends.net/www.imf.org/www.staatsolie.com/www.cbvs.sr
3 www.cbvs.sr
4 www.cbvs.sr

In December 2021, the Surinamese government, together with the IMF, concluded a 3-year agreement under the Extended Fund Facility for Suriname, related to the economic recovery plan of the Surinamese government. Under this agreement, an amount of USD 688.8 million will be disbursed in tranches. In December 2021, the first tranche of USD 55.1 million was disbursed with the start of the program. The aim of this program is not only to stabilize the government's financial system, restore public debt, improve monetary and exchange rate policies, but also to protect the socially vulnerable and tackle corruption and money laundering.

The nominal growth of the credit portfolio of the banking sector in SRD decreased by 4.2% compared to 2020, mainly due to the Covid-19 pandemic. There is also a decrease in the credit portfolio of the banking sector in USD and EUR across all sectors by 4.4% and 26.1%, respectively. Despite a decline, the Financial Soundness Indicator of the banking sector, as published by the Central Bank of Suriname, shows a solvency ratio of 14.5%. This is higher than the required level of 10% (in 2020, the solvency ratio was 11.8%). In 2021, the non-performing loan ratio improved from 14.6% in 2020 to 12.8%, mainly due to a stronger increase in gross value due to the exchange rate adjustment. Although the non-performing loan ratio has decreased, the quality of these loans has deteriorated due to the Covid-19 pandemic and the economic crisis. In 2021, the liquidity position of banks further improved. The liquidity ratio improved from 101.3% in 2020 to 117.0% in 2021 [7].

In 2021, the international rating agencies Fitch Ratings and S&P Global Ratings (S&P) downgraded Suriname's long-term foreign currency credit rating. Fitch Ratings confirmed a rating of Restricted Default (RD) (in 2020, the rating assigned to Suriname was C). S&P downgraded the rating from CCC in 2020 to Selective Default (SD) in 2021 [8].

5 www.cbvs.sr
6 www.cbvs.sr
7 www.cbvs.sr
8 www.cbvs.sr

Financial Summary and Key Financial Indicators 2020 - 2021

in thousand SRD for the year ended 31 December	**2021**	**2020***
Financial Results		
Net interest income	475,458	288,928
Fees and commissions	191,767	184,459
Other operating income	192,220	410,482
Operating expenses	(464,362)	(600,023)
Impairment gains/(losses) from changes in the expected credit loss	152,954	(109,994)
Net income before tax and (loss) or gain on monetary position	548,037	173,851
Net income	**370,561**	**283,197**
Financial Position		
Cash and balances with central banks	6,720,306	6,334,958
Due from banks	4,072,974	5,192,797
Loans and advances to customers	3,025,107	4,186,582
Purchased originated credit impaired financial assets	1,756,358	2,402,103
Other assets	2,109,637	1,743,885
Total Assets	**17,684,382**	**19,860,325**
Due to customers	15,615,948	17,577,347
Due to banks	324,399	812,775
Other liabilities	992,728	1,095,106
Shareholder's Equity	751,307	375,097
Total Liabilities and Equity	**17,684,382**	**19,860,325**
Financial Indicators		
Return on Equity (RoE)	65.8%	262.1%
Return on Assets (RoA)	2.0%	1.5%
Personnel expenses/total income	29.4%	31.0%
Personnel expenses/total expenses	54.4%	45.7%
Cost to income ratio	54.0%	67.9%
Solvency ratio	13.5%	4.5%
Earnings per share	9.8	7.5
Price to Earnings Ratio (P/E)	0.9	1.2
Number of employees at a full-time equivalent basis	436	449

**2020 balances were restated in line with IAS 29 Hyperinflation (see note 4.25)*

EXECUTIVE REPORT

Introduction
The year 2021 was, for the second consecutive year, dominated by the Covid-19 pandemic, which not only affected our interactions but also influenced developments in the global economy. After the economic downturn of 2020, the economy recovered in 2021. Nevertheless, uncertainty persisted, with increasing infection rates and emerging new variants of Covid-19. With the introduction of "Remote Work" within De Surinaamsche Bank N.V. (hereafter: DSB), we were able to ensure the majority of our services. Throughout the entire Covid-19 period, DSB established a crisis team responsible for the daily monitoring of the situation and well-being in the workplace.

Due to hyperinflation in Suriname, we were obliged to apply the IFRS standard IAS 29, Financial Reporting in Hyperinflationary Economies, for the reporting year 2021. This standard provides guidelines to ensure that financial statements accurately reflect the effects of inflation on the financial position and performance of an entity, such as DSB.

Commercial
To better tailor our services to the diverse needs of customers, we divided the customer base into different segments. This allows us to offer customized services and products. This approach was supported by the establishment of new departments, such as Prime Banking for high-end private clients and Corporate Solutions for business clients without credit needs. Further digitalization of our services played a central role in our strategy, providing customers with more flexibility and avoiding long waiting times. New online application modules and improved digital channels were developed to meet the changing needs of our customers.

In 2021, we launched Video Banking, allowing our prime customers to schedule a video call with their relationship manager themselves. Video Banking proved to be a solution for communication with our customers during the Covid-19 period.

The application process for a new debit card was simplified and optimized. Customers could easily and quickly request a new debit card if lost, stolen, or revoked by filling out an application form on our website. Within 5 working days, the customer received a message that they could collect the new debit card at the DSB office in the Hermitage Mall.

Cost Control
By centralizing, specializing, and digitalizing activities, we were able to work more efficiently while improving the quality of our financial services. Technological investments were made to improve customer service and further optimize cybersecurity. The workforce was optimized to control operational costs without compromising the quality of our service.

Risk Management
DSB strengthened and renewed its policy framework, focusing on identifying and managing risks. Measures were taken to protect the credit portfolio against economic uncertainties, such as the weak economic environment and devaluation of the Surinamese currency. An incident management system was further optimized to register and analyze incidents, resulting in better compliance and enforcement of policies and procedures.

Performance Management
DSB invests in its employees by establishing clear roles and responsibilities, offering training, and promoting a culture of motivation and engagement. The focus is on creating an environment where employees are encouraged to maximize their full potential and contribute to DSB's success.

Also in 2021, employees focused on the 3 pillars in our balanced scorecard through performance management. The performance of each employee is evaluated based on their individual contribution to:

- Revenue increase
- Cost reduction
- Risk management

In 2021, we formalized the policy regarding Learning & Growth of our employees and monitoring performance based on Performance Management.

Financial Performance

In 2021, despite the Covid-19 pandemic, we made positive progress. Due to hyperinflation in Suriname, we had to apply IFRS guidelines IAS 29, Financial Reporting in Hyperinflationary Economies. Based on IAS 29, the figures for the reporting year 2020 also had to be restated.

In 2021, we achieved a net result of SRD 370.6 million, which is an increase of 31% compared to the net result of 2020: SRD 283.2 million. Partly as a result of the positive result in 2021, the equity showed a positive development and amounted to SRD 751.3 million at the end of 2021 (2020: SRD 375.1 million).

DSB's Capital Adequacy Ratio (CAR) showed a significant improvement in 2021, partly due to the increase in equity. At the end of 2021, DSB had a CAR of 13.5%, which is an increase of 9.0% from 4.5% in 2020. The minimum CAR requirement for DSB is set at 11.25%.

Net interest income increased in 2021 compared to 2020 by 65% to SRD 475.5 million. However, the largest increase is a release of impairment gains/(losses) from changes in the expected credit loss in 2021 of SRD 153.0 million compared to an addition to the expected credit losses in 2020 of SRD 110.0 million. The unrealized income from exchange rate differences decreased in 2021 compared to 2020 by 28% to SRD 228.2 million. Partly due to the application of IAS 29 Financial Reporting in Hyperinflationary Economies, the total operating expenses decreased by 23% in 2021 to an amount of SRD 464.4 million (2020: SRD 600.0 million).

The cost/income ratio (total operating expenses divided by net operating income excluding provisions for expected credit losses) improved from 68% in 2020 to 54% in 2021.

Liquidity

To manage DSB's liquidity in accordance with stringent international rules, we apply the Basel III liquidity guidelines. The Basel Committee has established two liquidity ratios to ensure that the banking sector has sufficient liquidity to meet its short- and long-term obligations; Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). These two liquidity requirements are intended to identify liquidity risks in times of financial uncertainty. Both the LCR and the NSFR must meet a minimum ratio of 100%. This means that required liquidity and available liquidity are balanced. DSB's LCR ratio increased to 203.4% in 2021 (2020: 137.7%). The NSFR ratio increased to 227.1% in 2021 (2020: 206.1%). This means that DSB is very liquid.

Outlook

The management is optimistic about DSB's prospects and expects further improvements in financial performance. With a focus on cost and risk management, increasing revenues, and further cultivating a performance-oriented culture, DSB is well positioned for further growth and success in the future.

In memoriam

In 2021, we unfortunately had to say goodbye to 2 employees, namely Mrs. Ermie Atmidi-Djasmadi (April 24, 2021) and Mrs. Morena Tan A Kiam (October 17, 2021). We also bid farewell to 8 retirees, namely:

- Edmund Hanenberg (May 05, 2021)
- Evert Reyme (June 26, 2021)
- Aseli Amattaram (August 06, 2021)
- Roel Leeuwin (September 13, 2021)
- Edward Muller (October 05, 2021)
- Tsoen Then Tjon Soe Tsoi (November 03, 2021)
- Hillary Thijm (August 22, 2021)
- Jozef Brahim (December 1, 2021)

Acknowledgment

The management is grateful for the support and dedication of all employees, the Supervisory Board, and customers. Their contribution has led to the positive developments and success of DSB.

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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 2021 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income/(loss), 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 2021 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 Independent 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, 2021, the Group reported unrelieved losses of SRD 359.9 million (2020: SRD 736.3 million).

As discussed in Note 1.1, the Group has initiated the implementation of 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)

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 31 December 2021. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. 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 matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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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
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 25% 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.

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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
Hyperinflation accounting	
In accordance with IAS 29 'Financial Reporting in Hyperinflationary Economies', the Group has applied this standard for the first time in these financial statements as Suriname is considered a hyperinflationary economy as at 30 June 2021 and the Surinamese Dollar is the functional currency of the Group. The application of IAS 29 resulted in a net monetary loss of SRD 145.7 million at the end of the reporting period (2020: net monetary gain of 108 million). The audit procedures related to the application of IAS 29 'Financial Reporting in Hyperinflationary Economies' involved complex accounting concepts and resulted in material changes by the Group and as a result is considered a key audit matter.	Our audit procedures focused on assessing the completeness and robustness of the application of IAS 29 on the 2021 and 2020 figures and included the following: • We reviewed the Consumer Price Index (CPI) used in the calculation of the hyperinflation adjustments; • We reviewed the classification of the assets and liabilities in the consolidated statement of financial position as either monetary or non-monetary; • We reviewed management's calculation of the impact of hyperinflation adjustments relating to the consolidated statement of profit or loss and consolidated statement of other comprehensive income, including the net monetary gain/loss, the statement of changes in equity and the non-monetary items in the consolidated statement of financial position; • We reviewed management's calculation of the rebased comparative figures of 2020 for the monetary and non-monetary balances in the consolidated financial statements.

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Other information included in the Group's 2021 Annual Report

Other information consists of the information included in the Group's 2021 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.

Building a better working world

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.

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

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

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 2021 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.

Yours sincerely

Andrew Tom
Partner for and on behalf of
Ernst & Young Suriname

Paramaribo, 6/03/2024
12089303 ATO/24824

DSB Consolidated Financial Statements 2021

Consolidated Statement of Profit and Loss

in thousand SRD for the year ended 31 December	Notes	2021	2020*
Interest income calculated using the effective interest method	8	754,661	593,284
Interest expense calculated using the effective interest method	9	(279,203)	(304,356)
Net interest income		475,458	288,928
Fee and commission income	10	208,955	198,947
Fee and commission expense		(17,188)	(14,488)
Net fees and commission income		191,767	184,459
Net trading (loss)/ income	11	(50,811)	136,156
Impairment gains/(losses) from changes in the expected credit loss	12	152,954	(109,994)
Net loss on financial assets and liabilities at fair value through profit or loss	13	(30,115)	(72,165)
Other operating income	14	273,146	346,490
Net operating income		**1,012,399**	**773,874**
Personnel expenses	15	(252,667)	(274,025)
Depreciation of property, equipment and right-of-use assets	26	(18,488)	(27,702)
Amortization of intangible assets	28	(29,555)	(37,533)
Other operating expenses	16	(163,652)	(260,763)
Total operating expenses		(464,362)	(600,023)
Profit before tax and net monetary (loss) or gain		**548,037**	**173,851**
(Loss) or gain on monetary position		(145,728)	107,983
Net income before tax		**402,309**	**281,834**
Income tax (expense)/ income	17.1	(31,748)	1,363
Net income after tax		**370,561**	**283,197**
Earnings per share			
Equity shareholders of the parent for the year:			
Basic earnings per share		9.82	7.51
Diluted earnings per share		9.82	7.51

*2020 balances were restated in line with IAS 29 Hyperinflation (see note 4.25)

Consolidated Statement of Comprehensive Income

in thousand SRD for the year ended 31 December	2021	2020*
Profit for the year:	**370,561**	**283,197**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax	-	-
Remeasurement gain on defined benefit plans	5,890	102,542
Revaluation of properties	(241)	122,981
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	5,649	225,523
Income tax related to items that will not be reclassified to profit or loss	-	-
Other comprehensive income for the year, net of tax	5,649	225,523
Total comprehensive income for the year, net of tax	**376,210**	**508,720**
Attributable to:		
Equity holders of the parent	376,210	508,720
Total	**376,210**	**508,720**

*2020 balances were restated in line with IAS 29 Hyperinflation (see note 4.25)

Consolidated Statement of Financial Position

in thousand SRD as of 31 December	Notes	2021	2020*
Assets			
Cash and balances with central banks	18	6,720,306	6,334,958
Due from banks	19	4,072,974	5,192,797
Financial assets at fair value through profit or loss	21.2	336	5,055
Current tax assets	17.2	-	3,805
Loans and advances to customers	22	3,025,107	4,186,582
Purchased or originated credit impaired financial assets	23	1,756,358	2,402,103
Debt instruments at amortized cost	24	1,458,208	1,151,414
Investments in associates	21.3	27,669	2,643
Other assets	25	176,263	97,931
Property and equipment and right-of-use assets	26	435,893	445,518
Investment properties	27	5,017	8,493
Intangible assets	28	6,251	29,026
Total Assets		**17,684,382**	**19,860,325**
Liabilities			
Due to banks	19	324,399	812,775
Derivative financial instruments (liabilities)	20	-	91,168
Due to customers	29	15,615,948	17,577,347
Current tax liabilities	17.2	4,517	1,668
Other liabilities	30	261,372	242,830
Debt issued and other borrowed funds	31	214,324	235,358
Provisions	32.1	16,204	13,505
Net employee defined benefit liabilities	33	245,841	284,689
Deferred tax liabilities	17.3	250,470	225,888
Total liabilities		**16,933,075**	**19,485,228**
Equity attributable to equity holders of parent			
Issued capital	34	10,321	10,321
Issued equity instruments	35	90,055	90,055
Share premium	34	888,087	888,087
Unrelieved losses		(359,896)	(736,347)
Revaluation reserve		122,740	122,981
Total equity		**751,307**	**375,097**
Total liabilities and equity		**17,684,382**	**19,860,325**

*Amounts at the beginning of the calendar year were adjusted in accordance with Note 4.25 Hyperinflation

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

in thousand SRD	Issued capital	Issued equity instruments	Share premium	Unrelieved losses	Revaluation reserve	Total equity	Total equity attributable to parent	Total equity attributable to non-controlling interest
As at 1 January 2021	**10,321**	**90,055**	**888,087**	**(736,347)**	**122,981**	**375,097**	**375,097**	-
Result of the year	-	-	-	370,561	-	**370,561**	**370,561**	-
Remeasurement gain on defined benefit plans	-	-	-	5,890	-	**5,890**	**5,890**	-
Revaluation of properties	-	-	-	-	(241)	**(241)**	**(241)**	-
Total comprehensive income	**-**	**-**	**-**	**376,451**	**(241)**	**376,210**	**376,210**	**-**
At 31 December 2021	**10,321**	**90,055**	**888,087**	**(359,896)**	**122,740**	**751,307**	**751,307**	-

for the year ended 31 December 2020*

in thousand SRD	Issued capital	Issued equity instruments	Share premium	Unrelieved losses	Revaluation reserve	Total equity	Total equity attributable to parent	Total equity attributable to non-controlling interest
As at 1 January 2020	**3,773**	**31,728**	**324,184**	**(421,255)**	**-**	**(61,570)**	**(61,570)**	-
Result of the year	-	-	-	283,197	-	**283,197**	**283,197**	-
Remeasurement gain on defined benefit plans	-	-	-	102,542	-	**102,542**	**102,542**	-
Revaluation of properties	-	-	-	-	122,981	**122,981**	**122,981**	-
Total comprehensive income	**-**	**-**	**-**	**385,739**	**122,981**	**508,720**	**508,720**	-
Hyperinflations	6,548	58,327	563,903	(700,831)	**-**	**(72,053)**	**(72,053)**	-
At 31 December 2020	**10,321**	**90,055**	**888,087**	**(736,347)**	**122,981**	**375,097**	**375,097**	-

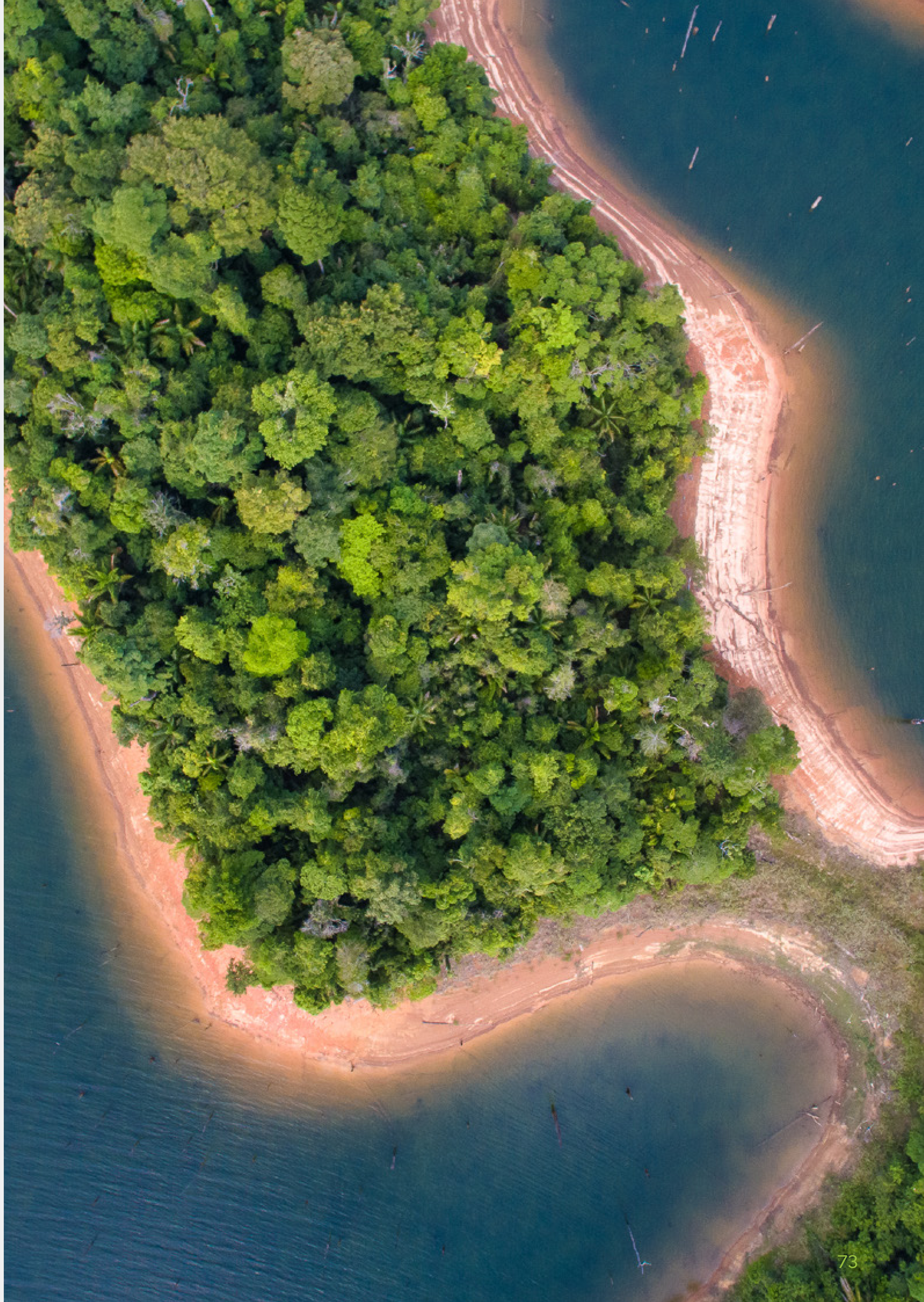
*Amounts at the beginning of the calendar year were adjusted in accordance with Note 4.25 Hyperinflation

Consolidated Statement of Cash Flows

in thousand SRD for the year ended 31 December	Notes	2021	2020*
Net income before tax		**402,309**	**281,834**
Adjustments for:			
Operating activities			
Change in operating assets	38	1,727,771	(176,693)
Change in operating liabilities	38	(2,539,930)	863,724
Depreciation and amortization	26,28	48,043	60,953
Interest and additions on lease liabilities	30	87	3,839
Foreign exchange on lease liabilities	30	5,054	11,770
Net gain from investing activities	38	1,359,973	855,946
Exchange and other adjustments		(6,675)	(9,516)
Revaluation/impairment		-	108,035
Net cash flows from operating activities		**594,323**	**1,718,058**
Investing activities			
Purchase of property and equipment	26	(9,596)	(8,372)
Proceeds from sale of property and equipment	26	3,476	12,567
Purchase of intangible assets	28	(6,780)	(2,806)
Net cash flows (used in)/from investing activities		**(12,900)**	**1,389**
Financing activities			
Movements on subordinated loan	38	(21,034)	37,093
Repayment of principal portion of lease liabilities	30	(15,022)	(15,737)
Net cash flows (used in)/from financing activities		**(36,056)**	**21,356**
Net increase in cash and cash equivalents		947,676	2,022,637
Cash and cash equivalents at 1 January	18,19	4,715,694	2,693,057
Cash and cash equivalents at 31 December		**5,663,370**	**4,715,694**
Additional information on operational cash flows from interest and dividends			
Interest paid	9	(279,203)	(304,356)
Interest received	8	754,661	593,284

*Amounts at the beginning of the calendar year were adjusted in accordance with Note 4.25 Hyperinflation

Notes to the Consolidated Financial Statements



1 Corporate information
De Surinaamsche Bank N.V. (DSB) together with its subsidiaries, the Group provides retail, corporate banking and asset management services in Suriname. DSB 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 December 31, 2021 were authorized for issue in accordance with a resolution of the directors on June 3, 2024. The majority of the shares are held by Assuria N.V., Self Reliance 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
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption that the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities when they fall due. In confirming the validity of the going concern basis of preparation, the Group has considered the following factors:

- as at December 31, 2021 and for the year then ended, the Group reported a net profit after tax of SRD 370.6 million (2020: SRD 283.2 million) and had excess total assets over total liabilities of SRD 751.3 million; in addition, as of December 31, 2021, the Group has reported unrelieved losses of SRD 359.9 million (2020: SRD 736.3 million) with SRD 497.1 million booked due to impact of hyperinflation (see Note 4.25).
- DSB has a positive equity position of SRD 751.3 million with a corresponding capital adequacy ratio of 13.5% in fiscal year 2021 (2020: 4.5%), which shows a significant improvement and is now above the ratio required by the CBvS (see Note 37).
- the Group generated positive cash flow from operating activities of SRD 594.3 million in the current period.
- as disclosed in note 41.6.1.4, the LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) shows DSB has sufficient liquidity to meet both short-term and long-term obligations, also, in case of episodes of financial turbulence.
- DSB is continuously working on optimizing its liquidity framework to maintain a strong liquidity position going forward.
- management prepares an annual budget and long-term strategic plan, including an assessment of cash flow requirements and continue to monitor actual performance against budget and plan throughout the reporting period. In 2024, a new strategic plan is being developed.

The country continued to endure the effects of the Covid-19 outbreak in 2021, with new variants spreading and low vaccination rate leading to extended lockdowns and restrictions. Domestic vulnerabilities were exacerbated by the pandemic, leading to further contraction of the Surinamese economy. Several monetary measurements were introduced in 2021. This includes the implementation of a flexible currency system driven by the market, the tightening of money supply by increasing cash reserve requirements for SRD from 35% to 39%, and the carrying out of Open Market Operations (OMOs) by offering term deposits or securities via an auction system to reduce SRD money supply.

To adapt with the situation, DSB introduced remote work within DSB to ensure continuity of the majority of services. DSB also strengthened its risk management by taking measures to protect the credit portfolio against the economic uncertainties. Stricter credit guidelines, risk-based exemptions and continuous drive to clean up the loan portfolio through various restructuring programs were some of the actions that DSB took.

On the basis of the points mentioned, management has a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future.

2 Basis of preparation
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), investment properties and land and buildings classified as property and equipment, all of which have been measured at fair value. For assets and liabilities where revaluations are applicable such as land and buildings, investment properties, 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
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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 DSB'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 41.6. The financial derivatives consist 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 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 4.25.

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 consolidated statement of profit and loss.

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 statement of profit and loss under the heading of 'Other Operating income/expenses'. Transactions affecting the income 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 effective interest rate 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 effective interest rate (and therefore, the amortized 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 effective interest rate. 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 effective interest rate 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 effective interest rate 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 consolidated 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 both calculated using the effective interest method. These are disclosed separately on the face of the consolidated statement of profit and loss for both interest income and interest expense to provide symmetrical and comparable information. In its interest income/expense, DSB only includes interest on those financial assets/liabilities held at amortized cost. 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, DSB did not have any interest-bearing financial assets or liabilities that are measured at fair value through profit or loss 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 (loss)/income'. DSB 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', DSB calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, DSB reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets (as set out in Note 23), DSB calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortized cost of the financial asset. The credit-adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortized cost of the POCI financial asset.

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 21.3.

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 statement of profit and loss 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 statement of profit and loss as other operating income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are 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 it carrying value, and then recognizes the loss within 'Share of other comprehensive income of an associate' in the consolidated statement of comprehensive income.

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 statement of profit and loss.

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 DSB 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 DSB 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). DSB 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 6.8.

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 DSB 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/Corporate) 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 installments. The DSB Easy Credit Card is a prepaid credit card that the customer can top up. For providing the credit card to the customer, an annual membership fee is charged. The customer benefits from the product simultaneously as DSB performs. Therefore, the calculation basis for revenue recognition is over time, every month in accordance with the contract.

Fuel cards: With the DSB fuel card, the 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 from the product simultaneously as DSB 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. 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 consolidated statement of profit and loss.

Safe deposit boxes: Safe deposit boxes are used to store valuable possessions, such as gemstones, precious metals, 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 DSB performs. The performance obligation 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 DSB performs over time.

Custody fees: The custody fees relate to deposit fees for securities received by the Treasury Department and fees that we receive for taking documents into custody, if the customer does not have a safe deposit box. Deposit fee for securities regards safe custody of securities for a specific period of time. Therefore, control and benefit are transferred over time as DSB 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. DSB 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.

Service charges at a point in time: 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 origination 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 DSB'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:

Physical transfer fee: Physical transfer fees regards fees for providing the customer with physical goods for example, bank statements, loan confirmations statements, physical i-signers, cheques and Giro books, 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.

System transaction fee: 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 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.

Brokerage fees: 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 DSB 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 recognized at a point in time.

Agent fee: 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.

Brand registration: These are fees received by DSB 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 consolidated statement of financial position arising from revenue from contracts with customers:

- Fees and commissions receivables included under 'Other assets', which represent DSB'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 DSB's obligation to transfer services to a customer for which DSB 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) DSB performs.

4.6 Net trading (loss)/income

Net trading (loss)/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. DSB 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 initially recognized and subsequently measured at amortized cost and at 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 exchange rate results under other operating 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.

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 consolidated statement of financial position 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 DSB 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 consolidated 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 land and buildings, investment properties and unquoted financial assets, and significant liabilities. Involvement of external appraisers is determined annually by DSB. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, 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:

- Land and buildings (Note 26)
- Investment properties (Note 27)
- Financial instruments at fair value (Note 20 and 21.2)
- 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 amortized cost are subsequently measured using the effective interest (EIR) method, subject to impairment. Amortized 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 consolidated statement of profit and loss through the effective interest rate amortization process as well as when the asset is derecognized, modified or impaired. DSB's financial assets at amortized 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 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 DSB's original expectations, DSB 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 20. Changes in the fair value of derivatives are included in the consolidated statement of profit and loss 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 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 profit and loss when the right of payment has been established.

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 consolidated statement of financial position at fair value. Changes in fair value are recorded in consolidated statement of profit and loss. Dividend income from equity instruments measured at FVPL is recorded in the consolidated statement of profit and loss 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 consolidated statement of profit and loss, and an ECL allowance as set out in Note 32. The premium received is recognized in the consolidated statement of profit and loss in 'Net fees and commission income' on a straight-line basis over the life of the facility.

Letters of credits 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 consolidated 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 capitalized 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 expired. 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 FVTPL, 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 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 DSB 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 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 DSB 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 41.3.3.5. 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 41.3.3.6, 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 consolidated statement of profit and loss, 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 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 types 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.

For POCI financial assets, DSB only recognizes the cumulative changes in LTECL since initial recognition in the loss allowance.

4.10.9.3 Forward looking information

In order to capture forward looking information in 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, including 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 41.3.6. 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, 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 consolidated 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 statement of cash flows, comprises of cash on hand, cash in transit, non–restricted current accounts with Central Banks and amounts due from banks on demand (Note 18 and 19). 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.

4.12 Leases

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 lives 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.

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 Property and equipment

Property such as land and buildings are regularly assessed for revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. In such case they are measured at historical cost. Accumulated depreciation and impairment losses are recognized after the date of revaluation. Revaluations are only recognized 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 statement of profit and loss. 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.

Equipment is 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 amortization period or methodology, as appropriate, and are treated as changes in accounting estimates. Right-of-use assets are presented together with property and equipment in the consolidated 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 lives 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 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 consolidated statement of profit or loss when the asset is derecognized. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.14 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.

4.15 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 amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite. Intangible assets with finite lives are amortized 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 amortization 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 life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives 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.

4.16 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 21.3)

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 assets 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 the 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 assets 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 asset's 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.

4.17 Taxes

4.17.1 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.

4.17.2 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 utilized. 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 consolidated 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.

4.18 Provisions

Generally, DSB recognizes provisions when it has a present obligation (legal or constructive) as a result of a past event, and 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 consolidated 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.

4.19 Pensions and other post-employment benefits

As of December 31, 2021, DSB operated a defined benefit pension plan, in which contributions are made to a separately pension fund administered and managed by the foundation "Stichting Pensioenfonds van De Surinaamsche Bank N.V. 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. DSB recorded additional provisions to conform 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 consolidated 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 consolidated 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

4.20 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 DSB 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.

4.21 Related parties

The Group has transactions with various clients, some of whom are considered to be related parties. A related party is a natural person or entity that is related to the Group. An entity or a natural person is related to the Group if this entity or natural person, or close relative of the natural person has control or joint control of Group, has significant influence or is one of the managers at a key position within Group. A related party transaction is a transfer of resources, services or obligations between Group and a related party, regardless of whether a price is charged. For an overview of related parties refer to Note 39.

4.22 New and amended standards and interpretations

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to the consolidated financial statements.

4.22.1 Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective January 1, 2021)

IBOR reform Phase 2 includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR).

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

IBOR reform Phase 2 provides temporary reliefs that allow DSB's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require DSB to amend hedge designations and hedge documentation. This includes redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and / or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place. For the retrospective assessment of hedge effectiveness, DSB may elect on a hedge by hedge basis to reset the cumulative fair value change to zero. DSB may designate an interest rate as a non-contractually specified, hedged risk component of changes in the fair value or cash flows of a hedged item, provided the interest rate risk component is separately identifiable, e.g., it is an established benchmark that is widely used in the market to price loans and derivatives. For new RFRs that are not yet an established benchmark, relief is provided from this requirement provided DSB reasonably expects the RFR to become separately identifiable within 24 months. For hedges of groups of items, DSB is required to transfer to subgroups those instruments that reference RFRs. Any hedging relationships that prior to application of IBOR reform Phase 2, have been discontinued solely due to IBOR reform and meet the qualifying criteria for hedge accounting when IBOR reform Phase 2 is applied, must be reinstated upon initial application.

4.22.2 IFRS 16 Leases-Amendment to IFRS 16 - Covid-19 Related Rent Concessions (effective April 1, 2021)

On May 28, 2020, the IASB amended IFRS 16 Leases to provide relief to lessees from applying IFRS 16 guidance on lease modification to rent concessions arising as a direct consequence of the Covid-19 pandemic. The amendment does not apply to lessors. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021 (for example, a rent concession will meet this condition if it results in reduced lease payments before June 30, 2021 and increased lease payments that extend beyond June 30, 2021).
- There is no substantive change to other terms and conditions of the lease.

Lessees will apply the practical expedient retrospectively, recognizing the cumulative effect of initially applying the amendment as an adjustment to the opening balance of unrelieved losses (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied. This amendment had no effect on the consolidated financial statements. The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification.

4.23 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group is currently assessing the potential impact of these new standards and interpretations and will adopt them when they become effective.

- IAS 1 Presentation of Financial Statements - Amendments to IAS 1 – effective January 1, 2023
- IFRS 3 Business Combinations - Amendments to IFRS 3 - Reference to the Conceptual Framework – effective January 1, 2022
- IAS 16 Property, Plant and Equipment - Amendments to IAS 16 – effective January 1, 2022
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments to IAS 37 - Onerous Contracts – effective January 1, 2022
- IFRS 17 Insurance Contracts – effective January 1, 2023
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Amendments Relating to Disclosure of Accounting Policies – effective January 1, 2023
- IAS 8 -Accounting Policies, Changes in Accounting Estimates and Errors – Amendments to IAS 8– effective January 1, 2023
- IAS 12 Taxes – Amendments to IAS 12 – effective January 1, 2023

4.24 Improvements to International Financial Reporting Standards

The annual improvement process of the International Accounting Standards Board deals with non-urgent, but necessary clarifications and amendments to IFRS. The following amendments are applicable to periods beginning on or after January 1, 2022 but will result in no material change to the consolidated financial statements.

IFRS	Subject of Amendment
IFRS 1	IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
IFRS 9	IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
IAS 41	IAS 41 Agriculture – Taxation in fair value measurements
IFRS 16	IFRS 16 Leases - Lease incentives

4.25 Hyperinflation

The consolidated financial statements as at December 31, 2021, including the corresponding comparative amounts for the previous year were restated to consider the changes in the general purchasing power of the functional currency of DSB (Surinamese Dollars) as established by IAS 29. As a result, these consolidated financial statements are stated in terms of the measuring unit current at the end of the reporting period, except otherwise indicated.

In accordance with IAS 29, the restatement of the consolidated financial statements is necessary when the functional currency of an entity is the currency of a hyperinflationary economy. To achieve consistency in identifying an economic environment of that nature, IAS 29 establishes (i) certain qualitative indicators, not limited to, consist of analyzing the general population behavior, prices, interest rates and wages with changes to a price index and the loss of purchasing power, and (ii) as quantitative characteristic, which is the mostly condition used in practice, to test if a three-year cumulative inflation rate is around 100% or more.

In 2021, there was a significant increase in the general level prices and the three-year cumulative inflation approached 100%. This together with general population behavior resulted in the triennial inflation being above 100%. As of December 31, 2021, the three year inflation is at 169.3%.

The restatement was applied as if the economy had always been hyperinflationary; using a general price index that reflects changes in general purchasing power. To apply the restatement, a series of indexes were used, as prepared and published monthly by the Central Bank of Suriname. The index at December 31, 2021 was 370.4 (2020: 230.5).

Below is a description of the restating mechanism provided by IAS 29:

4.25.1 Restatement of the Consolidated Statements of Financial Position

i. Monetary items (those with a fixed face value in local currency) are not restated since they are stated in the current measurement unit at the closing date of the reported period. In an inflationary period, keeping monetary assets causes the loss of purchasing power, and keeping monetary liabilities causes gain in purchasing power as long as those items are not tied to an adjustment mechanism compensating those effects. The monetary loss or gain is included in the consolidated statement of profit and loss for the reported period.

ii. Assets and liabilities subject to adjustments based on specific agreements will be adjusted in accordance with such agreements.

iii. Nonmonetary items carried at historical cost or at current cost at some earlier date before the reporting date, shall be restated by an index that reflects the general level of price variation from the acquisition date to the closing date, proceeding then to compare the restated amounts of those assets with their recoverable amounts. Income or loss for the period related to depreciation of property, plant and other nonmonetary cost shall be determined over the new restated amounts.

iv. The restatement of nonmonetary assets in terms of a current measurement unit at the end of the reporting period, without an equivalent adjustment for tax purposes generates a taxable temporary difference and a deferred tax liability is recognized and the contra account is recognized as profit or loss for the period. When, beyond the restatement, there is a revaluation of nonmonetary assets, the deferred tax related to the restatement is recognized in consolidated statement of profit and loss for the period and deferred tax related with the revaluation is recognized in other comprehensive income for the period.

As at December 31, 2021 and 2020, the items subject to this restatement process were the following:

- Non-monetary items at historical cost: Property and Equipment, Intangible Assets, Investment Properties, Investment in Associates, Financial Assets at Fair Value through Profit or Loss, and Deferred tax liabilities.

4.25.2 Restatement of the Consolidate Statement of Profit and Loss and Other Comprehensive Income

i. Income and expenses are restated from the date the items were recorded, except for those income or loss items that reflect or include, in their determination, the consumption of assets measured at the currency purchasing power from a date prior to that which the consumption was recorded, which is restated using as a basis the acquisition date of the assets related to the item (for example, depreciation), except for gains or losses that derive from indexed assets or liabilities and except for income or losses arising from comparing the two measurements at currency purchasing power of different dates, for which it requires to identify the compared amounts, to restate them separately and to repeat the comparison, with the restated amounts.

ii. The gain or loss for holding monetary assets and liabilities, is separately disclosed in the consolidated statement of profit and loss.

4.25.3 Restatement of the Consolidated Statement of Changes in Equity

i. As the transition date (the beginning of comparative periods), DSB has applied the following rules:

   a) The components of stated capital and share premium were restated as from the dates in which they were contributed or as from the moment they arose from any other means.

   b) The unrelieved losses were kept at their face value (non-restated legal amount) at the transition date.

   c) The restated unappropriated unrelieved losses were determined by the difference between the net assets restated at the transition date and the remaining components of initial equity expressed as stated in previous sections.

ii. After restatement at the transition date stated in (i) all equity components are restated applying the general price index from the commencement of the period, and each variation of those components is restated from the contribution date or as from the moment they arose from other means. 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 497.1 million.

4.25.4 Restatement of the Consolidated Statement of Cash Flows

IAS 29 requires that all items in the consolidated statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting fiscal year.

The monetary gain or losses generated by cash and cash equivalents are separately disclosed in the statement of cash flows from the cash flows from operating activities and the effect of exchange rate fluctuation, as a specific item of the reconciliation between cash and cash equivalent at the beginning and the end of the fiscal years.

Consequently, the application of IAS 29 results in an adjustment for the loss of purchasing power of the Surinamese dollar recorded in the consolidated statement of profit and loss as a loss on the net monetary position. In a period of inflation, as DSB holds an excess of monetary assets over monetary liabilities, it loses purchasing power, which results in a loss on the net monetary position. This loss is derived as the difference resulting from the restatement of non-monetary assets and liabilities, equity and items in the consolidated statement of comprehensive income. Corresponding figures as of December 31, 2020, have also been restated so that they are presented in terms of the purchasing power of the Surinamese dollar as of December 31, 2021.

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 DSB. DSB consolidates its subsidiary since DSB 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 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.

6.1 Going concern

Management prepared these financial statements on a going concern basis. In making this judgement management considered DSB'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 DSB.

6.2 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 macro-economic scenarios and, economic inputs, such as GDP levels and collateral values, and the effect on PDs, EADs and LGDs.
- Selection of forward-looking macro-economic scenarios and their probability weightings, to derive the economic inputs into the ECL models, maintaining robust estimates.

For a more detailed description of the expected credit loss estimation process, refer to note 41.

6.3 Fair value measurements

6.3.1 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 consolidated 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.

6.3.2 Fair value measurement of property classified as property and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statement of profit and loss. Land and buildings classified as property and equipment are measured at revalued amounts with changes in fair value being recognized in OCI. (other comprehensive income) The office properties were valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to assess fair values as at August 31, 2020 for the investment properties and for the land and buildings in property and equipment.

The key assumptions used to determine the fair value of the properties are provided in Note 40.

6.4 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.

6.5 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 17.3).

6.6 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 economic 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.

- Economic 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 fiscal 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 a 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.

6.7 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 number of losses, DSB 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.

6.8 Revenue recognition from contracts with customers

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

6.8.1 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.

6.8.2 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, DSB 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.

6.9 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.

6.9.1 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). DSB 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 to the credit risk or to reflect the terms and conditions of the lease).

7 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 2021 and 2020 respectively, the core business activities of DSB from which it earns revenues and incur expenses are divided into 5 segments:

- 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 consolidated statement of profit and loss, as well as total assets and liabilities is presented in the following tables for the periods ending December 31, 2021 and December 31, 2020. 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

in thousand SRD for the year ended 31 December	Retail banking	Corporate banking	Treasury	Asset management	Other	2021
Interest income calculated using the effective interest method	62,623	503,301	188,736	1	-	**754,661**
Interest expense calculated using the effective interest method	(106,360)	(169,867)	(2,291)	(685)	-	**(279,203)**
Net interest income	(43,737)	333,434	186,445	(684)	-	**475,458**
Fee and commission income	109,069	78,297	7,835	13,754	-	**208,955**
Fee and commission expense	(8,436)	(1,892)	(355)	(907)	(5,598)	**(17,188)**
Net fee and commission income	100,633	76,405	7,480	12,847	(5,598)	**191,767**
Net trading loss	-	-	(50,811)	-	-	**(50,811)**
Impairment gains/(losses) from changes in the expected credit loss	(7,221)	162,419	(5,245)	3,001	-	**152,954**
Net loss on financial assets and liabilities at fair value through profit or loss	-	-	(30,115)	-	-	**(30,115)**
Other operating income	2,329	16,598	246,389	7,830	-	**273,146**
Net operating income	**52,004**	**588,856**	**354,143**	**22,994**	**(5,598)**	**1,012,399**
Personnel expenses	(118,972)	(26,686)	(5,004)	(23,062)	(78,943)	**(252,667)**
Depreciation of property, equipment and right-of-use assets	(9,100)	(2,042)	(383)	(926)	(6,037)	**(18,488)**
Amortization of intangible assets	(14,505)	(3,253)	(610)	(1,559)	(9,628)	**(29,555)**
Other operating expenses	(78,167)	(20,003)	(3,285)	(10,379)	(51,818)	**(163,652)**
Total operating expenses	(220,744)	(51,984)	(9,282)	(35,926)	(146,426)	**(464,362)**
Net income/(loss) before tax and net monetary gain	**(168,740)**	**536,872**	**344,861**	**(12,932)**	**(152,024)**	**548,037**
Gain on monetary position	-	-	-	-	(145,728)	**(145,728)**
Net income/(loss) before tax	**(168,740)**	**536,872**	**344,861**	**(12,932)**	**(297,752)**	**402,309**
Income tax expense	-	-	-	(1,756)	(29,992)	**(31,748)**
Net income/(loss) after tax	**(168,740)**	**536,872**	**344,861**	**(14,688)**	**(327,744)**	**370,561**
Total Assets	**2,121,067**	**6,221,615**	**9,041,154**	**175,397**	**125,149**	**17,684,382**
Total Liabilities	**7,977,225**	**8,248,123**	**251,846**	**3,086**	**452,795**	**16,933,075**
Net cash flows (used in)/from:						
Operating Activities	30,260	342,494	211,305	13,518	(3,254)	**594,323**
Investing Activities	(657)	(7,434)	(4,586)	(293)	70	**(12,900)**
Financing Activities	(1,836)	(20,778)	(12,819)	(820)	197	**(36,056)**

in thousand SRD for the year ended 31 December 2020	Retail banking	Corporate banking	Treasury	Asset management	Other	2020
Interest income calculated using the effective interest method	105,715	430,070	57,499	-	-	**593,284**
Interest expense calculated using the effective interest method	(137,804)	(164,109)	(1,148)	(1,295)	-	**(304,356)**
Net interest income	(32,089)	265,961	56,351	(1,295)	-	**288,928**
Fee and commission income	91,105	63,218	26,916	17,708	-	**198,947**
Fee and commission expense	(7,455)	(1,394)	(291)	(777)	(4,571)	**(14,488)**
Net fee and commission income	83,650	61,824	26,625	16,931	(4,571)	**184,459**
Net trading income	-	-	136,156	-	-	**136,156**
Impairment gains/(losses) from changes in the expected credit loss	(6,688)	(141,234)	38,106	(178)	-	**(109,994)**
Net loss on financial assets and liabilities at fair value through profit or loss	-	-	(72,165)	-	-	**(72,165)**
Other operating income	3,686	30,779	301,429	10,596	-	**346,490**
Net operating income	**48,559**	**217,330**	**486,502**	**26,054**	**(4,571)**	**773,874**
Personnel expenses	(135,212)	(25,280)	(5,291)	(25,350)	(82,892)	**(274,025)**
Depreciation of property, equipment and right-of-use assets	(14,239)	(2,662)	(556)	(1,515)	(8,730)	**(27,702)**
Amortization of intangible assets	(19,313)	(3,610)	(756)	(2,016)	(11,838)	**(37,533)**
Other operating expenses	(131,887)	(24,912)	(5,159)	(17,961)	(80,844)	**(260,763)**
Total operating expenses	(300,651)	(56,464)	(11,762)	(46,842)	(184,304)	**(600,023)**
Net income/(loss) before tax and net monetary loss	**(252,092)**	**160,866**	**474,740**	**(20,788)**	**(188,875)**	**173,851**
Loss on monetary position	-	-	-	-	107,983	**107,983**
Net income/(loss) before tax	**(252,092)**	**160,866**	**474,740**	**(20,788)**	**(80,892)**	**281,834**
Income tax income	-	-	-	174	1,189	**1,363**
Net income/(loss) after tax	**(252,092)**	**160,866**	**474,740**	**(20,614)**	**(79,903)**	**283,197**
Total Assets	**3,187,149**	**7,805,232**	**8,430,635**	**285,580**	**151,729**	**19,860,325**
Total Liabilities	**9,108,809**	**9,538,461**	**339,190**	**3,700**	**495,068**	**19,485,228**
Net cash flows (used in)/from:						
Operating Activities	106,735	478,237	1,085,522	57,598	(10,034)	**1,718,058**
Investing Activities	86	387	878	47	(9)	**1,389**
Financing Activities	1,327	5,945	13,493	716	(125)	**21,356**

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 2021 or 2020.

8 Interest income

Interest income in thousand SRD for the year ended 31 December	2021	2020
Interest income calculated using the effective interest method		
Cash reserves with central banks	22,413	29,368
Deposits with central banks	140,105	13,379
Deposits with other banks	12,564	17,044
Debt instruments at amortized cost	36,013	27,076
Loans and advances to customers	543,566	506,417
Total interest income	**754,661**	**593,284**

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

Interest income from Deposits with central banks consists of SRD 95.2 million (2020: nil) from Open Market Operations (OMO) and SRD 19.0 million (2020: SRD 6.9 million) from regular time deposits at the Central Bank. The hyperinflation impact on the interest income from Deposits with central banks amounts to SRD 25.9 million (2020: SRD 6.5 million).

The total hyperinflation impact on interest income amounts to SRD 139.8 million (2020: SRD 289.4 million).

9 Interest expense

Interest expense *in thousand SRD for the year ended 31 December*	2021	2020
Interest expense calculated using the effective interest method		
Due to banks	20,893	12,565
Debt issued and other borrowed funds	13,984	11,836
Interest expense on lease liabilities	685	1,295
Due to customers	243,641	278,660
Total interest expense	**279,203**	**304,356**

The total hyperinflation impact on interest expense amounts to SRD 51.7 million (2020: SRD 148.5 million).

10 Fees and commission income

Disaggregated revenue information Segments (in thousands)	**For the year ended 31 December 2021**				
	Retail banking	**Corporate banking**	**Treasury**	**Asset management**	**Total**
Fee income earned from services that are provided over time:					
Cards membership fees	7,855	25	-	-	**7,880**
Rental fees	2,664	686	-	-	**3,350**
Custody fees	-	-	4,449	-	**4,449**
Service charges over time	23,215	7,920	-	7,058	**38,193**
Loan origination fees	3,010	17	-	-	**3,027**
Loan commitment fees	-	1,237	-	-	**1,237**
Total	**36,744**	**9,885**	**4,449**	**7,058**	**58,136**
Fee income earned from services that are provided at a point in time:					
Physical transfer fees	23,714	1	-	-	**23,715**
Closing fees	-	-	-	194	**194**
System transaction fees	48,472	68,411	-	-	**116,883**
Agent fees	-	-	-	6,448	**6,448**
Brand registration	-	-	-	54	**54**
Brokerage fees	-	-	3,386	-	**3,386**
Other fees	139	-	-	-	**139**
Total	**72,325**	**68,412**	**3,386**	**6,696**	**150,819**
Total fee and commission income	**109,069**	**78,297**	**7,835**	**13,754**	**208,955**

Disaggregated revenue information Segments (in thousands)	**For the year ended 31 December 2020**				
	Retail banking	**Corporate banking**	**Treasury**	**Asset management**	**Total**
Fee income earned from services that are provided over time:					
Cards membership fees	6,430	174	-	-	**6,604**
Rental fees	4,065	644	-	-	**4,709**
Custody fees	-	-	277	-	**277**
Service charges over time	18,446	7,607	-	9,716	**35,769**
Loan origination fees	8,568	4	-	-	**8,572**
Loan commitment fees	-	1,445	-	-	**1,445**
Total	**37,509**	**9,874**	**277**	**9,716**	**57,376**
Fee income earned from services that are provided at a point in time:					
Physical transfer fees	13,404	207	-	-	**13,611**
Closing fees	-	-	-	463	**463**
System transaction fees	40,139	53,137	-	-	**93,276**
Agent fees	-	-	-	6,945	**6,945**
Brand registration	-	-	-	584	**584**
Brokerage fees	-	-	26,639	-	**26,639**
Other fees	53	-	-	-	**53**
Total	**53,596**	**53,344**	**26,639**	**7,992**	**141,571**
Total fee and commission income	**91,105**	**63,218**	**26,916**	**17,708**	**198,947**

The total hyperinflation impact on fee and commission income amounts to SRD 38.7 million (2020: SRD 97.1 million).

11 Net trading (loss)/income

Net trading (loss)/income *in thousand SRD for the year ended 31 December*	**2021**	**2020**
Debt securities	25	174
Foreign exchange transactions	(50,836)	135,982
Total	**(50,811)**	**136,156**

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

The foreign exchange transactions decreased by SRD 186.8 million, with SRD 75.7 million from hyperinflation adjustments and with SRD 111.1 million from the Central Bank's interference with the foreign currency funds and the elimination of the trading fee and royalty refund in 2021.

The total hyperinflation impact on net trading results amounts to (SRD 9.4 million) in 2021 and SRD 66.4 million in 2020.

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

The table below shows the ECL gains/(losses) on financial instruments for the year recorded in the consolidated statement of profit and loss:

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

For the year ended 31 December 2021	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Cash and balances with central banks	-	(14,811)	10,651	-	**(4,160)**
Due from banks	707	(65)	-	-	**642**
Debt instruments measured at amortized cost	(415)	2,511	(6,571)	-	**(4,475)**
Loans and advances to customers	17,231	(10,845)	159,927	-	**166,313**
Purchased or originated credit impaired financial assets	-	-	-	(2,454)	**(2,454)**
Financial guarantees	15	-	(2,927)	-	**(2,912)**
Letters of credit	-	-	-	-	**-**
	17,538	**(23,210)**	**161,080**	**(2,454)**	**152,954**

For the year ended 31 December 2020	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Cash and balances with central banks	-	2,109	140,845	-	**142,954**
Due from banks	(695)	2,525	-	-	**1,830**
Debt instruments measured at amortized cost	(385)	(7,377)	(4,112)	-	**(11,874)**
Loans and advances to customers	31,114	2,232	(124,405)	-	**(91,059)**
Purchased or originated credit impaired financial assets	-	-	-	(154,808)	**(154,808)**
Financial guarantees	31	-	2,901	-	**2,932**
Letters of credit	(12)	-	43	-	**31**
	30,053	**(511)**	**15,272**	**(154,808)**	**(109,994)**

In 2021, the impairment gain is due to favorable auctions and write-offs of loans. There was also a decrease in gross carrying amount as a result of down payments and derecognitions. For a further breakdown and more extensive explanation, refer to Note 22.

In 2020, the impairment loss was mainly from deterioration of the loan portfolio due to expiry of collateral (refer to Note 22). Additionally, instruments which were previously under cash and balances with central banks were derecognized and classified under POCI (see Note 23).

The total hyperinflation impact on impairment gains/(losses) amounts to SRD 28.3 million in 2021 and (SRD 53.7 million) in 2020.

13 Net loss on financial assets and liabilities at fair value through profit or loss

Net loss on financial assets and liabilities at fair value through profit or loss

in thousand SRD for the year ended 31 December	**2021**	**2020**
Financial assets mandatorily measured at fair value through profit or loss	(4,719)	-
Financial liabilities mandatorily measured at fair value through profit or loss	(25,396)	(72,165)
	(30,115)	**(72,165)**

Net loss on financial assets mandatorily at fair value through profit or loss pertains to the full impairment of equity investments in TBL Multiplex (note 21.2). Net loss on financial liabilities mandatorily at fair value through profit or loss relates to foreign currency swaps. As of 2021, all outstanding foreign currency swaps have matured.

The total hyperinflation impact on net loss on financial assets and liabilities at FVTPL amounts to SRD 6.6 million (2020: SRD 36.7 million).

14 Other operating income

Other operating income

in thousand SRD for the year ended 31 December	**2021**	**2020**
Result from investments in associates	25,026	(604)
Exchange rate results	228,202	314,778
Recovery of loans written-off	15,286	5,172
Other operating income	4,632	27,144
	273,146	**346,490**

Exchange rate results include net of Open currency position (OCP) revaluation. The exchange rate result decreased by SRD 86.6 million, with SRD 24.8M increase from higher gains on non-trading activities offset by SRD 111.3 million decrease from hyperinflation adjustments.

The total hyperinflation impact on other operating income amounts to SRD 43.1 million (2020: SRD 166.0 million).

15 Personnel expenses

Personnel expenses

in thousand SRD for the year ended 31 December	**2021**	**2020**
Wages and salaries	159,723	173,553
Social security costs	17,749	17,110
Post-employment benefit plan obligations costs	18,783	33,598
Post-employment healthcare plan obligation costs	11,255	14,504
Anniversary payment plan obligation costs	16,404	455
Training expenses	1,677	1,498
Other personnel expenses	27,076	33,307
	252,667	**274,025**

Other personnel expenses include costs related to easter packages for staff, expenses for incidentally hired staff, recreation, and consumption for staff.

Personnel expenses compared to prior year is lower due to impact of hyperinflation adjustments. The total hyperinflation impact on personnel expenses amounts to SRD 46.8 million in 2021 and (SRD 133.7 million) in 2020.

16 Other operating expenses

Other operating expenses

in thousand SRD for the year ended 31 December	**2021**	**2020**
Advertising and marketing costs	4,730	4,432
Housing	28,227	25,920
Maintenance costs	59,427	48,172
Professional fees	16,102	50,622
Telephone charges	10,098	8,990
Money transport	11,318	6,190
Office Supplies	10,163	14,687
Impairment of Property and Equipment	-	78,790
Other operating expenses	23,587	22,960
	163,652	**260,763**

Maintenance costs are costs related to maintenance of electronics (including ATMs). Costs related to security and maintenance of bank buildings, insurance and utilities amounting a total of SRD 24.0 million (2020: SRD 24.6 million) are included in Housing costs.

The total hyperinflation impact on other operating expenses amounts to SRD 30.3 million in 2021 and (SRD 167.3 million) in 2020.

17 Taxes

17.1 Reconciliation of the total tax charge

The tax charge shown in the consolidated statement of profit and loss 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 December 31, 2021 and 2020 is, as follows:

Income tax (expense)/income		
in thousand SRD for the year ended 31 December	**2021**	**2020**
Accounting profit before tax	402,309	281,834
Equity Booking	5,890	102,542
Participation losses not subject to tax	(26,023)	(404)
Temporary differences	(72,192)	16,375
Statutory Taxable Income/(Loss)	**309,984**	**400,347**
Less: Carryforward Losses	(297,120)	(400,347)
Total statutory taxable Income/(Loss)	**12,864**	**-**
Statutory Current Tax Charge	(2,414)	-
Current income tax charge of consolidated subsidiaries (STM)	(3,345)	(4,532)
Deferred tax relating to origination and reversal of temporary differences through P&L	(25,989)	5,895
Income tax (expense)/income reported in the consolidated statement of profit and loss	**(31,748)**	**1,363**

Effective Tax Rate	**2021**	**2020**
Profit before tax	402,309	281,834
Tax at statutory rate	185,047	101,460
Differences		
Tax effect on losses not recognized	(141,313)	(102,678)
Participation	(11,986)	(145)
Total tax charge	**31,748**	**(1,363)**

A solidarity levy was introduced by the Surinamese government during the period of February 1 to December 31, 2021, which resulted to an increase in the corporate income tax rate to 46% (from 36%). This levy is applied to taxable profit exceeding an amount of SRD 150,000.

DSB has remaining carryforward losses from the past years of SRD 297.1 million in 2020. Under Suriname tax law, tax losses can be carried forward for up to 7 years. The Group has elected not to book the deferred tax asset relating to these losses. If DSB was able to recognize all unrecognized deferred tax assets, profit and equity in 2020 would have increased by SRD 107.0 million. In 2021, all carryforward losses from the prior years were fully utilized.

17.2 Current tax

The current tax assets (2021: nil and 2020: SRD 3.8 million) in the consolidated statements of financial position consist of overpaid income tax. Current tax liabilities (2021: SRD 4.5 million and 2020: SRD 1.7 million) consist of outstanding sales and income tax payable to tax authorities as of December 31, 2021 and 2020 respectively.

17.3 Deferred tax

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

Deferred Tax Liabilities

in thousand SRD for the year ended 31 December

	2021				2020			
	Opening Balance	Changes through P&L	Changes through OCI	***Closing Balance***	***Opening Balance***	Changes through P&L	Changes through OCI	***Closing Balance***
Revaluation and hyperinflation on PPE, intangibles and leases	**136,354**	995	(1,153)	**136,196**	**106,422**	(14,341)	44,273	**136,354**
Revaluation and hyperinflation on investment properties	**2,635**	(918)	-	**1,717**	**4,008**	(1,373)	-	**2,635**
Unrealized FX Gains	**86,899**	25,658	-	**112,557**	**76,684**	10,215	-	**86,899**
Total	**225,888**	**25,735**	**(1,153)**	**250,470**	**187,114**	**(5,499)**	**44,273**	**225,888**

18 Cash and balances with Central Banks

Cash and balances with central banks

in thousand SRD for the year ended 31 December	**2021**	**2020**
Cash and cash equivalents with central banks	671,469	559,567
Cash reserves with central banks	3,741,887	3,740,569
Deposits with central banks	899,984	321,363
Current accounts with central banks	1,453,757	1,768,574
Subtotal	6,767,097	6,390,073
Allowance for ECL	(46,791)	(55,115)
	6,720,306	**6,334,958**

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. Deposits with the Central Banks relates to investments in term deposits at the Central Bank of Suriname in local and foreign currency. In 2021 the balance in the deposit with central banks contains an Open Market Operations (OMO) Term Deposit. Current accounts with Central Banks include working accounts held at Central Bank of Suriname for interbank transactions.

18.1 Impairment allowance on cash and balances with Central Bank

The tables below show 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 are set out in section 41.3.3.

In thousand SRD as of 31 December 2021

Internal rating grade	**12 month Basel III PD Average**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing					
1-3	0.0%	1,243,055			**1,243,055**
4	12.9%		5,402,255		**5,402,255**
Non-performing					
5,6,7	75.0%			121,787	**121,787**
Total		**1,243,055**	**5,402,255**	**121,787**	**6,767,097**

In thousand SRD as of 31 December 2020

Internal rating grade	**12 month Basel III PD Average**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing					
1-3	0.0%	1,864,528			**1,864,528**
4	1.1%		4,381,821		**4,381,821**
Non-performing					
5,6,7	50.0%			143,724	**143,724**
Total		**1,864,528**	**4,381,821**	**143,724**	**6,390,073**

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 carry-ing amount**	**ECL**
1 January 2021	**1,864,528**	**-**	**4,381,821**	**10,916**	**143,724**	**44,199**	**6,390,073**	**55,115**
New assets originated	-	-	900,000	-	-	-	**900,000**	**-**
Payments and assets derecognized	(117,725)	-	(199,999)	-	-	-	**(317,724)**	**-**
Other movements	200,484	-	1,233,621	14,811	(2,077)	(10,652)	**1,432,028**	**4,159**
Foreign exchange adjustments	-	-	741,826	2,069	34,424	9,103	**776,250**	**11,172**
Monetary effects of hyperinflation	(704,232)	-	(1,655,014)	(7,247)	(54,284)	(16,408)	**(2,413,530)**	**(23,655)**
31 December 2021	**1,243,055**	**-**	**5,402,255**	**20,549**	**121,787**	**26,242**	**6,767,097**	**46,791**

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 2020	**761,820**	**-**	**4,623,375**	**12,075**	**2,664,267**	**251,814**	**8,049,462**	**263,889**
New assets originated	1,390,580	-	359,269	-	16,862	20,488	**1,766,711**	**20,488**
Payments and assets derecognized	-	-	(486,704)	(2,109)	(1,220,464)	(113,963)	**(1,707,168)**	**(116,072)**
Other movements	-	-	348,861	-	(321,388)	(47,373)	**27,473**	**(47,373)**
Foreign exchange adjustments	-	-	1,284,075	6,244	11,207	4,200	**1,295,282**	**10,444**
Monetary effects of hyperinflation	(287,872)	-	(1,747,055)	(5,294)	(1,006,760)	(70,967)	**(3,041,687)**	**(76,261)**
31 December 2020	**1,864,528**	**-**	**4,381,821**	**10,916**	**143,724**	**44,199**	**6,390,073**	**55,115**

In 2021, SRD 0.9 billion of new assets were generated mainly from Open Market Operation (OMO) and SRD 0.8 billion increase from favorable foreign exchange adjustments. On the other hand, SRD 0.3 billion is from asset derecognition, which is comprised of the SRD 0.2 billion from matured TD with CBvS and SRD 0.1 billion due to reclass of confiscated cash to other assets (see Note 25). The monetary effects of hyperinflation amounted to SRD 2.4 billion from restatement of 2021 beginning balances to 2021 end of year CPI factor for presentation purposes (Note 4.25).

In 2020, an increase of SRD 1.8 billion of new assets was generated supplemented by SRD 1.3 billion increase from favorable foreign exchange adjustments however, there was SRD 1.7 billion asset derecognition which includes the modification terms of the contract with the Central Bank of Suriname (relating to the misused cash reserves). The restructured instruments now form part of Purchased or originated credit impaired financial assets (POCI) (Note 23). The monetary effects of hyperinflation amounted to SRD 3.0 billion from restatement of 2020 beginning balances to 2020 end of year CPI factor for presentation purposes (Note 4.25).

19 Due from Banks

Due from banks *in thousand SRD for the year ended 31 December*	**2021**	**2020**
Current accounts with other banks	3,538,144	2,387,553
Deposits with other banks	535,128	2,806,562
Subtotal	4,073,272	5,194,115
Allowance for ECL	(298)	(1,318)
	4,072,974	**5,192,797**

Deposits with other banks regards investments in term deposits at local and international banks in local and foreign currency.

The tables below show 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 are set out in section 41.3.3.

In thousand SRD as of 31 December 2021

Internal rating grade	12 month Basel III PD Average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	0.1%	4,057,306			**4,057,306**
4	0.4%		15,966		**15,966**
Non-performing					
5,6,7	0.0%			-	**-**
Total		**4,057,306**	**15,966**	**-**	**4,073,272**

In thousand SRD as of 31 December 2020

Internal rating grade	12 month Basel III PD Average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	0.1%	5,194,117			**5,194,117**
4	0.0%		(2)		**(2)**
Non-performing					
5,6,7	0.0%			-	**-**
Total		**5,194,117**	**(2)**	**-**	**5,194,115**

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 2021	**5,194,117**	**1,318**	**(2)**	**-**	**-**	**-**	**5,194,115**	**1,318**
New assets originated	519,497	299	15,967	65	-	-	**535,464**	**364**
Payments and assets derecognized	(1,746,928)	(1,005)	-	-	-	-	**(1,746,928)**	**(1,005)**
Other movements	2,052,437	-	-	-	-	-	**2,052,437**	**-**
Monetary effects of hyperinflation	(1,961,817)	(367)	1	(12)	-	-	**(1,961,816)**	**(379)**
31 December 2021	**4,057,306**	**245**	**15,966**	**53**	**-**	**-**	**4,073,272**	**298**

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 2020	**3,857,119**	**1,199**	**140,721**	**3,339**	**-**	**-**	**3,997,840**	**4,538**
New assets originated	2,807,087	1,601	-	-	-	-	**2,807,087**	**1,601**
Payments and assets derecognized	(526,542)	(906)	(86,100)	(2,525)	-	-	**(612,642)**	**(3,431)**
Other movements	513,958	-	(1,448)	-	-	-	**512,510**	**-**
Monetary effects of hyperinflation	(1,457,505)	(576)	(53,175)	(814)	-	-	**(1,510,680)**	**(1,390)**
31 December 2020	**5,194,117**	**1,318**	**(2)**	**-**	**-**	**-**	**5,194,115**	**1,318**

There were no contractual amounts outstanding in relation to Due from banks that were still subject to enforcement activity both at December 31, 2021 and at December 31, 2020.

In 2021, SRD 2.3 billion decrease in Deposits with other banks partially offset by SRD 1.2 billion increase in Current accounts with other banks were noted as a result of incoming international transfers and from matured time deposits which are not reinvested. No material changes are recorded in ECL in 2021. The monetary effects of hyperinflation amounted to SRD 2.0 billion from restatement of 2021 beginning balances to 2021 end of year CPI factor for presentation purposes (Note 4.25).

The increase of the due from bank in 2020 includes increase in deposits for new assets amounting to SRD 2.8 billion while no material changes are recorded in ECL. The monetary effects of hyperinflation amounted to SRD 1.5 billion from restatement of 2020 beginning balances to 2020 end of year CPI factor for presentation purposes (Note 4.25).

20 Derivative financial instruments

Derivative financial instruments *in thousand SRD for the year ended 31 December*	**2021**	**2020**
Foreign currency swaps	-	(91,168)
Total	**-**	**(91,168)**

Derivative financial instruments relate to currency swaps. The swaps held by DSB were contracts where DSB paid a specified amount in one currency and received a specified amount in another currency at a specific exchange rate and date in the future (Note 40). These swap derivatives were valued at fair value and classified generally under Level 3. In 2021, all outstanding foreign currency swap contracts have matured.

21 Investments

21.1 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 as a consolidated subsidiary, an 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		**Number of Shares**	**Nominal value per share**		**Nominal value in (base currency)**		
Investment Entity	**2021**	**2020**	**owned**					**Investment type**
TBL Multiplex	9%	9%	420.00	USD	1,000.00	USD	420,000.00	Equity investment
Stadsherstel	8.49%	8.49%	20.00	SRD	10,000.00	SRD	200,000.00	Equity investment
Suritrust	100%	100%	1.00	SRD	50.00	SRD	50.00	Subsidiary (Consolidated)
DSB Assuria Vastgoed	49%	49%	48,529.60	SRD	10.00	SRD	485,296.00	Associate
B- Nets	25%	25%	240.00	SRD	1,000.00	SRD	240,000.00	Associate

21.2 Financial assets at fair value through profit or loss

Financial assets designated at fair value through profit or loss (FVTPL) 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*	**2021**	**2020**
Equity investments		
TBL Multiplex	-	4,514
Stadsherstel	336	541
	336	**5,055**

In line with IAS 29, the restatement impact for presentation purposes on financial assets at FVTPL for 2020 amounts to SRD 1.9 million (with SRD 1.7 million for equity investments in TBL Multiplex).

In 2021, a full impairment of assets is identified for the investments in TBL Multiplex. For other assets, it is concluded that no impairment is needed. TBL is a company established in Suriname in 2004 with the main objective of operating a multiplex cinema. Based on the economic situation, hyperinflationary adjustments were made at the date of transition to IFRS (see also Note 4.25). Based on its Net Asset Value (NAV) as of December 31, 2021, an impairment of SRD 2.8 million is applied for investments to TBL.

21.3 Investments in associates

Investments in associates *in thousand SRD for the year ended 31 December*	**2021**	**2020**
DSB Assuria Vastgoed	26,024	-
B-Nets	1,645	2,643
	27,669	**2,643**

The following tables shows a summary of the movement of investments in associates. A detailed breakdown of the share in the carrying amount of investments and results for each associate are included in the next section.

2021

	Opening Balance	**Share in result of associates**	**Monetary effects of hyperinflation**	**Ending Balance**
DSB Assuria Vastgoed	-	26,024	-	**26,024**
B- Nets	**2,643**	-	(998)	**1,645**
Total	**2,643**	**26,024**	**(998)**	**27,669**

In 2021, the carrying amount of investments in DAVG increased to SRD 26.0 million with SRD 33.8 million from share in the associate's profit in 2021 less prior year accumulated losses of SRD 7.7 million. Movements in the carrying amount of investments in B-Nets pertain mainly to monetary effects of hyperinflation. The adjustment amounted to SRD 998 thousand from restatement of 2021 beginning balances to 2021 end of year CPI factor for presentation purposes (Note 4.25).

2020

	Opening Balance	**Share in result of associates**	**Monetary effects of hyperinflation**	**Ending Balance**
DSB Assuria Vastgoed	-	-	-	-
B- Nets	**3,614**	252	(1,223)	**2,643**
Total	**3,614**	**252**	**(1,223)**	**2,643**

As of year-end 2020, the carrying amount of investments in DAVG is nil. Accumulated losses from the prior year (see Note 21.3.1) amounted to SRD 7.7 million. The carrying amount on investments in B-Nets amounted to SRD 2.6 million with share in profit of the associate amounting to SRD 252 thousand. The monetary effects of hyperinflation amounted to SRD 1.2 million from restatement of 2020 beginning balances to 2020 end of year CPI factor for presentation purposes (Note 4.25).

21.3.1 DSB Assuria Vastgoed N.V. (DAVG)

DSB has a 49% interest in DSB Assuria Vastgoed N.V. (DAVG). DAVG's core activity is in principle the development of real estate with the intention of selling the developed land. The land located at Javaweg was sold after it was downgraded to the expected sales price in 2020. After a successful informational session in March 2021, sales of land at Noord Polderdam increased significantly. In 2021, 19 lands were sold. Five lots were sold at Sumatraweg.

After careful consideration, Assuria, Panaso and CBvS jointly decided not to pursue the purchase and sale of real estate. 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*	**2021**	**2020**
Current assets	85,543	21,077
Non-current assets	538,089	75,550
Current liabilities	(141,982)	(31,212)
Non-current liabilities	(406,840)	(59,506)
Equity	74,810	5,909
Group's share in equity 49%	36,657	2,895
Accumulated GAAP changes	3,673	4,843
Accumulated losses to compensate	(14,306)	(7,738)
Monetary effects of hyperinflation	-	-
Group carrying amount on the investment	**26,024**	**-**
Revenue sales	138,540	19,042
Cost of sales	-	(1,307.00)
Operating expenses	(2,200)	(714)
Finance costs	(34,155)	(26,875)
Profit before tax	**102,185**	**(9,854)**
Income tax expense	(33,284)	-
Profit for the year	**68,901**	**(9,854)**
Groups share of profit of the year (49%)	**33,761**	**(4,828)**

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

DSB has a 25% interest in Banking Network Suriname N.V. (B-Nets), which is responsible for 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's 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. There is no movement in the carrying amount of the investment due to lack of 2021 audited figures from B-Nets.

B-Nets *in thousand SRD for the year ended 31 December*	**2021**	**2020**
Current assets	7,076	7,076
Non-current assets	27,015	27,015
Current liabilities	(7,528)	(7,528)
Non-current liabilities	(13,431)	(13,431)
Equity	13,132	13,132
Group's share in equity 25%	3,283	3,283
Accumulated GAAP changes	(1,772)	(1,772)
Goodwill	134	134
Monetary effects of hyperinflation	-	998
Group carrying amount on the investment	**1,645**	**2,643**
Revenue sales	-	20,970
Cost of sales	-	(8,438)
Operating expenses	-	(9,090)
Finance costs	-	(1,869)
Profit before tax	**-**	**1,573**
Income tax expense	-	(566)
Profit for the year	**-**	**1,007**
Groups share of profit of the year	**-**	**252**

22 Loans and advances to customers

Loans and advances to customers

in thousand SRD for the year ended 31 December	2021	2020
Advances to customers	993,176	1,186,773
Credit cards	31,515	29,614
Loans to government entities	510,439	626,673
Loans to private parties	1,802,044	2,885,154
Loans to private parties through Suritrust	174,722	287,249
Subtotal	*3,511,896*	*5,015,463*
Allowance for ECL	(486,789)	(828,881)
	3,025,107	**4,186,582**

Loans and advances to customers- ECL

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Advances to customers	26,523	49,870	5,651	5,888	7,835	20,707	**40,009**	**76,465**
Credit cards	628	635	75	31	2,268	2,942	**2,971**	**3,608**
Loans to government entities	-	-	-	-	150,161	166,833	**150,161**	**166,833**
Loans to private parties	9,402	12,523	17,506	12,565	264,642	549,587	**291,550**	**574,675**
Loans to private parties through Suritrust	911	1,413	520	474	667	5,413	**2,098**	**7,300**
	37,464	**64,441**	**23,752**	**18,958**	**425,573**	**745,482**	**486,789**	**828,881**

DSB has aligned its definition of credit impaired assets under IFRS 9 to the definition used by the Central Bank of Suriname on 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 the bank, are classified as loans to private parties. Under loans to private parties through Suritrust, all mortgage loans are recorded which are financed by DSB's assets under management of Suritrust.

22.1 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 relate 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 are set out in section 41.3.3.

22.1.1 Advances to customers

The tables below summarize 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 31 December 2021

Internal rating grade	12 month Basel III PD Average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	18.7%	867,358			**867,358**
4	18.7%		105,430		**105,430**
Non-performing					
5,6,7	100.0%			20,388	**20,388**
Total		**867,358**	**105,430**	**20,388**	**993,176**

In thousand SRD as of 31 December 2020

Internal rating grade	12 month Basel III PD Average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	18.8%	1,066,736			**1,066,736**
4	18.7%		61,877		**61,877**
Non-performing					
5,6,7	100.0%			58,160	**58,160**
Total		**1,066,736**	**61,877**	**58,160**	**1,186,773**

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 2021	**1,066,736**	**49,870**	**61,877**	**5,888**	**58,160**	**20,707**	**1,186,773**	**76,465**
New assets originated	24,467	325	-	-	627	5	**25,094**	**330**
Payments and Assets derecognized	(151,002)	(6,398)	(16,815)	(4,296)	(21,110)	(9,813)	**(188,927)**	**(20,507)**
Other movements	176,722	(11,486)	51,778	2,940	749	2,878	**229,249**	**(5,668)**
Write-offs	-	-	-	-	(1,321)	(1,321)	**(1,321)**	**(1,321)**
Foreign exchange adjustments	153,341	12,023	31,961	3,794	5,250	2,354	**190,552**	**18,171**
Monetary effects of hyperinflation	(402,906)	(17,811)	(23,371)	(2,675)	(21,967)	(6,975)	**(448,244)**	**(27,461)**
31 December 2021	**867,358**	**26,523**	**105,430**	**5,651**	**20,388**	**7,835**	**993,176**	**40,009**

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 2020	**1,397,311**	**67,018**	**49,177**	**5,305**	**80,470**	**41,589**	**1,526,958**	**113,912**
New assets originated	50,643	1,527	3,230	113	3,410	972	**57,283**	**2,612**
Payments and Assets derecognized	(346,614)	(19,073)	(4,610)	(968)	(23,172)	(18,932)	**(374,396)**	**(38,973)**
Other movements	84,326	(2,265)	9,871	1,107	12,394	10,309	**106,591**	**9,151**
Write-offs	-	-	-	-	(10,643)	(10,643)	**(10,643)**	**(10,643)**
Foreign exchange adjustments	409,079	29,745	22,791	2,892	26,108	14,304	**457,978**	**46,941**
Monetary effects of hyperinflation	(528,009)	(27,082)	(18,582)	(2,561)	(30,407)	(16,892)	**(576,998)**	**(46,535)**
31 December 2020	**1,066,736**	**49,870**	**61,877**	**5,888**	**58,160**	**20,707**	**1,186,773**	**76,465**

In 2021 the overdraft facilities to customers exposure decreased by SRD 193.6 million. The decrease is primarily caused by the following:

- Payments and asset derecognition mainly from stage 1 corporate overdraft facilities for a total gross carrying amount of SRD 188.9 million with SRD 20.5 million movements in the ECL;
- Partially offset by favorable impact from foreign exchange movements amounting to SRD 190.6 million with SRD 18.2 million movement in ECL; and
- Monetary effects of hyperinflation amounted to SRD 448.2 million from restatement of 2021 beginning balances to 2021 end of year CPI factor for presentation purposes (Note 4.25).

In 2020 the portfolio decreased by SRD 340.2 million due to:

- SRD 374 million movement from derecognition of stage 1 facilities and payments on performing overdraft facilities following a decrease in the ECL;
- Partially offset by SRD 458.0 million favorable impact from foreign exchange adjustments; and
- Monetary effects of hyperinflation amounted to SRD 577.0 million from restatement of 2020 beginning balances to 2020 end of year CPI factor for presentation purposes (Note 4.25).

22.1.2 Credit cards

The tables below summarize 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 of 31 December 2021

Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	2.3%	25,835			**25,835**
4	2.3%		2,027		**2,027**
Non-performing					
5,6,7	99.4%			3,653	**3,653**
Total		**25,835**	**2,027**	**3,653**	**31,515**

In thousand SRD as of 31 December 2020

Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	2.1%	23,834			**23,834**
4	2.3%		1,242		**1,242**
Non-performing					
5,6,7	100.0%			4,538	**4,538**
Total		**23,834**	**1,242**	**4,538**	**29,614**

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 2021	**23,834**	**635**	**1,242**	**31**	**4,538**	**2,942**	**29,614**	**3,608**
New assets originated	966	4	86	-	10	-	**1,062**	**4**
Payments and Assets derecognized	(11,447)	(331)	(288)	9	(808)	522	**(12,543)**	**200**
Other movements	13,798	326	1,120	53	2,246	331	**17,164**	**710**
Write-offs	-	-	-	-	(766)	(766)	**(766)**	**(766)**
Foreign exchange adjustments	7,686	287	336	7	147	623	**8,169**	**917**
Monetary effects of hyperinflation	(9,002)	(293)	(469)	(25)	(1,714)	(1,384)	**(11,185)**	**(1,702)**
31 December 2021	**25,835**	**628**	**2,027**	**75**	**3,653**	**2,268**	**31,515**	**2,971**

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 2020	**32,209**	**651**	**2,464**	**77**	**6,331**	**4,181**	**41,004**	**4,909**
New assets originated	498	6	6	-	5	6	**(509)**	**12**
Payments and Assets derecognized	(27,524)	(1,470)	(636)	(35)	(1,139)	1,502	**(29,299)**	**(3)**
Other movements	13,217	736	(185)	(10)	1,441	350	**14,473**	**1,076**
Write-offs	-	-	-	-	(1,764)	(1,764)	**(1,764)**	**(1,764)**
Foreign exchange adjustments	17,604	1,008	524	23	2,058	703	**20,186**	**1,734**
Monetary effects of hyperinflation	(12,173)	(296)	(931)	(24)	(2,392)	(2,036)	**(15,496)**	**(2,356)**
31 December 2020	**23,834**	**635**	**1,242**	**31**	**4,538**	**2,942**	**29,614**	**3,608**

Movements in exposures and ECL related to credit cards, excluding the monetary effects of hyperinflation, are primarily driven by the following 4 factors is both 2021 and 2020:

- Down payments on existing exposure;
- New credit cards provided to clients;
- Increase of exposures of existing credit cards, and
- Favorable foreign exchange movements.

22.1.3 Loans to government entities

The tables below summarize 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 of 31 December 2021

Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	0.0%	-			**-**
4	0.0%		235		**235**
Non-performing					
5,6,7	100.0%			510,204	**510,204**
Total		**-**	**235**	**510,204**	**510,439**

In thousand SRD as of 31 December 2020

Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	0.0%	-			**-**
4	0.0%		378		**378**
Non-performing					
5,6,7	100.0%			626,295	**626,295**
Total		**-**	**378**	**626,295**	**626,673**

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 2021	**-**	**-**	**378**	**-**	**626,295**	**166,833**	**626,673**	**166,833**
New assets originated	-	-	-	-	-	-	**-**	**-**
Payments and Assets derecognized	-	-	-	-	(101,231)	(6,882)	**(101,231)**	**(6,882)**
Other movements	-	-	-	-	71,553	7,682	**71,553**	**7,682**
Write-offs	-	-	-	-	-	-	**-**	**-**
Foreign exchange adjustments	-	-	-	-	150,138	56,065	**150,138**	**56,065**
Monetary effects of hyperinflation	-	-	(143)	-	(236,551)	(73,537)	**(236,694)**	**(73,537)**
31 December 2021	**-**	**-**	**235**	**-**	**510,204**	**150,161**	**510,439**	**150,161**

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 2020	**-**	**-**	**607**	**-**	**613,051**	**151,872**	**613,658**	**151,872**
New assets originated	-	-	-	-	404,242	63,185	**404,242**	**63,185**
Payments and Assets derecognized	-	-	-	-	(15,255)	(2,384)	**(15,255)**	**(2,384)**
Other movements	-	-	-	-	(407,559)	(63,185)	**(407,559)**	**(63,185)**
Write-offs	-	-	-	-	-	-	**-**	**-**
Foreign exchange adjustments	-	-	-	-	263,473	90,294	**263,473**	**90,294**
Monetary effects of hyperinflation	-	-	(229)	-	(231,657)	(72,949)	**(231,886)**	**(72,949)**
31 December 2020	**-**	**-**	**378**	**-**	**626,295**	**166,833**	**626,673**	**166,833**

The decrease of the net loan exposure to the government in 2021 is the ultimate result of:

- SRD 101.2 million payments and derecognitions;
- Partially offset by SRD 150.1 million due to foreign exchange adjustments; and
- Monetary effects of hyperinflation amounted to SRD 236.7 million from restatement of 2021 beginning balances to 2021 end of year CPI factor for presentation purposes (Note 4.25).

The increase of the net loan exposure to the government in 2020 is the ultimate result of:

- SRD 404.2 million increase from new loans granted;
- Increase of SRD 263.5 million due to foreign exchange adjustments;
- Partially offset by SRD 15.2 million payments and derecognitions; and
- Monetary effects of hyperinflation amounted to SRD 231.9 million from restatement of 2020 beginning balances to 2020 end of year CPI factor for presentation purposes (Note 4.25).

22.1.4 Loans to private parties

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

In thousand SRD as of 31 December 2021

Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	1.1%	893,321			**893,321**
4	1.7%		288,791		**288,791**
Non-performing					
5,6,7	96.8%			619,932	**619,932**
Total		**893,321**	**288,791**	**619,932**	**1,802,044**

In thousand SRD as of 31 December 2020

Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	2.1%	1,448,871			**1,448,871**
4	2.3%		174,469		**174,469**
Non-performing					
5,6,7	100.0%			1,261,814	**1,261,814**
Total		**1,448,871**	**174,469**	**1,261,814**	**2,885,154**

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 2021	**1,448,871**	**12,523**	**174,469**	**12,565**	**1,261,814**	**549,587**	**2,885,154**	**574,675**
New assets originated	238,523	2,984	251,569	15,173	62,241	23,936	**552,333**	**42,093**
Payments and Assets derecognized	(430,548)	(3,835)	(58,022)	(2,652)	(426,694)	(173,674)	**(915,264)**	**(180,161)**
Other movements	730	1,141	(16,841)	(659)	21,934	(1,604)	**5,823**	**(1,122)**
Write-offs	-	-	-	-	(58,195)	(58,195)	**(58,195)**	**(58,195)**
Foreign exchange adjustments	182,983	1,684	3,513	25	235,419	127,816	**421,915**	**129,525**
Monetary effects of hyperinflation	(547,238)	(5,095)	(65,897)	(6,946)	(476,587)	(203,224)	**(1,089,722)**	**(215,265)**
31 December 2021	**893,321**	**9,402**	**288,791**	**17,506**	**619,932**	**264,642**	**1,802,044**	**291,550**

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 2020	**1,641,135**	**19,132**	**501,306**	**19,615**	**1,441,426**	**571,886**	**3,583,867**	**610,633**
New assets originated	239,179	3,327	83,323	3,991	16,915	4,883	**339,417**	**12,201**
Payments and Assets derecognized	(512,185)	(12,180)	(55,854)	(5,028)	(187,929)	95,261	**(755,968)**	**78,053**
Other movements	141,833	2,919	(179,261)	927	71,932	24,753	**34,504**	**28,599**
Write-offs	-	-	-	-	(103,871)	(103,871)	**(103,871)**	**(103,871)**
Foreign exchange adjustments	559,052	6,688	14,385	549	568,018	236,800	**1,141,455**	**244,037**
Monetary effects of hyperinflation	(620,143)	(7,363)	(189,430)	(7,489)	(544,677)	(280,125)	**(1,354,250)**	**(294,977)**
31 December 2020	**1,448,871**	**12,523**	**174,469**	**12,565**	**1,261,814**	**549,587**	**2,885,154**	**574,675**

In financial year 2021, the net decrease in loans to private parties' portfolio is primarily driven by the following:
- SRD 915.3 million decrease in gross carrying amount as a result of down payments and derecognition which resulted in a release of the ECL for SRD 180.2 million;
- Write-offs of stage 3 loans amounting to SRD 58.2 million, resulting in decrease of ECL of same amount;
- Partially offset by SRD 510.2 million (net of ECL) of new loans granted;
- SRD 421.9 million favorable foreign exchange movement which resulted in ECL increase of SRD 129.5 million; and
- Monetary effects of hyperinflation amounted to SRD 1.1 billion from restatement of 2021 beginning balances to 2021 end of year CPI factor for presentation purposes (Note 4.25).

The decrease of the loans to private parties in 2020 is primarily driven by the following:
- SRD 756 million decrease in gross carrying amount as a result of down payments and derecognition while an additional SRD 78.0 million ECL is recorded on these loans. The latter is caused by expiry of collateral of loans;
- Write-offs of stage 3 loans amounting SRD 103.9 million, resulting in decrease of ECL of same amount;
- Partially offset by SRD 327.2 million (net of ECL) of new loans granted;
- SRD 1.1 billion increase in gross carrying amount due to foreign exchange adjustments resulting in increase of ECL of SRD 244.0 million; and
- Monetary effects of hyperinflation amounted to SRD 1.3 billion from restatement of 2020 beginning balances to 2020 end of year CPI factor for presentation purposes (Note 4.25).

22.1.5 Loans to private parties through Suritrust

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

In thousand SRD as of 31 December 2021

Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	2.8%	154,214			**154,214**
4	2.7%		12,128		**12,128**
Non-performing					
5,6,7	57.4%			8,380	**8,380**
Total		**154,214**	**12,128**	**8,380**	**174,722**

In thousand SRD as of 31 December 2020

Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	2.8%	250,660			**250,660**
4	2.8%		20,444		**20,444**
Non-performing					
5,6,7	100.0%			16,145	**16,145**
Total		**250,660**	**20,444**	**16,145**	**287,249**

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 2021	**250,660**	**1,413**	**20,444**	**474**	**16,145**	**5,413**	**287,249**	**7,300**
New assets originated	16,973	427	1,363	310	474	15	**18,810**	**752**
Payments and Assets derecognized	(25,292)	(1,555)	(1,401)	54	(1,305)	(804)	**(27,998)**	**(2,305)**
Other movements	6,547	1,167	(556)	(88)	(836)	(2,527)	**5,155**	**(1,448)**
Write-offs	-	-	-	-	-	-	**-**	**-**
Foreign exchange adjustments	-	-	-	-	-	-	**-**	**-**
Monetary effects of hyperinflation	(94,674)	(541)	(7,722)	(230)	(6,098)	(1,430)	**(108,494)**	**(2,201)**
31 December 2021	**154,214**	**911**	**12,128**	**520**	**8,380**	**667**	**174,722**	**2,098**

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 2020	**407,099**	**2,937**	**28,217**	**1,118**	**22,254**	**5,393**	**457,570**	**9,448**
New assets originated	25,004	238	2,888	82	419	164	**28,311**	**484**
Payments and Assets derecognized	(32,396)	(1,947)	(1,938)	(271)	(1,024)	1,373	**(35,358)**	**(845)**
Other movements	4,785	1,205	1,941	(80)	2,902	965	**9,628**	**2,090**
Write-offs	-	-	-	-	-	-	**-**	**-**
Foreign exchange adjustments	-	-	-	-	-	-	**-**	**-**
Monetary effects of hyperinflation	(153,832)	(1,020)	(10,664)	(375)	(8,407)	(2,482)	**(172,902)**	**(3,877)**
31 December 2020	**250,660**	**1,413**	**20,444**	**474**	**16,144**	**5,413**	**287,249**	**7,300**

The portfolio of loans through Suritrust declined mainly from payments of SRD 27.9 million, partially offset by SRD 18.8 million of new loans booked during the year. Decline in ECL, aside from net portfolio attrition, is also due to impact of migration of STM loans to DSB loans. The monetary effects of hyperinflation in 2021 amounted to SRD 108.5 million from restatement of 2021 beginning balances to 2021 end of year CPI factor for presentation purposes (Note 4.25).

In 2020, monetary effects of hyperinflation amounted to SRD 172.9 million from restatement of 2020 beginning balances to 2020 end of year CPI factor for presentation purposes (Note 4.25). The minimal increase in ECL is mainly due to the impact of migration of STM loans to DSB loans.

23 Purchased or originated credit impaired financial assets

As mentioned in Note 4.10.9, POCI are financial assets that are credit impaired on initial recognition.

In 2020, instruments amounting to SRD 355.4 million which were previously under Loans and advances to central banks (under Cash and balances with Central Banks) in 2019 was derecognized and classified under POCI. These amounts are in relation to the misuse of foreign exchange cash reserves by the Central Bank of Suriname (CBvS) which was discovered in January 2020. Cash reserves of 2019 which were held in foreign currency were misused by the CBvS, without DSB's permission. In addition, there was a USD denominated term deposit with the Central Bank amounting to SRD 345.7 million which matured in 2020 and was also converted to a loan. This amount is part of the initial carrying value under loans and advances to central banks that were reclassed to POCI.

There were two overdraft facilities provided on June 29, 2020 and September 1, 2020 for an amount of SRD 130 million and SRD 120 million, respectively which were also classified as POCI. As the terms of the instrument differ from the original terms, derecognitions were made from its initial classification.

Below table shows the initial carrying value of the instrument and the amount recognized in the books at fair value under POCI.

Purchased or originated credit impaired financial assets

in thousand SRD for the year ended 31 December

	2021			2020		
Loans and advances to central banks	***USD denominated***	***EUR denominated***	**2021 Total**	***USD denominated***	***EUR denominated***	**2020 Total**
Initial carrying value under Loans and advances to central banks	1,423,915	311,412	1,735,327	1,760,030	414,122	2,174,152
Less: Discount on the POCI financial assets	(87,709)	(20,637)	(108,346)	(140,943)	(33,162)	(174,105)
	1,336,206	**290,775**	**1,626,981**	**1,619,087**	**380,960**	**2,000,047**
Overdraft facility with government			**2021**			**2020**
Initial carrying value under Overdraft facility with government			131,377			413,620
Less: Discount on the POCI financial assets			(2,000)			(11,564)
			129,377			**402,056**
Total			**1,756,358**			**2,402,103**

In line with IAS 29, the restatement impact for presentation purposes on POCI for 2020 amounts to SRD 907.3 million.

Please refer to below tables for the breakdown of the discount computed on the POCI financial assets.

Discount on POCI financial assets - Loans and advances to central banks

	2021			2020		
in thousand SRD for the year ended 31 December	***USD denominated***	***EUR denominated***	**2020 Total**	***USD denominated***	***EUR denominated***	**2020 Total**
Total discount as a result of present value calculation	54,266	11,680	65,946	87,202	18,769	105,971
Revaluation result	48,289	12,450	60,739	77,598	20,006	97,604
Less: accretion of discount	(14,846)	(3,493)	(18,339)	(23,857)	(5,613)	(29,470)
Discount on POCI financial assets	**87,709**	**20,637**	**108,346**	**140,943**	**33,162**	**174,105**

The restructured loan on the misuse cash reserves above includes the following terms.

Both of the USD and the EUR denominated restructured instruments were issued on March 1, 2020 with tenor of 8 years or maturity on March 1, 2028 and both at a coupon rate of 6.75% wherein quarterly payments are required.

Discount on POCI financial assets - Overdraft facility with government

in thousand SRD for the year ended 31 December	**2021**	**2020**
Total discount as a result of present value calculation	2,000	21,436
Less: accretion of discount	-	(9,872)
Discount on POCI financial assets	**2,000**	**11,564**

The POCI financial asset related to the two overdraft facilities above includes the following terms.

- On the SRD 130 million overdraft, contract date was on June 29, 2020 with tenor of 18 months or maturity on December 21, 2021.
- On the SRD 120 million overdraft, contract date was on August 27, 2020 with tenor of 6 months or maturity on January 29, 2021.

The SRD 120 million overdraft facility was fully paid on September 16, 2021 whereas the SRD 130 million facility remained outstanding as of December 31, 2021.

24 Debt instruments at amortized cost

Debt instruments at amortized cost

in thousand SRD for the year ended 31 December	**2021**	**2020**
Treasury Bills	110,024	163,513
Bonds	1,364,665	1,005,147
Subtotal	*1,474,689*	*1,168,660*
Allowance for ECL	(16,481)	(17,246)
	1,458,208	**1,151,414**

The following tables show 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 are set out in section 41.3.3.

In thousand SRD as of 31 December 2021

Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	0.1%	1,153,134			**1,153,134**
4	0.2%		212,005		**212,005**
Non-performing					
5,6,7	100.0%			109,550	**109,550**
Total		**1,153,134**	**212,005**	**109,550**	**1,474,689**

In thousand SRD as of 31 December 2020

Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	0.1%	773,670			**773,670**
4	0.6%		232,238		**232,238**
Non-performing					
5,6,7	100.0%			162,752	**162,752**
Total		**773,670**	**232,238**	**162,752**	**1,168,660**

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 2021	**773,670**	**452**	**232,238**	**6,891**	**162,752**	**9,903**	**1,168,660**	**17,246**
New assets originated	574,943	396	-	-	-	-	**574,943**	**396**
Payments and Assets derecognized	(85,636)	18	-	-	-	-	**(85,636)**	**18**
Other movements	(498)	-	455	(2,511)	8,270	6,571	**8,227**	**4,060**
Foreign exchange adjustments	182,870	131	67,028	2,448	-	-	**249,898**	**2,579**
Monetary effects of hyperinflation	(292,215)	(271)	(87,716)	(2,591)	(61,472)	(4,956)	**(441,403)**	**(7,818)**
31 December 2021	**1,153,134**	**726**	**212,005**	**4,237**	**109,550**	**11,518**	**1,474,689**	**16,481**

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 2020	**288,078**	**152**	**236,025**	**1,317**	**251,943**	**10,481**	**776,046**	**11,950**
New assets originated	559,789	428	231,531	8,373	162,751	12,034	**954,071**	**20,835**
Payments and Assets derecognized	(70,884)	(43)	(146,110)	(996)	(156,739)	(7,922)	**(373,733)**	**(8,961)**
Other movements	88	-	(21)	-	-	-	**67**	**-**
Foreign exchange adjustments	105,456	49	-	-	-	-	**105,456**	**49**
Monetary effects of hyperinflation	(108,857)	(134)	(89,187)	(1,803)	(95,203)	(4,690)	**(293,247)**	**(6,627)**
31 December 2020	**773,670**	**452**	**232,238**	**6,891**	**162,752**	**9,903**	**1,168,660**	**17,246**

As viewed in the above table, in 2021 the gross carrying amount of the debt instruments at amortized cost increased mainly from SRD 574.9 million additions from new US denominated bond holdings issued by private corporations supplemented by SRD 249.9 million favorable impact from foreign exchange adjustments. No material net increase in ECL was noted. The monetary effects of hyperinflation amounted to SRD 441.4 million from restatement of 2021 beginning balances to 2021 end of year CPI factor for presentation purposes (Note 4.25).

In 2020, the debt instrument at amortized cost carrying amount increased mainly from the SRD 954.1 million additions from new bond holdings from private corporation issuers and SRD 105.4 million favorable impact from foreign exchange adjustments. A net increase of SRD 5.3 million in ECL allowance originated from the new holdings and from changes in accrued interest, partially offset by releases related to repayments from instrument issuers. The monetary effects of hyperinflation amounted to SRD 293.2 million from restatement of 2020 beginning balances to 2020 end of year CPI factor for presentation purposes (Note 4.25).

25 Other assets

Other assets *in thousand SRD for the year ended 31 December*	**2021**	**2020**
Accounts receivables and sundry debtors	117,924	243
Inventories	5,372	7,482
Prepaid expenses	39,143	30,794
Prepaid interest	1,104	34,130
Settlement and Clearing Accounts	12,720	25,282
	176,263	**97,931**

Amounts receivables and amount payables to the same counterpart are presented on a net basis. Prepaid interest refers to amounts of interest paid in relation to Staatsolie bond.

Increase in accounts receivable and sundry debtors in 2021 pertains mainly to the reclass from cash of the confiscated money amounting to EUR 5 million or SRD 117.7 million (see Note 32.3).

In line with IAS 29, the restatement impact for presentation purposes on other assets for 2020 amounts to SRD 37.0 million.

26 Property, equipment and right-of-use assets

					Right-of-use assets		
in thousand SRD	**Land & buildings**	**Computer hardware**	**Other furniture & equipment**	**Vehicles**	**Land & buildings**	**Vehicles**	**Total**
Cost or valuation							
At 1 January 2021	**428,186**	**14,305**	**96,413**	**776**	**31,507**	**10,061**	**581,248**
Additions	452	1,022	8,061	61	-	-	**9,596**
Reassessments	-	-	-	-	(331)	(402)	**(733)**
At 31 December 2021	**428,638**	**15,327**	**104,474**	**837**	**31,176**	**9,659**	**590,111**
Depreciation and Impairment							
At 1 January 2021	**(17,296)**	**(13,026)**	**(88,185)**	**(776)**	**(11,103)**	**(5,344)**	**(135,730)**
Depreciation charge for the year	(5,987)	(1,385)	(5,056)	(8)	(4,277)	(1,775)	**(18,488)**
At 31 December 2021	**(23,283)**	**(14,411)**	**(93,241)**	**(784)**	**(15,380)**	**(7,119)**	**(154,218)**
At 31 December 2021	**405,355**	**916**	**11,233**	**53**	**15,796**	**2,540**	**435,893**

in thousand SRD	Land & buildings	Computer hardware	Other furniture & equipment	Vehicles	Right-of-use assets Land & buildings	Right-of-use assets Vehicles	Total
Cost or valuation							
At 1 January 2020	**459,050**	**12,334**	**94,361**	**776**	**30,612**	**7,868**	**605,001**
Additions/ Reassessments	428	1,971	2,885	-	895	2,193	**8,372**
Revaluation increase	192,690	-	-	-	-	-	**192,690**
Revaluation decrease	(212,879)	-	-	-	-	-	**(212,879)**
Disposals	(11,103)	-	(833)	-	-	-	**(11,936)**
At 31 December 2020	**428,186**	**14,305**	**96,413**	**776**	**31,507**	**10,061**	**581,248**
Depreciation and Impairment							
At 1 January 2020	**(123,410)**	**(8,653)**	**(74,103)**	**(776)**	**(6,771)**	**(3,973)**	**(217,686)**
Depreciation charge for the year	(2,934)	(4,373)	(14,692)	-	(4,332)	(1,371)	**(27,702)**
Depreciation eliminated due to revaluation	105,376	-	-	-	-	-	**105,376**
Depreciated amount on disposals	3,672	-	610	-	-	-	**4,282**
At 31 December 2020	**(17,296)**	**(13,026)**	**(88,185)**	**(776)**	**(11,103)**	**(5,344)**	**(135,730)**
At 31 December 2020	**410,890**	**1,279**	**8,228**	**-**	**20,404**	**4,717**	**445,518**

The property values are based on valuations as at August 2020 by an external independent professionally qualified valuator and conforms to International Valuation Standards.

The carrying amounts of lease liabilities as well as the movements within the lease liabilities during the periods are presented in Note 30.

If the land and buildings were measured using the cost model, the carrying amounts would be, as follows:

Land and Buildings if Valuation was at Cost	**2021**	**2020**
Cost	93,338	92,725
Accumulated Depreciation and Impairment	(26,085)	(23,493)
Net Carrying Amount	**67,253**	**69,232**

27 Investment properties

Investment properties *in thousand SRD for the year ended 31 December*	**2021**	**2020**
Opening balance at 1 January	**8,493**	**6,187**
Revaluation Adjustments	-	2,937
Disposals	(3,476)	(631)
Closing balance at 31 December	**5,017**	**8,493**

The investment properties relate to land and buildings that DSB owns. These are not used for the daily operations of DSB. The latest revaluation was performed as at August 2020 by an external independent professionally qualified valuator. These are provided on an annual basis and conforms to International Valuation Standards. The properties consist of rented out real estate or land for which no purpose of future use has been determined.

28 Intangible assets

Intangible assets *in thousand SRD for the year ended 31 December*	**2021**	**2020**
Cost or valuation		
At 1 January	162,606	159,800
Additions	6,780	2,806
At 31 December	**169,386**	**162,606**
Amortization		
At 1 January	(133,580)	(96,047)
Amortization charge for the year	(29,555)	(37,533)
At 31 December	**(163,135)**	**(133,580)**
At 31 December	**6,251**	**29,026**

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

29 Due to customers

Due to customers

in thousand SRD for the year ended 31 December	**2021**	**2020**
Current accounts of customers	6,871,787	7,544,868
Savings accounts of customers	6,196,836	6,593,385
Deposits of customers	2,547,325	3,439,094
	15,615,948	**17,577,347**

Deposits pledged as collateral for loans and advances, guarantees, and letter of credit commitments are included in due to customers. In line with IAS 29, the restatement impact for presentation purposes on due to customers for 2020 amounts to SRD 6.6 billion.

30 Other liabilities

Other liabilities

in thousand SRD for the year ended 31 December	**2021**	**2020**
Accounts payables and sundry creditors	1,510	1,784
Accrued expenses	31,460	60,810
Unearned fee and commissions	11,416	14,454
Lease Liabilities	16,666	26,547
Current account BNETS	71,182	54,237
Settlement and clearing accounts	129,138	84,998
	261,372	**242,830**

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. Current account of BNETS is the account which is being used for the daily settlements by BNETS. Before hyperinflation, the increase in other liabilities vs prior year is SRD 110.3 million which relates mainly to Panaso liability in 2021, presented under the line Settlement and clearing accounts.

In line with IAS 29, the restatement impact for presentation purposes on other liabilities for 2020 amounts to SRD 91.7 million.

The table below provide some details on the movements of the lease liabilities throughout the financial years 2021 and 2020. A maturity analysis of the lease liabilities is disclosed in Note 41.6.1.3.

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

Lease Liabilities

in thousand SRD	**Vehicles**	**Buildings**	**Total**
As at 1 January 2021	**5,595**	**20,952**	**26,547**
Additions	(328)	(270)	**(598)**
Accretion of interest	140	545	**685**
Payments	(1,336)	(3,532)	**(4,868)**
FX Rate remeasurement	1,088	3,966	**5,054**
Monetary effects of hyperinflation	(2,139)	(8,015)	**(10,154)**
As at 31 December 2021	**3,020**	**13,646**	**16,666**
As at 1 January 2020	**3,514**	**23,161**	**26,675**
Corrections	(10)	172	**162**
Additions	1,816	566	**2,382**
Accretion of interest	180	1,115	**1,295**
Payments	(1,250)	(4,180)	**(5,430)**
FX Rate remeasurement	2,704	9,066	**11,770**
Monetary effects of hyperinflation	(1,359)	(8,948)	**(10,307)**
As at 31 December 2020	**5,595**	**20,952**	**26,547**

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	**2021**	**2020**
Subordinated loan		
Outstanding balance	207,016	227,463
Accrued interest	7,308	7,895
	214,324	**235,358**

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. Initially this loan had 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 penalty interest is 10% per year. As of June 1, 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 December 31, 2021, the loan is valued at SRD 214.3 million (2020: SRD 235.4 million). The fair value is SRD 276.1 million (2020: SRD 315.8 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 2.43%, 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.

In line with IAS 29, the restatement impact for presentation purposes on debt issued and other borrowed funds for 2020 amounts to SRD 88.9 million.

32 Provisions and other contingent liabilities

32.1 Provisions

Provisions *in thousand SRD for the year ended 31 December*	**2021**	**2020**
Financial guarantees	2,810	506
Letters of Credit	-	-
Allowance for ECL	2,810	506
Other provisions	13,394	12,999
	16,204	**13,505**

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 DSB.

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 are set out in section 41.3.3.1.

In thousand SRD as of 31 December 2021

Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	10.6%	209,538			**209,538**
4	7.3%		185		**185**
Non-performing					
5,6,7	100.0%			5,871	**5,871**
Total		**209,538**	**185**	**5,871**	**215,594**

In thousand SRD as of 31 December 2020

Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	10.2%	370,550			**370,550**
4	7.6%		1,703		**1,703**
Non-performing					
5,6,7	100.0%			7,355	**7,355**
Total		**370,550**	**1,703**	**7,355**	**379,608**

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	
	Gross carrying amount	**ECL**	**Gross carrying amount**	**ECL**	**Gross carrying amount**	**ECL**	**Gross carrying amount**	**ECL**
1 January 2021	**370,550**	**21**	**1,703**	**-**	**7,355**	**485**	**379,608**	**506**
New assets originated	68,520	-	100	-	-	-	**68,620**	**-**
Payments and Assets derecognized	(168,817)	(13)	(975)	-	(169)	-	**(169,961)**	**(13)**
Other movements	5,678	-	-	-	(3)	2,927	**5,675**	**2,927**
Write-offs	-	-	-	-	-	-	**-**	**-**
Foreign exchange adjustments	73,564	1	-	-	1,466	147	**75,030**	**148**
Monetary effects of hyperinflation	(139,957)	(6)	(643)	-	(2,778)	(752)	**(143,378)**	**(758)**
31 December 2021	**209,538**	**3**	**185**	**-**	**5,871**	**2,807**	**215,594**	**2,810**

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 2020	**395,867**	**58**	**2,542**	**-**	**11,939**	**4,166**	**410,348**	**4,224**
New assets originated	284,414	21	-	-	272	-	**284,686**	**21**
Payments and Assets derecognized	(178,639)	(33)	(1,525)	-	(3,646)	(2,767)	**(183,810)**	**(2,800)**
Other movements	7,345	(10)	1,647	-	-	(178)	**8,992**	**(188)**
Write-offs	-	-	-	-	-	-	**-**	**-**
Foreign exchange adjustments	11,147	2	-	-	3,302	385	**14,449**	**387**
Monetary effects of hyperinflation	(149,584)	(17)	(961)	-	(4,512)	(1,121)	**(155,057)**	**(1,138)**
31 December 2020	**370,550**	**21**	**1,703**	**-**	**7,355**	**485**	**379,608**	**506**

In 2021, the exposure decreased by SRD 167.0 million while additional ECL was booked mainly from existing stage 3 accounts from adjustments in collateral value (LGD). SRD 68.6 million of new commitments were granted, while SRD 170.0 million were matured. SRD 75.0 million of increase were due to favorable foreign exchange adjustments. The monetary effects of hyperinflation amounted to SRD 143.4 million from restatement of 2021 beginning balances to 2021 end of year CPI factor for presentation purposes (Note 4.25).

In 2020, net movements in the exposure and release of ECL were mainly related to the provision for a stage 3 commitment in prior year. SRD 284.7 million of new commitments were granted, while SRD 242.8 million of outstanding amount were matured in 2020. The monetary effects of hyperinflation amounted to SRD 155.0 million from restatement of 2020 beginning balances to 2020 end of year CPI factor for presentation purposes (Note 4.25).

32.3 Contingent liabilities

As at December 31, 2021, 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 2.5 billion (2020: SRD 1.6 billion), 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 Appeal 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 Appeal demanded the release the money. The public prosecutor decided to appeal at the Supreme Court. The Supreme 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 Appeal Amsterdam for renewed legal treatment.

On January 10, 2023 the Court of Appeal Amsterdam again declared the complaint well-founded and ordered to refund the confiscated money. The Public Prosecution Office then renewed its appeal in cassation at the Supreme Court and on June 27, 2023 the Supreme Court referred the case back to the Court of Appeal The Hague, where the complaint was initially filed for renewed legal treatment. The continuation of this case is scheduled to take place on June 25, 2024.

Based on legal advice obtained from independent legal counsel, management is of the view that DSB is in a strong and defendable position. Accordingly, no provision for any loss has been made in these financial statements for this legal proceeding.

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 in the consolidated 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) obligates 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 in the following table:

Off-balance sheet items

in thousand SRD for the year ended 31 December	**2021**	**2020**
Undrawn commitments	892,420	1,121,063
Financial guarantees	120,892	131,824
Letters of Credit	94,702	247,784
	1,108,014	**1,500,671**

Third party assets held in custodian

DSB provides custody and transaction services to third parties. At the reporting date, DSB had investments assets under custodian on behalf of third parties in SRD, GBP, and USD amounting from shares with a nominal value of SRD 45.9 million (2020: SRD 61.6 million) and Gold Certificates with a market value of SRD 68.1 million (2020: SRD 76.7 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.

Third party assets held in custodian

in thousand SRD for the year ended 31 December		
Shares nominal value:	**2021**	**2020**
Listed	2,355,736	2,828,289
Unlisted	43,540,867	58,821,114
	45,896,603	**61,649,403**
Gold Certificate market value	68,057,245	76,714,445

33 Pensions and other post-employment benefit plans

De Surinaamsche Bank N.V. maintains a defined benefit pension plan. Contributions are paid by both the employee and DSB to the pension fund "Stichting Pensioenfonds van De Surinaamsche Bank N.V." in accordance with the terms of the plan and local legal requirements. The foundation is directed by a board, consisting of representatives of DSB and representatives of the pension participants, which is responsible for the investment strategy of the asset plan. The funds are primarily invested in mortgages, term deposits, and locally tradeable securities. The pension payments to the retired bank employees are made directly by the foundation; therefore, DSB has no legal obligation to pensioners with regards to the regular pension payments, except in the case that the foundation is not able to comply with the minimum benefit as stated in the Pension Law in Suriname, which refers to "Wet Algemeen Pensioen- WAP 2014".

The pension plan which DSB maintained in previous years did not comply to the local pension act "Wet Algemeen Pensioen 2014". The pension act requires DSB 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 fiscal year ended 2019 as a result of the current pension plan to be categorized as a defined benefit plan. In 2020 and 2021, there was zero net obligation payable on the pension plan (see Note 33.1 for further discussion on this).

In addition, DSB maintains a defined benefit plan providing other post-employment benefits to retired employees, of which the healthcare plan and Christmas vouchers are denominated in USD. The foreign exchange result relating to these plans is presented in "Other operating income". These arrangements are contained in the 'Regulation on provisions for DSB pensioners' and form a direct liability for DSB, 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
- Jubilee benefits

The net defined benefit liability is recognized within net employee defined benefit liabilities in the consolidated 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, 2021 by a registered actuary.

33.1 Pension Plan (Liability)

As of December 2021, the fair value of the assets plan amounts to SRD 508.7 million which exceeds the present value of the obligation (DBO) amounting to SRD 460.7 million with the amount of SRD 48.0 million (pension surplus).

Paragraph 64 of IAS 19 Employee Benefits limits the measurement of the defined benefit asset to the present value of economic benefit available in the form of refunds from the plan or reductions in future contributions to the plan. As at December 31, 2021, the Group does not legally have access to the pension surplus either in the form of a cash refund or reduction in future contributions and accordingly an asset ceiling is applied on the surplus of SRD 48.0 million resulting in a zero liability as of December 2021 and 2020. As of December 31, 2019, the present value of the DBO exceeded the fair value of the assets plan for the amount of SRD 61.9 million which is presented as a net liability caused by the first-time adoption of IFRS.

The following tables summarize the components of net benefit expense recognized in the statement of profit or loss and the funded status and amounts recognized in the consolidated statement of financial position for the respective plans:

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

in thousand SRD for the year ended 31 December 2021

		Benefit cost charged to profit or loss							Remeasurement gains/(losses) in OCI						
Pension plan	**1 January 2021**	Current Service cost	Past Service Cost	Interest cost	Other cost	Net Foreign Exchange Loss/Gain	**Subtotal P&L**	**Benefits Paid**	Actuarial changes arising from changes in economic assumptions	Experience adjustments	Asset ceiling	**Sub-total included in OCI**	**Contributions paid by DSB**	**Monetary effects of hyperinflation**	**31 December 2021**
Fair value of plan assets	**683,802**	5,853	-	53,132	(1,973)	-	**57,012**	**(18,583)**	-	45,329	-	**45,329**	**18,275**	**(277,155)**	**508,680**
Defined benefit obligation	**(669,277)**	(18,253)	-	(53,772)	-	-	**(72,025)**	**18,583**	(40,855)	40,091	-	**(764)**	**-**	**262,818**	**(460,665)**
Asset ceiling	**(14,525)**	-	-	-	-	-	**-**	**-**	-	-	(47,827)	**(47,827)**	**-**	**14,337**	**(48,015)**
Net Benefit Liability	**-**	**(12,400)**	**-**	**(640)**	**(1,973)**	**-**	**(15,013)**	**-**	**(40,855)**	**85,420**	**(47,827)**	**(3,262)**	**18,275**	**-**	**-**

in thousand SRD for the year ended 31 December 2020

		Benefit cost charged to profit or loss							Remeasurement gains/(losses) in OCI						
Pension plan	**1 January 2020**	Current Service cost	Past Service Cost	Interest cost	Other cost	Net Foreign Exchange Loss/Gain	**Subtotal P&L**	**Benefits Paid**	Actuarial changes arising from changes in economic assumptions	Experience adjustments	Asset ceiling	**Sub-total included in OCI**	**Contributions paid by DSB**	**Monetary effects of hyperinflation**	**31 December 2020**
Fair value of plan assets	**604,387**	7,668	-	30,159	(1,826)	-	**36,001**	**(17,655)**	-	335,707	-	**335,707**	**19,943**	**(294,581)**	**683,802**
Defined benefit obligation	**(764,207)**	(26,627)	-	(37,186)	-	-	**(63,813)**	**17,655**	(219,801)	30,427	-	**(189,374)**	**-**	**330,462**	**(669,277)**
Asset ceiling	**-**	-	-	-	-	-	**-**	**-**	-	-	(17,649)	**(17,649)**	**-**	**3,124**	**(14,525)**
Net Benefit Liability	**(159,820)**	**(18,959)**	**-**	**(7,027)**	**(1,826)**	**-**	**(27,812)**	**-**	**(219,801)**	**366,134**	**(17,649)**	**128,684**	**19,943**	**39,005**	**-**

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

in thousand SRD

Defined benefit obligation at 1 January 2021	**173,702**
Interest cost	5,354
Current service cost	3,818
Benefits paid	(2,851)
Net Foreign Exchange Loss/Gain	50,338
Remeasurements	(7,690)
Monetary effects of hyperinflation	(65,607)
Defined benefit obligation at 31 December 2021	**157,064**

Defined benefit obligation at 1 January 2020	**138,636**
Interest cost	6,164
Current service cost	8,339
Benefits paid	(5,965)
Net Foreign Exchange Loss/Gain	93,043
Remeasurements	4,680
Monetary effects of hyperinflation	(71,195)
Defined benefit obligation at 31 December 2020	**173,702**

Changes in the present value of the defined benefit obligations from other post-employment benefit liabilities

in thousand SRD for the year ended 31 December 2021

		Benefit cost charged to profit or loss						Remeasurement gains/(losses) in OCI				
Other post-employment benefit liabilities	**1 January 2021**	Current Service cost	Past Service Cost	Interest cost	Net Foreign Exchange Loss/Gain	**Subtotal P&L**	**Benefits Paid**	Actuarial changes arising from changes in economic assumptions	Experience adjustments	**Sub-total included in OCI**	**Monetary effects of hyperinflation**	**31 December 2021**
Bonus to pensioners	3,140	50	-	163	-	213	(193)	(18)	-	(18)	(1,186)	1,956
Funeral expenses for pensioners	7,096	158	-	252	-	410	(109)	(76)	-	(76)	(2,722)	4,599
Social security benefits to pensioners	1,451	-	-	75	-	75	(121)	(5)	-	(5)	(539)	861
Lumpsum to pensioners	12,385	347	-	647	-	994	(364)	(118)	-	(118)	(4,773)	8,124
Christmas vouchers for pensioners	16,273	564	-	423	5,781	6,768	(427)	(1,003)	-	(1,003)	(7,134)	14,477
Easter benefit for pensioners	4,276	118	-	215	-	333	(357)	(38)	-	(38)	(1,604)	2,610
Retirement gift	431	20	-	20	-	40	(90)	(2)	-	(2)	(153)	226
Net Benefit Liability	45,052	1,257	-	1,795	5,781	8,833	(1,661)	(1,260)	-	(1,260)	(18,111)	32,853

in thousand SRD for the year ended 31 December 2020

		Benefit cost charged to profit or loss						Remeasurement gains/(losses) in OCI				
Other post-employment benefit liabilities	**1 January 2020**	Current Service cost	Past Service Cost	Interest cost	Net Foreign Exchange Loss/Gain	**Subtotal P&L**	**Benefits Paid**	Actuarial changes arising from changes in economic assumptions	Experience adjustments	**Sub-total included in OCI**	**Monetary effects of hyperinflation**	**31 December 2020**
Bonus to pensioners	5,267	84	-	256	-	340	(309)	(195)	-	(195)	(1,963)	3,140
Funeral expenses for pensioners	11,426	273	-	736	-	1,009	(264)	(761)	-	(761)	(4,314)	7,096
Social security benefits to pensioners	2,511	-	-	121	-	121	(193)	(62)	-	(62)	(926)	1,451
Lump sum to pensioners	20,150	596	-	980	-	1,576	(580)	(1,179)	-	(1,179)	(7,582)	12,385
Christmas vouchers for pensioners	12,230	551	-	527	8,226	9,304	(808)	2,035	-	2,035	(6,488)	16,273
Easter benefit for pensioners	6,951	203	-	338	-	541	(191)	(406)	-	(406)	(2,619)	4,276
Retirement gift	708	33	-	33	-	66	(55)	(23)	-	(23)	(265)	431
Net Benefit Liability	59,243	1,740	-	2,991	8,226	12,957	(2,400)	(591)	-	(591)	(24,157)	45,052

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

	2021	2020
Future consumer price index increases:		
SRD		
2021	N/A	60.00%
2022	60.00%	15.00%
2023	15.00%	10.00%
2024	10.00%	5.00%
2025 and following years	5.00%	5.00%
USD	2.25%	2.00%
Discount rate SRD:		
2021	N/A	61.50%
2022	61.50%	16.50%
2023	16.50%	11.50%
2024	11.50%	6.50%
2025 and following years	6.50%	6.50%
Single Equivalent Discount rate	10.36%	10.34%
Discount rate USD:		
Healthcare Plan	2.77%	2.43%
Christmas Coupons	2.68%	2.35%
Future salary increases:		
1/1/2021	2.50%	2.50%
1/1/2022	2.00%	2.00%
1/1/2023 and per January 1st, of following years	2.00%	2.00%
Healthcare cost increase rate:		
1/1/2021	N/A	2.50%
1/1/2022 and per January 1st, of following years	2.75%	2.50%
Further life expectation for pensioners at the age of 60:	Years	Years
Male	18.4	18.4
Female	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*	2021	2020
Pension plan		
Defined benefit obligation	**460,665**	**669,277**
1% increase of Discount rate	(77,695)	(113,233)
1% decrease of Discount rate	99,005	144,354
1% increase salary increases	36,961	49,484
1% decrease salary increases	(31,721)	(44,796)
1% increase pension adjustment	62,564	89,734
1% decrease pension adjustment	(53,732)	(77,007)
Post-employment healthcare plan		
Defined benefit obligation	**157,064**	**173,702**
1% increase of Discount rate	(30,220)	(33,313)
1% decrease of Discount rate	40,100	44,276
1% increase yearly cost	38,683	42,675
1% decrease yearly cost	(29,772)	(32,789)
Provision for anniversary payments		
Defined benefit obligation	**35,638**	**38,338**
1% increase of Discount rate	(3,051)	(3,394)
1% decrease of Discount rate	3,516	3,919
1% increase yearly cost	3,889	4,315
1% decrease yearly cost	(3,426)	(3,792)
Other post-employment benefit liabilities		
Defined benefit obligation	**32,853**	**45,052**
1% increase of Discount rate	(5,551)	(7,510)
1% decrease of Discount rate	7,120	9,636
1% increase yearly cost	3,600	5,496
1% decrease yearly cost	(2,851)	(4,352)
Accumulated		
Defined benefit obligation	**686,220**	**926,369**
1% increase of Discount rate	(116,517)	(157,450)
1% decrease of Discount rate	149,741	202,185
1% increase yearly cost	83,133	101,970
1% decrease yearly cost	(67,770)	(85,729)

33.2 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 consolidated statement of profit and loss. The liabilities for anniversary payments are recorded under 'Net employee defined benefit liabilities' on the consolidated 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:

in thousand SRD

Defined benefit obligation at 1 January 2021	**38,338**
Interest cost	3,123
Current service cost	2,057
Benefits paid	(1,588)
Remeasurements	8,188
Monetary effects of hyperinflation	(14,480)
Defined benefit obligation at 31 December 2021	**35,638**
Defined benefit obligation at 1 January 2020	**66,451**
Interest cost	1,636
Current service cost	2,074
Benefits paid	(2,102)
Remeasurements	(3,477)
Monetary effects of hyperinflation	(26,244)
Defined benefit obligation at 31 December 2020	**38,338**

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.

33.3 Statistics of members and weighted average duration of the plans

Analysis of the DBO and Duration	Defined Benefit Obligation	Duration
Active members	242,686	21.53
Deferred members	25,241	18.58
Pensioners	192,738	7.82
Total	**460,665**	**15.63**

33.4 Expected contributions to the plans in FY 2022

Contributions and benefit payments

in thousand SRD

Actual and Expected Cash Flows	Expected Jan 1, 2022 - Dec 31, 2022	Actual Jan 1, 2021 - Dec 31, 2021
Contributions to the plan by the employer	24,943	14,893
Contributions by the plan participants	7,860	4,770
Total contributions	**32,803**	**19,663**
Benefit payments out of the plan	18,146	15,144
Total benefit payments	**18,146**	**15,144**

33.5 Fair value of the plan assets

Plan Assets

in thousand SRD

	Dec 31, 2021	Dec 31, 2020
Equity type investments	1,358	2,076
Real estate type investments	69,617	101,654
Commodity type investments	67,983	76,630
Fixed interest type investments		
Corporate bonds, not rated	60,000	83,641
Government bonds, not rated	-	-
Other fixed interest type investments	303,754	403,492
Total investments	502,712	667,493
Cash	858	9,333
Other assets	12,733	7,985
Other liabilities	(7,623)	(1,006)
Total	**508,680**	**683,805**

33.6 Expected pension base percentage

As at year-end 2021, the applied pension base factor is 100.0%. The proposed pension base percentage for succeeding years after 2021 is 74.3%. This percentage is expected to be maintained for all years after 2021 and is to apply on the pension back service.

34 Issued capital and reserves

Issued capital and reserves **Authorized**	**2021**	**2020**
Ordinary shares of SRD 0.10 each	37,733,609	37,733,609
	37,733,609	**37,733,609**

Ordinary shares

Issued and fully paid

	Thousands	**in thousand SRD**
At 1 January 2020	37,733	3,773
Issued in 2020	-	-
Monetary effects of hyperinflation	-	6,548
At 31 December 2020	**37,733**	**10,321**
Issued in 2021	-	-
At 31 December 2021	**37,733**	**10,321**

No issuance in the ordinary shares was made in 2021 and 2020. The last issuance was made in 2019 where a total number of 508,000 shares were issued at SRD 0.10 each, resulting to an increase of the issued capital of SRD 50,000.

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, DSB 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 DSB's profit distribution amounts to 9% under restrictive conditions. It has been contractually established that the common equity Tier 1 ratio (CET 1 ratio) must be 12% to include the full AT-1 amount as issued equity instruments. If the common equity tier 1 ratio of 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.

in thousand SRD as at 31 December 2021	**Within 12 months**	**After 12 months**	**Total**
Assets			
Cash and balances with central banks	3,008,668	3,711,638	6,720,306
Due from banks	4,070,938	2,036	4,072,974
Financial assets at fair value through profit or loss	-	336	336
Current tax assets	-	-	-
Loans and advances to customers	1,240,595	1,784,512	3,025,107
Purchased or originated credit impaired financial assets	129,377	1,626,981	1,756,358
Debt instruments at amortized cost	335,069	1,123,139	1,458,208
Investments in associates	-	27,669	27,669
Other assets	176,263	-	176,263
Property and equipment and right-of-use assets	-	435,893	435,893
Investment properties	-	5,017	5,017
Intangible assets	-	6,251	6,251
Total Assets	**8,960,910**	**8,723,472**	**17,684,382**
Liabilities			
Due to banks	324,399	-	324,399
Derivative financial instruments (liabilities)	-	-	-
Due to customers	14,523,615	1,092,333	15,615,948
Current tax liabilities	4,517	-	4,517
Other liabilities	216,118	45,254	261,372
Debt issued and other borrowed funds	7,308	207,016	214,324
Provisions	16,204	-	16,204
Net employee defined benefit liabilities	-	245,841	245,841
Deferred tax liabilities	-	250,470	250,470
Total Liabilities	**15,092,161**	**1,840,914**	**16,933,075**

in thousand SRD as at 31 December 2020	Within 12 months	After 12 months	Total
Assets			
Cash and balances with central banks	2,306,800	4,028,158	6,334,958
Due from banks	5,189,916	2,881	5,192,797
Financial assets at fair value through profit or loss	-	5,055	5,055
Current tax assets	3,805	-	3,805
Loans and advances to customers	1,529,190	2,657,392	4,186,582
Purchased or originated credit impaired financial assets	-	2,402,103	2,402,103
Debt instruments at amortized cost	107,567	1,043,847	1,151,414
Investments in associates	-	2,643	2,643
Other assets	25,525	72,406	97,931
Property and equipment and right-of-use assets	-	445,518	445,518
Investment properties	-	8,493	8,493
Intangible assets	-	29,026	29,026
Total Assets	**9,162,803**	**10,697,522**	**19,860,325**
Liabilities			
Due to banks	812,775	-	812,775
Derivative financial instruments (liabilities)	91,168	-	91,168
Due to customers	15,389,355	2,187,992	17,577,347
Current tax liabilities	1,668	-	1,668
Other liabilities	170,070	72,760	242,830
Debt issued and other borrowed funds	7,895	227,463	235,358
Provisions	13,505	-	13,505
Net employee defined benefit liabilities	-	284,689	284,689
Deferred tax liabilities	-	225,888	225,888
Total Liabilities	**16,486,436**	**2,998,792**	**19,485,228**

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.

As of December 31, 2021, DSB has been able to comply in full with all its externally imposed capital requirements over the reported period.

37.1 Capital management

DSB is subject to supervision by the Central Bank of Suriname and has to maintain its capital level up to the norms prescribed by the Central Bank. DSB 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 DSB 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 DSB decided to maintain a long open currency position in USD for expected credit losses from deterioration of the foreign currency loan portfolio due to the economic downturn.

37.2 Regulatory capital

in Thousand SRD **Regulatory capital**	**Actual 2021**	**Required 2021**	**Actual 2020**	**Required 2020**
Common Equity Tier1 (CET1) capital	532,261	373,061	133,035	447,617
Additional Tier 1	90,055	90,055	90,055	90,055
Other Tier 2 capital instruments	214,324	214,324	111,545	235,358
Total regulatory capital	**836,640**	**677,440**	**334,635**	**773,030**
Risk weighted assets	**6,217,688**		**7,460,288**	
CET1 capital ratio	8.6%		1.8%	
Total capital ratio	13.5%		4.5%	

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, unrelieved losses including current year profit/loss and foreign currency translation result. The other components of regulatory capital are: Additional Tier 1 capital and Other Tier 2 capital. Certain adjustments are made to IFRS–based results and reserves, as prescribed by the Central Bank of Suriname (CBvS). 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 DSB as the conditions in the agreement allows it to be accounted for as Tier 2 capital.

38 Additional cash flow information

The information below provides insights regarding the inflow and outflow of cash as well as DSB's financial health and operational efficiency.

Cash and cash equivalents

in thousand SRD	*Notes*	**2021**	**2020**
Cash and cash equivalents with central banks	18	671,469	559,567
Current accounts with central banks	18	1,453,757	1,768,574
Current accounts with other banks	19	3,538,144	2,387,553
		5,663,370	**4,715,694**

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*	**2021**	**2020**
Net change in balances with central bank	18	(9,642)	1,031,466
Net change in financial assets designated and mandatorily classified at fair value through profit or loss	21	4,719	2,833
Net change in loans and advances to customers	22	1,161,476	1,145,700
Net change in POCI	23	645,745	(2,402,103)
Net change in current tax assets	17	3,805	49,177
Net change in other assets	25	(78,332)	(3,766)
		1,727,771	**(176,693)**

Change in operating liabilities

in thousand SRD	*Notes*	**2021**	**2020**
Net change in due to banks		(488,376)	458,612
Net change in due to customers	29	(1,961,399)	398,735
Net change in derivative financial instruments	20	(91,168)	(33,513)
Net change in current tax liabilities	17	2,849	1,229
Net changes in provision	32	2,699	(5,922)
Net change in net employee defined benefit liabilities	33	(32,958)	(57,417)
Net change in other liabilities	30	28,423	102,000
		(2,539,930)	**863,724**

Net gain from investing activities

in thousand SRD	*Notes*	**2021**	**2020**
Change in deposits with central banks	18	(578,621)	1,420,843
Change in deposits with other banks	19	2,270,414	(178,550)
Change in debt instruments at amortized cost	24	(306,794)	(387,318)
Change in investments in associates	21	(25,026)	971
		1,359,973	**855,946**

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 thousands of 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	**2021**	-	13,161	7,454	749,036	1,587	55,821
	2020	-	15,187	36,036	1,199,847	4,321	89,464
Supervisory Board	**2021**	-	-	-	1,434	9	2
	2020	-	-	69	1,499	18	4
Key Management	**2021**	-	-	-	3,226	-	6
	2020	-	-	6	3,503	-	6
Stichting Pensioenfonds van De Surinaamsche Bank N.V.	**2021**	-	-	-	-	-	-
(Pension Foundation)	**2020**	-	-	-	-	-	-
Associates	**2021**	-	-	416,016	157,602	12	495
	2020	-	-	455,500	88,440	123	195

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. and Surinaamse Assurantie Maatschappij N.V. in a certain year but expires next year. The total advanced payments and claims in 2021 are SRD 7.2 million (2020: SRD 258.7 thousand). Loan and advances in foreign currencies have been converted in SRD based on the exchange rate at the end of the financial year.

"Amount owed to related parties" covers all deposits (current accounts, savings accounts and term deposits) of the related parties, loans provided to DSB 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 DSB for USD 5 million (refer to Note 35).

39.1 Shareholders

In November 2018, DSB issued new shares. A significant portion of these shares was purchased by Hakrinbank N.V., Self Reliance N.V. and Fatum N.V. Since then, these shareholders and Assuria N.V. each own 17.8% of DSB'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: 41.5%) and Self Reliance N.V. No dividends have been paid to the shareholders since 2016.

39.2 Supervisory Board

In January 2021, the supervisory board consisted of the following 5 members: Mr. Erwin Emanuels, Mr. Waddy Sowma, Mr. Stanley Mathura, Mr. Robert Kasanrawi and Mr. Dharminder R. Parbhudayal.
The 4 shareholders with a significant large interest have a representative in the board. The following persons were closely related to DSB during financial year 2021 through the supervisory board.

- The chairman of the supervisory board of 2021 was Mr. Erwin Emanuels who is also the CEO of TBL Multiplex (an investment entity of DSB). As of January, 2022, he was no longer member of the supervisory board.
- Mr. W. Sowma is the owner of the retail store, N.V. Marley, who is a client of DSB. As of January 2023, Mr. Sowma was no longer member of the board.
- Mr. Robert Kasanrawi is member of the board and is currently the director of Self Reliance N.V., one of the 4 biggest shareholders of DSB.
- Mr. Stanley Mathura is part of the board and is the former CEO of Surichange Bank N.V. , representing Hakrinbank N.V., one of the 4 biggest shareholders of DSB. As of February 17, 2024, he was no longer member of the supervisory board.
- Mr. Dharminder R. Parbhudayal is member of the board and is currently the COO of Assuria N.V., one of the 4 biggest shareholders 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.

39.3 Key management

In 2021, key management consisted of Mr. Steven Coutinho (acting CEO), Mr. Renatus 'René' van Rooij (COO) and Ms. Angela Sardjoe (CRO). Per January 2022 Mr. Coutinho and Mrs. Sardjoe left the organization. At the beginning of October 2023 Mr. Van Rooij left DSB due to retirement.

The remuneration of the Supervisory Board in 2021 amounted to a total of SRD 297,080 (2020: SRD 493,427) and was adopted at the general meeting of shareholders on March 26, 2015. The amounts mentioned includes hyperinflation impact amounting to SRD 54,981 (2020: SRD 240,719).

Compensation of key management personnel

Compensation key management personnel

In thousands of SRD for the year ended on 31 December of

	2021	2020
Short term employee benefits	13,615	17,823
Post-employment pension and medical benefits	876	869
Total compensation paid to key management personnel	**14,491**	**18,692**

The amount disclosed in the table above 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 DSB is partially fixed. The figures above includes hyperinflation impact amounting to SRD 2.7 million (2020: SRD 9.1 million).

39.4 Stichting Pensioenfonds van De Surinaamsche Bank N.V. (Pension Foundation)

The amount owed to the related party regards the pension contribution liability. The contributions paid by the Group (expenses) are for the fiscal year 2021 SRD 14.9 million and for the fiscal year 2020 SRD 16.4 million. 2020 amount includes restatement impact amounting to SRD 6.2 million.

As of October 2019, Mr. Rene van Rooij is vice chairman of the pension foundation. As of October 4, 2023, Mr. Rene van Rooij has retired and is no longer vice chairman of the pension foundation.

39.5 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 Acaribo (Blauwmeer) to subsequently sell it in lots. The initial maturity date of these loans was December 2021. According to the guarantee agreement between DSB, Assuria N.V, Panaso Vastgoed N.V. and DAVG, a loan of USD 20 million was granted to Panaso Vastgoed N.V. Kindly refer to Note 42 Events after the reporting date for the developments on this matter.

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.

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 DSB 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. DSB 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 tables show an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

In thousand SRD as of 31 December 2021				
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	-	-	336	**336**
Total financial assets measured at fair value	**-**	**-**	**336**	**336**
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Foreign exchange contracts	-	-	-	**-**
Total liabilities measured at fair value	**-**	**-**	**-**	**-**

In thousand SRD as of 31 December 2020				
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	-	-	-	**-**
Total financial assets measured at fair value	**-**	**-**	**-**	**-**
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Foreign exchange contracts	-	-	91,168	**91,168**
Total liabilities measured at fair value	**-**	**-**	**91,168**	**91,168**

40.2.2 Fair value of property classified as property and equipment and investment properties

The following tables shows an analysis of property recorded at fair value by level of the fair value hierarchy:

	Carrying	**Fair value**			
In thousand SRD as at 31 December 2021	**amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Land and Buildings	405,355	-	405,355	-	**405,355**
Investment Property	5,017	-	5,017	-	**5,017**
Total financial assets	**410,372**	**-**	**410,372**	**-**	**410,372**

	Carrying	**Fair value**			
In thousand SRD as at 31 December 2020	**amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Land and Buildings	410,890	-	410,890	-	**410,890**
Investment Property	8,493	-	8,493	-	**8,493**
Total financial assets	**419,383**	**-**	**419,383**	**-**	**419,383**

40.2.3 Fair value of financial instruments not measured at fair value

Set out in the succeeding tables are a comparison, by class, of the carrying amounts and fair values of DSB's financial instruments that are not carried at fair value in the financial statements. These tables do not include the fair values of non–financial assets and non–financial liabilities.

In thousand SRD as of 31 December 2021	**Carrying amount**	**Fair Value Amount**	**Unrecognized gain/(loss)**
Financial assets			
Cash and balances with central banks	6,720,306	6,720,306	-
Due from banks	4,072,974	4,072,974	-
Loans and advances to customers	3,025,107	3,742,602	717,495
Purchased or originated credit impaired financial assets	1,756,358	1,756,358	-
Debt instruments at amortized cost	1,458,208	1,467,257	9,049
Other assets	130,644	130,644	-
Total financial assets	**17,163,597**	**17,890,141**	**726,544**
Financial liabilities			
Due to banks	324,399	324,399	-
Due to customers	15,615,948	15,524,298	(91,650)
Debt issued and other borrowed funds	214,324	276,132	61,808
Other liabilities	201,830	201,830	-
Total financial liabilities	**16,356,501**	**16,326,659**	**(29,842)**
Total unrecognized change in unrealized fair value			**756,386**

In thousand SRD as of 31 December 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets for which fair value is disclosed				
Loans and advances to customers	-	-	3,742,602	3,742,602
Debt instruments at amortized cost - bonds	-	1,373,714	-	1,373,714
		1,373,714	**3,742,602**	**5,116,316**
Financial liabilities for which fair value is disclosed				
Due to customers – term deposits	-	-	2,455,675	2,455,675
Debt issued and other borrowed funds	-	-	276,132	276,132
	-	**-**	**2,731,807**	**2,731,807**

There were no transfers between Level 1 and Level 2, including movements in Level 3 during 2021.

In thousand SRD as of 31 December 2020

	Carrying amount	Fair Value Amount	Unrecognized gain/(loss)
Financial assets	-		
Cash and balances with central banks	6,334,958	6,334,958	-
Due from banks	5,192,797	5,192,797	-
Loans and advances to customers	4,186,582	7,732,350	3,545,768
Purchased or originated credit impaired financial assets	2,402,103	2,402,103	-
Debt instruments at amortized cost	1,151,414	1,181,939	30,525
Other assets	25,525	25,525	-
Total financial assets	**19,293,379**	**22,869,672**	**3,576,293**
Financial liabilities	-		
Due to banks	812,775	812,775	-
Due to customers	17,577,347	17,501,096	(76,251)
Debt issued and other borrowed funds	235,358	315,732	80,374
Other liabilities	141,019	141,019	-
Total financial liabilities	**18,766,499**	**18,770,622**	**4,123**
Total unrecognized change in unrealized fair value			**3,572,170**

In thousand SRD as at 31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets for which fair value is disclosed				
Loans and advances to customers	-	-	7,732,350	7,732,350
Debt instruments at amortized cost - bonds	-	1,035,672	-	1,035,672
	-	**1,035,672**	**7,732,350**	**8,768,022**
Financial liabilities for which fair value is disclosed				
Due to customers - term deposits	**-**	**-**	3,362,843	**3,362,843**
Debt issued and other borrowed funds	**-**	**-**	315,732	**315,732**
	-	**-**	**3,678,575**	**3,678,575**

There were no transfers between Level 1 and Level 2, including movements in Level 3 during 2020.

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 the counterparty risk as well. Since the calculated fair value is a complete model-based calculation which DSB calibrated on DSB's data, these instruments are classified as Level 3 type of instruments and are included in the debt instruments at amortized cost.

40.3.2.3 Corporate and sovereign debt securities

Debt securities consist of foreign corporate and sovereign bonds which are presented as debt instruments at amortized 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 respectively in cash and balances with Central Bank and due from banks.

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 instruments. 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 DSB. This is reflected in the financial position and consolidated statement of profit and loss 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, 2021, the loans and advances portfolio are 17% of total assets (2020: 21%). The interest income received from these instruments is 75% of total interest revenue (2020: 90%).

40.4.2 Investment portfolio

The investment portfolio of DSB 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, 2021, the treasury bills are 0.6% of total assets (2020: 0.8%). Since the treasury bills are classified as stage 3 instruments in 2021 and 2020, 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 portfolio of term deposits at the Central Bank of Suriname is 5.1% of total assets (2020: 1.6%) while the portfolio of term deposits at commercial banks is 3.0% of the total assets (2020: 14.1%). Decline in the percentage of 2021 term deposits at commercial banks over total assets is due to matured time deposits which are not reinvested.

40.4.2.3 Debt instruments - Bonds

In order to diversify its investment portfolio, DSB also invests in corporate and (foreign) government bonds in both US dollar and Euro. As of December 31, 2021, the bond portfolio is 7.7% of total assets (2020: 5.1%), while the interest income received from bonds is 3.6% of total net income (2020: 3.5%).

40.4.3 Due to customers - Term deposits

Term deposits placed at DSB by customers is a funding source. Term deposits make up 16.3% of the total amount due to customers (2020: 19.6%) and 15.0% of total liabilities (2020: 17.6%). The interest expense paid for these instruments is 87.3% of total interest expense (2020: 91.6%).

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 consolidated statement of financial position and make up nil of total liabilities as of December 31, 2021 (2020: 0.5%).

40.4.5 Subordinated loan

DSB has a subordinated loan which is part of DSB's (tier 2) capital for calculation of its solvency ratio. Interest costs represent 5.0% of interest expense (2020: 3.9%).

41 Risk management

41.1 Introduction

DSB operates in Suriname and performs banking services. Risk is inherent in DSB'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 DSB 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.

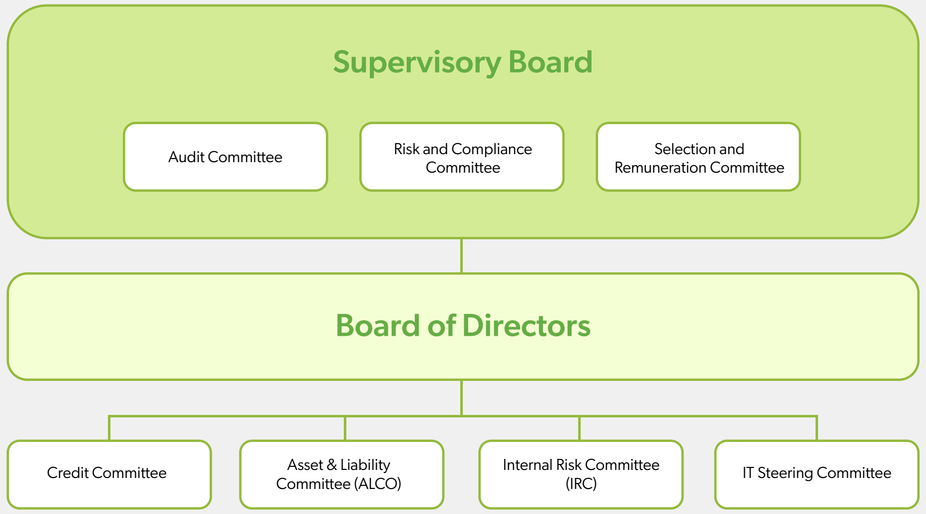


Figure 1: Risk Structure of DSB

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), and the IT Steering Committee. These committees are all chaired by a member of the Board of Directors and are guided by its individual charters.

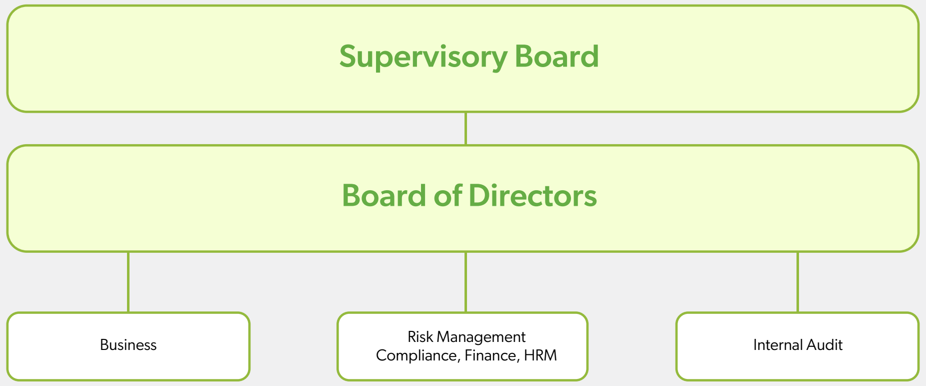
The Risk Management (RM) Department operates under the direct responsibility of the Chief Risk Officer, who is a member of the Board of Directors. The RM Department is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The department 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 specific risk owners, 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 DSB.

41.2.2 Risk Governance

The internal risk governance of DSB is based on 'the three lines model'.



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 DSB's risk appetite. The second line supports the business, sets the framework, gives advice and monitors whether the business does take responsibility. The second line also monitors whether DSB 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.

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 2021 risk universe:

Financial risk:

- Solvency risk
- Profitability risk
- Liquidity risk
- Market risk
- Credit risk
- Investment risk

Non-financial risk

- Strategic risk
- Operational risk
- IT risk
- Compliance risk

In addition to the risks already identified and included in DSB'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. 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 register. 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 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, 41.5, 41.6, and 41.7 for further elaboration on DSB's approach to mitigating Credit, Solvency, Profitability, 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 DSB'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 are primarily performed based on pre-defined measures established within DSB. These limits reflect the business strategy and market environment of DSB as well as the level of risk that DSB 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 (CC), Assets and Liability Committee (ALCO) and the Internal Risk Committee (IRC) 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 DSB 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 DSB'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 CRO, 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 advises 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 complying 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 a credit risk classification system, named uniform credit rating (UCR) , which assigns each counterparty a risk rating. Risk ratings are subject to regular revision, or 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 to perform periodic credit reviews in order 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 consolidated 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 assessment of impairment 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 credit facilities and non-performing loans 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 to implement recovery strategies to maximize recoveries and minimize losses. Furthermore, for intensive monitoring the Restructuring & Recovery team monitors timely execution of recovery strategies. Impairment Assessment and ECL calculation.

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: these 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 and added manual input from the Credit & Market Risk, as well. 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.
The internal risk rating, guides management to classify facilities either as 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 fullfill 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 and is 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.

Staatsolie Bond

The credit risk rating assigned to the Staatsolie Maatschappij Suriname N.V. bond was evaluated and concluded as follows:

Back in 2015, when the bond was acquired, Suriname's country risk rating stood at "BB-". Taking this into consideration, the assigned risk rating for the bond reflected this. Since the bond's inception, the issuer (Staatsolie) has consistently complied with the timely issuance of financial reports and has maintained satisfactory financial ratios, indicating solvency and sufficient liquidity to meet its obligations.

Notably, there have been no discernible changes suggesting a deterioration in the bond's risk profile to date, considering the current standing of the issuer and its operational performance.

All financial information for Staatsolie is available on their web page: Staatsolie – Suriname's National Energy, Oil & Gas Company – Investors.

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, 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 DSB'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 – DSB 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 DSB'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. Investments with counterparties 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 macro-economic factors. This scorecard is populated based on DSB's analysis done on projected macro-economic 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 macro-economic 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 macro-economic factors are expected to improve.

Based on the economic perspectives as of December 2021, 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.

Macro-economic factors weighting

The macro-economic factors considered for 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 macro-economic variables selected over the forecast period. The multiplier focuses on the change in the macro-economic variables relative to the reporting date to derive a multiplier for positive and negative impacts for each macro-economic 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 December 31, 2021 and December 31, 2020.

Indicator	**2021**	**2020**
Positive	0.90	0.90
Negative	1.02	1.02

This table resulted from the forecasted information related to the real GDP annual growth, as follows. The information (including forecasts) is 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 until 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 amount invested plus accrued interest as applicable. Depending on the staging, future payments over the expected life are taken into 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 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 on 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 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	9%
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 of each asset class. The inputs for these LGD rates are estimated 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 analyses 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 DSB uses 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 December 31, 2021 and 2020 in the following tables before taking into account collateral or other credit enhancements.

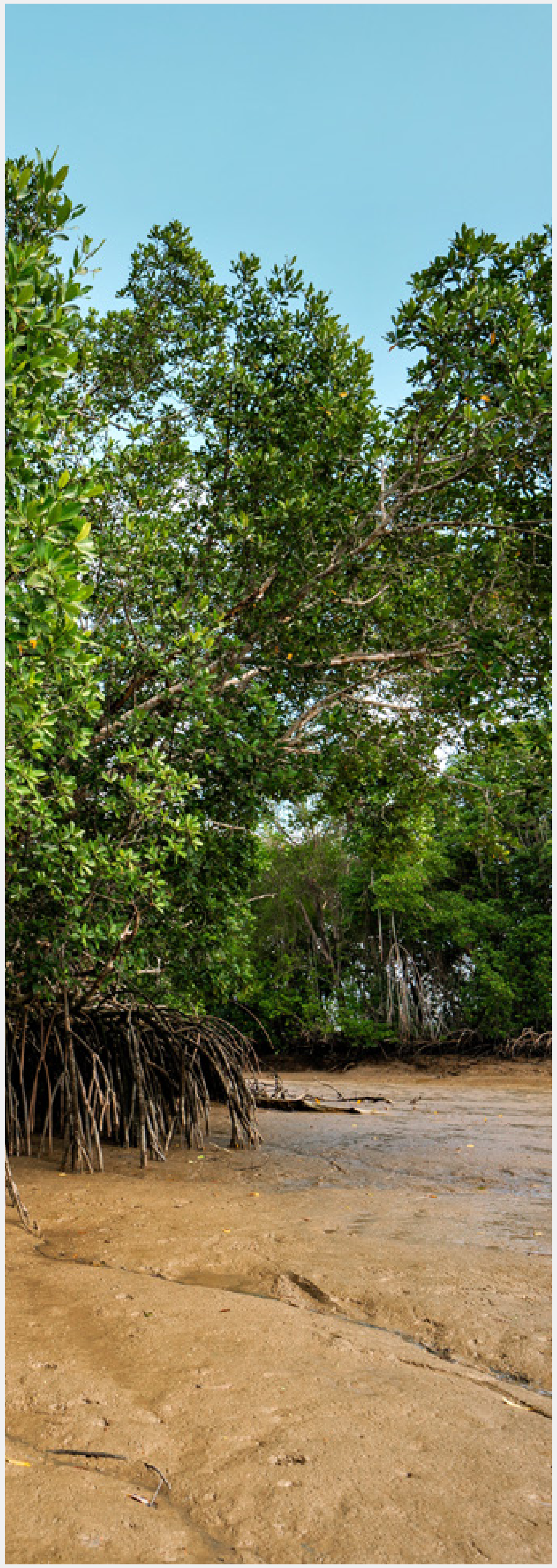
December 31, 2021	**Corporate**		**Government**		**Retail**		**Total**		
in thousand SRD	**Gross Carrying Amount**	**Undrawn Commit-ments**	**Gross Carrying Amount**	**Undrawn Commit-ments**	**Gross Carrying Amount**	**Undrawn Commit-ments**	**Gross Carrying Amount**	**Undrawn Commit-ments**	**Total ECL**
Cash and balances with central banks	**-**	**-**	**6,767,097**	**-**	**-**	**-**	**6,767,097**	**-**	**46,791**
Cash and cash equivalents	-	-	671,469	-	-	-	671,469	-	-
Cash reserves with central banks	-	-	3,741,887	-	-	-	3,741,887	-	30,250
Current accounts with central banks	-	-	1,453,757	-	-	-	1,453,757	-	16,541
Deposits with central banks	-	-	899,984	-	-	-	899,984	-	-
Loans and advances to central banks	-	-	-	-	-	-	-	-	-
Debt instruments at amortized cost	**1,304,757**	**-**	**170,100**	**-**	**(168)**	**-**	**1,474,689**	**-**	**16,481**
Bonds	1,304,757	-	60,076	-	(168)	-	1,364,665	-	4,963
Treasury bills	-	-	110,024	-	-	-	110,024	-	11,518
Due from banks	**4,073,422**	**-**	**-**	**-**	**(150)**	**-**	**4,073,272**	**-**	**298**
Current accounts with other banks	3,538,144	-	-	-	-	-	3,538,144	-	-
Deposits with other banks	535,278	-	-	-	(150)	-	535,128	-	298
Loans and advances to customers	**2,555,518**	**665,199**	**510,342**	**-**	**446,036**	**227,221**	**3,511,896**	**892,420**	**486,789**
Advances to customers	992,359	383,439	-	-	817	272	993,176	383,711	39,288
Credit cards	7,180	48,326	-	-	24,335	225,622	31,515	273,948	2,971
Current accounts of customers	-	227,180	-	-	-	1,327	-	228,507	721
Loans to government entities	-	-	510,342	-	97	-	510,439	-	150,161
Loans to private parties	1,553,433	6,254	-	-	248,611	-	1,802,044	6,254	291,550
Loans to private parties through Suritrust	2,546	-	-	-	172,176	-	174,722	-	2,098
Purchased or originated credit impaired financial assets	**-**	**-**	**1,756,358**	**-**	**-**	**-**	**1,756,358**	**-**	**-**
Provisions	**-**	**215,594**	**-**	**-**	**-**	**-**	**-**	**215,594**	**2,810**
Financial guarantees	-	120,892	-	-	-	-	-	120,892	2,810
Letters of credit	-	94,702	-	-	-	-	-	94,702	-
Grand Total	**7,933,697**	**880,793**	**9,203,897**	**-**	**445,718**	**227,221**	**17,583,312**	**1,108,014**	**553,169**

December 31, 2020	**Corporate**		**Government**		**Retail**		**Total**		
in thousand SRD	**Gross Carrying Amount**	**Undrawn Commit-ments**	**Gross Carrying Amount**	**Undrawn Commit-ments**	**Gross Carrying Amount**	**Undrawn Commit-ments**	**Gross Carrying Amount**	**Undrawn Commit-ments**	**Total ECL**
Cash and balances with central banks	**-**	**-**	**6,390,073**	**-**	**-**	**-**	**6,390,073**	**-**	**55,115**
Cash and cash equivalents	-	-	559,567	-	-	-	559,567	-	-
Cash reserves with central banks	-	-	3,740,569	-	-	-	3,740,569	-	16,862
Current accounts with central banks	-	-	1,768,574	-	-	-	1,768,574	-	38,253
Deposits with central banks	-	-	321,363	-	-	-	321,363	-	-
Loans and advances to central banks	-	-	-	-	-	-	-	-	-
Debt instruments at amortized cost	**933,847**	**-**	**234,813**	**-**	**-**	**-**	**1,168,660**	**-**	**17,246**
Bonds	933,847	-	71,300	-	-	-	1,005,147	-	7,344
Treasury bills	-	-	163,513	-	-	-	163,513	-	9,902
Due from banks	**5,194,115**	**-**	**-**	**-**	**-**	**-**	**5,194,115**	**-**	**1,318**
Current accounts with other banks	2,387,553	-	-	-	-	-	2,387,553	-	-
Deposits with other banks	2,806,562	-	-	-	-	-	2,806,562	-	1,318
Loans and advances to customers	**3,740,291**	**845,886**	**626,517**	**-**	**648,655**	**275,177**	**5,015,463**	**1,121,063**	**828,881**
Advances to customers	1,182,352	483,464	-	-	4,421	469	1,186,773	483,933	75,142
Credit cards	9,206	118,123	-	-	20,408	265,597	29,614	383,720	3,608
Current accounts of customers	-	238,618	-	-	-	9,111	-	247,729	1,323
Loans to government entities	-	-	626,517	-	156	-	626,673	-	166,833
Loans to private parties	2,548,675	5,681	-	-	336,479	-	2,885,154	5,681	574,675
Loans to private parties through Suritrust	58	-	-	-	287,191	-	287,249	-	7,300
Purchased or originated credit impaired financial assets	**-**	**-**	**2,402,103**	**-**	**-**	**-**	**2,402,103**	**-**	**-**
Provisions	**-**	**379,608**	**-**	**-**	**-**	**-**	**-**	**379,608**	**506**
Financial guarantees	-	131,824	-	-	-	-	-	131,824	506
Letters of credit	-	247,784	-	-	-	-	-	247,784	-
Grand Total	**9,868,253**	**1,225,494**	**9,653,506**	**-**	**648,655**	**275,177**	**20,170,414**	**1,500,671**	**903,066**

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

December 31, 2021	Stage 1		Stage 2		Stage 3		POCI		Total		
in thousand SRD	Gross Carrying Amount	Undrawn Commit-ments	Gross Carrying Amount	Undrawn Commit-ments	Gross Carrying Amount	Undrawn Commit-ments	Gross Carrying Amount	Undrawn Commit-ments	Gross Carrying Amount	Undrawn Commit-ments	Total ECL
Cash and balances with central banks	**1,243,055**	**-**	**5,402,255**	**-**	**121,787**	**-**	**-**	**-**	**6,767,097**	**-**	**46,791**
Cash and cash equivalents	671,469	-	-	-	-	-	-	-	671,469	-	-
Cash reserves with central banks	-	-	3,620,100	-	121,787	-	-	-	3,741,887	-	30,250
Current accounts with central banks	571,586	-	882,171	-	-	-	-	-	1,453,757	-	16,541
Deposits with central banks	-	-	899,984	-	-	-	-	-	899,984	-	-
Loans and advances to central banks	-	-	-	-	-	-	-	-	-	-	-
Debt instruments at amortized cost	**1,153,135**	**-**	**212,004**	**-**	**109,550**	**-**	**-**	**-**	**1,474,689**	**-**	**16,481**
Bonds	1,153,135	-	211,530	-	-	-	-	-	1,364,665	-	4,963
Treasury bills	-	-	474	-	109,550	-	-	-	110,024	-	11,518
Due from banks	**4,057,490**	**-**	**15,782**	**-**	**-**	**-**	**-**	**-**	**4,073,272**	**-**	**298**
Current accounts with other banks	3,538,144	-	-	-	-	-	-	-	3,538,144	-	-
Deposits with other banks	519,346	-	15,782	-	-	-	-	-	535,128	-	298
Loans and advances to customers	**1,940,826**	**873,051**	**408,514**	**19,369**	**1,162,556**	**-**	**-**	**-**	**3,511,896**	**892,420**	**486,789**
Advances to customers	867,357	367,017	105,431	16,694	20,388	-	-	-	993,176	383,711	39,288
Credit cards	25,835	271,873	2,026	2,075	3,654	-	-	-	31,515	273,948	2,971
Current accounts of customers	-	227,907	-	600	-	-	-	-	-	228,507	721
Loans to government entities	97	-	139	-	510,203	-	-	-	510,439	-	150,161
Loans to private parties	893,322	6,254	288,790	-	619,932	-	-	-	1,802,044	6,254	291,550
Loans to private parties through Suritrust	154,215	-	12,128	-	8,379	-	-	-	174,722	-	2,098
											-
Purchased or originated credit impaired financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**1,756,358**	**-**	**1,756,358**	**-**	**-**
Provisions	**-**	**209,539**	**-**	**185**	**-**	**5,870**	**-**	**-**	**-**	**215,594**	**2,810**
Financial guarantees	-	114,837	-	185	-	5,870	-	-	-	120,892	2,810
Letters of credit	-	94,702	-	-	-	-	-	-	-	94,702	-
Grand Total	**8,394,506**	**1,082,590**	**6,038,555**	**19,554**	**1,393,893**	**5,870**	**1,756,358**	**-**	**17,583,312**	**1,108,014**	**553,169**



December 31, 2020	Stage 1		Stage 2		Stage 3		POCI		Total		
in thousand SRD	Gross Carrying Amount	Undrawn Commit-ments	Gross Carrying Amount	Undrawn Commit-ments	Gross Carrying Amount	Undrawn Commit-ments	Gross Carrying Amount	Undrawn Commit-ments	Gross Carrying Amount	Undrawn Commit-ments	Total ECL
Cash and balances with central banks	**562,170**	**-**	**5,506,514**	**-**	**321,389**	**-**	**-**	**-**	**6,390,073**	**-**	**55,115**
Cash and cash equivalents	560,798	-	(1,231)	-	-	-	-	-	559,567	-	-
Cash reserves with central banks	-	-	3,740,569	-	-	-	-	-	3,740,569	-	16,862
Current accounts with central banks	1,372	-	1,767,202	-	-	-	-	-	1,768,574	-	38,253
Deposits with central banks	-	-	(26)	-	321,389	-	-	-	321,363	-	-
Loans and advances to central banks	-	-	-	-	-	-	-	-	-	-	-
Debt instruments at amortized cost	**772,989**	**-**	**232,920**	**-**	**162,751**	**-**	**-**	**-**	**1,168,660**	**-**	**17,246**
Bonds	772,989	-	232,158	-	-	-	-	-	1,005,147	-	7,344
Treasury bills	-	-	762	-	162,751	-	-	-	163,513	-	9,902
Due from banks	**5,194,414**	**-**	**(299)**	**-**	**-**	**-**	**-**	**-**	**5,194,115**	**-**	**1,318**
Current accounts with other banks	2,387,553	-	-	-	-	-	-	-	2,387,553	-	-
Deposits with other banks	2,806,861	-	(299)	-	-	-	-	-	2,806,562	-	1,318
Loans and advances to customers	**2,789,012**	**1,114,314**	**259,848**	**6,749**	**1,966,603**	**-**	**-**	**-**	**5,015,463**	**1,121,063**	**828,881**
Advances to customers	1,066,737	479,246	61,878	4,687	58,158	-	-	-	1,186,773	483,933	75,142
Credit cards	23,827	381,819	1,241	1,901	4,546	-	-	-	29,614	383,720	3,608
Current accounts of customers	-	247,568	-	161	-	-	-	-	-	247,729	1,323
Loans to government entities	156	-	223	-	626,294	-	-	-	626,673	-	166,833
Loans to private parties	1,447,689	5,681	176,003	-	1,261,462	-	-	-	2,885,154	5,681	574,675
Loans to private parties through Suritrust	250,603	-	20,503	-	16,143	-	-	-	287,249	-	7,300
											-
Purchased or originated credit impaired financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**2,402,103**	**-**	**2,402,103**	**-**	**-**
Provisions	**-**	**370,552**	**-**	**1,703**	**-**	**7,353**	**-**	**-**	**-**	**379,608**	**506**
Financial guarantees	-	122,768	-	1,703	-	7,353	-	-	-	131,824	506
Letters of credit	-	247,784	-	-	-	-	-	-	-	247,784	-
Grand Total	**9,318,585**	**1,484,866**	**5,998,983**	**8,452**	**2,450,743**	**7,353**	**2,402,103**	**-**	**20,170,414**	**1,500,671**	**903,066**

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 a 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 consolidated 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 18, 19, 22, 22, 23 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.

December 31, 2021

in thousand SRD	Maximum exposure	Cash	Exchange traded stocks	Mortgage	Total Collateral	Net Exposure	ECL
Cash and balances with central banks	**6,767,097**	**-**	**-**	**-**	**-**	**6,767,097**	**46,791**
Cash and cash equivalents	671,469	-	-	-	-	671,469	-
Cash reserves with central banks	3,741,887	-	-	-	-	3,741,887	30,250
Current accounts with central banks	1,453,757	-	-	-	-	1,453,757	16,541
Deposits with central banks	899,984	-	-	-	-	899,984	-
Loans and advances to central banks	-	-	-	-	-	-	-
Debt instruments at amortized cost	**1,474,689**	**-**	**-**	**-**	**-**	**1,474,689**	**16,481**
Bonds	1,364,665	-	-	-	-	1,364,665	4,964
Treasury bills	110,024	-	-	-	-	110,024	11,517
Due from banks	**4,073,272**	**-**	**-**	**-**	**-**	**4,073,272**	**298**
Current accounts with other banks	3,538,144	-	-	-	-	3,538,144	-
Deposits with other banks	535,128	-	-	-	-	535,128	298
Loans and advances to customers	**4,404,312**	**729,618**	**67,008**	**3,288,101**	**4,084,727**	**1,082,402**	**486,789**
Advances to customers	1,376,884	546,057	14,905	1,381,489	1,942,451	-	39,288
Credit cards	305,463	81,622	3,862	100,557	186,041	119,422	2,971
Current accounts of customers	228,506	53,173	43,418	270,530	367,121	-	721
Loans to government entities	510,439	-	-	-	-	510,439	150,161
Loans to private parties	1,808,298	48,766	4,823	1,302,168	1,355,757	452,541	291,550
Loans to private parties through Suritrust	174,722	-	-	233,357	233,357	-	2,098
Purchased or originated credit impaired financial assets	**1,756,358**	**-**	**-**	**-**	**-**	**1,756,358**	**-**
Provisions	**215,594**	**88,777**	**10,584**	**357,275**	**456,636**	**-**	**2,810**
Financial guarantees	120,892	88,570	6,519	105,060	200,149	-	2,810
Letters of credit	94,702	207	4,065	252,215	256,487	-	-
Grand Total	**18,691,322**	**818,395**	**77,592**	**3,645,376**	**4,541,363**	**15,153,818**	**553,169**

December 31, 2020

in thousand SRD	Maximum exposure	Cash	Exchange traded stocks	Mortgage	Total Collateral	Net Exposure	ECL
Cash and balances with central banks	**6,390,073**	**-**	**-**	**-**	**-**	**6,390,073**	**55,115**
Cash and cash equivalents	559,567	-	-	-	-	559,567	-
Cash reserves with central banks	3,740,569	-	-	-	-	3,740,569	16,862
Current accounts with central banks	1,768,574	-	-	-	-	1,768,574	38,253
Deposits with central banks	321,363	-	-	-	-	321,363	-
Loans and advances to central banks	-	-	-	-	-	-	-
Debt instruments at amortized cost	**1,168,660**	**-**	**-**	**-**	**-**	**1,168,660**	**17,246**
Bonds	1,005,147	-	-	-	-	1,005,147	7,344
Treasury bills	163,513	-	-	-	-	163,513	9,902
Due from banks	**5,194,115**	**-**	**-**	**-**	**-**	**5,194,115**	**1,318**
Current accounts with other banks	2,387,553	-	-	-	-	2,387,553	-
Deposits with other banks	2,806,562	-	-	-	-	2,806,562	1,318
Loans and advances to customers	**6,136,712**	**813,291**	**422,478**	**4,462,908**	**5,698,677**	**1,210,081**	**828,881**
Advances to customers	1,670,886	634,707	116,923	1,387,983	2,139,613	-	75,142
Credit cards	413,328	74,141	-	79,076	153,217	260,111	3,608
Current accounts of customers	247,729	82,648	21,607	317,266	421,521	-	1,323
Loans to government entities	626,673	-	-	-	-	626,673	166,833
Loans to private parties	2,890,847	21,795	283,948	2,261,807	2,567,550	323,297	574,675
Loans to private parties through Suritrust	287,249	-	-	416,776	416,776	-	7,300
Purchased or originated credit impaired financial assets	**2,402,103**	**-**	**-**	**-**	**-**	**2,402,103**	**-**
Provisions	**379,608**	**82,897**	**87,517**	**470,295**	**640,709**	**-**	**506**
Financial guarantees	131,824	82,669	56,587	161,245	300,501	-	506
Letters of credit	247,784	228	30,930	309,050	340,208	-	-
Grand Total	**21,671,271**	**896,188**	**509,995**	**4,933,203**	**6,339,386**	**16,365,032**	**903,066**

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 Solvency risk

Solvency is a buffer to absorb financial risks. This buffer consists of equity excluding the revaluation reserve. The level of solvency is determined by the solvency ratio or BIS ratio. This is the ratio of DSB's qualifying capital to total risk-weighted assets (RWA). The total RWA covers both balance sheet and off-balance sheet items. Total RWA is determined in accordance with the weighting factors established by the CBvS.

Management of the solvency level takes place on the basis of monitoring the various financial risks and the impact on solvency. This is done through, among other things, setting the standard based on DSB's established risk appetite, stress testing and monthly monitoring of various ratios.

41.5 Profitability risk

Profitability is the ratio of profit to the capital with which that profit was earned. It indicates how much profit has been achieved with the capital invested and what DSB's profitability is.

To monitor profitability, DSB uses various profitability ratios and ratios that can affect DSB's profitability, namely:

1. Return on Assets (ROA).
2. Return on Equity (ROE).
3. Net Interest Margin (NIM).
4. Profitability Ratio
5. Efficiency ratio

41.6 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 DSB 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.

41.6.1 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.

41.6.1.1 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 Key Risk Indicators (KRIs) per risk category and sets 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, 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.

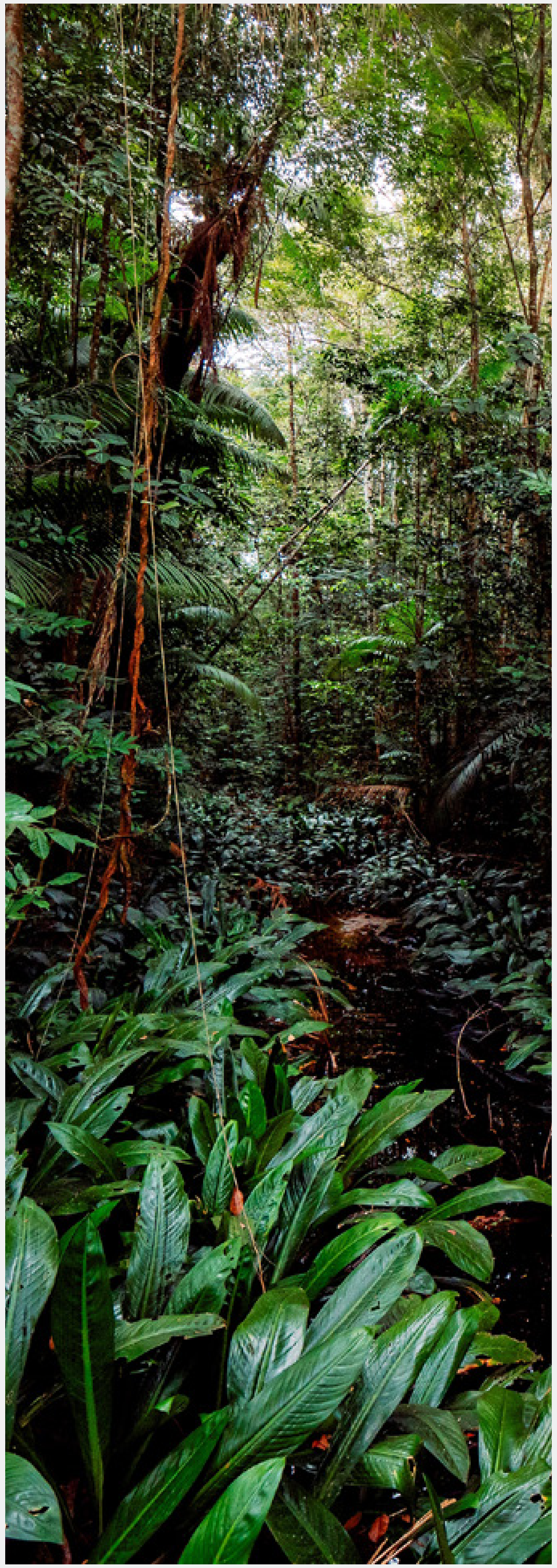
41.6.1.2 Forecasts per currency based on the daily positions.

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 2021 and 2020, 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. 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 2020 till reporting date DSB has met all liquidity norms.

41.6.1.3 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 following tables summarize the maturity profile of the DSB's financial assets and the undiscounted cash flows of its financial liabilities as at December 31, 2021 and December 31, 2020. Trading derivatives are shown separately, by contractual maturity at the foot of the table. The tables represent only contractual cashflows for stage 1 and stage 2 financial instruments.



Analysis of financial assets and liabilities by contractual maturities

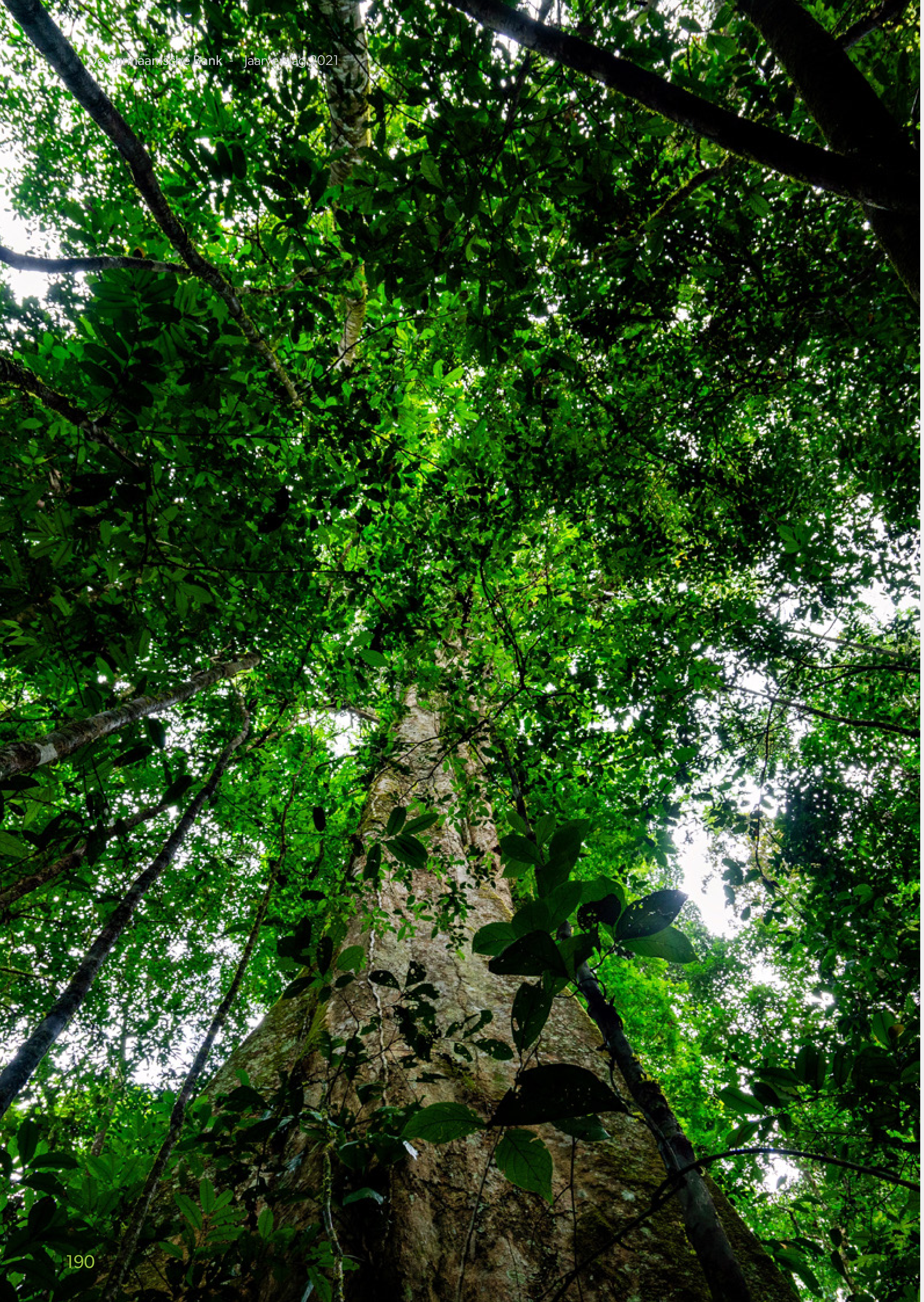
As at 31 December 2021

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	2,108,684	899,984	-	-	95,544	3,616,094	6,720,306
Debt instruments at amortized cost	-	21,436	51,850	261,783	1,080,757	42,382	1,458,208
Due from banks	3,538,144	507,794	-	25,000	-	2,036	4,072,974
Loans and advances to customers	981,708	21,478	58,103	179,306	1,506,230	278,282	3,025,107
Purchased or originated credit impaired financial assets	-	-	-	129,377	-	1,626,981	1,756,358
Financial assets at fair value through profit or loss	-	-	-	-	-	336	336
Current tax assets	-	-	-	-	-	-	-
Other assets							
Accounts receivables and sundry debtors	-	-	-	-	-	117,924	117,924
Settlement and clearing accounts	1,448	11,272	-	-	-	-	12,720
Total financial assets	**6,629,984**	**1,461,964**	**109,953**	**595,466**	**2,682,531**	**5,684,035**	**17,163,933**
Financial liabilities							
Derivative financial instruments (liabilities)	-	-	-	-	-	-	-
Due to customers	13,068,624	140,827	613,140	701,024	1,092,333	-	15,615,948
Provisions	16,204	-	-	-	-	-	16,204
Due to banks	324,399	-	-	-	-	-	324,399
Current tax liabilities	4,517	-	-	-	-	-	4,517
Debt issued and other borrowed funds	-	-	-	7,308	-	207,016	214,324
Other liabilities							
Accounts payables and sundry creditors	1,510	-	-	-	-	-	1,510
Accrued expenses	-	523	1,290	649	28,998	-	31,460
Unearned fee and commissions	-	248	874	5,445	4,059	790	11,416
Lease Liabilities	-	456	913	3,890	6,364	18,909	30,532
Current account with BNETS	-	71,182	-	-	-	-	71,182
Settlement and clearing accounts	-	129,138	-	-	-	-	129,138
Total financial liabilities	**13,415,254**	**342,374**	**616,217**	**718,316**	**1,131,754**	**226,715**	**16,450,630**
Total net financial assets/(liabilities)	**(6,785,270)**	**1,119,590**	**(506,264)**	**(122,850)**	**1,550,777**	**5,457,320**	**713,303**

Analysis of financial assets and liabilities by contractual maturities

As at 31 December 2020

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	2,306,800	-	-	-	2,304,572	1,723,586	6,334,958
Debt instruments at amortized cost	-	1,342	23,656	82,569	990,062	53,785	1,151,414
Due from banks	2,387,554	584,678	-	2,217,684	-	2,881	5,192,797
Loans and advances to customers	1,136,309	28,830	73,977	290,074	1,999,681	657,711	4,186,582
Purchased or originated credit impaired financial assets	-	-	-	-	402,057	2,000,046	2,402,103
Financial assets at fair value through profit or loss	-	-	-	-	-	5,055	5,055
Current tax assets	3,805	-	-	-	-	-	3,805
Other assets							
Accounts receivables and sundry debtors	243	-	-	-	-	-	243
Settlement and clearing accounts	-	25,282	-	-	-	-	25,282
Total financial assets	**5,834,711**	**640,132**	**97,633**	**2,590,327**	**5,696,372**	**4,443,064**	**19,302,239**
Financial liabilities							
Derivative financial instruments (liabilities)	-	8,311	24,810	58,047	-	-	91,168
Due to customers	14,138,254	113,677	315,928	821,496	2,187,987	5	17,577,347
Provisions	13,505	-	-	-	-	-	13,505
Due to banks	812,775	-	-	-	-	-	812,775
Current tax liabilities	1,668	-	-	-	-	-	1,668
Debt issued and other borrowed funds	-	-	-	7,895	-	227,463	235,358
Other liabilities				-			
Accounts payables and sundry creditors	1,784	-	-	-	-	-	1,784
Accrued expenses	-	5,756	1,249	8,088	45,717	-	60,810
Unearned fee and commissions	-	326	802	6,026	6,050	1,250	14,454
Lease Liabilities	-	551	1,149	5,104	13,243	21,916	41,963
Current account with BNETS	-	54,237	-	-	-	-	54,237
Settlement and clearing accounts	-	84,998	-	-	-	-	84,998
Total financial liabilities	**14,967,986**	**267,856**	**343,938**	**906,656**	**2,252,997**	**250,634**	**18,990,067**
Total net financial assets/(liabilities)	**(9,133,275)**	**372,276**	**(246,305)**	**1,683,671**	**3,443,375**	**4,192,430**	**312,172**



The contractual maturity of lease liabilities is shown in table below.

Maturity analysis lease liabilities 2021 (amounts in thousands SRD)										
2021		0-1 mth	> 1-3 mth	> 3-6 mth	> 6-9 mth	> 9-12 mth	> 1-3yrs	> 3-5yrs	> 5yrs	Total
Vehicles	USD	5	10	15	15	15	75	16	0	151
Vehicles	SRD	1	2	2	2	2	8	0	0	17
Buildings	USD	14	29	43	43	35	110	52	551	877
Buildings	SRD	54	108	161	161	116	616	499	7,479	9,194
	Total in SRD	**449**	**919**	**1,366**	**1,366**	**1,155**	**4,461**	**1,909**	**18,907**	**30,532**

Maturity analysis lease liabilities 2020 (amounts in thousands SRD)										
2020		0-1 mth	> 1-3 mth	> 3-6 mth	> 6-9 mth	> 9-12 mth	> 1-3yrs	> 3-5yrs	> 5yrs	Total
Vehicles	USD	10	21	31	31	31	223	67	0	414
Vehicles	SRD	0	0	0	0	0	0	0	0	0
Buildings	USD	22	47	69	69	69	415	84	927	1,702
Buildings	SRD	96	193	291	291	291	1,535	540	8,774	12,011
	Total in SRD	**549**	**1,156**	**1,707**	**1,707**	**1,707**	**10,566**	**2,677**	**21,896**	**41,963**

41.6.1.4 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 are evaluated. Both market-wide and DSB-specific stress scenarios are defined and analyzed. 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 for December 31, 2021 and December 31, 2020.

Key Risk Indicators (KRIs)	**Norm**	**31-Dec-21**	**31-Dec-20**
LCR	100%	203.4%	137.7%
Liquidity Ratio	100%	117.5%	122.0%
LDRe			
SRD	90%	44.0%	48.6%
USD	60%	48.4%	55.1%
EUR	50%	23.1%	65.1%
Net Stable Funding Ratio	100%	227.1%	206.1%

41.6.2 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.

41.7 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.

41.7.1 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.

41.7.1.1 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 unfavorable 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:

1. Translation risk when converting the consolidated statement of financial position items into the reporting currency. The risk here is that exchange rate fluctuations could negatively affect the value of DSB.
2. 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.

In thousand SRD as of 31 December 2021

	SRD	USD	EUR	Other	Total
Financial assets					
Cash and balances with central banks	2,802,119	2,753,401	1,160,462	4,324	**6,720,306**
Due from banks	26,501	3,377,447	669,008	19	**4,072,975**
Financial assets at fair value through profit or loss	336	-	-	-	**336**
Current tax assets	-	-	-	-	**-**
Loans and advances to customers	1,038,735	1,739,526	246,846	-	**3,025,107**
Purchased or originated credit impaired financial assets	129,361	1,336,216	290,781	-	**1,756,358**
Debt instruments at amortized cost	98,498	1,280,011	79,700	-	**1,458,209**
Other assets	3,584	9,327	117,176	-	**130,087**
Total financial assets	**4,099,134**	**10,495,928**	**2,563,973**	**4,343**	**17,163,378**
Financial liabilities					
Derivative financial instruments (liabilities)	-	-	-	-	**-**
Due to banks	24,830	284,491	14,692	386	**324,399**
Due to customers	3,691,755	9,425,355	2,498,831	7	**15,615,948**
Other liabilities	118,592	135,246	7,534	-	**261,372**
Current tax liabilities	4,517	-	-	-	**4,517**
Debt issued and other borrowed funds	-	214,324	-	-	**214,324**
Total financial liabilities	**3,839,694**	**10,059,416**	**2,521,057**	**393**	**16,420,560**
Net currency risk exposure	**259,440**	**436,512**	**42,916**	**3,950**	**742,818**
Reasonably possible change in exchange rate	10%	10%	10%	10%	
Effect on profit before tax	**25,944**	**43,651**	**4,292**	**395**	**74,282**

In thousand SRD as of 31 December 2020

	SRD	USD	EUR	Other	Total
Financial assets					
Cash and balances with central banks	2,892,308	2,357,827	1,080,047	4,776	**6,334,958**
Due from banks	1,683	4,527,632	663,482	-	**5,192,797**
Financial assets at fair value through profit or loss	5,055	-	-	-	**5,055**
Current tax assets	3,805	-	-	-	**3,805**
Loans and advances to customers	1,462,951	2,121,014	602,617	-	**4,186,582**
Purchased or originated credit impaired financial assets	402,047	1,619,091	380,964	-	**2,402,102**
Debt instruments at amortized cost	153,602	902,962	94,850	-	**1,151,414**
Other assets	9,216	16,278	17	-	**25,511**
Total financial assets	**4,930,667**	**11,544,804**	**2,821,977**	**4,776**	**19,302,224**
Financial liabilities					
Derivative financial instruments (liabilities)	-	91,168	-	-	**91,168**
Due to banks	108,481	687,041	16,836	416	**812,774**
Due to customers	4,865,580	10,083,895	2,627,872	1	**17,577,348**
Current tax liabilities	1,668	-	-	-	**1,668**
Other liabilities	157,801	67,081	17,948	-	**242,830**
Debt issued and other borrowed funds	-	235,358	-	-	**235,358**
Total financial liabilities	**5,133,530**	**11,164,543**	**2,662,656**	**417**	**18,961,146**
Net currency risk exposure	**(202,863)**	**380,261**	**159,321**	**4,359**	**341,078**
Reasonably possible change in exchange rate	10%	10%	10%	10%	
Effect on profit before tax	**(20,286)**	**38,026**	**15,932**	**436**	**34,108**

41.7.1.2 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 (39% SRD, USD & EUR 50%), SNEPS (SRD 5% / USD & EUR 2,5%) and liquidity buffers of 10% for savings and current accounts.

The following tables show sensitivity in relation to interest rate movements:

Effect on net interest income
In thousand SRD as of 31 December

Change in market risk	**2021**	**2020**
Increase of 0.5%	(39,233)	(39,340)
Decrease of 0.5%	39,233	39,340

In thousand SRD as of 31 December 2021

	Average Outstanding Balance	**Interest Earned/Paid**	**Average Yield**	**Impact from Changes in Yield**	
				+0.5%	**-0.5%**
Due from banks	4,632,886	152,669	3.3%	23,164	(23,164)
Loans and advances to customers	3,605,845	565,979	15.7%	18,029	(18,029)
Debt instruments at amortized cost	1,304,811	36,013	2.8%	6,524	(6,524)
	9,543,542	**754,661**		**47,717**	**(47,717)**
Due to banks	568,587	20,893	3.7%	2,843	(2,843)
Due to customers	16,596,648	243,641	1.5%	82,983	(82,983)
Debt issued and other borrowed funds	224,841	13,984	6.2%	1,124	(1,124)
	17,390,076	**278,518**		**86,950**	**(86,950)**
Net impact	**(7,846,534)**	**476,143**		**(39,233)**	**39,233**

In thousand SRD as of 31 December 2020

	Average Outstanding Balance	**Interest Earned/Paid**	**Average Yield**	**Impact from Changes in Yield**	
				+0.5%	**-0.5%**
Due from banks	4,593,050	30,423	0.7%	22,965	(22,965)
Loans and advances to customers	4,759,433	535,785	11.3%	23,797	(23,797)
Debt instruments at amortized cost	957,755	27,076	2.8%	4,789	(4,789)
	10,310,238	**593,284**		**51,551**	**(51,551)**
Due to banks	583,469	12,565	2.2%	2,917	(2,917)
Due to customers	17,377,980	278,660	1.6%	86,890	(86,890)
Debt issued and other borrowed funds	216,812	11,836	5.5%	1,084	(1,084)
	18,178,261	**303,061**		**90,891**	**(90,891)**
Net impact	**(7,868,023)**	**290,223**		**(39,340)**	**39,340**

41.7.1.3 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 consolidated 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.

Market value risk focuses on the market value volatility. DSB limits its exposure to market volatility by limiting her investment portfolio.

41.7.2 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.

41.7.2.1 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 consolidated 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 consolidated 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.

41.7.2.2 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 (39% SRD, USD & EUR 50%), SNEPS (SRD 5% / USD & EUR 2,5%) 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.

41.7.3 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 consolidated 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 analysis: 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.

42 Events after reporting date

The consolidated financial statements for the year ended December 31, 2021 were authorized for issue in accordance with a resolution of the directors on June 3, 2024:

The following adjusting as well as non-adjusting events occurred after the reporting period:

a) In relation to the matter discussed in note 39.5, 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 guaranty 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.
On July 24, 2023, DSB through a letter addressed to Assuria N.V. and Assuria Levensverzekering N.V. expressed that it would invoke its settlement rights. The legal consequence of such is that the Assuria Contribution Obligation will be settled with the term deposits that Assuria and Assuria Leven have invested with DSB insofar as these may amount to the obligation, all calculated six months after the writing of the letter.
On January 25, 2024, the DSB Assuria Vastgoed Maatschappij N.V. (100% owner of Panaso shares) has paid USD 3.9 million of the Panaso debt. Based on % ownership in DSB Assuria Vastgoed Maatschappij N.V., 49% of this payment was recorded for DSB and 51% under Assuria. The same day, Assuria also cleared the rest of the USD 10.2 million and has no obligation towards DSB for the Panaso loan. The current debt position of Panaso Vastgoed N.V. as of April 2024 is USD 7.9 million.

b) In relation to the SRD 130 million outstanding overdraft facility to the Republic of Suriname (as discussed in Note 23), the government was able to make full payment on May 10, 2022.

c) In December 2022, the USD government loan was restructured after a haircut of USD 1.8 million. Although a couple of payments were made in 2023, the loan was still non-performing. In October 2023, this loan was again restructured. Since then, various payments have been made by the government. The current outstanding balance per April 2024 is USD 20.3 million.

d) In March 2024 the government also paid all expired T-bills including the outstanding interest. Currently the outstanding balance of T-bills is SRD 56.7 million, which will expire this year.

e) The Board has decided to evaluate the fund/asset management activities of the Surinaamse Trustmaatschappij N.V. Currently, the administration of the mortgage portfolio is already being migrated to DSB' system and alternatives for disposal are being looked into. Furthermore, the Board also decided to eventually transfer the insurance activities of the Surinaamse Trustmaatschappij N.V. to the DSB's Retail Banking department. Progress is underway and it is expected to move to the next phase of the project in 2024.

f) In 2023, an accounting tool (Microsoft Dynamics GP system from Emergence) has been implemented for efficient financial reporting. The estimated capital investment amounts to USD 201,300. This project has 2 phases. The first phase concerns the GL reporting ledger and IFRS/Local GAAP reporting including interface with the primary systems. Currently the system is being tested with real data. The second phase focuses on ancillary modules like accounts payable, purchasing workflow, fix assets & leases. Both phases are expected to be implemented by the end of December 2024.

g) On Jan 25, 2022, Fitch reaffirms the Restricted Default (RD) credit rating it issued on April 2021 for Suriname following the request made by the government of further moratorium on repayment of international bonds This credit downgrade makes it more challenging for DSB to access international correspondent banks and to execute international transactions.

h) Per February 17, 2023, the credit rating for Suriname conform Moody's is Caa3 with a stable outlook. The previous rating was also Caa3, but with a negative outlook.

i) On December 6, 2023, S&P global ratings has positively adjusted Suriname's long and short term foreign and local currency sovereign credit rating from 'Selective Default (SD)' to 'CCC+/C' rating due to various reforms and recent debt restructuring.

j) As mentioned, during the year the Central Bank of Suriname has implemented a flexible currency system driven by the market. As of May 21, 2024 both the USD and the Euro exchange rates increased to the following:

Currency	Buying rate	Selling rate
USD	32.02	32.67
EURO	34.81	35.51

k) In 2022, the Central Bank of Suriname introduced the Central bank Certificates (CBC) to remove the excess SRD in the market, in addition to the implementation of Open Market Operation (OMO) policy in 2021. OMO's are being provided to financial institutions and CBC to the corporate and individuals. Currently, the Central Bank provides OMO's with a term of 1 week, 1 month and 3 months. To reduce SRD money supply, the interest rates of these operations increased. These increases have no influence on the debit and credit interest rates provided by DSB to the customer, due to over liquidity in SRD. The weighted average assigned annual interest rates of the OMO's per May 2024 are 30.0% for 1 week, 37.9%, for 1 month, and 41.5% for 3 months. DSB's term deposit rate is around 15%.

l) The IMF WEO reported a 3-year cumulative rate of inflation of 299% as of December 2022 and forecast 3-year cumulative rates of inflation of 248% and 160% for 2023 and 2024, respectively. The Suriname General Bureau of Statistics reported 51.6% inflation for the year ending December 31, 2023. Therefore, we believe that Suriname remains hyperinflationary.

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

n) The Value Added Tax Act was implemented effective January 1, 2023. The imposition of the indirect tax has minimal effect on DSB's services as revenue from DSB's core business model is zero rated (0%). While DSB's costs are deemed vatable, the excess VAT payment is recoverable from the government as tax refund. The 0% changed recently to VAT exemption and possibly 10%. This amendment was adopted by DSB in January 2023.

o) In relation to note 17.1 regarding the solidarity levy imposed by the government in 2021, effective January 1, 2022, this solidarity levy of 10% will be discontinued. Consequently, a flat CIT rate of 36% will apply again over the entire taxable profit.

DE SURINAAMSCHE BANK

voor meer informatie: www.dsb.sr

Heeft u een vraag? Veel bankzaken regelt u sneller via DSB Internet Banking & Mobile Banking app of de website.
Dus als u een vraag heeft, informatie zoekt, een product wilt aanvragen of een klacht heeft: DSB staat voor u klaar.