DSB DE SURINAAMSCHE BANK

2020

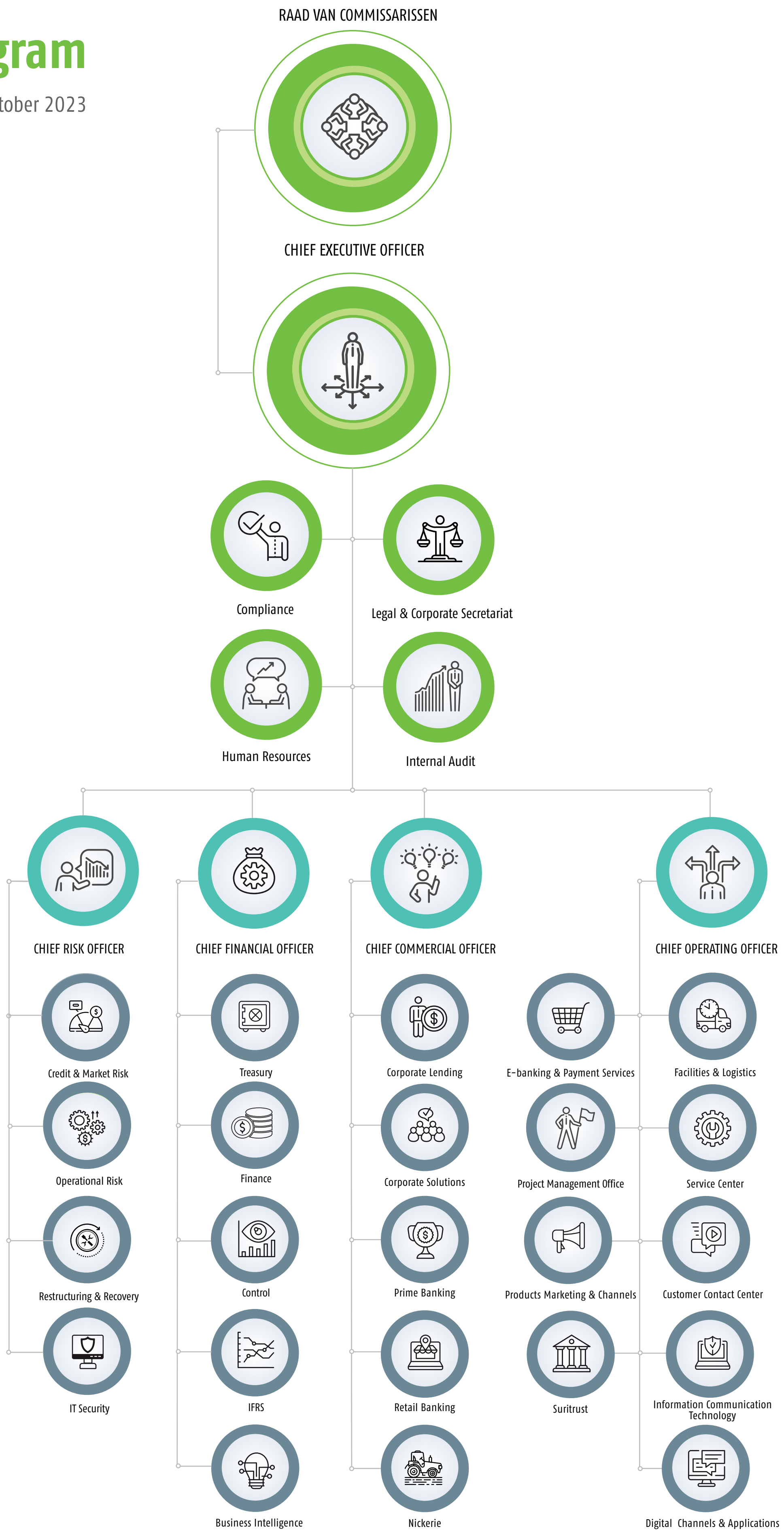
JAARVERSLAG

Inhoudsopgave

Kernwaarden

Organogram

Per 6 oktober 2023



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 2020.

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

Samenstelling Directie

In de aandeelhoudersvergadering van 28 december 2021 is de heer Arjan Molenkamp door de aandeelhouders als statutair directeur goedgekeurd waarna de bevestiging van goedkeuring door de Centrale Bank van Suriname per 20 januari 2022, tevens is ontvangen. Helaas heeft de heer A. Molenkamp besloten om uit persoonlijke overwegingen de organisatie te verlaten waardoor het dienstverband per 31 augustus 2023 is beëindigd.

De heer Alexander van Petten is op 28 november 2022 voorgedragen door de Raad van Commissarissen aan de aandeelhouders om toe te reden tot de directie en welke voordracht tevens op dezelfde datum is goedgekeurd. Op 14 februari 2023 is de bevestiging van goedkeuring ontvangen van de Centrale Bank van Suriname waardoor hij statutair directeur is geworden per 15 februari 2023.

De heer Waldo Halfhuid is op de bijzondere aandeelhoudersvergadering van 6 juli 2023 aan de aandeelhouders voorgedragen door de Raad van Commissarissen als statutair directeur en deze voordracht is in dezelfde vergadering goedgekeurd.

General

This report sets out the duties and responsibilities performed by the Supervisory Board concerning the 2020 financial year.

In the year under review many developments occurred in the bank. As a result of the changes in the share ratio, there was a change in composition of the Supervisory Board. In addition, a change in the bank's management was effected. This management transformation was important to successfully complete the next phase in the bank's financial recovery.

Composition of the Executive Board

In the shareholders' meeting of 28 December 2021, Mr Arjan Molenkamp was nominated by Supervisory Board to the shareholders as statutory director, after which confirmation of approval by the Central Bank of Suriname as of 20 January 2022, was also received. Unfortunately, Mr. A. Molenkamp decided to leave the organisation for personal reasons as a result of which the employment was terminated with effect from 31 August 2023.

Mr. Alexander van Petten was nominated on 28 November 2022 by the Supervisory Board to the shareholders to join the Executive Board, which nomination was also approved on the same date. On 14 February 2023, confirmation of approval was received from the Central Bank of Suriname as a result of which he became a director under the articles of association with effect from 15 February 2023.

Mr. Waldo Halfhuid was nominated to the shareholders by the Supervisory Board as director under the articles of association at the special shareholders' meeting held on 6 July 2023 and this nomination was approved at the same meeting. The nomination for director under the articles of association was approved by the Central

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

Nilesh Bishesar

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De voordracht tot statutair directeur is goedgekeurd door de Centrale Bank van Suriname en de heer W. Halfhuid is per 15 augustus 2023 statutair directeur van de bank.

De heer R. van Rooij die na het bereiken van de pensioengerechtigde leeftijd van 60 jaar tot tweemaal toe zijn dienstverband met een jaar verlengd heeft, heeft besloten na goed overleg met de Raad van Commissarissen om niet wederom zijn dienstverband te verlengen en heeft derhalve op 5 oktober 2023 met wederzijds goedvinden de bank verlaten.

Na het vertrek van de heer R. van Rooij bestaat de directie uit het statutair vastgestelde minimum aantal statutaire directeuren van twee namelijk, de heren A. Van Petten en W. Halfhuid. Hiermee is voldaan aan de eis van het vierogen principe van good governance. DSB is bezig met het werven van een derde statutair directeur, zodat wordt voldaan aan de principes van good governance en aan de vereiste van de Centrale Bank van Suriname, dat systeembanken minimaal drie statutaire directeuren moeten hebben.

Raad van Commissarissen

Samenstelling

De Raad van Commissarissen is per 1 februari 2022 als volgt samengesteld:
Drs. Waddy Sowma - President Commissaris
Mr. Roy Baidjnath Panday– Vice President Commissaris
Drs. Stanley Mathura QT
Robert Kasanrawi MBA MMA QT
Drs. Rishie Parbhudayal AAG
Ir. Nilesh Bishesar MBA
Drs. Jurgen van Ommeren RA

Bank of Suriname and Mr. W. Halfhuid will be director under the articles of association of the bank with effect from 15 August 2023.

Mr. R. van Rooij who, after reaching the retirement age of 60, had twice extended his employment for another year, decided after proper consultation with the Supervisory Board not to extend his employment again and therefore left the bank by mutual consent on 5 October 2023.

Following the departure of Mr. R. van Rooij, as set by the articles of association the executive board consists of the minimum number of two directors under the articles of association, namely, Mr. A. Van Petten and Mr. W. Halfhuid. Accordingly, the requirement of the four-eyes principle of good governance has been met. DSB is presently in the process of recruiting an additional director to enhance its Executive Board, ensuring compliance with the principles of good governance and meeting the Central Bank of Suriname's requirement for system banks to have a minimum of three directors.

Supervisory Board

Composition

The composition of the Supervisory Board as of 1 February 2022 is as follows:
Drs. Waddy Sowma – Chair of the Supervisory Board
Roy Baidjnath Panday, LL.M. – Vice-chair of the Supervisory Board
Drs. Stanley Mathura QT
Robert Kasanrawi MBA MMA QT
Drs. Rishie Parbhudayal AAG
Ir. Nilesh Bishesar MBA
Drs. Jurgen van Ommeren RA

De voorzitter, heer W. Sowma heeft om persoonlijke redenen besloten om de Raad van Commissarissen te verlaten, welk vertrek op 1 januari 2023 heeft plaatsgevonden. Door het vertrek van de heer W. Sowma, heeft de Raad besloten het voorzitterschap over te dragen aan de heer N. Bishesar. Deze heeft de functie als voorzitter geaccepteerd.

Hierdoor is per 1 januari 2023 de Raad van Commissarissen als volgt samengesteld:
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. Jurgen van Ommeren RA

Tijdens de bijzondere aandeelhoudersvergadering van 6 juli 2023 is mevrouw Judith van der Gugten door de Raad van Commissarissen voorgedragen aan de aandeelhouders ter versterking van de Raad van Commissarissen. Naast de specifieke kwaliteiten en ervaring die mevrouw Judith van der Gugten inbrengt, draagt dit bij tot een beter genderevenwicht binnen de Raad en brengt het aantal raadsleden op een oneven aantal wat beter bruikbaar is bij stemmingen. Het proces van goedkeuring door de Centrale bank van Suriname is reeds ingezet, echter een finaal besluit zijdens de bank is nog niet ontvangen.

Beleid en toezicht boekjaar 2020

De focus heeft in 2020 gelegen op de voortzetting van het transformatietraject van de bank wat in 2019 gestart is. Dit traject is gericht op de versterking van de interne organisatie en de optimalisatie van de compliance- en riskfunctie van de bank. Tevens is aan de verbetering en versterking van de financiële positie van de bank met hoge prioriteit gewerkt. In het boekjaar 2020 is de interne beheersing verder verbeterd en geoptimaliseerd, waardoor de bank zich heeft gestabiliseerd. De behoefte aan uniformiteit in verslaggeving en transparantie heeft mede dankzij de globalisatie ook zijn invloed gehad op de financiële jaarverslaggevingsregels. Toepassing van de "International Financial Reporting Standards (IFRS)" bevordert de uniformiteit en vergemakkelijkt daarnaast de beoordeling en vergelijkbaarheid van financiële rapportages van ondernemingen wereldwijd. Dit samen met de wettelijke bepaling in Burgelijk Wetboek 2, is voor de bank de reden geweest om met ingang van 2019 te rapporteren conform IFRS standaarden. Doordat voor 2019 ook de vergelijkende cijfers over de boekjaren 2017 en 2018 gebaseerd dienen te zijn op IFRS, heeft het gehele proces van conversie ertoe geleid dat het jaarverslag van 2019 later is uitgebracht dan u als aandeelhouder gewend bent. Deze vertraging heeft zich doorgezet naar de oplevering van het jaarverslag van 2020. De bank heeft toegezegd dat er alles aan gedaan zal worden om de achterstand van jaarrekeningen 2021 en 2022 op relatief korte termijn in te lopen. Hiervoor zijn de nodige acties genomen ter garandering van het inloopproces.

In het verslagjaar 2020 heeft de Raad van Commissarissen 18 vergaderingen gehouden.

Ontwikkelingen gedurende het boekjaar

Aangezien nu zowel 2020 als 2019 op dezelfde rapportage standaarden zijn gebaseerd zijn deze cijfers dus vergelijkbaar. De winst na belasting bedraagt voor 2020 SRD 118,3 miljoen terwijl voor 2019 nog een verlies gerapporteerd is van SRD 38,1 miljoen, hetgeen een resultaatverbetering betekent van ruim 156,4 miljoen. Deze resultaatverbetering is met name toe te schrijven aan herwaarderingsresultaten en verbeterde inkomsten uit valuta transacties. De solvabiliteit van de bank is als gevolg van het positieve resultaat over 2020 met maar liefst 6,6-procentpunten verbeterd en voor eind 2020 weer positief 3,6%, waarbij deze eind 2019 nog negatief 3% was. Tevens zijn alle belangrijke liquiditeitsratio's ruim boven de hiervoor gestelde normen.

The Chairman, Mr. W. Sowma decided to leave the Supervisory Board for personal reasons, which departure took place on 1 January 2023. Due to the departure of Mr. W. Sowma, the Board decided to transfer the chairmanship to Mr. N. Bishesar. The latter has accepted the position as chairman.

As a result, with effect from 1 January 2023, the composition of the Supervisory Board is as follows:
Ir. Nilesh Bishesar MBA – Chair of the Supervisory Board
Roy Baidjnath Panday, LL.M. – Vice-chair of the Supervisory Board
Drs. Stanley Mathura QT
Robert Kasanrawi MBA MMA QT
Drs. Rishie Parbhudayal AAG
Drs. Jurgen van Ommeren RA

At the special shareholders' meeting on 6 July 2023, Mrs. Judith van der Gugten was nominated by the Supervisory Board to the shareholders to strengthen the Supervisory Board. In addition to the specific qualities and experience of Mrs. Judith van der Gugten, this contributes to a better gender balance within the Board and brings the number of Board members to an odd number which is more practicable when voting. The process of approval by the Central Bank of Suriname has already started, but a final decision on the part of the bank has not been received as yet.

Policy and supervision 2020 financial year

The focus in 2020 has been on continuing the bank's transformation process which started in 2019. This process is aimed at strengthening the internal organisation and optimising the bank's compliance and risk function. High priority was also given to improving and strengthening the bank's financial position. In financial year 2020, internal control was further improved and optimised, stabilising the bank. The need for uniformity in reporting and transparency has also had its impact on the annual financial accounting standards partly due to globalisation. Application of the "International Financial Reporting Standards (IFRS)" promotes uniformity and also facilitates the assessment and comparability of financial reports of companies worldwide. This together with the legal provision laid down in Civil Code 2, has been the reason for the bank to report in accordance with IFRS from 2019 onwards. As 2019 also requires the comparative figures for the financial years 2017 and 2018 to be based on IFRS, the entire process of conversion resulted in the 2019 annual report being issued later than you as shareholders are used to. This delay has carried over to the issue of the 2020 annual report. The bank has pledged that every effort will be made to catch up with the backlog of 2021 and 2022 financial statements in the relatively short term. To this end, the necessary actions have been taken to achieve the catching-up process.

In the 2020 reporting year, the Supervisory Board held 18 meetings.

Developments during the financial year

As both 2020 and 2019 are now based on the same reporting standards, these figures are therefore comparable. The after-tax profit for 2020 is SRD 118.3 million while for 2019 a loss of SRD 38.1 million was still reported, representing an improvement in results of over SRD 156.4 million. This improvement in results is mainly attributable to revaluation results and improved income from currency transactions. As a result of the positive result for 2020, the bank's solvency improved by as much as 6.6 percentage points and returned to a positive 3.6% for the end of 2020, up from a negative 3.0% at the end of 2019. At the same time, all key liquidity ratios are well above the standards set for this purpose.

Supervisory Board committees

In order to optimise the commitment of the Supervisory Board members, specific subtasks were assigned to three committees:

Commissies van de Raad van Commissarissen

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

Audit Committee

Per 28 februari 2019 bestaat de Audit Committee uit de leden de heren R. Kasanrawi (voorzitter), S. Mathura en W. Sowma. Door het aftreden van de heer W. Sowma per eind december 2022, bestond de Audit Committee per 1 januari 2023 uit de leden R. Kasanrawi (voorzitter), S. Mathura, R. Parbhudayal en J. van Ommeren.

Doordat de heer R. Parbhudayal lid was van alle commissies, heeft hij besloten per januari 2023 de Audit Committee te verlaten, waardoor deze commissie per die datum bestond uit de leden R. Kasanrawi (voorzitter), S. Mathura 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 2020 vier keer vergaderd, waarvan één keer met de externe accountant. In kalenderjaar 2020 heeft de commissie meerdere malen met het management/ de directie, de Internal Audit Afdeling en de externe accountant vergaderd inzake de jaarrekening 2020 en de controle daarvan, waaronder regelmatige voortgangsmeetings. In de vergaderingen worden de aanbevelingen van de Internal Audit Department, de externe accountant en de Centrale Bank van Suriname besproken, alsmede de opvolging daarvan. Ook komen aan de orde het functioneren van de Internal Audit Department, haar capaciteit (zowel kwalitatief als kwantitatief), de auditrapporten, de realisatie van het lopend audit jaarplan alsmede de samenstelling van het komend audit jaarplan. Gedurende 2020 heeft de Audit Committee eveneens overleg gevoerd met de externe accountant en IT-auditors, omtrent kritische risico's, de voortgang van de controle en hun aanbevelingen tot verbetering van de interne beheersing.

Risk & Compliance Committee

Per 1 januari 2022 bestond de Risk & Compliance Committee uit de leden R. Parbhudayal (voorzitter), S. Mathura, R. Baidjnath Panday en N. Bishesar. Om de onafhankelijkheid van de voorzitter te waarborgen, heeft de heer N. Bishesar na het aantreden als voorzitter van de Raad van Commissarissen, besloten per januari 2023 de Risk & Compliance Committee te verlaten waarna de Risk & Compliance Committee bestond uit de leden R. Parbhudayal (voorzitter), S. Mathura en R. Baidjnath Panday.

In het verslagjaar heeft de Risk & Compliance Committee in totaal vier vergaderingen gehouden. De Risk & Compliance Committee legt de focus op het algeheel bankbreed risicobeheersingssysteem en de daaruit voortvloeiende risicogebieden inclusief het compliance risico. Tijdens de reguliere vergaderingen zijn de verschillende risicogebieden beoordeeld op basis van de risicobereidheid en de risicotolerantie van DSB. Het compliance rapport, dat maandelijks wordt gepresenteerd aan de Raad, alsook de revisie en voortgang van het Compliance programma zijn besproken. Diverse beleidsdocumenten zijn tijdens speciale Risk & Compliance Committee vergaderingen besproken en goedgekeurd. De Risk & Compliance Committee Charter is gereviseerd.

Selection, Appointment and Remuneration committee

Per januari 2022 bestaat de Selection, Appointment and Remuneration Committee uit de leden R. Baidjnath Panday (voorzitter), R. Kasanrawi, R. Parbhudayal en N. Bishesar.

Om de onafhankelijkheid van de voorzitter te waarborgen, heeft de heer N. Bishesar na het aantreden als voorzitter van de Raad van Commissarissen, besloten per januari 2023 de Selection, Appointment and Remuneration Committee te verlaten waarna deze commissie bestond uit de leden R. Baidjnath Panday (voorzitter), R. Kasanrawi, R. Parbhudayal.

Audit Committee

As of 28 February 2019, the Audit Committee consists of the members Mr. R. Kasanrawi (chairman), Mr. S. Mathura and Mr. W. Sowma. Due to the resignation of Mr. W. Sowma as at year-end 2022, as of 1 January 2023, the Audit Committee consisted of the members R. Kasanrawi (chairman), S. Mathura, R. Parbhudayal and J. van Ommeren.

As Mr. R. Parbhudayal was a member of all committees, he decided to leave the Audit Committee with effect from January 2023, as a result of which the committee consisted of the members R. Kasanrawi (chairman), S. Mathura and J. van Ommeren as of that date.

The duties and responsibilities of the committee are set out in regulations (Audit Committee Charter). The committee met four times in calendar year 2020, including once with the external auditor. In calendar year 2020, the committee met several times with the executive board, the Internal Audit Department and the external auditor regarding the 2020 financial statements and their audit, including regular progress meetings. In the meetings, the recommendations of the Internal Audit Department, the external auditor and the Central Bank of Suriname are discussed, as well as their follow-up. Points for discussion also include the functioning of the Internal Audit Department, its capacity (both qualitative and quantitative), the audit reports, the realisation of the current annual audit plan as well as the composition of the upcoming annual audit plan. During 2020, the Audit Committee also held discussions with the external auditors and IT auditors, regarding critical risks, audit progress and their recommendations to improve internal control.

Risk & Compliance Committee

As of 1 January 2022, the Risk & Compliance Committee consisted of the members R. Parbhudayal (chairman), S. Mathura, R. Baidjnath Panday and N. Bishesar.

In order to ensure the independence of the chairman, after becoming chairman of the Supervisory Board, Mr. N. Bishesar decided to leave the Risk & Compliance Committee with effect from January 2023, after which the Risk & Compliance Committee consisted of the members R. Parbhudayal (chairman), S. Mathura and R. Baidjnath Panday.

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

Selection, Appointment and Remuneration committee

As of January 2022, the Selection, Appointment and Remuneration Committee comprises the members R. Baidjnath Panday (chairman), R. Kasanrawi, R. Parbhudayal and N. Bishesar.

In order to ensure the independence of the Chairman, after becoming Chairman of the Supervisory Board, Mr. N. Bishesar decided to leave the Selection, Appointment and Remuneration Committee with effect from January 2023 after which this committee consisted of the members R. Baidjnath Panday (Chairman), R. Kasanrawi, R. Parbhudayal.

The committee held several meetings during the year under review. Topics discussed in these meetings included the remuneration and performance of the executive board, the organisational structure and the staffing of the executive board and key staff positions.

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
Tijdens de vergaderingen van de Raad van Commissarissen en van zijn commissies namen de leden actief deel aan discussies en besluitvorming. De Raad van Commissarissen heeft periodiek een zelfevaluatie uitgevoerd met als doel vast te stellen of de taken adequaat werden uitgevoerd en verantwoordelijkheden werden genomen in overeenstemming met de statuten van de vennootschap, de toepasselijke regelgeving in Suriname en of er adequaat toezicht werd gehouden op het gevoerde beleid. In het algemeen werd het functioneren van de Raad over 2020 door de leden goed bevonden, hoewel er altijd ruimte is voor verbetering.

VERGOEDING
De algemene vergadering van aandeelhouders stelt de vergoeding van de Raad van Commissarissen vast. De vergoeding van de Raad van Commissarissen in 2020 bedroeg SRD 265.200 en is vastgesteld tijdens de algemene vergadering van aandeelhouders op 26 maart 2015.

JAARREKENING EN VOORSTEL WINSTVERDELING
Ter voldoening aan het voorschrift van artikel 22 van de statuten berichten wij u inzake de jaarrekening 2020 van De Surinaamsche Bank N.V. het volgende: wij hebben de vennootschappelijke- en de geconsolideerde balans per 31 december 2020, de vennootschappelijke- en de geconsolideerde winst- en verliesrekening over 2020 en het geconsolideerde kasstroomoverzicht met de toelichting daarop doen onderzoeken en wij adviseren u de onderhavige jaarrekening, zoals die samen met de controleverklaring van Ernst & Young Suriname door de directie ter behandeling wordt aangeboden, vast te stellen. Deze vaststelling strekt tot decharge van de directie voor het bestuur en van de Raad van Commissarissen voor het gehouden toezicht in boekjaar 2020. De geconsolideerde winst na belasting over het boekjaar bedraagt SRD 118,3 miljoen. Aangezien de solvabiliteitsratio per ultimo 2020 nog onder de vereiste norm is, zijn er geen renteverplichtingen voor het additioneel aangetrokken kapitaal ter versterking van het Tier 1 vermogen (AT1).

De bank zal over het boekjaar 2020 geen dividend uitkeren vanwege het feit dat de vermogenspositie van de bank nog niet op het vereiste niveau is.

VOORUITZICHTEN
In de periode eind 2020 tot op heden heeft het transformatietraject van de bank, gericht op versterking van de interne organisatie en de optimalisatie van de compliance en risk functie van de bank, zich voortgezet en zijn vruchten afgeworpen. In deze periode zijn door het verbeterd risicomanagement, de toevoegingen aan de voorzieningen sterk verlaagd en in diverse gevallen zijn slechte kredieten afgewikkeld waardoor voorzieningen geheel of gedeeltelijk zijn vrijgevallen. Een en ander heeft zich vertaald in een verbetering van de solvabiliteits- en liquiditeitspositie van de bank. Gezien de voorlopige resultaten bereikt in de periode eind 2020 tot op heden, heeft de Raad alle vertrouwen in een goede en gezonde toekomst van de bank.

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

Paramaribo, 24 oktober 2023

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. Jurgen van Ommeren RA

PERFORMANCE
At the meetings of the Supervisory Board and its committees, the members actively participated in discussions and decision-making. The Supervisory Board conducted periodic self-assessments with the aim of determining whether the tasks were adequately performed, and responsibilities taken in compliance with the company's articles of association, applicable regulations in Suriname and if there was adequate supervision of the policies pursued. In general, the performance of the Board over 2020 was found to be good by its members, although there is always room for improvement.

REIMBURSEMENT
The general meeting of shareholders sets the remuneration of the Supervisory Board. The Supervisory Board's fee in 2020 totalled SRD 265,200 and was set at the general meeting of shareholders on 26 March 2015.

FINANCIAL STATEMENTS AND PROPOSED APPROPRIATION OF PROFIT
In compliance with the stipulation as set out in Article 22 of the Articles of Association, we report the following in respect of the 2020 financial statements of De Surinaamsche Bank N.V.: we have examined the company and consolidated balance sheet as at 31 December 2020, the company and consolidated profit and loss account for 2020 and the consolidated cash flow statement with the explanatory notes thereto, and we recommend that you adopt the present financial statements, as presented by the Executive Board together with the auditor's report of Ernst & Young Suriname for consideration. This adoption discharges the Executive Board from liability for its management and the Supervisory Board from liability for its supervision in the 2020 financial year. The consolidated after-tax profit for the financial year amounted to SRD 118.3 million. As the solvency ratio at the end of 2020 is still below the required standard, there are no interest obligations for the additional capital raised to strengthen the Tier 1 capital (AT1).

The bank will not pay a dividend for the 2020 financial year due to the fact that its capital position is not yet at the required level.

OUTLOOK
In the period from the end of 2020 to date, the bank's transformation process, aimed at strengthening the internal organisation and optimising the bank's compliance and risk function, has continued and paid off. During this period, due to improved risk management, additions to provisions were sharply reduced and in several cases bad loans were settled, releasing provisions in whole or in part. This has translated into an improvement in the bank's solvency and liquidity position. Given the preliminary results achieved in the period from the end of 2020 to date, the Board is confident of a good and sound future of the bank.

ACKNOWLEDGEMENTS
The Supervisory Board thanks the Executive Board and all employees for their efforts during the past financial year. The Board also thanks the bank's customers and shareholders for their trust in our bank.

Corporate Governance Code

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

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

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

Raad van Commissarissen

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

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

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

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

Based on the principles of good corporate governance, the corporate structure is set up with an Executive Board responsible for steering the organisation and the Supervisory Board that fulfils a supervisory role on behalf of the shareholders.

Executive Board members are appointed by the General Meeting of Shareholders upon nomination by the Supervisory Board and approval by the Central Bank of Suriname.

Supervisory Board

In accordance with the Corporate Governance Code, the Supervisory Board consists of a minimum of five members. The members of the Supervisory Board are appointed by the General Meeting of Shareholders. The appointment of Supervisory Board members is subject to the approval of the Central Bank of Suriname. The Supervisory Board has appointed three committees from among its members:

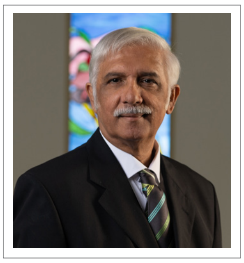
Selection, Appointment and Remuneration committee
Audit Committee
Risk & Compliance Committee

These committees advise the Supervisory Board on specific subtasks.

Profielen

RAAD VAN COMMISSARISSEN

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



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

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

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

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

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

DIRECTIE

De Directie van De Surinaamsche Bank bestaat uit twee statutaire directieleden

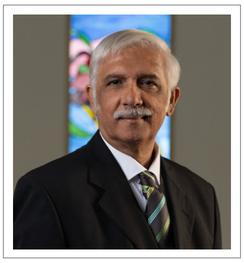
Waldo Halfhuid
Chief Financial Officer
- Trad in augustus 2023 in dienst van De Surinaamsche Bank als Chief Financial Officer en tevens statutair directeur
- Heeft al meer dan 35 jaar ervaring op het gebied van financiën (IFRS), prudentiele wetgeving en voorschriften
- Is bestuurslid van diverse stichtingen 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 bekleedt zoals; Head Risk, Department Manager E-Banking & Payments

PROFILES

SUPERVISORY BOARD

NILESH RAMPERSAD BISHESAR
Chairman
- Member of the Supervisory Board of Surinaamsche Bank N.V. since 2021 and is the current Chairman
- Managing Director at Qualogy Caribbean since 2012
- Commercial Manager at Qualogy Caribbean from 2010 to 2012
- Managing Director at Westgroup Consulting from 2008 to 2010
- Manager of Corporate & Consumer Sales at Digicel Caribbean from 2006 to 2008
- Board member of the ICT Association
- 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

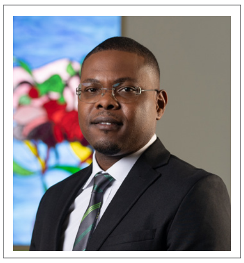


ROY PREMCHAND BAIDJNATH PANDAY
Vice Chairman
- Member of the Supervisory Board of Surinaamsche Bank since 2021 and also Vice Chairman of the Board
- Chairman of the Selection, Appointment, and Remuneration Committee and member of the Risk & Compliance Committee
- Since 2021, Chairman of the Project Implementation 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 postgraduate diploma in Human Rights from the University of Curaçao

DRS. STANLEY MATHURA QT
Commissaris
- Member of the Supervisory Board of Surinaamsche Bank N.V. since 2019
- Serves on the Audit Committee and the Risk & Compliance Committee
- Held the position of Director at Surichange Bank N.V. from 2004 until retirement in 2019
- Possesses over 20 years of experience in the banking sector
- Worked as a part-time lecturer in Money, Credit, and Banking at the University of Suriname from 2001 to 2010
- Holds a doctoral degree in Economics and Money, Credit, and Banking from the Katholieke Universiteit Brabant

ROBERT KASANRAWI MBA, MMA, QT
Commissaris
- Member of the Supervisory Board of Surinaamsche Bank N.V. since 2018
- Chairs the Audit Committee and is a member of the Selection, Appointment, and Remuneration Committee
- Has been the Deputy Director of Finance at Self Reliance N.V. since 2018
- Appointed Acting CEO of Self Reliance N.V. since 2020
- Served as the Chairman of the Stg.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 the Finance Manager at Kersten Lease N.V. from 2012 to 2017
- Has a master's degree in Business Administration and Management Accounting from FHR/University of Maastricht

Rishie Parbhudayal
Commissaris
- Is a member of the Supervisory Board of De Surinaamsche Bank NV since 2020
- Serves as the Chairman of the Risk Committee (RCC), and is a member of the Selection, Appointment, and Remuneration Committee (SARC)
- Has been the Chief Operations Officer at Assuria N.V. since July 1, 2017
- Sits on the Board of Directors of Gulf Insurance Ltd., Assuria Life (T&T) Ltd., Assuria General & Life (Guyana) Inc.
- Chairs the Investment Committee of Gulf Insurance Ltd., Assuria Life T&T, Assuria General & Life (Guyana) Inc.
- 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)
- Holds a doctoral degree in Actuarial Sciences and Econometrics
- Has over 25 years of experience in the financial sector



Jurgen 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

BOARD

The board of De Surinaamsche Bank consists of two statutory directors.

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

VERSLAG VAN DE DIRECTIE

DE WERELD OM ONS HEEN

2020 was economisch een zeer moeilijk jaar. Volgens het IMF is de wereldeconomie in dit jaar met 3,5% gekrompen terwijl het jaar daarvoor de wereldeconomie nog met 2,9% gestegen was. De wereldeconomie is in 2020 in een recessie terecht gekomen door de COVID-19 pandemie. Deze pandemie heeft ervoor gezorgd dat deze periode gekenmerkt kan worden door full en partial lockdowns, sterke verstoring van de economische en sociale activiteit, een sterke terugval van de internationale handel en een gezondheidssysteem die zwaar onder druk kwam te staan. De gevolgen van deze wereldwijde crisis is zichtbaar in sterke reducties 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 recessie van 2020 heeft in Latijns Amerika en het Caraïbisch gebied nog meer toegeslagen dan op wereldschaal met een economische krimp van 8,1%. Ook in 2019 was in deze regio de economische groei al min of meer tot stilstand gekomen en werd er een minimale groei genoteerd van slechts 0,1%.

Ook de lokale economie van Suriname volgt een identiek patroon met een economische krimp van maar liefst 15.9% in vergelijking met een minimale groei van 1,1% in 2019. Door lockdowns en COVID-19 besmetting van medewerkers in de goudsector, daalde de goudproductie in 2020 met maar liefst 13.7%. De gehele toeristensector en toeleverende bedrijven kwamen geheel tot stilstand.

THE WORLD AROUND US

From an economic perspective, 2020 was a very difficult year. According to the IMF, the world economy contracted by 3.5% in this year, while in the previous year the world economy had grown by 2.9%. The world economy entered a recession in 2020 due to the COVID-19 pandemic. This pandemic ensured that this period could be characterised by full and partial lockdowns, strong disruption of economic and social activity, a sharp decline in international trade and a health system that came under severe pressure. The impact of this global crisis can be seen in sharp reductions in consumption and investment, job losses and an increase in global poverty. An unprecedented global crisis.

The 2020 economic recession hit Latin America and the Caribbean even harder than on a global scale with an economic contraction of 8.1%. Also in 2019, did economic growth more or less stall in this region, recording minimal growth of just 0.1%.

Suriname's local economy is also following an identical pattern with an economic contraction of as much as 15.9% compared to minimal growth of 1.1% in 2019. Due to lockdowns and COVID-19 contamination of employees in the gold sector, gold production fell by as much as 13.7% in 2020. The entire tourism sector and supplying companies came to a complete halt. Other sectors could only partially function due to limited opening hours and COVID-19 protocols. However, the pandemic and low crude oil prices had relatively little effect on Staatsolie State Oil, Suriname's state-affiliated oil company.

Andere sectoren konden slechts gedeeltelijk functioneren door beperkte openingstijden en COVID-19 protocollen. Echter de pandemie en de lage ruwe olieprijzen hadden relatief weinig effect op Staatsolie, de aan staat gelieerde oliemaatschappij van Suriname. De ruwe olie productie daalde slechts met 1% terwijl de productie van raffinaderij producten met 6% daalde. De werkeloosheid in Suriname steeg sterk van ongeveer 9% naar 11,2% volgens het IMF.

Op de handelsbalans van Suriname zien we voor 2020 een 6,9% toename van de export terwijl we een afname van maar liefst 23,5% zien van de import. De toename van de export zit voornamelijk in de toenemende waarde van de goud exporten en in mindere mate de waarde van de export van hout en rijst. De afname van de importwaarde is met name het gevolg van de hoge inflatie en zit voornamelijk in de afname van consumentenproducten.

De inflatie bereikte in 2020 het hoge niveau van 34,9% als gevolg van de sterke verzwakking van de wisselkoers van de SRD. Deze sterke verzwakking van de koers is mede het gevolg van het ongeautoriseerde gebruik van de kasreserves van de banken door de overheid waardoor het maatschappelijk vertrouwen in de regering zwaar onder druk kwam te staan. Tevens is er door het schaarse aanbod van vreemde valuta als gevolg van de pandemie in combinatie met een sterke toename van de informele markt van vreemde valuta, een grote druk ontstaan op de wisselkoers van de SRD.

Crude oil production fell only 1% while refinery product production fell 6%. According to the IMF, Suriname's unemployment rate soared from about 9% to 11.2%.

Suriname's trade balance for 2020 shows a 6.9% increase in exports while we see a decrease of a substantial 23.5% in imports. The increase in exports is mainly in the increasing value of gold exports and, to a lesser extent, the value of timber and rice exports. The decline in import value is mainly due to high inflation and is mainly in the decline in consumer products.

Inflation reached the high level of 34.9 in 2020 due to the sharp weakening of the SRD exchange rate. This sharp weakening of the exchange rate is partly due to the government's unauthorised use of banks' cash reserves, which severely strained public confidence in the government. Also, the scarce supply of foreign currency as a result of the pandemic combined with a sharp increase in the informal market of foreign currency has put considerable pressure on the exchange rate of the SRD. The Financial Soundness Indicator of the banking sector of June 2020, as published by the Central Bank of Suriname, shows a solvency ratio of 11.8% which is higher than the required level of 10%. In 2020, due to the poor economic situation, the non-performing ratio of loan portfolios increased and the profitability of the banking sector is under pressure.

The Financial Soundness Indicator van de bancaire sector van juni 2020, zoals gepubliceerd door de Centrale Bank van Suriname, laat een solvabiliteitsratio zien van 11.8% welke hoger is dan het vereiste niveau van 10%. In 2020 is door de slechte economische situatie, de non-performing ratio van de kredietportefeuilles gestegen en staat de winstgevendheid van de bancaire sector onder druk.

Door de verkiezingen van 25 mei 2020 is een nieuwe regering voor Suriname gevormd. Het overheidstekort wat eind 2019 nog 21,2% van het BNP bedroeg, is in 2020 teruggedrongen tot ca. 17,2% van het BNP. De ontwikkelingen in de overheidsfinanciën blijven echter een grote zorg. Aan het eind van 2020 bedroeg de staatsschuld USD 3.2 miljard en bedroeg zo'n 116% van het BNP.

In december 2020 heeft het internationale rating bureau Fitch Ratings de lange termijn vreemde valuta credit rating verlaagd naar C. De rating van de internationale Oppenheimer obligatielening ter waarde van USD 650 miljoen werd tevens gedowngrade naar Default (D), omdat de overheid niet in staat was om aan de tweede rentebetaling te voldoen. De overheid heeft het internationale advocatenkantoor White & Case LLP en internationale financieel adviesbureau Lazard Frère gevraagd om te ondersteunen bij het herstructureren van de verplichtingen aan de Oppenheimer schuldeisers.

HET BEDRIJF VAN DE BANK

Strategische heroriëntatie

In 2020 heeft het managementteam van De Surinaamsche Bank de koers van de organisatie zoals deze is vastgelegd in een strategisch plan, genaamd Safer, Simpler, Stronger, geimplementeerd en vervolmaakt. Dit plan beschrijft de strategische richting van De Surinaamsche Bank voor een periode van 3 jaar, te weten 2020 tot en met 2023. Deze strategie bevat een viertal hoofdgebieden, te weten:

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

Verhogen van de inkomsten

De bank beseft heel goed dat niet alle klanten dezelfde wensen en behoeften hebben. Om deze reden heeft de bank het klantenbestand in segmenten verdeeld. Deze segmenten vertalen zich in een serviceverlening niveau op maat en betere passende producten. Met name het serviceverlening niveau vindt ondermeer een duidelijke weerslag in de toepassing van de diverse kanalen van de bank.

Om deze meer klantgerichte aanpak verder te ondersteunen, is de organisatie opgezet rond de diverse klantsegmenten en zijn met succes nieuwe afdelingen geïntroduceerd: Prime Banking (high end particuliere klanten) en Corporate Solutions (niet-kredietverlenende zakelijke klanten met een hoog bedrag aan toevertrouwde middelen). In het verleden waren hier geen speciale teams voor waardoor de serviceverlening soms ook voor klanten te wensen overliet. In het geheel is verdergaande digitalisering een rode draad in de strategie geworden, in het verlengde van onze slogan, "mijn bank, mijn manier van bankieren". Digitalisering geeft de klanten namelijk meer keuzevrijheid en voorkomt dat ze in onze branches in lange rijen moeten wachten. Nieuwe toepassingen zijn uitgerold zoals online aanvraagmodules voor persoonlijke leningen, autoleningen en hypotheken, evenals een nieuw online proces voor het openen van rekeningen voor bestaande klanten. Teneinde onze klanten te ondersteunen bij het gebruik van deze digitale kanalen, is het call center uitgebreid en uitgerust met de nieuwste technologie (ZoHo desk) om gedetailleerd inzicht te hebben in wachttijden, aantal wachtende klanten, gesprekstypes, besproken onderwerpen, doorlooptijd en klanttevredenheid.
Ook de rationalisering van onze Suritrust-activiteiten zijn al gedeeltelijk afgerond. De hypotheekactiviteiten zijn geïntegreerd in ons bestaande netwerk voor particulieren en de bank is gestart met het aanbieden van hypotheken naast onze andere populaire producten voor particuliere klanten.

The elections held on 25 May 2020 resulted in the formation of a new government for Suriname. The government deficit, which was still 21.2% of GDP at the end of 2019, was reduced to about 17.2% of GDP in 2020. However, developments in public finances remain a major concern. At the end of 2020, government debt amounted to USD 3.2 billion and was about 116% of GDP.

In December 2020, the international rating agency Fitch Ratings downgraded the longterm foreign currency credit rating to C. The rating of the USD 650 million Oppenheimer international bond was also downgraded to Default (D), as the government was unable to meet the second interest payment. The government has asked the international law firm White & Case LLP and the international financial consultancy Lazard Frère to assist in restructuring the obligations to the Oppenheimer creditors.

THE BANK'S OPERATIONS

Strategic reorientation

In 2020, the management team of De Surinaamsche Bank implemented and perfected the direction of the organisation as set out in a strategic plan called Safer, Simpler, Stronger. This plan describes the strategic direction of De Surinaamsche Bank for a 3-year period, namely 2020 up to and including 2023. This strategy contains four main areas, namely:

- *Increasing revenue - commercial strategy*
- *Reducing costs - operational strategy*
- *Managing the risks - risk strategy*
- *Changing to a performance-oriented culture*

Increasing revenue

The bank is well aware that not all customers have the same wants and needs. For this reason, the bank has divided the customer base into segments. These segments translate into a tailored service level and better fitting products. In particular, the service level is clearly reflected in the use of the bank's various channels.

To further support this more customer-oriented approach, the organisation was set up around the various customer segments and new departments were successfully introduced: Prime Banking (high-end retail clients) and Corporate Solutions (non-credit providing corporate clients with a high amount of entrusted funds). In the past, there were no dedicated teams for these, which meant that the provision of services sometimes was not optimal, even for customers.

Overall, further digitisation has become a common thread in the strategy, in line with our slogan, "my bank, my way of banking". Indeed, digitisation gives customers more freedom of choice and avoids long waiting lines in our branches. New applications have been rolled out such as online application modules for personal loans, car loans and mortgages, as well as a new online account opening process for existing customers. In order to support our customers in using these digital channels, the call centre has been expanded and equipped with the latest technology (ZoHo desk) to have detailed insight into waiting times, the number of waiting customers, call types, topics discussed, turnaround time and customer satisfaction. We have also already partially completed the rationalisation of our Suritrust business. The mortgage operations have been integrated into our existing retail network and the bank has started offering mortgages alongside our other popular retail products. After a thorough review, it was also decided not to carry out any new investment management activities for the benefit of third parties within Suritrust and to phase out the current activities and portfolio. The latter activity is currently taking place and ways to accelerate this process are also being considered.

Confidence in the bank has continued to increase in the post-2020 financial year, as is evidenced by the sharp increase in funds entrusted and the strong increase in the number of clients. In addition, the quality of this portfolio has risen sharply by entering into sound and solid new credit agreements.

Na een grondig onderzoek is tevens besloten om geen nieuwe beleggingsbeheeractiviteiten ten behoeve van derden meer te verrichten binnen Suritrust en de huidige activiteiten en portefeuille af te bouwen. Deze laatste activiteit vindt momenteel plaats en er wordt tevens gekeken hoe dit proces kan worden versneld.

Het vertrouwen in de bank is in de periode na het boekjaar 2020 verder toegenomen, zoals blijkt uit de sterk gestegen toevertrouwde middelen en de sterke stijging van het aantal klanten. Tevens is de kwaliteit van de portfolio sterk verbeterd door het aangaan van solide nieuwe kredieten.

De nieuwe commerciële strategie heeft al sinds de start van de invoering zijn vruchten afgeworpen. Het aantal klanten van DSB is blijft stijgen, terwijl het aantal gebruikers van internetbankieren sinds het verslagjaar 2020 tot op heden zelfs met ruim 50% is toegenomen. Dit laat zien dat de strategie van digitalisering haar vruchten af werpt.

Verlagen van de kosten

De organisatie is zo aangepast dat diverse activiteiten gecentraliseerd zijn in gespecialiseerde afdelingen. Door activiteiten te centraliseren, kan meer gespecialiseerde ervaring en kennis ontwikkeld worden en is de knowhow minder verspreid over de organisatie. Door centralisatie en specialisatie is de organisatie is staat geweest om duidelijke Service Level Agreements uit te rollen over de hele organisatie, zodat er meer inzicht ontstaat in zowel de tijd tot oplevering als gemaakte fouten en deze opgevolgd kunnen worden met behulp van operationele dashboards. Met deze Service Level Agreements in combinatie met een ticketregistratie systeem wordt ernaar gestreefd om vragen en verzoeken van klanten volledig en tijdig op te volgen. Op deze wijze werken we elke dag aan het verbeteren van de service aan onze klanten.

Naast de focus op technologie in de dienstverlening aan klanten, moet de bank zich blijven beschermen tegen cybercriminaliteit. Het is een grote uitdaging voor banken over de gehele wereld om op dit gebeid bij te blijven en te voorkomen dat er grote risico's gelopen worden op het gebied van informatiebeveiliging. De bank is in dit kader telkens de noodzakelijke investeringen blijven doen. Sommige initiatieven op dit vlak worden ook aangeboden aan andere marktspelers. Op deze manier streeft de bank ernaar synergie te creëren en kosten te delen, waardoor voor iedereen financiële diensten voordeliger en toegankelijker worden.

Technologie heeft de bank ook in staat gesteld om efficiënter te werken. Het personeelsbestand daalde met 4,06% van 468 werknemers in 2019 naar 449 in 2020 en laat een voortdurende daling zien.

Beheersen van de risico's

In de periode na 2020 is het beleidskader van de bank verder vernieuwd, aangevuld en bijgewerkt. Deze beleidsdocumenten worden met de gehele organisatie gedeeld en er worden trainings- en coachingsessies gehouden om ze in de dagelijkse procedures te verankeren en richting te geven aan de uitvoering van de taken van alle medewerkers. Dit zorgt ervoor het beleid niet slechts een document is, maar een integraal onderdeel van de strategie, de overtuigingen, de denkwijze en het gedrag van onze medewerkers. Alleen op deze manier wordt ervoor gezorgd dat de bank altijd handelt conform dit beleid. Met het Incident Management Systeem (oftewel kwaliteitsrapportage) worden incidenten consequent geregistreerd en opgevolgd, niet om te straffen maar om te leren waar beleid en procedures tekortschieten. Dit levert dan op zijn beurt belangrijke input om het beleidskader waar nodig bij te stellen.

Er zijn een aantal significante risico's geïdentificeerd die een grote impact kunnen hebben op de kredietportefeuille en de financiële status van de bank, waarvan niet de minst belangrijke de zwakke economische omgeving is. De Surinaamse economie blijft aanzienlijke zwakheden vertonen, niet alleen als gevolg van de COVID-pandemie maar ook door de verdere depreciatie van de munt ten opzichte van de US dollar. De stijgende inflatie zal de koopkracht van de consument blijven aantasten en dus ook het vermogen van de klanten om hun schulden af te lossen, vooral als er sprake is een valuta-mismatch.
De grote overheidsrisico's in de kredietportefeuilles van veel banken, waaronder

The new commercial strategy has already proven fruitful since its introduction. The number of DSB's customers has continued to rise, while the number of internet banking users has actually increased by over 50% since the 2020 year under review to date. This shows that the digitisation strategy has prove fruitful.

Reducing costs

The organisation has been adapted in such manner that various activities are centralised in specialised departments. By centralising activities, more specialised experience and knowledge can be developed and know-how is less dispersed across the organisation. Through centralisation and specialisation, the organisation has been able to roll out clear Service Level Agreements across the entire organisation, providing more insight into both time to completion and errors made, which can be monitored using operational dashboards. With these Service Level Agreements combined with a ticket registration system, the aim is to follow up customer queries and requests fully and on time. In this way, we work every day to improve service to our customers.

Besides focusing on technology in customer service, the bank must continue to protect itself against cybercrime. It is a major challenge for banks around the world to keep up in this area and avoid running major risks in the field of information security. The bank has continued to make the necessary investments in this regard each time. Some initiatives in this area are also offered to other market actors. In this way, the bank aims to create synergies and share costs, making financial services more affordable and accessible to all.

Technology has also enabled the bank to operate more efficiently. The workforce decreased by 4.06% from 468 employees in 2019 to 449 in 2020 and shows a continuous reduction.

Managing risks

In the post-2020 period, the bank's policy framework has been further renewed, supplemented and updated. These policy documents are shared with the entire organisation, and training and coaching sessions are held to embed them in day-to-day procedures and provide direction for all employees to perform their duties. This ensures that the policy is not just a document, but an integral part of our employees' strategy, beliefs, mindset and behaviour. This to ensure that the bank always acts in line with this policy. With the Incident Management System (or quality reporting), incidents are consistently recorded and followed up, not to punish but to learn where policies and procedures fall short. This in turn provides important input to adjust the policy framework where such may be necessary.

A number of significant risks have been identified that could have a major impact on the bank's loan portfolio and financial status, not the least of which is the weak economic environment. The Surinamese economy continues to show significant weaknesses not only as a result of the COVID pandemic, but also due to the continued depreciation of the currency against the US dollar. Rising inflation will continue to erode consumers' purchasing power and hence their ability to repay their debts, especially if there is a currency mismatch. The large government exposures in the loan portfolios of many banks, including De Surinaamsche Bank, pose a threat to the financial system, especially given the unsustainable ratio of government debt to Gross Domestic Product. The bank has therefore taken the necessary measures to permanently protect itself, such as introducing stricter credit guidelines, risk-based pricing and a greater focus on non-interest income. There is also a strong focus on cleaning up the loan portfolio, as well as restructuring old USD loans from companies with only SRD income. In the previous report an attempt was reported to sell non-performing state debt of around USD 33 million. However, due to the difficult economic situation and negative signals in the market, this sale has not been realised. However, there are now far-reaching discussions with the government to repay this loan within a reasonable period of time.

In recent years, the bank has created a strong foundation on which a "safer house" can be built, not only because its assets are being strengthened so that economic head winds can be withstood, but also because the bank is getting ready for a successful further development once the economic cycle turns back to growth.

ook De Surinaamsche Bank, vormen een bedreiging voor het financiële systeem, vooral gezien de onhoudbare verhouding tussen overheidsschuld en het Bruto Binnenlands Product.

De bank heeft daarom de nodige maatregelen genomen om zich blijvend te beschermen, zoals de invoering van strengere kredietrichtlijnen, prijsstelling gebaseerd risico's en een grotere focus op niet-rentebaten. Tevens is er een sterke focus op het opschonen van de kredietportefeuille, alsmede het herstructureren van oude USD leningen van bedrijven die slechts SRD inkomen hebben. In het vorige verslag is melding gemaakt van een poging om non-performing staatsschuld van circa USD 33 miljoen te verkopen. Door de moeilijke economische situatie en negatieve signalen in de markt is deze verkoop echter niet meer gerealiseerd. Wel zijn er nu vergaande gesprekken met de overheid om deze lening binnen een redelijke termijn af te lossen.

De afgelopen jaren heeft de bank een sterk fundament gecreëerd waarop een "veiliger huis" gebouwd kan worden, niet alleen omdat het vermogen wordt versterkt zodat economische tegenwind kan worden weerstaan, maar tevens de bank zich ook klaarmaakt voor een succesvolle doorontwikkeling zodra de economische cyclus weer omslaat in groei.

Veranderen naar een op prestatie gerichte cultuur

De medewerkers zijn wat De Surinaamsche Bank sterk en succesvol maakt, en daarom is een belangrijke paragraaf in het strategisch plan gereserveerd voor de ontwikkeling naar een prestatiegerichte cultuur. Dit wordt gebouwd op drie pijlers: Duidelijkheid, Vaardigheid en Motivatie.

Duidelijkheid is een belangrijk uitgangspunt voor een high-performance cultuur en deze wordt gecreëerd door een transparante en begrijpelijke beschrijving van de rollen en verantwoordelijkheden. De taken in de organisatie zijn opgedeeld in functiefamilies waardoor de rollen en verantwoordelijkheden aangescherpt en duidelijker worden. Ook worden de verwachtingen aan medewerkers heel transparant gemaakt door duidelijke en meetbare doelstellingen vast te stellen. Zo weet iedereen wat van hem/haar verwacht wordt en welk gedrag, resultaten en prestaties van ieder individu noodzakelijk zijn om de bank collectief succesvol te maken.

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

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

Om te weten waar we staan, is in 2020 begonnen om jaarlijks de motivatie van de organisatie meten en de resultaten te gebruiken voor een programma gericht op verdere verbetering van de geconstateerde omissies. In de afgelopen twee jaar is onze score voor werknemersbetrokkenheid verbeterd. Een verbeterde werknemersbetrokkenheid is de basis voor een betere dienstverlening en een gezondere bank.

Changing to a performance-oriented culture

Employees are the ones that make De Surinaamsche Bank strong and successful, which is why an important section in the strategic plan is reserved for the development towards a performance-oriented culture. This will be built on three pillars: Clarity, Skill and Motivation.

Clarity is an important starting point for a high-performance culture and this is created by a transparent and understandable description of roles and responsibilities. Tasks in the organisation are divided into job families, making roles and responsibilities sharper and clearer. Expectations to employees are also made very transparent by setting clear and measurable objectives. Thus, everyone knows what is expected of them and what behaviour, results and performance of each individual are necessary to make the bank collectively successful.

Employees can only be successful if they also have the right capabilities, qualities and knowledge to perform their roles well. In this context, much attention has been paid to training content knowledge and coaching soft skills, which are necessary for an adequate job performance. These soft skills are perhaps even more important than knowledge and experience. This ensures that we have capable employees who have the baggage to excel in their roles. This is supported by management's intention to spend at least 3% of the personnel budget on training.

A successful organisation is one with motivated employees who dare to speak up, which is why motivation is an important part of culture change. The bank aims to motivate employees by identifying, highlighting and rewarding high-performers, both individually and as a team. In this way, they act as role models for the organisation. Another important aspect of culture change is creating space for everyone's voice to be heard. Although this is not always easy, the aim is to break down the hierarchy in the organisation, striving for colleagues to see each other as equals rather than bosses and subordinates. This is done in close cooperation with employee organisations and in a concerted effort to create one bank.

To know where we stand, we started in 2020 to measure organisational motivation annually and use the results for a programme aimed at further improving the identified omissions. Over the past two years, our employee engagement score has improved. Improved employee engagement is the basis for better services and a healthier bank.

The financial development of De Surinaamsche Bank

De Surinaamsche Bank has moved early to reporting in accordance with International Financial Reporting Standards (IFRS) for its 2019 financial statements. The Financial Statements Act of December 2017 requires this to be done with effect from 2020, however, in order to contribute to more transparent and comparable external reporting, the bank has decided to advance the date. This will give shareholders of De Surinaamsche Bank a clear and comparable understanding of the financial position and give the management a clear starting point to strengthen the bank. As the 2019 and 2020 financial statements are based on the same accounting policies, it will be possible to identify areas where progress has been made and how this progress translates into financial improvements.

Comparison with previous years

IFRS standards differ significantly from those used in the past. These differences have already been explained in detail in the 2019 annual report, first year of reporting in accordance with IFRS. It is important to realise that both 2020 and 2019 are set up in accordance with identical standards which also makes the results fully comparable.

De financiële ontwikkeling van De Surinaamsche Bank

De Surinaamsche Bank is voor de jaarrekening 2019 vervroegd overgestapt op rapportage conform de standaarden van International Financial Reporting Standards (IFRS). De Wet op de Jaarrekening van december 2017 schrijft voor om dit met ingang van 2020 te doen, echter teneinde bij te dragen aan een meer transparante en vergelijkbare externe rapportage heeft de bank besloten dit te vervroegen. Hierdoor hebben de aandeelhouders van De Surinaamsche Bank een helder en vergelijkbaar inzicht in de financiële positie en heeft het management een duidelijk vertrekpunt om de bank te versterken. Aangezien de jaarrekeningen van 2019 en 2020 gebaseerd zijn op dezelfde grondslagen, kan vastgesteld worden op welke gebieden voortgang is geboekt en hoe deze voortgang zich vertalen in financiële verbeteringen.

Vergelijking met voorgaande jaren

De IFRS-standaarden verschillen aanzienlijk van de standaarden die in het verleden werden gebruikt. Deze verschillen zijn in het jaarverslag van 2019, eerste jaar van rapportage conform IFRS, reeds uitgebreid toegelicht. Het is belangrijk zich te realiseren dat zowel 2020 als 2019 opgezet zijn conform identieke standaarden waardoor de resultaten ook volledige vergelijkbaar zijn.

Geconsolideerde balans

Conform IFRS bedroeg het balanstotaal SRD 12,3 miljard per ultimo 2020 hetgeen een sterke stijging van SRD 5,2 miljard (72,2%) betekent ten opzichte van 2019. Opvallend aan de balans van 2019 was de positie van het eigen vermogen welke SRD 62 miljoen negatief was. Het eigen vermogen heeft in het verslagjaar een positieve ontwikkeling doorgemaakt en bedraagt per einde 2020 SRD 198 miljoen positief. Dit correspondeert voor 2020 met een Capital Adequacy Ratio van 3,6% bij een minimale norm voor DSB van 10%.

Geconsolideerd resultaat

In 2020 nemen de rentebaten af van SRD 315 miljoen in 2019 naar SRD 304 miljoen. De inkomsten uit fees en commissies stijgen sterk van SRD 70 miljoen in 2019 naar SRD 94 miljoen in 2020. De grootste stijging echter zien we in de inkomsten gerelateerd aan aan- en verkoop van valuta en herwaarderingen als gevolg van koersmutaties. Deze inkomsten nemen toe van SRD 1 miljoen in 2019 naar SRD 161 miljoen in 2020 en dragen sterk bij tot het goede eindresultaat voor 2020. In totaliteit zien we een toename van de totale inkomsten in 2020 van SRD 223 miljoen ten opzichte van 2019.

De toevoeging aan voorzieningen op kredieten neemt van 2019 naar 2020 toe met SRD 23 miljoen, van SRD 33 miljoen in 2019 naar SRD 56 miljoen in 2020. Belangrijkste reden hiervoor is dat een bij koersdalingen van de SRD, er herwaardering plaatsvindt van voorzieningen op vreemde valuta kredieten waardoor deze in SRD hoger uitvalt. Indien we dit effect buitenbeschouwing zouden laten, zouden we juist een daling zien van de voorzieningen op kredieten.

De bedrijfslasten stijgen met 21% van SRD 216 miljoen 2019 naar SRD 261 miljoen in 2020. In het licht van een inflatie voor 2020 van 60,8% is dit een redelijk resultaat. De personeelskosten, welke ruim 50% van de totale kosten bedragen, stijgen ca. 19% ten opzichte van 2019.

De cost/income ratio (totale bedrijfslasten gedeeld door het nettoresultaat na belastingen exclusief bijzondere waardeverminderingen door veranderingen in het verwachte kredietverlies) verbeterde van 102% in 2019 naar 57% in 2020. Het nettoresultaat na belastingen exclusief bijzondere waardeverminderingen door veranderingen in het verwachte kredietverlies bedroeg SRD 174 miljoen positief in 2020, terwijl dit in 2019 nog SRD 5 miljoen negatief was.

Als gevolg van bovenstaande komt het nettoresultaat in 2020 uit op positief SRD 118 miljoen ten opzichte van negatief SRD 38 miljoen in 2019.

Consolidated Statement of Financial Position

In accordance with IFRS, total assets amounted to SRD 12,3 billion at the end of 2020, representing a sharp increase of SRD 5,2 billion (72.2%) compared to 2019. A striking feature of the 2019 balance sheet was the equity position, which was SRD 62 million negative. Equity showed a positive development in the year under review and amounted to SRD 198 million positive at the end of 2020. For 2020, this corresponds to a Capital Adequacy Ratio of 3.6% at a minimum standard for DSB of 10%.

Consolidated result

In 2020, interest income decreased from SRD 315 million in 2019 to SRD 304 million. Fee and commission income rise sharply from SRD 70 million in 2019 to SRD 94 million in 2020. The largest increase, however, is seen in the other operating income, relates to purchases and sales of currencies and revaluations as a result of exchange rate movements. These revenues increase from SRD 1 million in 2019 to SRD 161 million in 2020 and contributed strongly to the good final result for 2020. Overall, we see an increase in net operating income in 2020 of SRD 223 million compared to 2019.

The addition to provisions on loans increases by SRD 23 million from SRD 33 million in 2019 to SRD 56 million in 2020. The main reason for this is that when the exchange rate of the SRD falls, there is a revaluation of provisions on foreign currency loans, making them higher in SRD. If we were to discount this effect, we would actually see a decrease in provisions on loans.

Operating expenses increased by 21% from SRD 216 million in 2019 to SRD 261 million in 2020. In light of an inflation rate for 2020 of 60.8%, this is a reasonable result. Personnel costs, which account for over 50% of the total costs, are up about 19% compared to 2019.

The cost/income ratio (total operating expenses divided by net income after tax excluding impairment losses from changes in the expected credit loss) improved from 102% in 2019 to 57% in 2020. The net income after tax excluding impairment losses from changes in the expected credit loss was SRD 174 million positive in 2020, while it was still SRD 5 million negative in 2019.

As a result of the above, net income in 2020 is positive SRD 118 million compared to negative SRD 38 million in 2019.

Liquidity

Suriname is on track to move from Basel I to Basel II. However, De Surinaamsche Bank has chosen to measure its financial performance under Basel III as well. Under Basel III, the Basel Committee has also set two liquidity ratios to ensure that financial institutions have sufficient liquidity to meet their short-term and long-term liabilities: Liquidity Coverage Ratio (LCR) and (Net Stable Funding Ratio) NSFR. These two requirements are designed to capture risks in case of periods of financial turbulence. Both must exceed 100%. The LCR ratio has increased from 126.1% in 2019 to 137.7% in 2020. The NSFR ratio decreased to 206.1% in 2020 (2019: 271.3%).

Outlook

At the time of drafting this report, the bank's operations have been significantly strengthened as a result of the Safer, Simpler, Stronger plan with focus on the four pillars of 1) increase revenue, 2) reduce costs, 3) manage risk and 4) culture of performance. The bank's local GAAP figures, sales performance, operational results, risk results and our employee satisfaction confirm this. The executive board is confident that the outlook for 2022 and beyond will also be positive. A further clean-up of the loan portfolio is expected and a limited addition or even release of loan provisions, which will lead to a positive contribution to earnings. Developments in the foreign currency market may also contribute positively to the bank's result, given our high dollarization rate. As a result of the above factors, despite the continuing difficult market conditions, we expect IFRS-compliant results in the reporting periods 2020, 2021 and beyond to show the bank's strength and soundness which translates into improved equity and profitability.

Liquiditeit
Suriname ligt op schema om over te stappen van Basel I naar Basel II. De Surinaamsche Bank heeft er echter voor gekozen om haar financiële prestaties ook onder Basel III te meten. Onder Basel III heeft het Basels Comité ook twee liquiditeitsratio's vastgesteld om ervoor te zorgen dat financiële instellingen voldoende liquiditeit hebben om aan hun korte- en langetermijnverplichtingen te voldoen: Liquidity Coverage Ratio (LCR) en Net Stable Funding Ratio (NSFR). Deze twee vereisten zijn bedoeld om risico's te achterhalen in tijden van financiële turbulentie. Beide moeten hoger zijn dan 100%. De LCR-ratio is gestegen van 126,1% in 2019 naar 137,7% in 2020. De NSFR-ratio is gedaald naar 206,1% in 2020 (2019: 271,3%).

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

Dankwoord
De directie heeft de afgelopen periode veel van de medewerkers gevraagd bij het herstel van De Surinaamsche Bank. Door de veel organisatorische veranderingen heeft de bank ook afscheid moeten nemen van sommige collega's, terwijl anderen welkom zijn geheten in de DSB-familie. Ook dat hoort bij het proces om winnende teams te maken. De directie is dan ook de medewerkers zeer erkentelijk voor hun flexibiliteit, hun inzet en hun vertrouwen die hebben bijgedragen aan een succesvolle start van de nieuw ingezette koers en de financiële positieve ontwikkelingen die de bank nu doormaakt.

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

Acknowledgements
The executive board has demanded a lot from employees in the recovery of De Surinaamsche Bank in the recent period. With many organisational changes, the bank has also had to say goodbye to some colleagues, while others have been welcomed into the DSB family. That too is part of the process of making winning teams. The executive board is therefore very grateful to the employees for their flexibility, commitment and trust that have contributed to a successful start of the newly set course and the financially positive developments the bank is now experiencing.

The executive board is very grateful to the members of the Supervisory Board for their help, cooperation and advice in the process of recovery. Finally, together with all our colleagues, the executive board is grateful to all our customers for their trust and loyalty.

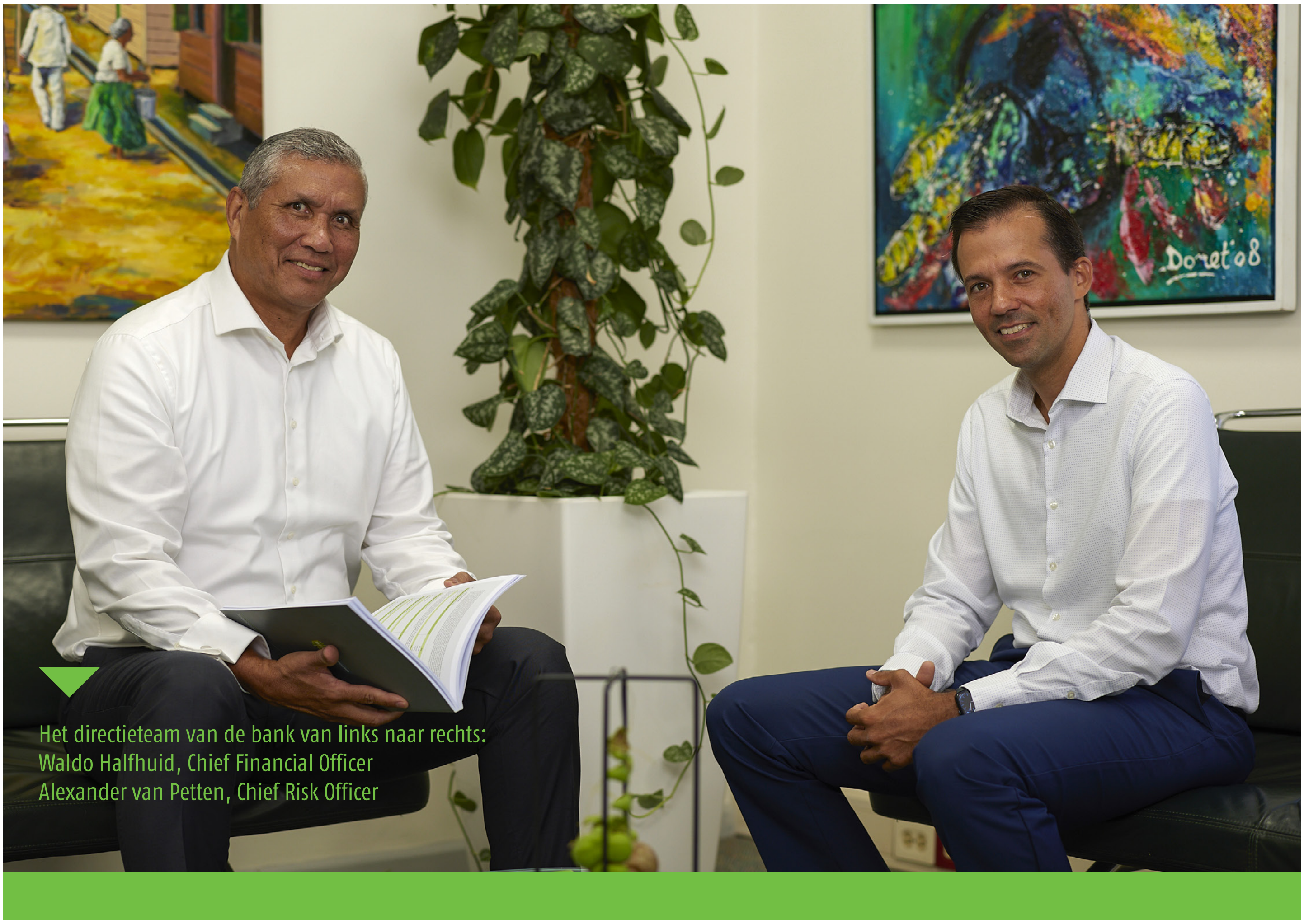
Paramaribo, 24 oktober 2023

Waldo Halfhuid

Chief Financial Officer

Alexander van Petten

Chief Risk Officer



Het directieteam van de bank van links naar rechts:
Waldo Halfhuid, Chief Financial Officer
Alexander van Petten, Chief Risk Officer

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 2020 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 2020 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, 2020, the Group reported unrelieved losses of SRD 239.2 million (2019: unrelieved losses SRD 421.3 million). In addition, the Group continues to report a capital adequacy ratio in fiscal year 2020 which is not in compliance with its regulatory requirements. Accordingly, this may bring into question the Group's ability to continue in the foreseeable future as a going concern.

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 2020. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

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

Key audit matter	How our audit addressed the key audit matter
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 27% 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.

Other information included in the Group's 2020 Annual Report
Other information consists of the information included in the Group's 2020 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.

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

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.

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

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

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

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

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Yours sincerely,

Andrew Tom

Partner for and on behalf of
Ernst & Young Suriname

Paramaribo, 24 October 2023
12089303 ATO/24572

DSB Consolidated Financial Statements 2020

Consolidated Statement of Profit and Loss

Consolidated Statement of Comprehensive Income/(Loss)

Consolidated Statement of Financial Position

Consolidated Statement of Changes in Equity

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Consolidated Statement of Profit and Loss

in thousand SRD for the year ended 31 December	Notes	2020	2019
Interest income calculated using the effective interest method	8	303,850	315,288
Interest expense calculated using the effective interest method	9	(155,875)	(174,278)
Net interest income		**147,975**	**141,010**
Fee and commission income	10	101,891	75,199
Fee and commission expense		(7,420)	(5,631)
Net fees and commission income		**94,471**	**69,568**
Net trading income/(loss)	11	69,732	(20,608)
Impairment losses from changes in the expected credit loss	12	(56,333)	(32,902)
Net loss on financial assets and liabilities at fair value through profit or loss	13	(35,508)	(6,047)
Other operating income	14	180,498	27,474
Net operating income		**400,835**	**178,495**
Personnel expenses	15	(140,342)	(117,766)
Depreciation of property, equipment and right-of-use assets	26	(13,144)	(13,527)
Amortization of intangible assets	28	(13,608)	(12,573)
Other operating expenses	16	(93,453)	(72,066)
Total operating expenses		(260,547)	(215,932)
Net income/(loss) before tax		**140,288**	**(37,437)**
Income tax expense	17.1	(22,032)	(708)
Net income/(loss) after tax		**118,256**	**(38,145)**
Earnings per share			
Equity shareholders of the parent for the year:			
Basic earnings/(loss) per share		3.13	(1.01)
Diluted earnings/(loss) per share		3.13	(1.01)

Consolidated Statement of Comprehensive Income/(Loss)

in thousand SRD for the year ended 31 December	2020	2019
Profit/(loss) for the year:	**118,256**	**(38,145)**
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax		
Remeasurement gain/(loss) on defined benefit plans	63,812	(43,927)
Revaluation of properties	77,385	–
Exchange rate differences related to the items that will not be reclassified to profit or loss	–	(54)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods net of tax	**141,197**	**(43,981)**
Other comprehensive income/(loss) for the year, net of tax	**141,197**	**(43,981)**
Total comprehensive income/(loss) for the year, net of tax	**259,453**	**(82,126)**
Attributable to:		
Equity holders of the parent	259,453	(82,126)
Total	**259,453**	**(82,126)**

Consolidated Statement of Financial Position

in thousand SRD for the year ended 31 December	Notes	2020	2019
Assets			
Cash and balances with central banks	18	3,942,246	3,014,177
Due from banks	19	3,231,479	1,546,003
Financial assets at fair value through profit or loss	21.2	3,146	3,054
Current tax assets	17.2	2,368	20,512
Loans and advances to customers	22	2,605,311	2,064,388
Purchased or originated credit impaired financial assets	23	1,494,829	-
Debt instruments at amortized cost	24	716,525	295,819
Investments in associates	21.3	1,645	1,399
Other assets	25	60,942	36,456
Property and equipment and right-of-use assets	26	230,976	136,820
Investment properties	27	3,715	2,180
Intangible assets	28	10,373	22,654
Total Assets		**12,303,555**	**7,143,462**
Liabilities			
Due to banks		505,790	137,114
Derivative financial instruments	20	56,734	48,270
Due to customers	29	10,938,387	6,650,683
Current tax liabilities	17.2	1,038	169
Other liabilities	30	151,113	54,576
Debt issued and other borrowed funds	31	146,464	76,758
Provisions	32.1	8,404	7,521
Net employee defined benefit liabilities	33	177,162	172,145
Deferred tax liabilities	17.3	120,580	57,796
Total liabilities		**12,105,672**	**7,205,032**
Equity attributable to equity holders of parent			
Issued capital	34	3,773	3,773
Issued equity instruments	35	31,728	31,728
Share premium	34	324,184	324,184
Unrelieved losses		(357,443)	(383,110)
Revaluation reserve		77,385	-
Result of the period	P&L	118,256	(38,145)
Total equity		**197,883**	**(61,570)**
Total liabilities and equity		**12,303,555**	**7,143,462**

Directie

W. Halfhuid
Chief financial officer

A. van Petten
Chief Risk Officer

Raad van Commissarissen

N. Bishesar I
President Commissaris

R. Baidjnath Panday
Vice President Commissaris

S. Mathura
Commissaris

R. Kasanrawi
Commissaris

R. Parbhudayal
Commissaris

J. van Ommeren
Commissaris

Consolidated Statement of Changes in Equity

Consolidated statement of changes in equity for the year ended 31 December 2020

in thousand SRD	Issued capital	Issued equity instruments	Share pre-mium	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	-	-	-	118,256	-	**118,256**	**118,256**	-
Remeasurement gain/(loss) on defined benefit plans	-	-	-	63,812	-	**63,812**	**63,812**	-
Revaluation of properties	-	-	-	-	77,385	**77,385**	**77,385**	-
Total comprehensive income	**-**	**-**	**-**	**182,068**	**77,385**	**259,453**	**259,453**	**-**
At 31 December 2020	**3,773**	**31,728**	**324,184**	**(239,187)**	**77,385**	**197,883**	**197,883**	**-**

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

in thousand SRD	Issued capital	Issued equity instruments	Share pre-mium	Unrelieved lossess	Revaluation reserve	Total equity	Total equity attributable to parent	Total equity attributable to non-controlling interest
As at 1 January 2019	**3,723**	**31,728**	**319,984**	**(339,129)**	**-**	**16,306**	**16,306**	**-**
Result of the year	-	-	-	(38,145)	-	**(38,145)**	**(38,145)**	-
Remeasurement gain/(loss) on defined benefit plans	-	-	-	(43,927)	-	**(43,927)**	**(43,927)**	-
Exchange rate differences related to the items that will not be reclassified to profit or loss	-	-	-	(54)	-	**(54)**	**(54)**	-
Total comprehensive income	**-**	**-**	**-**	**(82,126**	-	**(82,126**	**(82,126**	-
Issue of share capital	50		4,200	-	-	**4,250**	**4,250**	-
At 31 December 2019	**3,773**	**31,728**	**324,184**	**(421,255)**	-	**(61,570)**	**(61,570)**	-

Consolidated Statement of Cash Flows

in thousand SRD for the year ended 31 December	Notes	2020	2019
Profit/(Loss) before tax		**140,288**	**(37,437)**
Adjustments for:			
Operating activities			
Change in operating assets	38	(2,509,493)	(1,039,185)
Change in operating liabilities	38	4,825,532	(88,853)
Depreciation and amortization	26,28	25,150	25,736
Interest on lease liabilities	30	663	857
Foreign exchange on lease liabilities		7,234	9
Net gain/(loss) from investing activities	38	(675,225)	930,713
Other movements		(2,454)	955
Revaluation/impairment		13,860	-
Net cash flows from/(used in) operating activities		**1,685,267**	**(169,768)**
Investing activities			
Purchase of property and equipment	26	(3,007)	(3,379)
Proceeds from sale of property and equipment	26	4,415	1,014
Purchase of intangible assets	28	(1,327)	(2,693)
Net cash flows from/(used in) investing activities		**81**	**(5,058)**
Financing activities			
Proceeds from issuance of shares	34	-	50
Changes in share premium		-	4,200
Accrued interest on subordinated loan	31	552	650
Foreign exchange on subordinated loan		69,154	(872)
Repayment of principal portion of lease liabilities	30	(3,379)	(2,582)
Net cash flows from financing activities		**66,327**	**1,446**
Net increase/(decrease) in cash and cash equivalents		1,891,963	(210,817)
Cash and cash equivalents at 1 January	18,19	1,042,615	1,253,432
Cash and cash equivalents at 31 December	**38**	**2,934,578**	**1,042,615**
Additional information on operational cash flows from interest and dividends			
Interest paid	9	(155,875)	(174,278)
Interest received	8	274,402	223,030

Notes to the Consolidated Financial Statements

1. Corporate information

De Surinaamsche Bank N.V. (DSB/the Bank) together with its subsidiaries, the Group provides retail, corporate banking and asset management services in Suriname. The Bank is a limited liability company incorporated and domiciled in Suriname. The head office is registered at Henck Arronstraat 26-30, Paramaribo, Suriname. DSB has a primary listing on the Suriname Stock Exchange. The consolidated financial statements for the year ended 31 December 2020 were authorized for issue in accordance with a resolution of the directors on 24 October 2023. 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 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 31 December 2020 and for the year then ended, the Group reported a net profit after tax of SRD 118 million (2019: net loss after tax of SRD 38 million) and had excess total assets over total liabilities of SRD 198 million; in addition, as of 31 December 2020, the Group has reported unrelieved losses of SRD 239 million (2019: SRD 421 million).
- the bank has a positive equity position of SRD 198 million with a corresponding capital adequacy ratio of 3.6% in fiscal year 2020 (2019: negative 3.0%), which shows an improvement but below the ratio required by CBvS.
- the Group generated positive cash flow from operating activities of SRD 1.7 billion in the current period.
- as disclosed in note 41.4.1.4 LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) shows the Bank has sufficient liquidity to meet both short-term and long-term obligations, also, in case of episodes of financial turbulence.
- the Bank is continuously working on optimizing its liquidity framework to maintain a strong liquidity position going forward.
- management prepares an annual budget and longer-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 will be developed.

In the first quarter of 2020, the country was confronted with the global pandemic COVID-19 outbreak. Various precautionary measures were taken to minimize the spread of the virus including imposing of travel bans, quarantine, and partial and full lockdowns. The global economy shrank with domestic demand and supply, trade and finance being severely disrupted. Not only did the economy weakened because of Covid but also due to the further depreciation of the currency against the US dollar. Various significant regulatory and monetary support were provided by the government and by the central bank to keep businesses afloat. The bank also took some measures to protect itself, its people and its customers. Stricter credit guidelines, risk-based exemptions, greater focus on non-interest income, and continuous drive to clean up the loan portfolio through various restructuring programs were some of the actions that the bank took.

On the basis of the above, 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 PPE, 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 the bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding expected settlements after the reporting date based on an analysis of financial assets and liabilities by contractual maturities is presented in Note 41.4. The financial derivatives 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.

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 incomes statement are recorded at spot exchange rate at the date of the transaction.

4.3 Recognition of interest income

4.3.1 The effective interest rate method

Following IFRS 9, DSB records all interest income using the effective interest rate (EIR) method for all financial assets measured at amortized cost. Interest expense is also calculated using the effective interest rate (EIR) method for all financial liabilities held at amortized cost. The 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 income'. The Bank calculates interest income on financial assets, other than those considered credit-impaired, by applying the effective interest rate to the gross carrying amount of the financial asset. When a financial asset becomes credit-impaired (as set out in Note 41.3.3) and is therefore regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets (as set out in Note 23), the Bank 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 its 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 the Bank expects to be entitled in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. DSB's revenue contracts do not typically include multiple performance obligations, as explained further below. When the Bank provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the beginning of the contract period for a service provided over time (unless otherwise specified in 4.5.1 and 4.5.2 below). The Bank has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer. The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 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 the Bank performs. DSB's fee and commission income from services where performance obligations are satisfied over time include the following:

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

<u>Fuel cards</u>: 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 the entity performs. Therefore, the calculation basis for revenue recognition is over time, every month in accordance with the contract duration. All contracts have a duration of 12 months. 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.

<u>Safe deposit boxes</u>: 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.

<u>Point-of-Sale (POS) devices</u>: Regarding the rental of Point-of-Sale (POS) devices, the performance obligation runs in accordance with the contract. Therefore, control and benefit are transferred over time as the bank performs. The performance 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 the entity 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 the bank performs. The performance obligation is satisfied over time, beginning at the moment the securities are taken into custody. Therefore, the considerations need to be recognized when taken into custody each month during the year.

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

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

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

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

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

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 Girobooks, 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 fees: 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 the Bank are a fixed amount per transaction. Each brokerage transaction is an optional purchase and represents a separate performance obligation with the customer. Furthermore, brokerage commissions are received for paying out dividend on behalf of different companies. This performance obligation is also satisfied at the moment the transaction is processed, and the related revenue is therefore 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 fees regard fees received by DSB received for registration of brands on behalf of the customer. After conducting the registration, the performance obligation is satisfied, and the benefits are transferred to the customer. Therefore, the revenue is recognized at a point in time.

4.5.3 Contract balances

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

- Fees and commissions receivables included under 'Other assets', which represent the Bank's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). These are measured at amortized cost and subject to the impairment provisions of IFRS 9.
- 'Unearned fees and commissions' included under 'Other liabilities', which represent the Bank's obligation to transfer services to a customer for which the Bank has received consideration (or an amount of consideration is due) from the customer. A liability for unearned fees and commissions is recognized when the payment is made, or the payment is due (whichever is earlier). Unearned fees and commissions are recognized as revenue when (or as) the Bank performs.

4.6 Net trading income

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

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

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

4.8 Financial instruments – initial recognition

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

4.8.1 Date of recognition

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

4.8.2 Measurement categories of financial assets and liabilities

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

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

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

4.8.3 Initial measurement and classification of financial instruments

Financial instruments of DSB are initially recognized and subsequently measured at amortized cost and fair value through profit or loss. The classification of financial instruments at initial recognition depends on their contractual terms and DSB's business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, DSB recognizes the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, DSB defers the difference between the fair value at initial recognition and the transaction price.

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 the Bank has access to at the measurement date. DSB considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the 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 the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

4.10.1.2 The SPPI test

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

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

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

4.10.2 Derivatives recorded at fair value through profit or loss

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

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

DSB entered into derivative transactions with various counterparties. The derivative portfolio of DSB consist of foreign currency swaps. These derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. All these derivatives are OTC instruments. The notional amount and fair value of such derivatives are disclosed separately in Note 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
  - o DSB has transferred substantially all the risks and rewards of the asset, or
  - o DSB has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

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

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

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

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

4.10.8.2 Financial liabilities

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

4.10.9 Impairment of financial assets

4.10.9.1 Expected Credit Loss Provision

DSB records an allowance for expected credit loss for all loans and other debt financial assets not held at 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 the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset. As set out in section 4.10.11 a financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.10.9.2 Calculation of the expected credit loss provision
DSB calculates ECL based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the effective interest rate. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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

When estimating the ECL, DSB considers three scenarios (progressive, base and adverse). Each of these is associated with different PDs, EADs and LGDs, as set out in Note 41.3.3.5. 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 behaviour, 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, the Bank only recognises 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 cash flow statement comprises of cash on hand, cash in transit, non–restricted current accounts with Central Banks and amounts due from banks on demand (note 18). 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 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 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 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 capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful 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 asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other available fair value indicators.
Impairment losses are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, DSB estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the 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 utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction in other comprehensive income.

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

4.18 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, 2020 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 Surinaamshe 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. For compliance to the Act, DSB recorded additional provisions to comply with the local pension act.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. The retirement benefits cost comprises of service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

Remeasurements, comprising of actuarial gains and losses, experience adjustments on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the 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 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 the Bank has determined the split between equity and liability, it further evaluates whether the liability component has embedded derivatives that must be separately accounted for. The Additional Tier 1 debt is based on its characteristics classified as an equity instrument and is fully classified within equity.

4.21 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 IFRS 3 Business Combinations (effective 1 January 2020)
The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, most entities will likely not be affected by these amendments on transition. However, entities considering the acquisition of a set of activities and assets after first applying the amendments should update their accounting policies in a timely manner.

This amendment resulted in no change to the consolidated financial statements.

4.22.2 IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, Changes in Accounting Estimates (effective 1 January 2020)
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The amendments must be applied prospectively. Early adoption is permitted and must be disclosed.

Although the amendments to the definition of material is not expected to have a significant impact on the group's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organized in the financial statements.

This amendment resulted in no change to the consolidated financial statements.

4.22.3 Conceptual Framework for Financial Reporting (effective 1 January 2020)
The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard settling, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements.

4.22.4 IFRS 16 Leases-Amendment to IFRS 16 - COVID-19 Related Rent Concessions (effective 1 June 2020)
On 28 May 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 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before 30 June 2021 and increased lease payments that extend beyond 30 June 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.

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 1 January 2023
- IFRS 3 Business Combinations - Amendments to IFRS 3 - Reference to the Conceptual Framework – effective 1 January 2022
- IAS 16 Property, Plant and Equipment - Amendments to IAS 16 – effective 1 January 2022
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments to IAS 37 - Onerous Contracts – effective 1 January 2022
- IFRS 17 Insurance Contracts – effective 1 January 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 1 January 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 32.9
IAS 41	IAS 41 Agriculture – Taxation in fair value measurements 36.6

5. Basis of consolidation

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

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

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

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

6. Significant accounting judgement, 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 the Bank's financial position, current intentions, profitability of operations and access to financial resources, and analysed the impact of the recent financial crisis on future operations of the Bank.

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

For 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 recognised in the consolidated statement of profit or loss. Land and buildings classified as property and equipment are measured at revalued amounts with changes in fair value being recognised in OCI. 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 31 August 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 behavioural 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 behaviour 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.

- o 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.
- o 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.
- o 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
- o 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 liabilitie

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

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

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, the bank has concluded that each day of service is substantially the same because the nature of its promise to the customer is to provide an overall service. DSB has applied the variable consideration allocation exception in each of these contracts. This is because the fees received each day or, for asset management fees, each month, relate specifically to the DSB's efforts to transfer the services for that day or month, which is distinct from the services provided in other days or quarters. In addition, the amount allocated corresponds to the value provided to the customer for that period.

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). The Bank estimates the IBR using interest rate models based on observable inputs (such as market interest rates) and is required to make certain specific adjustments (such as the credit risk or to adjustments to reflect the terms and conditions of the lease).

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 2020 and 2019 respectively, the core business activities of DSB from which it earns revenues and incur expenses are divided in 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, total assets and liabilities is presented in the following tables for the periods ending 31 December 2020 and 31 December 2019. In this segmentation overview, multiple segmentation amounts are allocated using different weights, depending on the nature of the amounts. Therefore, the allocation is based on the nature of the cost, revenue, assets and liabilities and the consideration of what segment these amounts relate to. Aspects hereby considered are:

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

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	54,024	220,378	29,448	-	-	303,850
Interest expense calculated using the effective interest method	(70,576)	(84,048)	(588)	(663)	-	(155,875)
Net interest income	**(16,552)**	**136,330**	**28,860**	**(663)**	**-**	**147,975**
Fee and commission income	46,659	32,377	13,785	9,070	-	101,891
Fee and commission expense	(3,818)	(714)	(149)	(398)	(2,341)	(7,420)
Net fees and commission income	**42,841**	**31,663**	**13,636**	**8,672**	**(2,341)**	**94,471**
Net trading income	-	-	69,732	-	-	69,732
Impairment gains/(losses) from changes in the expected credit loss	(3,395)	(72,364)	19,517	(91)	-	(56,333)
Net gain or (loss) on financial assets and liabilities at fair value through profit or loss	-	-	(35,508)	-	-	(35,508)
Other operating income	1,920	16,034	157,024	5,520	-	180,498
Net operating income	**24,814**	**111,663**	**253,261**	**13,438**	**(2,341)**	**400,835**
Personnel expenses	(69,249)	(12,947)	(2,710)	(12,983)	(42,453)	(140,342)
Depreciation of property, equipment and right-of-use assets	(6,756)	(1,263)	(264)	(719)	(4,142)	(13,144)
Amortisation of intangible assets	(7,002)	(1,309)	(274)	(731)	(4,292)	(13,608)
Other operating expenses	(47,266)	(8,928)	(1,849)	(6,437)	(28,973)	(93,453)
Total operating expenses	(130,273)	(24,447)	(5,097)	(20,870)	(79,860)	(260,547)
Net income before tax	**(105,459)**	**87,216**	**248,164**	**(7,432)**	**(82,201)**	**140,288**
Income tax income expense	-	-	-	(2,820)	(19,212)	(22,032)
Net income	**105,459**	**87,216**	**248,164**	**(10,252)**	**(101,413)**	**118,256**
Total assets	**1,972,096**	**4,849,056**	**5,206,096**	**176,918**	**99,389**	**12,303,555**
Total Liabilities	**5,659,069**	**5,926,001**	**210,730**	**2,299**	**307,573**	**12,105,672**
Net cash flows from/(used in):	**5,659,069**					
Operating Activities	104,328	469,475	1,064,807	56,499	(9,842)	**1,685,267**
Investing Activities	5	23	50	3	-	**81**
Financing Activities	4,106	18,477	41,908	2,223	(387)	**66,327**

in thousand SRD for the year ended 31 December 2019	**Retail banking**	**Corporate banking**	**Treasury**	**Asset Management**	**Other**	**2019**
Interest income calculated using the effective interest method	58,747	164,283	92,258	-	-	315,288
Interest expense calculated using the effective interest method	(74,705)	(98,716)	-	(857)	-	(174,278)
Net interest income	**(15,958)**	**65,567**	**92,258**	**(857)**	**-**	**141,010**
Fee and commission income	37,085	27,077	1,727	9,310	-	75,199
Fee and commission expense	(2,985)	(619)	(56)	(282)	(1,689)	(5,631)
Net fee and commission income	**34,100**	**26,458**	**1,671**	**9,028**	**(1,689)**	**69,568**
Net trading loss	-	-	(20,608)	-	-	(20,608)
Impairment gains/(losses) from changes in the expected credit loss	(12,126)	16,656	(41,223)	3,791	-	(32,902)
Net loss on financial assets and liabilities at fair value through profit or loss	-	-	(6,047)	-	-	(6,047)
Other operating income	2,242	23,372	539	1,321	-	27,474
Net operating income	**8,258**	**132,053**	**26,590**	**13,283**	**(1,689)**	**178,495**
Personnel expenses	(59,765)	(12,404)	(1,128)	(10,641)	(33,828)	(117,766)
Depreciation of property, equipment and right-of-use assets	(7,168)	(1,488)	(135)	(678)	(4,058)	(13,527)
Amortization of intangible assets	(6,664)	(1,383)	(126)	(629)	(3,771)	(12,573)
Other operating expenses	(37,085)	(8,030)	(1,637)	(4,332)	(20,982)	(72,066)
Total operating expenses	(110,682)	(23,305)	(3,026)	(16,280)	(62,639)	(215,932)
Net income before tax	**(102,424)**	**108,748**	**23,564**	**(2,997)**	**(64,328)**	**(37,437)**
Income tax income (expense)	-	-	-	(2,420)	1,712	(708)
Net Income / Loss	**(102,424)**	**108,748**	**23,564**	**(5,417)**	**(62,616)**	**(38,145)**
Total assets	**923,602**	**3,018,140**	**2,954,284**	**178,521**	**68,915**	**7,143,462**
Total Liabilities	**3,233,227**	**3,645,000**	**129,781**	**3,951**	**193,073**	**7,205,032**
Net cash flows from/(used in):						
Operating Activities	(7,854)	(125,596)	(25,290)	(12,634)	1,606	(169,768)
Investing Activities	(234)	(3,743)	(753)	(376)	48	(5,058)
Financing Activities	67	1,070	215	108	(14)	1,446

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 2020 or 2019.

8 Interest and similar income

in thousand SRD for the year ended 31 December	2020	2019
Interest income calculated using the effective interest method		
Deposits with central banks	759	292
Deposits with other banks	-	2,009
Debt instruments at amortized cost	28,689	89,957
Loans and advances to customers	274,402	223,030
Total interest and similar income	**303,850**	**315,288**

Included in the interest income are corresponding adjustment 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 behaviour of the balances.

9 Interest and similar expense

in thousand SRD for the year ended 31 December	2020	2019
Interest expense calculated using the effective interest method		
Due to banks	6,435	4,472
Debt issued and other borrowed funds	6,062	6,086
Interest expense on lease liabilities	663	857
Due to customers	142,715	162,863
Total interest and similar expense	**155,875**	**174,278**

10 Net fees and commission income

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	3,293	89	-	-	**3,382**
Rental fees	2,082	330	-	-	**2,412**
Custody fees	-	-	142	-	**142**
Service charges over time	9,447	3,896	-	4,977	**18,320**
Loan origination fees	4,388	2	-	-	**4,390**
Loan commitment fees	-	740	-	-	**740**
Total	**19,210**	**5,057**	**142**	**4,977**	**29,386**
Fee income earned from services that are provided at a point in time:					
Physical transfer fees	6,865	106	-	-	**6,971**
Closing fees	10,642	-	-	237	**10,879**
System transaction fees	9,915	27,214	-	-	**37,129**
Agent fees	-	-	-	3,557	**3,557**
Brand registration	-	-	-	299	**299**
Brokerage fees	-	-	13,643	-	**13,643**
Other fees	27	-	-	-	**27**
Total	**27,449**	**27,320**	**13,643**	**4,093**	**72,505**
Total fee and commision income	**46,659**	**32,377**	**13,785**	**9,070**	**101,891**

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

11 Net trading income/(loss)

in thousand SRD for the year ended 31 December	2020	2019
Debt securities	89	(40)
Foreign exchange transactions	69,643	(20,568)
Total	**69,732**	**(20,608)**

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 on non-trading activities are taken to other operating income/expense in the consolidated statement of profit and loss.

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

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

in thousand SRD for the year ended 31 December 2020	Stage 1	Stage 2	Stage 3	POCI	Total
Cash and balances with central banks	-	1,080	72,134	-	73,214
Due from banks	(356)	1,293	-	-	937
Debt instruments measured at amortized cost	(197)	(3,778)	(2,106)	-	(6,081)
Loans and advances to customers	15,935	1,143	(63,714)	-	(46,636)
POCI	-	-	-	(79,285)	(79,285)
Financial guarantees	16	-	1,486	-	1,502
Letters of credit	(6)	-	22	-	16
	15,392	**(262)**	**7,822**	**(79,285)**	**(56,333)**

in thousand SRD for the year ended 31 December 2019	Stage 1	Stage 2	Stage 3	POCI	Total
Cash and balances with central banks	-	(4,673)	(97,490)	-	(102,163)
Due from banks	550	(1,260)	-	-	(710)
Debt instruments measured at amortized cost	6	407	41,854	-	42,267
Loans and advances to customers	15,320	(4,353)	17,706	-	28,673
Financial guarantees	8	-	(1,372)	-	(1,364)
Letters of credit	392	-	3	-	395
	16,276	**(9,879)**	**(39,299)**	**-**	**(32,902)**

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

in thousand SRD for the year ended 31 December	2020	2019
Financial assets designated at fair value through profit or loss	-	736
Financial liabilities mandatorily measured at fair value through profit or loss	(35,508)	(6,783)
	(35,508)	**(6,047)**

14 Other operating income

in thousand SRD for the year ended 31 December	2020	2019
Result from investments in associates	252	42
Exchange rate results	161,213	501
Recovery of loans written-off	2,649	5,487
Other operating income	16,384	21,444
	180,498	**27,474**

Exchange rate results include net of Open currency position (OCP) revaluation, gains or losses from foreign exchange trading under spot contracts and net of provision and reversal of ECL.

15 Personnel expenses

in thousand SRD for the year ended 31 December	2020	2019
Wages and salaries	88,886	82,056
Social security costs	8,763	8,239
Post-employment benefit plan obligations costs	17,207	10,000
Post-employment healthcare plan obligation costs	7,428	3,606
Anniversary payment plan obligation costs	233	6,667
Training expenses	767	1,084
Other personnel expenses	17,058	6,114
	140,342	**117,766**

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

16 Other operating expenses

in thousand SRD for the year ended 31 December	2020	2019
Advertising and marketing costs	2,270	1,858
Result from investments in associates	-	573
Exchange rate results	-	364
Housing	13,275	12,656
Maintenance costs	24,671	21,631
Professional fees	25,926	9,216
Telephone charges	4,604	3,322
Money transport	3,170	2,000
Office Supplies	7,522	7,081
Other operating expenses	12,015	13,365
	93,453	**72,066**

Maintenance costs are cost related to maintenance of electronics (including ATMs). Costs related to security and maintenance of bank buildings, insurance and utilities amounting a total of SRD 12.6 million are included in Housing costs.

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 31 December 2020 and 2019 is, as follows:

Income tax income (expense)		
in thousand SRD for the year ended 31 December	**2020**	**2019**
Accounting profit/(loss) before tax	140,288	(37,437)
Equity Booking	63,812	(43,981)
Other movements	-	(6)
Participation losses not subject to tax:	(252)	573
Temporary differences:	(53,367)	4,705
Statutory Taxable Income/(Loss):	**150,481**	**(76,146)**
Current income tax charge of consolidated subsidiaries (STM)	(2,820)	(2,420)
Deferred tax relating to origination and reversal of temporary differences through P&L	(19,212)	1,712
Income tax (expense)/benefit reported in the consolidated income statement	**(22,032)**	**(708)**

Effective Tax Rate		
in thousand SRD for the year ended 31 December	**2020**	**2019**
Income/(Loss) before tax	140,288	(37,437)
Tax at statutory rate 36%	50,504	(13,477)
Differences:		
Tax effect on losses not recognized	(28,381)	13,979
Participation	(91)	206
Total tax charge	**22,032**	**708**

The Bank has incurred aggregated tax losses in the past years of SRD 297.1 million (2019: SRD 325.3 million). 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. Based on management's current assessment, it is not probable that the Bank will generate sufficient taxable profits to utilize all of its losses before expiration. If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by SRD 106.9 million (2019: SRD 117 million).

17.2 Current tax

The current tax assets (2020: SRD 2.4 million and 2019: SRD 20.5 million) in the consolidated statements of financial position consist of overpaid income tax. Current tax liabilities (2020: SRD 1.0 million and 2019: SRD 169 thousand) consist of outstanding sales tax payable to tax authorities as of 31 December 2020 and 2019 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 Assets *in thousand SRD for the year ended 31 Dec.*	2020				2019			
	Opening Balance	Changes through P&L	Changes through OCI	Closing Balance	Opening Balance Deferred tax assets	Changes through P&L	Changes through OCI	Closing Balance
Revaluation decreases - PPE	-	5,623	-	5,623	-	-	-	-
Other temporary differences (Leases)	219	2,406	-	2,625	139	80	-	219
Total	**219**	**8,029**	**-**	**8,248**	**139**	**80**	**-**	**219**

Deferred Tax Liablilties *in thousand SRD for the year ended 31 Dec.*	2020				2019			
	Opening Balance	Changes through P&L	Changes through OCI	Closing Deferred Tax Liablilties	Opening Deferred Tax Liablilties	Changes through P&L	Changes through OCI	Closing Balance
Revaluation and hyperinflation on PPE and intangibles	29,945	(1,999)	43,572	71,518	31,635	(1,690)	-	29,945
Revaluation and hyperinflation on investment properties	522	553	-	1,075	522	-	-	522
Revaluation due to hyperinflation on other assets	260	1,898	-	2,158	201	59	-	260
Unrealized FX Gains	27,288	26,789	-	54,077	27,288	-	-	27,288
Total	**58,015**	**27,241**	**43,572**	**128,828**	**59,646**	**(1,631)**	**-**	**58,015**
Net Total	**57,796**	**19,212**	**43,572**	**120,580**	**59,507**	**(1,711)**	**-**	**57,796**

18 Cash and balances with Central Banks

in thousand SRD for the year ended 31 December	**2020**	**2019**
Cash and cash equivalents	348,219	212,662
Cash reserves with central banks	2,327,757	1,543,321
Loans and advances to central banks	-	384,995
Deposits with central banks	199,984	674,493
Current accounts with central banks	1,100,584	300,870
Subtotal	3,976,544	3,116,341
Allowance for ECL	(34,298)	(102,164)
	3,942,246	**3,014,177**

Cash and cash equivalents include cash items such as banknotes, coins, cash at ATMs and cash in transit. Cash reserves with the Central Banks represent mandatory reserve deposits which are not available for use in DSB's day-to-day operations. Loans and advances to Central Banks regards advances provided to the Central Bank of Suriname resulting from subsequent events (refer to Note 42). Deposits with the Central Banks relates to investments in term deposits at the Central Bank in local and foreign currency. 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 table below shows the credit quality and the maximum exposure to credit risk based on the DSB's internal credit rating system, average PD range and year-end stage classification. The amounts presented are net of allowance for ECL. Details of the DSB's internal grading system and DSB's impairment assessment and measurement approach is set out in section 41.3.3.

In thousand SRD as at 31 December 2020					
Internal rating grade	**Average PD**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing					
1-3	0.0%	1,160,296			1,160,296
4	0.0%		2,726,808		2,726,808
Non-performing					
5,6,7	46.3%			89,440	89,440
Total		**1,160,296**	**2,726,808**	**89,440**	**3,976,544**

In thousand SRD as of 31 December 2019					
Internal rating grade	**Average PD**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing					
1-3	0.0%	294,938			294,938
4	4.06%		1,789,935		1,789,935
Non-performing					
5,6,7	100.0%			1,031,468	1,031,468
Total		**294,938**	**1,789,935**	**1,031,468**	**3,116,341**

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

In thousand SRD	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
	Gross carrying amount	**ECL**	**Gross carrying amount**	**ECL**	**Gross carrying amount**	**ECL**	**Gross carrying amount**	**ECL**
1 January 2020	**294,938**	-	**1,789,935**	**4,675**	**1,031,468**	**97,489**	**3,116,341**	**102,164**
New assets originated	865,358	-	223,573	-	10,493	10,493	**1,099,424**	**10,493**
Payments and assets derecognized	-	-	(302,876)	(1,080)	-	-	**(302,876)**	**(1,080)**
Transfers to stage 2	-	-	200,000	24,261	(200,000)	(24,261)	**-**	**-**
Effect of modifications	-	-	-	-	(759,495)	(58,367)	**(759,495)**	**(58,367)**
Other movements	-	-	17,096	-	-	-	**(3)**	**-**
Reversal of ECL	-	-	-	(24,261)	-	-	**-**	**(24,261)**
Foreign exchange adjustments	-	-	799,080	3,198	6,974	2,151	**806,054**	**5,349**
31 December 2020	**1,160,296**	**-**	**2,726,808**	**6,793**	**89,440**	**27,505**	**3,976,544**	**34,298**

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 2019	**1,308,202**	**-**	**(10)**	**-**	**-**	**-**	**1,308,192**	**-**
New assets originated	(135,781)	-	1,136,052	4,675	1,031,468	97,489	2,031,739	102,164
Payments and assets derecognized	(373,333)	-	-	-	-	-	(373,333)	-
Transfers to stage 2	(504,150)	-	504,150	-	-	-	-	-
Effect of modifications	-	-	149,740	-	-	-	149,740	-
Changes in accrued interest	-	-	3	-	-	-	3	-
31 December 2019	**294,938**	**-**	**1,789,935**	**4,675**	**1,031,468**	**97,489**	**3,116,341**	**102,164**

In 2019, SRD 2.0 billion of new assets were generated while an ECL of SRD 102.2 million was recorded. The largest portion of this increased ECL has been due to the misuse of foreign exchange cash reserves `by the Central Bank of Suriname. It came to DSB's attention that the cash reserves of 2019 held in foreign currency, was misused by the CBvS, without DSB's permission. These misused amounts as agreed with the Central Bank were converted firstly to a USD and a EUR credit facility which were subsequently restructured into a loan that will be repaid over an agreed period. Other new assets generated include term deposits in local and foreign currency, a new USD working account opened for inter-banking transaction purposes and movements in reserve requirements.

The increase of the cash and balances with the Central Bank in 2020 is primarily caused by the effect of modifications which relate to an increase of the balances of working accounts and cash reserves held at CBvS. In 2020 a further increase of SRD 1.1 billion of new assets are generated supplemented by SRD 0.8 billion increase from favorable foreign exchange adjustments however, there was SRD 0.3 billion payments and asset derecognition and SRD 0.7 billion modification terms of the contract with the Central Bank of Suriname (as mentioned above). The restructured instruments now form part of Purchased or originated credit impaired financial assets (POCI) (Note 23).

19 Due from banks

in thousand SRD for the year ended 31 December	2020	2019
Current accounts with other banks	1,485,775	529,083
Deposits with other banks	1,746,524	1,018,677
Subtotal	3,232,299	1,547,760
Allowance for ECL	(820)	(1,757)
	3,231,479	**1,546,003**

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

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

In thousand SRD as of 1 January 2020

Internal rating grade	Average PD	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	0.1%	3,232,302			3,232,302
4	0.0%		(3)		(3)
Non-performing					
5,6,7	0.0%			-	-
Total		**3,232,302**	**(3)**	**-**	**3,232,299**

In thousand SRD as of 31 December 2019

Internal rating grade	Average PD	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	0.1%	1,493,280			1,493,280
4	2.7%		54,480		54,480
Non-performing					
5,6,7	100.0%			-	-
Total		**1,493,280**	**54,480**	**-**	**1,547,760**

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

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2020	**1,493,280**	**464**	**54,480**	**1,293**	**-**	**-**	**1,547,760**	**1,757**
New assets originated	1,744,285	820	-	-	-	-	1,744,285	820
Payments and assets derecognized	(323,169)	(461)	(37,450)	(1,188)	-	-	(360,619)	(1,649)
Unwind of discount	(9)	-	-	-	-	-	(9)	-
Effect of modifications	319,868	-	-	-	-	-	319,868	-
Changes in accrued interest	(1,953)	(3)	(17,033)	(105)	-	-	(18,986)	(108)
31 December 2020	**3,232,302**	**820**	**(3)**	**-**	**-**	**-**	**3,232,299**	**820**

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2019	**2,909,697**	**1,014**	**15,249**	**33**	**-**	**-**	**2,924,946**	**1,047**
New assets originated	323,169	464	37,450	1,293	-	-	360,619	1,757
Payments and assets derecognised	(2,447,594)	(1,010)	(15,192)	285	-	-	(2,462,786)	(725)
Unwind of discount	(30)	-	(2)	-	-	-	(32)	-
Effect of modifications	716,527	-	-	-	-	-	716,527	-
Changes in accrued interest	(8,489)	(4)	16,975	(318)	-	-	8,486	(322)
31 December 2019	**1,493,280**	**464**	**54,480**	**1,293**	**-**	**-**	**1,547,760**	**1,757**

There were no contractual amounts outstanding in relation to Due from banks that were still subject to enforcement activity both at 31 December 2020 and at 31 December 2019. In 2019 a significant decrease is noted in due from banks primarily caused by movement of foreign currency cash reserves, which were invested abroad, to the Central Bank of Suriname and an increase of current accounts with other banks as a result of incoming international transfers and deposits which are not re-invested. The increase of the due from bank in 2020 includes increase in deposits for new assets SRD 1.7 billion while no material changes are recorded in ECL.

20 Derivative financial instruments

in thousand SRD for the year ended 31 December	2020	2019
Foreign currency swaps	(56,734)	(48,270)
Total	**(56,734)**	**(48,270)**

Derivative financial instruments relate to currency swaps. The swaps held by DSB are contracts where DSB pays a specified amount in one currency and receives a specified amount in another currency at a specific exchange rate and date in the future (Note 40). These swap derivatives are valued at fair value and classified generally under Level 3.

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 a consolidated subsidiary, equity investment (as part of financial assets at fair value through profit or loss) or an associate. The following table provides an overview of all investment entities together with classification of the investment type.

	Proportion of ownership			Number of Shares owned	Nominal value per share	Nominal value in (base currency)	Investment type
Investment Entity	**2020**	**2019**	**2018**				
TBL Multiplex	9%	9%	9%	420	USD 1,000	USD 420,000	Equity investment
Stadsherstel	8.49%	8.49%	8.49%	20	SRD 10,000	SRD 200,000	Equity investment
Mastercard	-	-	0.0012%	13,970	USD 0.0001	USD 1.40	Equity investment
Suritrust	100%	100%	100%	1	SRD 50	SRD 50	Subsidiary (Consolidated)
DSB Assuria vastgoed	49%	49%	49%	48,530	SRD 10	SRD 485,296	Associate
B- Nets	25%	25%	25%	240	SRD 1,000	SRD 240,000	Associate

21.2 Financial assets at fair value through profit or loss

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

in thousand SRD for the year ended 31 December	2020	2019
Equity investments		
TBL Multiplex	2,810	2,718
Stadsherstel	336	336
	3,146	**3,054**

21.3 Investments in associates

in thousand SRD for the year ended 31 December	2020	2019
DSB Assuria Vastgoed	-	-
B-Nets	1,645	1,399
	1,645	**1,399**

21.3.1 DSB Assuria Vastgoed N.V. (DAVG)

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

DSB Assuria Vastgoed		
in thousand SRD for the year ended 31 December	**2020**	**2019**
Current assets	21,077	13,168
Non-current assets	75,550	49,316
Current liabilities	(31,212)	(15,850)
Non-current liabilities	(59,506)	(30,872)
Equity	5,909	15,762
Group's share in equity 49%	2,895	7,723
Accumulated GAAP changes	4,843	(4,813)
Accumulated losses to compensate	(7,738)	(2,910)
Group carrying amount on the investment	**-**	**-**

Revenue	19,042	149,314
Cost of sales	(1,307)	(143,208)
Operating expenses	(714)	(5,120)
Finance costs	(26,875)	(2,558)
Profit before tax	**(9,854)**	**(1,572)**
Income tax expense	-	-
Profit for the year	**(9,854)**	**(1,572)**
Groups share of profit of the year (49%)	**(4,828)**	**(770)**

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.

B-Nets		
in thousand SRD for the year ended 31 December	**2020**	**2019**
Current assets	7,076	4,694
Non-current assets	27,015	6,831
Current liabilities	(7,528)	(5,073)
Non-current liabilities	(13,431)	(1,323)
Equity	13,132	5,129
Group's share in equity 25%	3,283	1,282
Accumulated GAAP changes	(1,772)	117
Goodwill	134	-
Group carrying amount on the investment	**1,645**	**1,399**

Revenue	20,970	14,932
Cost of sales	(8,438)	(8,010)
Operating expenses	(9,090)	(6,161)
Finance costs	(1,869)	(258)
Profit before tax	**1,573**	**503**
Income tax expense	(566)	(181)
Profit for the year	**1,007**	**322**
Groups share of profit of the year	**252**	**81**

22 Loans and advances to customers

in thousand SRD for the year ended 31 December	**2020**	**2019**
Advances to customers	738,529	591,160
Credit cards	18,429	15,874
Loans to government entities	389,979	237,577
Loans to private parties	1,795,430	1,387,491
Loans to private parties through Suritrust	178,755	177,148
Subtotal	3,121,122	2,409,250
Allowance for ECL	(515,811)	(344,862)
	2,605,311	**2,064,388**

Loans and advances to customers- ECL								
	Stage 1		**Stage 2**		**Stage 3**		**Total**	
In thousand SRDw	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Advances to customers	31,035	25,948	3,662	2,052	12,887	16,103	**47,584**	**44,103**
Credit cards	396	252	19	30	1,834	1,624	**2,249**	**1,906**
Loans to government entities	-	-	1	1	103,821	58,797	**103,822**	**58,798**
Loans to private parties	7,783	7,396	7,818	7,593	342,010	221,406	**357,611**	**236,395**
Loans to private parties through Suritrust	881	1,138	293	433	3,371	2,089	**4,545**	**3,660**
	40,095	**34,734**	**11,793**	**10,109**	**463,923**	**300,019**	**515,811**	**344,862**

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

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

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 relates to loans financed with DSB's assets managed by Suritrust. The amounts presented are gross of allowance for ECL. Details of the DSB's internal grading system and DSB's impairment assessment and measurement approach is set out in section 41.3.3.

22.1.1 Advances to customers

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

In thousand SRD as of 31 December 2020					
Internal rating grade	**Average PD**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing					
1-3	18.7%	663,843			**663,843**
4	18.7%		38,505		**38,505**
Non-performing					
5,6,7	100.0%			36,181	**36,181**
Total		**663,843**	**38,505**	**36,181**	**738,529**

In thousand SRD as of 31 December 2019					
Internal rating grade	**Average PD**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing					
1-3	33.1%	540,972			**540,972**
4	34.5%		19,038		**19,038**
Non-performing					
5,6,7	100.0%			31,150	**31,150**
Total		**540,972**	**19,038**	**31,150**	**591,160**

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

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carry-ing amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2020	**540,972**	**25,948**	**19,038**	**2,052**	**31,150**	**16,103**	**591,160**	**44,103**
New assets originated	31,515	812	1,986	81	4,282	4,212	**37,783**	**5,105**
Payments and assets derecognized	(214,139)	(9,274)	(2,878)	(101)	(21,974)	(10,560)	**(238,991)**	**(19,935)**
Transfers to stage 1	2,684	727	(1,212)	(151)	(1,472)	(576)	**-**	**-**
Transfers to stage 2	(7,795)	(811)	8,034	992	(239)	(181)	**-**	**-**
Transfers to stage 3	(2,189)	(217)	(3,177)	(169)	5,366	386	**-**	**-**
Impact of transfers on ECL	-	(645)	-	(364)	-	1,081	**-**	**72**
Effect of modifications	59,143	(710)	2,539	(159)	4,610	1,005	**66,292**	**136**
Write-offs	-	-	-	-	(6,623)	(6,623)	**(6,623)**	**(6,623)**
Changes in accrued interest	(921)	(29)	(8)	-	714	714	**(215)**	**685**
Foreign exchange adjustments	254,573	15,234	14,183	1,481	20,367	7,326	**289,123**	**24,041**
31 December 2020	**663,843**	**31,035**	**38,505**	**3,662**	**36,181**	**12,887**	**738,529**	**47,584**

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

In 2019 the overdraft facilities to customers exposure decreased by SRD 58 million. The decrease is primarily caused by the following:

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

In 2020 the portfolio increased by SRD 147 million due to:

- SRD 289.1 million favourable impact from foreign exchange adjustments offset against SRD 239.9 million movement from derecognition of stage 1 facilities and payments on performing overdraft facilities following a minor decrease in the ECL;

22.1.2 Credit cards

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

In thousand SRD as of 31 December 2020					
Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	2.14%	14,832			**14,832**
4	2.29%		772		**772**
Non-performing					
5,6,7	100.00%			2,825	**2,825**
Total		**14,832**	**772**	**2,825**	**18,429**

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

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

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2020	**12,469**	**252**	**954**	**30**	**2,451**	**1,624**	**15,874**	**1,906**
New assets originated	(378)	3	4	-	(41)	3	**(415)**	**6**
Payments and assets derecognized	(17,075)	(102)	(394)	(6)	(706)	188	**(18,175)**	**80**
Transfers to stage 1	1,210	354	(653)	(20)	(557)	(335)	**-**	**(1)**
Transfers to stage 2	(285)	(4)	312	12	(27)	(8)	**-**	**-**
Transfers to stage 3	(739)	(10)	(50)	(3)	789	13	**-**	**-**
Impact of transfers on ECL	-	(654)	-	(6)	-	917	**-**	**257**
Effect of modifications	8,710	41	282	-	744	182	**9,736**	**223**
Write Offs	-	-	-	-	(1,098)	(1,098)	**(1,098)**	**(1,098)**
Changes in accrued interest	(1)	-	(6)	-	(8)	(12)	**(15)**	**(12)**
Foreign exchange adjustments	10,921	516	323	12	1,278	360	**12,522**	**888**
31 December 2020	**14,832**	**396**	**772**	**19**	**2,825**	**1,834**	**18,429**	**2,249**

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

Movements in exposures and ECL related to credit cards are primarily driven by the following three factors in both 2019 and 2020:

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

As shown in table above, the decrease in payments and assets derecognized is compensated by an increase as an effect of modifications and favourable impact of foreign exchange adjustments.

22.1.3 Loans to government entities

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

In thousand SRD as of 31 December 2020					
Internal rating grade	**12 month Basel III PD average**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing					
1-3	0.00%	-			**-**
4	0.00%		234		**234**
Non-performing					
5,6,7	100.00%			389,745	**389,745**
Total		**-**	**234**	**389,745**	**389,979**

In thousand SRD as of 31 December 2019					
Internal rating grade	**12 month Basel III PD average**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing					
1-3	0.00%	-			**-**
4	0.00%		234		**234**
Non-performing					
5,6,7	100.00%			237,343	**237,343**
Total		**-**	**234**	**237,343**	**237,577**

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

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2020	**-**	**-**	**234**	**1**	**237,343**	**58,797**	**237,577**	**58,798**
New assets originated	-	-	-	-	256,448	32,360	**256,448**	**32,360**
Payments and assets derecognized	-	-	-	-	(263,116)	(33,463)	**(263,116)**	**(33,463)**
Changes in accrued interest	-	-	-	-	(27,883)	(117)	**(27,883)**	**(117)**
Foreign exchange adjustments	-	-	-	-	186,953	46,244	**186,953**	**46,244**
31 December 2020	**-**	**-**	**234**	**1**	**389,745**	**103,821**	**389,979**	**103,822**

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2019	**-**	**-**	**82,633**	**300**	**170,544**	**19,029**	**253,177**	**19,329**
New assets originated	-	-	-	-	(13,482)	-	**(13,482)**	**-**
Payments and assets derecognized	-	-	(19,174)	(37)	(7,206)	-	**(26,380)**	**(37)**
Transfers to stage 3	-	-	(60,294)	(256)	60,294	256	**-**	**-**
Impact of transfers on ECL	-	-	-	-	-	6,573	**-**	**6,573**
Effect of modifications	-	-	-	-	13,482	16,489	**13,482**	**16,489**
Changes in accrued interest	-	-	(2,931)	(6)	13,430	16,425	**10,499**	**16,419**
Foreign exchange adjustments	-	-	-	-	281	25	**281**	**25**
31 December 2019	**-**	**-**	**234**	**1**	**237,343**	**58,797**	**237,577**	**58,798**

As shown in table above, the loans to government entities in stage 3 increased to SRD 237.6 million as of December 2019 and even further to SRD 390.0 million as of December 2020. This results in an increase of the ECL recorded at SRD 58.8. million as of 31 December 2019 to SRD 103.8 million as of December 2020. The major increase in ECL in 2019 relates to material loans amounting to SRD 60.3 million becoming non-performing together with the deteriorating credit rating of the Surinamese government supplemented by changes in accrued interest. In 2020, the SRD 45.0 million increase in ECL is mainly from the favourable impact of SRD 187.0 million foreign exchange adjustment.

The decrease of the net loan exposure to the government in 2019 is primarily driven by the following:
- SRD 26.4 million of payments on outstanding balances of stage 2 and stage 3 loans.
- SRD 60.3 million movement from stage 2 to stage 3 requiring an additional ECL of SRD 6.6 million.
- Decrease of SRD 8.9 million due to a greater increase in the ECL compared to the increase in gross carrying amount due to changes in accrued interest and additional disbursements.

The increase of the net loan exposure to the government in 2020 is the ultimate result of:
- SRD 256.4 million increase from new loans granted.
- Increase of SRD 187 million due to foreign exchange adjustments
- Partially offset by SRD 263.1 million derecognized as a result of change in terms of instrument and movement to POCI.

22.1.4 Loans to private parties

The table below summarizes the gross carrying amount in the classification respectively of stage 1, 2 and 3 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 2020					
Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	1.05%	901,482			**901,482**
4	1.36%		108,740		**108,740**
Non-performing					
5,6,7	99.64%			785,208	**785,208**
Total		**901,482**	**108,740**	**785,208**	**1,795,430**

In thousand SRD as of 31 December 2019					
Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	1.30%	635,222			**635,222**
4	1.58%		194,249		**194,249**
Non-performing					
5,6,7	100.00%			558,020	**558,020**
Total		**635,222**	**194,249**	**558,020**	**1,387,491**

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 2020	**635,222**	**7,396**	**194,249**	**7,593**	**558,020**	**221,406**	**1,387,491**	**236,395**
New assets originated	155,845	1,705	51,705	2,044	29,477	6,125	**237,027**	**9,874**
Payments and assets derecognized	(346,383)	(7,188)	(34,726)	(1,815)	(116,763)	42,446	**(497,872)**	**33,443**
Transfers to stage 1	117,316	2,122	(110,728)	(374)	(6,588)	(1,748)	**-**	**-**
Transfers to stage 2	(16,017)	(532)	18,098	1,077	(2,081)	(544)	**-**	**1**
Transfers to stage 3	(17,744)	(73)	(16,875)	(228)	34,618	301	**(1)**	**-**
Impact of transfers on ECL	-	391	-	(659)	-	6,688	**-**	**6,420**
Unwind of discount	348	7	38	2	-	-	**386**	**9**
Effect of modifications	2,030	(2)	-	-	1,777	(424,140)	**3,807**	**(424,142)**
Write-offs	-	-	-	-	(64,639)	(64,639)	**(64,639)**	**(64,639)**
Changes in accrued interest	26,785	532	(1,969)	(103)	(1,823)	434,838	**22,993**	**435,267**
Foreign exchange adjustments	344,080	3,425	8,948	281	353,210	121,277	**706,238**	**124,983**
31 December 2020	**901,482**	**7,783**	**108,740**	**7,818**	**785,208**	**342,010**	**1,795,430**	**357,611**

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2019	**917,462**	**16,174**	**71,260**	**2,132**	**646,964**	**325,787**	**1,635,686**	**344,093**
New assets originated	216,571	2,259	32,763	5,760	209,840	109,891	**459,174**	**117,910**
Payments and assets derecognized	(307,782)	(6,759)	(41,336)	(789)	(300,959)	(172,011)	**(650,077)**	**(179,559)**
Transfers to stage 1	27,649	10,142	(9,959)	(121)	(17,690)	(10,021)	**-**	**-**
Transfers to stage 2	(165,770)	(2,843)	165,942	2,925	(172)	(82)	**-**	**-**
Transfers to stage 3	(42,970)	(978)	(24,253)	(775)	67,222	1,753	**(1)**	**-**
Impact of transfers on ECL	-	(9,616)	-	(1,525)	-	12,633	**-**	**1,492**
Unwind of discount	340	27	86	2	-	-	**426**	**29**
Effect of modifications	3,732	219	501	-	85	5	**4,318**	**224**
Write-offs	-	-	-	-	(54,570)	(54,570)	**(54,570)**	**(54,570)**
Changes in accrued interest	(15,640)	(1,263)	(1,043)	(20)	5,434	7,642	**(11,249)**	**6,359**
Foreign exchange adjustments	1,630	34	288	4	1,866	379	**3,784**	**417**
31 December 2019	**635,222**	**7,396**	**194,249**	**7,593**	**558,020**	**221,406**	**1,387,491**	**236,395**

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

- SRD 341.3 million (net of ECL) of new loans granted.
- SRD 650.1 million decrease in gross carrying amount as a result of down payments and derecognition which resulted in a release of the ECL for SRD 179.6 million.
- Write-offs of stage 3 loans amounting to SRD 54.6 million, resulting in decrease of ECL of same amount.

The increase of the loans to private parties in 2020 is primarily driven by the following:

- SRD 227.2 million (net of ECL) of new loans granted.
- SRD 497.9 million decrease in gross carrying amount as a result of down payments and derecognition while an additional SRD 33.4 million ECL is recorded on these loans. The latter is caused by expiry of collateral of one or more loans.
- Write-offs of stage 3 loans amounting SRD 64.6 million, resulting in decrease of ECL of same amount.
- SRD 706.2 million increase in gross carrying amount due to foreign exchange adjustments resulting in increase of ECL of SRD 125.0 million

22.1.5 Loans to private parties through Suritrust

The table below summarizes the gross carrying amount in the classification respectively of stage 1, 2 and 3 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 2020					
Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	2.83%	155,959			**155,959**
4	2.77%		12,747		**12,747**
Non-performing					
5,6,7	100.00%			10,049	**10,049**
Total		**155,959**	**12,747**	**10,049**	**178,755**

In thousand SRD as of 31 December 2019					
Internal rating grade	12 month Basel III PD average	Stage 1	Stage 2	Stage 3	Total
Performing					
1-3	3.78%	157,582			**157,582**
4	3.64%		10,949		**10,949**
Non-performing					
5,6,7	100.00%			8,617	**8,617**
Total		**157,582**	**10,949**	**8,617**	**177,148**

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

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2020	**157,582**	**1,138**	**10,949**	**433**	**8,617**	**2,089**	**177,148**	**3,660**
New assets originated	17,398	134	2,570	66	261	84	**20,229**	**284**
Payments and assets derecognized	(19,662)	(411)	(1,217)	(61)	(532)	522	**(21,411)**	**50**
Transfers to stage 1	5,715	626	(3,618)	(134)	(2,096)	(492)	**1**	**-**
Transfers to stage 2	(5,404)	(37)	6,307	180	(903)	(143)	**-**	**-**
Transfers to stage 3	(2,257)	(24)	(2,445)	(127)	4,702	151	**-**	**-**
Impact of transfers on ECL	-	(587)	-	(72)	-	1,160	**-**	**501**
Unwind of discount	37	1	2	-	-	-	**39**	**1**
Effect of modifications	2,913	55	200	8	-	-	**3,113**	**63**
Changes in accrued interest	(363)	(14)	(1)	-	-	-	**(364)**	**(14)**
December 31, 2020	**155,959**	**881**	**12,747**	**293**	**10,049**	**3,371**	**178,755**	**4,545**

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
1 January 2019	**98,142**	**763**	**57,088**	**2,516**	**19,986**	**4,170**	**175,216**	**7,449**
New assets originated	18,825	170	1,967	37	775	217	**21,567**	**424**
Payments and assets derecognized	(20,060)	(249)	(1,784)	(47)	(611)	(22)	**(22,455)**	**(318)**
Transfers to stage 1	58,816	3,705	(51,424)	(2,254)	(7,393)	(1,451)	**(1)**	**-**
Transfers to stage 2	(764)	(4)	6,337	1,078	(5,573)	(1,074)	**-**	**-**
Transfers to stage 3	(508)	(3)	(925)	(40)	1,433	43	**-**	**-**
Impact of transfers on ECL	-	(3,285)	-	(848)	-	206	**-**	**(3,927)**
Unwind of discount	29	1	1	-	-	-	**30**	**1**
Effect of modifications	2,629	29	75	-	-	-	**2,704**	**29**
Changes in accrued interest	473	11	(386)	(9)	-	-	**87**	**2**
31 December 2019	**157,582**	**1,138**	**10,949**	**433**	**8,617**	**2,089**	**177,148**	**3,660**

While the portfolio of loans through Suritrust does not change materially in 2019, the ECL allowance does decrease by SRD 3.8 million . The decrease is primarily due to the impact of transfers of loans from stage 2 and stage 3 classification to stage 1. In 2020, minimal increase in ECL is mainly due to transfers from stages 1 and 2 to stage 3.

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 initially 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. These misused amounts as previously agreed with the Central Bank were converted firstly to a USD and a EUR credit facility and then subsequently restructured into a loan to be repaid over an agreed period.

There are two overdraft facilities provided on 29 June 2020 and 1 September 2020 for an amount of SRD 130 million and SRD 120 million, respectively which are also classified as POCI. DSB accepted the debt exchange offer related to these instruments 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	2020			
	USD denominated	EUR denominated	2020 Total	2019
Loans and advances to central banks				
Initial carrying value under Loans and advances to central banks	1,095,267	257,708	1,352,975	-
Less: Discount on the POCI financial assets	(87,709)	(20,637)	(108,346)	-
	1,007,558	**237,071**	**1,244,629**	**-**
			2020	**2019**
Overdraft facility with central banks				
Initial carrying value under Overdraft facility with central banks			257,396	-
Less: Discount on POCI financial assets			(7,196)	-
			250,200	**-**
Total			**1,494,829**	**-**

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				
in thousand SRD for the year ended 31 December	2020			
	USD denominated	EUR denominated	2020 Total	2019
Total discount as a result of present value calculation	54,266	11,680	65,946	-
Revaluation result	48,289	12,450	60,739	-
Less: accretion of discount	(14,846)	(3,493)	(18,339)	-
Discount on POCI financial assets	**87,709**	**20,637**	**108,346**	**-**

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 1 March 2020 with tenor of 8 years or maturity on 1 March 2028 and both at a coupon rate of 6.75% wherein quarterly payments are required.

in thousand SRD for the year ended 31 December	2020	2019
Total discount as a result of present value calculation	13,339	-
Less: accretion of discount	(6,143)	-
Discount on POCI financial assets	**7,196**	**-**

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

24 Debt instruments at amortized cost

in thousand SRD for the year ended 31 December	2020	2019
Treasury Bills	101,753	98,013
Bonds	625,504	202,432
Subtotal	727,257	300,445
Allowance for ECL	(10,732)	(4,626)
	716,525	**295,819**

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

In thousand SRD as of 31 December 2020					
Internal rating grade	**Average PD**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing					
1-3	0.10%	481,455			**481,455**
4	0.63%		144,522		**144,522**
Non-performing					
5,6,7	100.00%			101,280	**101,280**
Total		**481,455**	**144,522**	**101,280**	**727,257**

In thousand SRD as of 31 December 2019					
Internal rating grade	**Average PD**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing					
1-3	2.37%	111,529			**111,529**
4	1.03%		91,377		**91,377**
Non-performing					
5,6,7	100.00%			97,539	**97,539**
Total		**111,529**	**91,377**	**97,539**	**300,445**

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

In thousand SRD	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
	Gross carrying amount	**ECL**	**Gross carrying amount**	**ECL**	**Gross carrying amount**	**ECL**	**Gross carrying amount**	**ECL**
1 January 2020	**111,529**	**59**	**91,377**	**511**	**97,539**	**4,056**	**300,445**	**4,626**
New assets originated	345,487	219	141,408	4,288	101,280	6,163	**588,175**	**10,670**
Payments and assets derecognized	(43,710)	(24)	(89,232)	(13,330)	(97,539)	(4,057)	**(230,481)**	**(17,411)**
Unwind of discount	(118)	-	(21)	(280)	-	-	**(139)**	**(280)**
Changes in accrued interest	3,056	2	990	13,100	-	-	**4,046**	**13,102**
Foreign exchange adjustments	65,211	25	-	-	-	-	**65,211**	**25**
31 December 2020	**481,455**	**281**	**144,522**	**4,289**	**101,280**	**6,162**	**727,257**	**10,732**

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

In 2020 the debt instrument at amortized cost increased significantly mainly driven by the SRD 588.2 million additions from new bond holdings from private corporation issuers and SRD 65.2 million favourable impact from foreign exchange adjustments. A net increase in ECL allowance of SRD 6.1 million was coming from the new holdings and from changes in accrued interest, partially offset by releases related to repayments from instrument issuers.

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

25 Other assets

in thousand SRD for the year ended 31 December	2020	2019
Accounts receivables and sundry debtors	151	9,295
Inventories	4,656	3,021
Prepaid expenses	19,163	7,235
Prepaid interest	21,239	1,483
Settlement and clearing accounts	15,733	15,422
At 31 December	**60,942**	**36,456**

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.

26 Property, equipment and right-of-use assets

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	**162,112**	**4,373**	**34,126**	**274**	**9,685**	**1,975**	**212,545**
Other movements	-	-	-	-	107	(6)	**101**
Additions/ Reassessments	203	1,191	1,613	-	352	1,130	**4,489**
Revaluation increase	81,980	-	-	-	-	-	**81,980**
Revaluation decrease	(15,618)	-	-	-	-	-	**(15,618)**
Disposals	(3,898)	-	(294)	-	-	-	**(4,192)**
At 31 December 2018	**224,779**	**5,564**	**35,445**	**274**	**10,144**	**3,099**	**279,305**
Depreciation and Impairment							
At 1 January 2020	**(43,535)**	**(3,068)**	**(26,901)**	**(274)**	**(1,279)**	**(668)**	**(75,725)**
Other movements	-	-	-	-	-	4	**4**
Depreciation charge for the year	(3,252)	(1,999)	(5,817)	-	(1,574)	(502)	**(13,144)**
Depreciation eliminated due to revaluation	38,934	-	-	-	-	-	**38,934**
Depreciated amount on disposals	1,341	-	261	-	-	-	**1,602**
At 31 December 2020	**(6,512)**	**(5,067)**	**(32,457)**	**(274)**	**(2,853)**	**(1,166)**	**(48,329)**
At 31 December 2020	**218,267**	**497**	**2,988**	**-**	**7,291**	**1,933**	**230,976**

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 2019	**160,350**	**4,304**	**32,713**	**1,153**	**9,097**	**1,638**	**209,225**
Additions	1,762	69	1,413	135	588	337	**4,304**
Disposals	-	-	-	(1,014)	-	-	**(1,014)**
At 31 December 2019	**162,112**	**4,373**	**34,126**	**274**	**9,685**	**1,975**	**212,545**
Depreciation and Impairment							
At 1 January 2019	**(40,227)**	**(1,885)**	**(19,906)**	**(548)**	**-**	**-**	**(62,566)**
Depreciation charge for the year	(3,308)	(1,183)	(6,995)	(94)	(1,279)	(668)	**(13,527)**
Depreciated amount on disposals	-	-	-	368	-	-	**368**
At 31 December 2019	**(43,535)**	**(3,068)**	**(26,901)**	**(274)**	**(1,279)**	**(668)**	**(75,725)**
At 31 December 2019	**118,577**	**1,305**	**7,225**	**-**	**8,406**	**1,307**	**136,820**

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	2020
Cost	48,398
Accumulated Depreciation and Impairment	(12,262)
Net Carrying Amount	**36,136**

27 Investment properties

in thousand SRD for the year ended 31 December	2020	2019
Opening balance at 1 January	**2,180**	**2,180**
Revaluation increase	1,758	-
Disposals	(223)	-
Closing balance at 31 December	**3,715**	**2,180**

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

in thousand SRD for the year ended 31 December	2020	2019
Cost or valuation		
At 1 January	56,782	54,089
Additions	1,327	2,693
At 31 December	**58,109**	**56,782**
Amortization		
Accumulated amortization at 1 January	(34,128)	(21,555)
Amortization charge for the year	(13,608)	(12,573)
At 31 December	**(47,736)**	**(34,128)**
At 31 December	**10,373**	**22,654**

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

29 Due to customers

in thousand SRD for the year ended 31 December	2020	2019
Current accounts of customers	4,695,173	2,708,645
Savings accounts of customers	4,103,065	2,246,623
Deposits of customers	2,140,149	1,695,415
At 31 December	**10,938,387**	**6,650,683**

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

30 Other liabilities

in thousand SRD for the year ended 31 December	2020	2019
Accounts payables and sundry creditors	1,110	702
Accrued expenses	37,842	13,570
Unearned fee and commissions	8,995	10,666
Lease Liabilities	16,520	10,328
Settlement and clearing accounts	86,646	19,310
At 31 December	**151,113**	**54,576**

Settlement and clearing accounts include accounts to be settled with other local banks as a result of ATM and Point-Of-Sale System transactions made by DSB cardholders at another bank's ATM or POS machine. All unearned fees and commissions at the end of the previous year have been recognized as revenue in the current year.
The table below provide some details on the movements of the lease liabilities throughout the financial years 2020 and 2019. A maturity analysis of the lease liabilities is disclosed in Note 41.4.1.3.

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

Lease Liabilities

in thousand SRD	Vehicles	Buildings	Total
As atAs at 1 January 2020	**1,361**	**8,967**	**10,328**
Other movements	(6)	107	101
Additions	1,130	352	1,482
Accretion of interest	92	571	663
Payments	(778)	(2,601)	(3,379)
FX Rate remeasurement	1,683	5,642	7,325
As at 31 December 2020	**3,482**	**13,038**	**16,520**
As at 1 January 2019	**1,668**	**9,455**	**11,123**
Additions	337	583	920
Accretion of interest	49	808	857
Payments	(695)	(1,887)	(2,582)
FX Rate remeasurement	2	8	10
As at 31 December 2019	**1,361**	**8,967**	**10,328**

31 Debt issued and other borrowed funds

31.1 USD 10 million subordinated loan

Debt issued and other borrowed funds

in thousand SRD for the year ended 31 December	2020	2019
Subordinated loan		
Outstanding balance	141,551	72,397
Accrued interest	4,913	4,361
At 31 December	**146,464**	**76,758**

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

The subordinated loan is valued at amortized cost using the Effective Interest Rate method (EIR). As of 31 December 2020, the loan is valued at SRD 146.5 million (2019: SRD 76.8 million). The fair value is SRD 196.5 million (2019: SRD 107.9 million). This difference in value is due to the discount rate being used for DSB credit risk. Based on the term deposit market rates in Suriname, DSB's market credit risk results in an effective interest rate of 3%, resulting in the excessive spread for the subordination.

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

32 Provisions and other contingent liabilities

32.1 Provisions

in thousand SRD for the year ended 31 December	**2020**	**2019**
Financial guarantees	315	1,620
Letters of Credit	-	16
Allowance for ECL	**315**	**1,636**
Other provisions	8,089	5,885
At 31 December	**8,404**	**7,521**

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

32.2 Impairment allowance on financial guarantees and letters of credit

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

In thousand SRD as at 1 January 2018

Internal rating grade	**Average PD**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing					
1-3	10.21%	230,594			**230,594**
4	7.63%		1,060		**1,060**
Non-performing					
5,6,7	100.00%			4,576	**4,576**
Total		**230,594**	**1,060**	**4,576**	**236,230**

In thousand SRD as of 31 December 2018

Internal rating grade	**Average PD**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing					
1-3	10.16%	153,261			**153,261**
4	17.75%		984		**984**
Non-performing					
5,6,7	100.00%			4,621	**4,621**
Total		**153,261**	**984**	**4,621**	**158,866**

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

In thousand SRD	Stage 1		Stage 2		Stage 3		Total	
	Outstanding Exposure	ECL	Outstanding Exposure	ECL	Outstanding Exposure	ECL	Outstanding Exposure	ECL
1 January 2020	**153,261**	**24**	**984**	**-**	**4,621**	**1,612**	**158,866**	**1,636**
New assets originated	109,314	11	-	-	169	-	**109,483**	**11**
Payments and assets derecognized	(111,166)	(46)	(949)	-	(2,269)	(1,417)	**(114,384)**	**(1,463)**
Transfers to stage 2	(1,025)	-	1,025	-	-	-	**-**	**-**
Effect of modifications	4,416	-	-	-	-	(91)	**4,416**	**(91)**
Changes in accrued interest	68,857	24	-	-	-	-	**68,857**	**24**
Foreign exchange adjustments	6,937	1	-	-	2,055	197	**8,992**	**198**
31 December 2020	**230,594**	**14**	**1,060**	**-**	**4,576**	**301**	**236,230**	**315**

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

In 2020, the exposure increased by SRD 77.4 million, while SRD 1.3 million ECL was released which is mainly related to the provision for a stage 3 commitment in prior year. SRD 109.5 million of new commitments were granted, while SRD 114.4 million of outstanding amount was paid off in 2020.

While in 2019 SRD 47.2 million of new financial guarantees and letters of credit were granted, the net exposure on these commitments decreased by SRD 29.9 million due to SRD 77.3 million of outstanding amount paid off during the year. As result of additional SRD 1.4 million ECL recorded for a stage 3 commitment, a net SRD 0.98 million ECL increase is recorded in 2019.

32.3 Contingent liabilities

As at December 31, 2020, 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 1.6 billion (2019: SRD 847.2 million), while the timing of the outflow is uncertain. Although there are no specific implications, additional legal claims against DSB or its subsidiary might be possible.

A specific litigation proceeding is related to money which has been confiscated in 2018 in The Netherlands during its shipment to China. This shipment was done by the Central Bank of Suriname on behalf of three commercial banks. The affected parties have started in 2019 a legal procedure to force the authorities to release this money and the Court of Law Amsterdam came to the conclusion that the money shipment has been done under state immunity and the public prosecution office was not entitled to seize the money involved in the shipment.
As a result, the Court of Law demanded the release the money. The public prosecutor decided to appeal at the High Court. The High Court decided in July 2021 that the consideration of state-immunity is not well motivated, and they have referred the legal case back to the Court of Law Amsterdam for renewed legal treatment, which is expected to take place at the end of 2023.

Based on legal advice obtained from independent legal counsel, management is of the view that the Bank 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	2020	2019
Undrawn commitments	697,638	322,889
Financial guarantees	82,034	100,446
Letters of Credit	154,196	58,420
At 31 December	**933,868**	**481,755**

Third party assets held in custodian

Third party assets held in custodian

DSB provides custody and transaction services to third parties. At the reporting date, the Bank had investments assets under custodian on behalf of third parties in SRD, GBP and USD amounting from shares with a nominal value of SRD 38.4 million (2019: SRD 64.4 million) and Gold Certificates with a market value of SRD 47.7 million (2019: SRD 20.1 million).

DSB acts in fiduciary capacities that result in the holding or placing of assets on behalf of third parties. These assets and income arising thereon are excluded from these consolidated financial statements.

Third party assets held in custodian

in thousand SRD for the year ended 31 December	2020	2019
Shares nominal value:		
Listed	1,760,045	53,411,102
Unlisted	36,604,392	14,036,977
	38,364,437	**67,448,079**
Gold Certificate market value	**47,739,416**	**20,163,755**

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 the bank 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 the bank 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, the bank 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 the bank maintained in previous years did not comply to the local pension act "Wet Algemeen Pensioen 2014". The pension act requires the bank to maintain a defined benefit plan rather than a defined contribution plan. In compliance to the act, DSB is obliged to implement a pension plan that offers the employees benefits that are at least equal to the benefits under the general pension plan. In compliance to the pension act, DSB has recorded a total provision of SRD 61.9 million for the fiscal year ended 2019 as a result of the current pension plan to be categorized as a defined benefit plan. In 2020, there was zero net obligation payable on the pension plan (see Note 33.1 for further discussion on this).

In addition, the bank maintains a defined benefit plan providing other post-employment benefits to retired employees, of which the healthcare plan and Christmas vouchers are denominated in USD. The foreign exchange result relating to these plans is presented in the "Other operating income" These arrangements are contained in the 'Regulation on provisions for DSB pensioners' and form a direct liability for the bank, having no deductible assets for the defined benefit plan.

The defined benefit post-employment benefits are as follows:

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

Net employee defined benefit liabilities

in thousand SRD for the year ended 31 December	2020	2019
Short-term net employee benefits	17,172	7,935
Pension plan	-	61,874
Post-employment healthcare plan	108,095	53,673
Provision for anniversary payments	23,858	25,727
Other post-employment benefit liabilities	28,037	22,936
	177,162	**172,145**

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, 2020 by a registered actuary.

33.1 Pension Plan (Liability)

As of December 2020 the fair value of the assets plan amounts to SRD 425.5 million which exceeds the present value of the obligation (DBO) amounting to SRD 416.5 million with the amount of SRD 9.0 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 31 December 2020, 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 9.0 million resulting in a zero liability as of December 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 obligations from post-employment healthcare plan:

in thousand SRD for the year ended 31 December 2020		Benefit cost charged to profit or loss					
Pension plan	**1 January 2020**	Current Service cost	Past Service Cost	Interest cost	Other cost	Net Foreign Exchange Loss/ Gain	**Subtotal P&L**
Fair value of plan assets	**233,988**	3,927	-	15,446	(935)	-	**18,438**
Defined benefit obligation	**(295,862)**	(13,637)	-	(19,045)	-	-	**(32,682)**
Asset ceiling	**-**	-	-	-	-	-	**-**
Net Benefit Liability	**(61,874)**	**(9,710)**	**-**	**(3,599)**	**(935)**	**-**	**(14,244)**

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

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

Defined benefit obligation at 1 January 2020	**53,673**
Interest cost	3,157
Current service cost	4,162
Benefits paid	(3,055)
Net Foreign Exchange Loss/Gain	47,761
Remeasurements	2,397
Defined benefit obligation at 31 December 2020	**108,095**

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

in thousand SRD for the year ended 31 December 2020		Benefit cost charged to profit or loss				
Other post-employment benefit liabilities	**1 January 2020**	Current Service cost	Past Service Cost	Interest cost	Net Foreign Exchange Loss/Gain	**Subtotal P&L**
Bonus to pensioners	**2,039**	43	-	131	-	**174**
Funeral expenses for pensioners	**4,424**	140	-	377	-	**517**
Social security benefits to pensioners	**972**	-	-	62	-	**62**
Lump sum to pensioners	**7,801**	305	-	502	-	**807**
Christmas vouchers for pensioners	**4,735**	282	-	270	4,213	**4,765**
Easter benefit for pensioners	**2,691**	104	-	173	-	**277**
Retirement gift	**274**	17	-	17	-	**34**
Net Benefit Liability	**22,936**	**891**	**-**	**1,532**	**4,213**	**6,636**

	Remeasurement gains/(losses) in OCI					
Benefits Paid	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Asset ceiling	**Sub-total included in OCI**	**Contributions paid by DSB**	**31 December 2020**
(9,042)	-	171,932	-	**171,932**	**10,214**	**425,530**
9,042	(112,571)	15,582	-	**(96,989)**	**-**	**(416,491)**
-	-	-	(9,039)	**(9,039)**	**-**	**(9,039)**
-	**(112,571)**	**187,514**	**(9,039)**	**65,904**	**10,214**	**-**

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

	Remeasurement gains/(losses) in OCI			
Benefits Paid	Actuarial changes arising from changes in financial assumptions	Experience adjustments	**Sub-total included in OCI**	**31 December 2020**
(158)	(100)	-	(100)	**1,955**
(135)	(391)	-	(391)	**4,415**
(99)	(32)	-	(32)	**903**
(297)	(605)	-	(605)	**7,706**
(414)	1,042	-	1,042	**10,128**
(98)	(208)	-	(208)	**2,662**
(28)	(12)	-	(12)	**268**
(1,229)	**(306)**	**-**	**(306)**	**28,037**

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

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

	2020	**2019**
Future consumer price index increases:		
SRD		
2019	N/A	N/A
2020	N/A	10.00%
2021	60.00%	10.00%
2022	15.00%	10.00%
2023	10.00%	5.00%
2024 and following years	5.00%	5.00%
USD	2.00%	2.20%
Discount rate SRD:		
2019	N/A	N/A
2020	N/A	11.50%
2021	61.50%	11.50%
2022	16.50%	11.50%
2023	11.50%	6.50%
2024 and following years	6.50%	6.50%
Single Equivalent Discount rate	10.34%	6.53%
Discount rate USD:		
Healthcare Plan	2.43%	3.16%
Healthcare Plan	2.35%	3.09%
Future salary increases:		
1/1/2019	N/A	N/A
1/1/2020	N/A	12.50%
1/1/2021	2.50%	12.50%
1/1/2022	2.00%	12.00%
1/1/2023 and per January 1st, of following years	2.00%	7.00%
Healthcare cost increase rate:		
1/1/2020	N/A	N/A
1/1/2021 and per January 1st, of following years	2.50%	2.70%
Further life expectation for pensioners at the age of 60:	Years	Years
Male	18.4	18.4
Female	21.0	21.0

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

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	2020	2019
Pension plan		
Defined benefit obligation	416,489	295,862
1% increase of Discount rate	(57,992)	(43,910)
1% decrease of Discount rate	73,931	56,416
1% increase salary increases	25,343	22,458
1% decrease salary increases	(22,942)	(19,241)
1% increase pension adjustment	45,957	33,184
1% decrease pension adjustment	(39,439)	(28,425)
Post-employment healthcare plan		
Defined benefit obligation	108,095	53,673
1% increase of Discount rate	(17,061)	(8,123)
1% decrease of Discount rate	22,676	10,647
1% increase yearly cost	21,856	10,273
1% decrease yearly cost	(16,793)	(8,024)
Provision for anniversary payments		
Defined benefit obligation	23,858	25,727
1% increase of Discount rate	(1,738)	(2,176)
1% decrease of Discount rate	2,007	2,531
1% increase yearly cost	2,210	2,591
1% decrease yearly cost	(1,942)	(2,267)
Other post-employment benefit liabilities		
Defined benefit obligation	28,037	22,936
1% increase of Discount rate	(3,846)	(3,174)
1% decrease of Discount rate	4,935	4,081
1% increase yearly cost	2,815	2,863
1% decrease yearly cost	(2,229)	(2,267)
Accumulated		
Defined benefit obligation	576,479	398,198
1% increase of Discount rate	(80,637)	(57,383)
1% decrease of Discount rate	103,549	73,675
1% increase yearly cost	52,224	38,185
1% decrease yearly cost	(43,906)	(31,799)

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 Provisions 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 2020	**25,727**
Interest cost	1,636
Current service cost	2,074
Benefits paid	(2,102)
Remeasurements	(3,477)
Defined benefit obligation at 31 December 2020	**23,858**
Defined benefit obligation at 1 January 2019	**21,323**
Interest cost	1,511
Current service cost	1,727
Benefits paid	(2,263)
Remeasurements	3,429
Defined benefit obligation at 31 December 2019	**25,727**

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

33.3 Statistics of members and weighted average duration of the plans

Analysis of the DBO and Duration	Defined Benefit Obligation	Duration
Active members	232,379	21.08
Deferred members	20,990	19.24
Pensioners	163,122	7.93
Total	**416,491**	**15.84**

33.4 Expected contributions to the plans in FY 2021

Contributions and benefit payments

Actual and Expected Cash Flows *in thousand SRD*	Expected Jan 1, 2021 - Dec 31, 2021	Actual Jan 1, 2020 - Dec 31, 2020
Contributions to the plan by the employer	14,937	10,214
Contributions by the plan participants	4,669	3,927
Total contributions	**19,606**	**14,141**
Contributions by the plan participants	8,788	9,042
Total benefit payments	**8,788**	**9,042**

33.5 Fair value of the plan assets

The table below provides information about the various asset classes in the fund:

Plan Assets

in thousand SRD	Dec 31, 2020	Dec 31, 2019
Equity type investments	1,292	1,078
Real estate type investments	63,259	26,322
Commodity type investments	47,687	20,142
Fixed interest type investments	-	-
Corporate bonds, not rated	52,050	17,672
Government bonds, not rated	-	-
Other fixed interest type investments	251,093	162,025
Total investments	415,381	227,239
Cash	5,806	3,516
Other assets	4,969	3,601
Other liabilities	(626)	(368)
Total	**425,530**	**233,988**

34 Issued capital and reserves

Issued capital and reserves Authorised

	2020	2019
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 2019	37,225	3,723
Issued in 2019	508	50
At 31 December 2019	**37,733**	**3,773**
Issued in 2020	-	-
At 31 December 2020	**37,733**	**3,773**

In 2019 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. No issuance in the ordinary shares was made in 2020.

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

35 Issued equity instruments

35.1 USD 5 million perpetual bond

On April 23, 2015, the Bank placed USD 5 million nominally “deeply subordinated callable perpetual fixed rate notes” at Assuria Levensverzekering N.V. Based on the subordination and the tenor, the loan is designated as additional capital (additional tier 1 or AT-1) for the determination of the solvency ratio by the Central Bank of Suriname. The fee from the bank’s profit distribution amounts to 9% under restrictive conditions. It has been contractually established that the common equity Tier 1 ratio (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 (equalling the regulatory capital requirement, set at 6%, minus the actual amount of common equity capital tier 1 present), as a percentage of the regulatory capital requirement shall be the percentage with which the principal amount of the equity instrument shall be reduced.

36 Maturity analysis of assets and liabilities

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

Maturity analysis of assets and liabilities:

in thousand SRD as at 31 December 2020	Within 12 months	After 12 months	Total
Assets			
Cash and balances with central banks	1,435,522	2,506,724	**3,942,246**
Due from banks	3,229,686	1,793	**3,231,479**
Financial assets at fair value through profit or loss	-	3,146	**3,146**
Current tax assets	2,368	-	**2,368**
Loans and advances to customers	951,071	1,654,240	**2,605,311**
Purchased or originated credit impaired financial assets	-	1,494,829	**1,494,829**
Debt instruments at amortized cost	66,939	649,586	**716,525**
Investments in associates	-	1,645	**1,645**
Other assets	60,942	-	**60,942**
Property and equipment and right-of-use assets	-	230,976	**230,976**
Investment properties	-	3,715	**3,715**
Intangible assets	-	10,373	**10,373**
Total Assets	**5,746,528**	**6,557,027**	**12,303,555**
Liabilities			
Due to banks	505,790	-	**505,790**
Derivative financial instruments (liabilities)	56,734	-	**56,734**
Due to customers	9,576,799	1,361,588	**10,938,387**
Current tax liabilities	1,038	-	**1,038**
Other liabilities	138,856	12,257	**151,113**
Debt issued and other borrowed funds	-	146,464	**146,464**
Provisions	8,404	-	**8,404**
Net employee defined benefit liabilities	-	177,162	**177,162**
Deferred tax liabilities	-	120,580	**120,580**
Total liabilities	**10,287,621**	**1,818,051**	**12,105,672**

Maturity analysis of assets and liabilities:

in thousand SRD as at 31 December 2019	Within 12 months	After 12 months	Total
Assets			
Cash and balances with central banks	608,848	2,405,329	**3,014,177**
Due from banks	1,524,951	21,052	**1,546,003**
Financial assets at fair value through profit or loss	-	3,054	**3,054**
Current tax assets	20,512	-	**20,512**
Loans and advances to customers	838,859	1,225,529	**2,064,388**
Purchased or originated credit impaired financial assets	-	-	**-**
Debt instruments at amortized cost	128,722	167,097	**295,819**
Investments in associates	-	1,399	**1,399**
Other assets	26,200	10,256	**36,456**
Property and equipment and right-of-use assets	-	136,820	**136,820**
Investment properties	-	2,180	**2,180**
Intangible assets	-	22,654	**22,654**
Total Assets	**3,148,092**	**3,995,370**	**7,143,462**
Liabilities			
Due to banks	137,114	-	**137,114**
Derivative financial instruments (liabilities)	16,164	32,106	**48,270**
Due to customers	5,805,379	845,304	**6,650,683**
Current tax liabilities	169	-	**169**
Other liabilities	46,845	7,731	**54,576**
Debt issued and other borrowed funds	-	76,758	**76,758**
Provisions	7,521	-	**7,521**
Net employee defined benefit liabilities	-	172,145	**172,145**
Deferred tax liabilities	-	57,796	**57,796**
Total liabilities	**6,013,192**	**1,191,840**	**7,205,032**

37 Capital

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

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

37.2 Regulatory capital

in Thousand SRD				
Regulatory capital	**Actual 2020**	**Required 2020**	**Actual 2019**	**Required 2019**
Common Equity Tier1 (CET1) capital	78,397	275,412	(115,952)	169,460
Additional Tier 1	31,728	31,728	31,728	31,728
Other Tier 2 capital instruments	55,063	146,464	-	76,758
Total regulatory capital	**165,188**	**459,021**	**(84,224)**	**282,433**
Risk weighted assets	**4,590,212**		**2,824,334**	
CET1 capital ratio	1.7%		(4.1%)	
Total capital ratio	3.6%		(3.0%)	

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 the bank as the conditions in the agreement allows it to be accounted for as Tier 2 capital.

38 Additional cash flow information

Cash and cash equivalents

in thousand SRD	Notes	2020	2019
Cash and cash equivalents	18	348,219	212,662
Current accounts with central banks	18	1,100,584	300,870
Current accounts with other banks	19	1,485,775	529,083
		2,934,578	**1,042,615**

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	2020	2019
Net change in balances with central bank	18	(467,307)	(1,322,002)
Net change in derivative financial instruments	20	-	30,899
Net change in financial assets designated and mandatorily classified at fair value through profit or loss	21	(92)	19,487
Net change in loans and advances to customers	22	(540,923)	238,415
Net change in POCI	23	(1,494,829)	-
Net change in current tax assets	17	18,144	399
Net change in other assets	25	(24,486)	(6,383)
		(2,509,493)	**(1,039,185)**

Change in operating liabilities

in thousand SRD	Notes	2020	2019
Net change in due to banks		368,676	(70,301)
Net change in due to customers	29	4,287,704	18,688
Net change in derivative financial instruments	20	8,464	(5,401)
Net change in current tax liabilities	17	869	37
Net changes in provision	32	883	6,860
Net change in net employee defined benefit liabilities	33	68,590	1,812
Net change in other liabilities	30	90,346	(40,548)
		4,825,532	**(88,853)**

Net gain/(loss) from investing activities

in thousand SRD	Notes	2020	2019
Change in deposits with central banks	18	474,509	(674,503)
Change in deposits with other banks	19	(728,782)	1,457,596
Change in debt instruments at amortized cost	24	(420,706)	147,700
Change in investments in associates	21	(246)	(80)
		(675,225)	**930,713**

39 Related party disclosures

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

In thousand SRD	Year	Sales to related parties	Purchases from related parties	Amount owed by related parties	Amount owed to related parties	Interest received	Interest Paid
Shareholders	**2020**	-	7,778	22,425	746,665	2,213	45,819
	2019	-	8,065	25,317	566,049	1,862	25,855
Supervisory Board	**2020**	-	-	43	933	9	2
	2019	-	-	16	1,003	23	3
Key Management	**2020**	-	-	4	2,180	-	3
	2019	-	-	257	1,115	9	2
Stichting Pensioenfonds van De Surinaamsche Bank N.V. (Pension Foundation)	**2020**	-	-	-	-	-	-
	2019	-	-	-	61,874	-	-
Associates	**2020**	-	-	283,458	55,036	63	100
	2019	-	-	150,322	2,024	84	1

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

Loans and advances are shown under “Amount owed by related parties”. Advanced insurance payments and claims are also included. The advanced payments concern insurance amounts that have been paid to Assuria N.V. in a certain year but expires next year. The total advanced payments and claims in 2020 are SRD 161 thousand (2019: SRD 574 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 the bank as well as premium payables. A subordinated loan of USD 10 million has been provided by Assuria N.V. Furthermore, Assuria N.V. has participated in Perpetual Bonds of the Bank for USD 5 million (refer to Note 35). In addition, there are payments regarding medical insurance due to Assuria N.V. of an amount of Nil in 2020 and SRD 752 thousand in 2019.

39.1 Shareholders

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

39.2 Supervisory Board

In January 2020 the supervisory board consisted of 5 members of which one member of the previous board Mr. Waddy Sowma and four new members: Mr. Erwin Emanuels, Mr. Stanley Mathura and Mr. Robert Kasanrawi, who were appointed February 2019 and Mr. Dharminder R. Parbhudayal who was appointed January 2020 replacing Ms. Sardjoe then was appointed CRO of DSB and therefore no longer member of the supervisory board.

The above-mentioned shareholders, except the government, have a representative in the board. The following persons were closely related to DSB during financial year 2020 through the supervisory board.

- The chairman of the supervisory board of 2020 was Mr. Erwin Emanuels who is also the CEO of TBL Multiplex (an investment entity of DSB). As of December 28, 2021 he was no longer member of the supervisory board.
- Mr. W. Sowma was part of the previous board and the new board in 2020. He 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.
- As of February 2019 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.
- As of February 2019 Mr. Stanley Mathura is part of the board and is the former CEO of Surichange Bank N.V. , representing Hakrinbank N.V. one of DSB's shareholders.
- As of January 2020 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 2020 key management consisted of Mr. Steven Coutinho (acting CEO), Mr. Rene van Rooij (COO) and Ms. Angela Sardjoe (CRO). Per January 2022 Mr. Coutinho and Mrs. Sardjoe left the organization. During October 2023 Mr. Van Rooij has left the Group.

The remuneration of the Supervisory Board in 2020 amounted to a total of SRD 265,200 and was adopted at the general meeting of shareholders on 26 March 2015.

Compensation key management personnel

in thousands of SRD for the year ended on 31 December	2020	2019
Short term employee benefits	9,128	4,074
Post-employment pension and medical benefits	445	270
Termination benefits	-	1,536
Total compensation paid to key management personnel	**9,573**	**5,880**

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

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

The owed to related party regards the pension contribution liability. The contributions paid by the Group (expenses) are for the fiscal year 2020 SRD 10.214 million and for the fiscal year 2019 SRD 9.662 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.

39.4 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. In order to resolve the non-performing status of these loans, in 2019 the land was sold to the Central Bank of Suriname. Afterwards this transaction was reversed by the Central Bank of Suriname. According to the guarantee agreement between DSB, Assuria N.V, Panaso Vastgoed N.V. and DSB Assuria Vastgoedmaatschappij (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 the Bank can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices of identical instruments).
- Level 3: inputs are unobservable inputs for the asset or liability. For the valuation techniques used, assumptions and inputs include benchmark interest rates, yield curves and credit spreads. The Bank has used yield curve modelling, net present value and discounted cash flow models for its valuation techniques.

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

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

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

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

40.2 Assets and liabilities by fair value hierarchy

40.2.1 Fair value of financial instruments measured at fair value

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

Assets and liabilities by fair value hierarchy

In thousand SRD as of 31 December 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	-	-	3,146	**3,146**
Total financial assets measured at fair value	**-**	**-**	**3,146**	**3,146**
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Foreign exchange contracts	-	-	56,734	**56,734**
Total liabilities measured at fair value	**-**	**-**	**56,734**	**56,734**

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

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

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

In thousand SRD as at 31 December 2020		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Land and Buildings	218,267	-	218,267	-	**218,267**
Investment Property	3,715	-	3,715	-	**3,715**
Total financial assets	**221,982**	**-**	**221,982**	**-**	**221,982**

In thousand SRD as at 31 December 2019		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Land and Buildings	118,577	-	118,577	-	**118,577**
Investment Property	2,180	-	2,180	-	**2,180**
Total financial assets	**120,757**	**-**	**120,757**	**-**	**120,757**

40.2.3 Fair value of financial instruments not measured at fair value

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

In thousand SRD as of 31 December 2020	**Carrying amount**	**Fair Value Amount**	**Unrecognized gain/(loss)**
Financial assets			
Cash and balances with central banks	3,942,246	3,942,246	**-**
Due from banks	3,231,479	3,231,479	**-**
Loans and advances to customers	2,605,311	4,811,843	**2,206,532**
Purchased or originated credit impaired financial assets	1,494,829	1,494,829	**-**
Debt instruments at amortized cost	716,525	735,521	**18,996**
Other assets	60,942	60,942	**-**
Total financial assets	**12,051,332**	**14,276,860**	**2,225,528**
Financial liabilities			
Due to banks	505,790	505,790	**-**
Due to customers	10,938,387	10,890,936	**47,451**
Debt issued and other borrowed funds	146,464	196,480	**50,016**
Other liabilities	151,113	151,113	**-**
Total financial liabilities	**11,741,754**	**10,258,093**	**(1,483,661)**
Total unrecognised change in unrealised fair value			**3,709,189**

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	-	-	4,811,843	**4,811,843**
Debt instruments at amortized cost – bonds	-	644,499	-	**644,499**
	-	**644,499**	**4,811,843**	**5,456,342**
Financial liabilities for which fair value is disclosed				
Due to customers – term deposits	-	-	606,471	**606,471**
Debt issued and other borrowed funds	-	-	196,480	**196,480**
			802,951	**802,951**

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

In thousand SRD as of 31 December 2019	Carrying amount	Fair Value Amount	Unrecognized gain/(loss)
Financial assets			
Cash and balances with central banks	3,014,177	3,014,177	**-**
Due from banks	1,546,003	1,546,003	**-**
Loans and advances to customers	2,064,388	3,095,539	**1,031,151**
Purchased or originated credit impaired financial assets	-	-	**-**
Debt instruments at amortized cost	295,819	124,810	**(171,009)**
Other assets	36,456	36,456	**-**
Total financial assets	**6,956,843**	**7,816,985**	**860,142**
Financial liabilities			
Due to banks	137,114	137,114	**-**
Due to customers	6,650,683	6,730,945	**80,262**
Debt issued and other borrowed funds	76,758	107,868	**31,110**
Other liabilities	54,576	54,576	**-**
Total financial liabilities	**6,919,131**	**7,030,503**	**111,372**
Total unrecognised change in unrealised fair value			**748,770**

In thousand SRD as at 31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets for which fair value is disclosed				
Loans and advances to customers	-	-	3,095,539	**3,095,539**
Debt instruments at amortized cost – bonds	-	103,797	-	**103,797**
	-	**103,797**	**3,095,539**	**3,199,336**
Financial liabilities for which fair value is disclosed				
Due to customers – term deposits	-	-	1,778,272	**1,778,272**
Debt issued and other borrowed funds	-	-	107,868	**107,868**
			1,886,140	**1,886,140**

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

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 the bank'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 the bank. 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, 2020, the loans and advances portfolio are 21% of total assets (2019: 29%). The interest income received from these instruments is 90% of total interest revenue (2019: 71%).

40.4.2 Investment portfolio

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

40.4.2.1 Financial assets – Treasury bills

DSB has treasury bills of the Government of the Republic of Suriname in its investment portfolio. As of December 31, 2020, the treasury bills are 0.8% of total assets (2019: 1.3%). Since the treasury bills are classified as stage 3 instruments in 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 1.6% of total assets (2019: 9.4%) while the portfolio of term deposits at commercial banks is 14.2% of the total assets (2019: 14.1%). Decline in % of 2020 term deposits at CBvS over total assets is due to the reclass of misused cash reserves to POCI.

40.4.2.3 Debt instruments – Bonds

In order to diversify its investment portfolio, the bank also invests in corporate and (foreign) government bonds in both US dollar and Euro. As of December 31, 2020, the bond portfolio was 5.1% of total assets (2019: 2.8%), while the interest income received from bonds is 7.0% of total net income (2019: 0.1%).

40.4.3 Due to customers – Term deposits

Term deposits placed at DSB by customers is a funding source. Term deposits make up 19.6% of the total amount due to customers (2019: 25.5%) and 17.7% of total liabilities (2019: 23.3%). The interest expense paid for these instruments is 92.3% of total interest expense (2019: 93.6%).

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 0.5% of total liabilities as of December 31, 2020 (2019: 0.7%).

40.4.5 Subordinated loan

DSB has a subordinated loan which is part of the bank's (tier 2) capital for calculation of its solvency ratio. Interest costs represent 3.2% of interest expense (2019: 3.5%).

41 Risk management

41.1 Introduction

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

41.2 Risk governance and risk management strategies and systems

41.2.1 Risk management structure

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

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

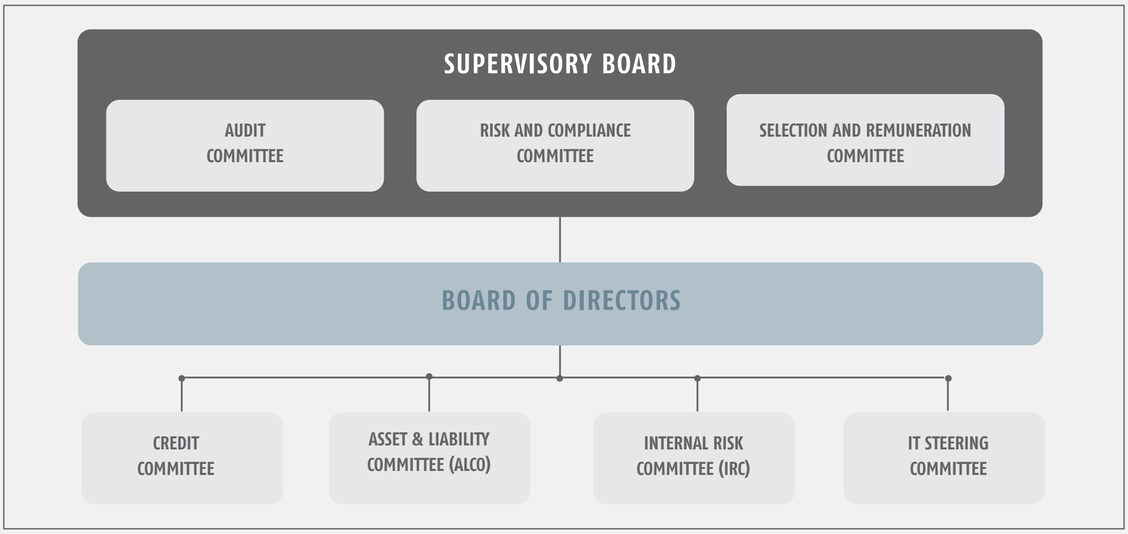


FIGURE 1: RISK STRUCTURE OF DSB

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

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 the bank.

41.2.2 Risk Governance

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

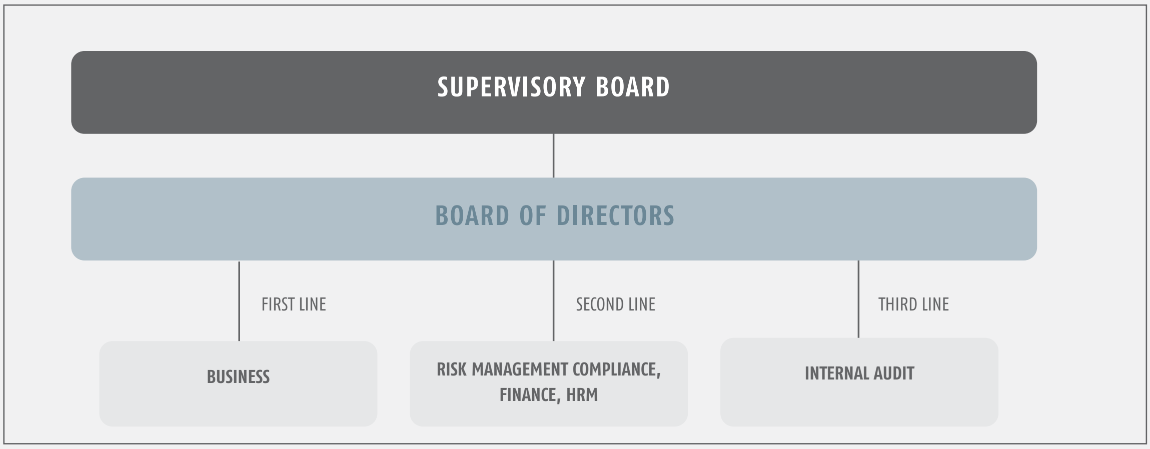


FIGURE 2: RISK STRUCTURE OF DSB

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

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 2020 risk universe:

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

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

Key Risk Indicators (KRI's) are reported and discussed in the IRC. Starting in 2017 an overall bank risk assessment is executed on a yearly basis, resulting in recommendations to mitigate identified risks. In 2020 a follow-up was performed on the status of these recommendations. Furthermore, in 2020 a risk assessment was performed with the management team, resulting in an overview of the top 10 high risks for DSB. An overview of the top 5 risks for DSB identified by the management team is listed below:

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

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

In order to either mitigate and reduce operational risks, following up on internal audit findings is an integral part of DSB's risk management. The internal audit department therefore monitors the progress of each follow-up on a quarterly basis. Related to financial risk, DSB actively makes use of collaterals and, among others, screening of the payback capacity of (potential) customers to mitigate its credit risk. By analysing 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 and 41.5 for further elaboration on DSB's approach to mitigating Credit, Liquidity and Market Risk.

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

41.2.4 Risk measurement and reporting

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

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

In order to identify, analyse, 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 the Bank is exposed to that they decide to take on. DSB's internal training and development emphasizes that employees are made aware of the risk appetite and that employees are supported in their roles and responsibilities to monitor and keep the exposure to risk within the bank's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

41.3 Credit risk

Credit risk is the risk that a counterparty will not meet contractual or other agreed obligations (such as obligations related to credits or loans extended, exposures made or guarantees received), including when resulting from restrictions on foreign payments.

DSB manages and controls credit risk by setting limits on the amount of risk it is willing to accept. DSB distinguishes credit risk in three sub-risk categories, namely:

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

Managing credit risk within DSB falls under the supervision of the Credit Committee. The Credit Committee (CC), which is chaired by the Executive Board, is an internal committee in which credit proposals, credit revisions as well as credit risk reports (including an overview of the credits in pipeline, restructured credits portfolio concentration, non-performing loans, etc.) are being discussed. The Credit Committee is responsible for managing DSB's credit risk through comprehensive policies, governance and review procedures, monitoring of limit sets to ensure these are in line with the overall credit risk appetite and strategy of DSB. The roles and responsibilities of the CC is described in detail in its own charter.

The Credit Risk department, which is part of the Risk Management department, is responsible for working with the business within DSB to ensure the credit risk policy is executed. The Credit Risk department supports and advise the business. All new credit proposals and credit revisions are analysed by the Credit Risk department, resulting in an advice which is presented by the Head of Risk in the weekly CC. Subsequently, the CC approves or declines the credit proposals or revisions based on this advice. The business is primarily responsible for managing credit risk, such as the credit portfolio, as well as maintaining and comply with the credit policy, manuals and laws and regulations.

41.3.1 Credit monitoring

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

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the 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 impairment assessment and the calculation of the expected credit loss provision (refer to section 41.3.3).

41.3.2 Intensive monitoring

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

41.3.3 Impairment Assessment and ECL calculation

During the credit monitoring process, DSB applies an impairment assessment. DSB considers the following portfolios when applying this assessment:

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

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

41.3.3.1 DSB's internal rating system

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

Loans and advances, financial guarantees and letters of credit

For the loans and advances to customers, financial guarantees and letters of credit, DSB makes use of an internal rating system to perform the impairment assessments. This internal rating is driven by the number of days delinquent as well as added manual input from the ERM-Department. Although the credit risk rating is driven by the number of days delinquent, the rating is not consistent between retail and corporate facilities. This internal rating system is different for corporate and retail clients.

For corporate clients, the borrowers are assessed by dedicated credit risk employees of DSB. The credit risk assessment is based on a credit assessment that takes into account various qualitative and quantitative information such as:

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

The complexity and granularity of the rating techniques varies based on the exposure of DSB and the complexity and size of the customer. Some very small corporate loans are rated within the models for retail products. Retail clients are rated by an automated tool primarily driven by days past due.

DSB considers an exposure to have significantly increased in credit risk when the credit risk rating of the facility increases to four (4) and above. Based on DSB's internal credit risk rating system, retail facilities with a credit risk rating of four (4) would have days delinquent ranging from 30 to 59, whereas corporate facilities with a credit risk rating of four (4) would have days delinquent ranging from 60 to 89. The credit risk ratings for corporate facilities are additionally adjusted based on manual scanning procedures based on information as mentioned above. The internal risk rating, guides management to classify facilities as either Stage 1, Stage 2 or Stage 3 as defined in section 4.10.9. The internal rating system together with the applicable staging is outlined in the table below.

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

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

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

Foreign Sovereign and Corporate Securities

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

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

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

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

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

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 Bank and its operational performance.

All financial information for Staatsolie is available in 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 the Bank's internal credit risk rating system, all corporate facilities that are considered default or greater than or equal to 90 days past due, would have a credit risk rating of either five (5), six (6) or seven (7).
- Retail facilities – The Bank considers a retail financial instrument to be non-performing or default in all cases when the borrower becomes 60 days past due on its contractual payments. Based on the Bank's internal credit risk rating system, all retail facilities that are considered default or greater than or equal to 60 days past due, would have a credit risk rating of either five (5), six (6) or seven (7).
- Investments - DSB mainly invests in international counterparties with a Standard & Poor's (S&P) "investment grade" rating of AAA, AA, A or BBB or equivalent, and which are covered by a deposit guarantee scheme. Investments with counterparties with a credit rating <BBB or without a credit rating, must be approved by the ALCO and Supervisory Board (From DSB). As a definition of default, DSB applies ratings below CCC-.

DSB's credit policy, regarding restructured loan, conforms with the guideline of the Central Bank of Suriname (guideline #2: Credit classification and provisioning) and considers a restructured financial loan or facility "cured" and therefore re-classified after an evaluation period as performing and all existing specific provisions are reversed. This after an evaluation period of proven payments of at least three (3) months if there are monthly repayments for retail loans and six (6) months for business/ corporate loans. Restructured credits may not contain terms and conditions that do not require payment of principal or interest during three and six months (retail and business/ corporate loans respectively) after the date of the restructuring, which means that no credits may be extended during this period with a grace period, nor credits with 'bullet payment' conditions.

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

41.3.3.5 Forward Looking Information Adjustments

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

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

Economic scenarios

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

- Base: PDs are not stressed in the base scenario as it is considered a normality scenario with business as usual. A base scenario would indicate that the macroeconomic factors are expected to remain stable.
- Adverse: Multiples are downgraded in absolute percentages to constitute the adverse scenario. An adverse scenario would indicate the macro-economic conditions are expected to worsen.
- Progressive: A progressive scenario would indicate the macroeconomic factors are expected to improve.

Based on the economic perspectives as of December 2020, for the above scenarios, DSB has included almost equally weighted probabilities, resulting in 30%, 35% and 35% for the Progressive, Base and Adverse scenario respectively.

Macroeconomic factors weighting

The macroeconomic factors 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

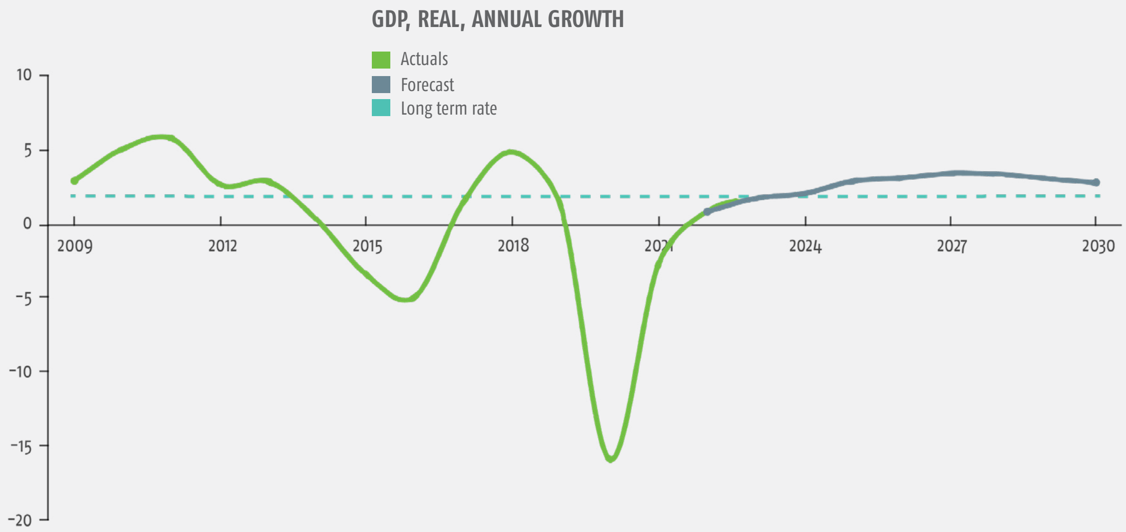
Apart from the economic scenarios and macro-economic factors weighting, an impact state multiplier is applied. This multiplier represents the effect of positive, negative or stable impact on the default rate. For the loans and advances to customers, credit cards, guarantees and letters of credit, this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

The table below summarizes the impact on the PDs applied based on the forward-looking information for 31 December 2020 and 31 December 2019.

Effect of annual real GDP growth forecast

Indicator	2020	2019
Positive	0.90	0.92
Negative	1.02	1.07

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 behavioural 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 behavioural 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	29%
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 31 December 2020 and 2019 in the following tables before taking into account collateral or other credit enhancements.

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	-	-	**3,976,544**	-	-	-	**3,976,544**	-	34,298
Cash and cash equivalents	-	-	348,219	-	-	-	348,219	-	-
Cash reserves with central banks	-	-	2,327,757	-	-	-	2,327,757	-	27,066
Current accounts with central banks	-	-	1,100,584	-	-	-	1,100,584	-	7,232
Deposits with central banks	-	-	199,984	-	-	-	199,984	-	-
Loans and advances to central banks	-	-	-	-	-	-	-	-	-
Debt instruments at amortized cost	**581,133**	**-**	**146,124**	**-**	**-**	**-**	**727,257**	**-**	**10,732**
Bonds	581,133	-	44,371	-	-	-	625,504	-	4,570
Treasury bills	-	-	101,753	-	-	-	101,753	-	6,162
Due from banks	**3,232,299**	**-**	**-**	**-**	**-**	**-**	**3,232,299**	**-**	**820**
Current accounts with other banks	1,485,775	-	-	-	-	-	1,485,775	-	-
Deposits with other banks	1,746,524	-	-	-	-	-	1,746,524	-	820
Loans and advances to customers	**2,327,584**	**526,395**	**389,882**	**-**	**403,656**	**171,243**	**3,121,122**	**697,638**	**515,811**
Advances to customers	735,778	300,860	-	-	2,751	292	738,529	301,152	46,761
Credit cards	5,729	73,508	-	-	12,700	165,281	18,429	238,789	2,249
Current accounts of customers	-	148,492	-	-	-	5,670	-	154,162	823
Loans to government entities	-	-	389,882	-	97	-	389,979	-	103,822
Loans to private parties	1,586,041	3,535	-	-	209,389	-	1,795,430	3,535	357,611
Loans to private parties through Suritrust	36	-	-	-	178,719	-	178,755	-	4,545
Purchased or originated credit impaired financial assets	**-**	**-**	**1,494,829**	**-**	**-**	**-**	**1,494,829**	**-**	**-**
Provisions	**236,230**	**236,230**	**-**	**-**	**-**	**-**	**236,230**	**236,230**	**315**
Financial guarantees	82,034	82,034	-	-	-	-	82,034	82,034	315
Letters of credit	154,196	154,196	-	-	-	-	154,196	154,196	-
Grand Total	**6,377,246**	**762,625**	**6,007,379**	**-**	**403,656**	**171,243**	**12,788,281**	**933,868**	**561,976**

December 31, 2019	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	**-**	**-**	**3,116,341**	**-**	**-**	**-**	**3,116,341**	**-**	**102,164**
Cash and cash equivalents	-	-	212,662	-	-	-	212,662	-	-
Cash reserves with central banks	-	-	1,543,321	-	-	-	1,543,321	-	14,862
Current accounts with central banks	-	-	300,870	-	-	-	300,870	-	4,675
Deposits with central banks	-	-	674,493	-	-	-	674,493	-	53,041
Loans and advances to central banks	-	-	384,995	-	-	-	384,995	-	29,586
Debt instruments at amortized cost	**180,919**	**-**	**119,526**	**-**	**-**	**-**	**300,445**	**-**	**4,626**
Bonds	180,919	-	21,513	-	-	-	202,432	-	569
Treasury bills	-	-	98,013	-	-	-	98,013	-	4,057
Due from banks	**1,547,760**	**-**	**-**	**-**	**-**	**-**	**1,547,760**	**-**	**1,757**
Current accounts with other banks	529,083	-	-	-	-	-	529,083	-	-
Deposits with other banks	1,018,677	-	-	-	-	-	1,018,677	-	1,757
Loans and advances to customers	**1,756,396**	**233,298**	**237,577**	**-**	**415,277**	**89,591**	**2,409,250**	**322,889**	**344,862**
Advances to customers	588,229	118,140	-	-	2,931	281	591,160	118,421	43,566
Credit cards	4,057	38,007	-	-	11,817	88,034	15,874	126,041	1,906
Current accounts of customers	-	74,848	-	-	-	1,266	-	76,114	537
Loans to government entities	-	-	237,577	-	-	-	237,577	-	58,798
Loans to private parties	1,160,049	2,303	-	-	227,442	10	1,387,491	2,313	236,395
Loans to private parties through Suritrust	4,061	-	-	-	173,087	-	177,148	-	3,660
Purchased or originated credit impaired financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Provisions	**158,866**	**158,866**	**-**	**-**	**-**	**-**	**158,866**	**158,866**	**1,636**
Financial guarantees	100,446	100,446	-	-	-	-	100,446	100,446	1,620
Letters of credit	58,420	58,420	-	-	-	-	58,420	58,420	16
Grand Total	**3,643,941**	**392,164**	**3,473,443**	**-**	**415,277**	**89,591**	**7,532,662**	**481,755**	**455,045**

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, 2020	Stage 1		Stage 2		Stage 3	
In thousand SRD	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commit-ments	Gross Carrying Amount	Undrawn Commitments
Cash and balances with central banks	**1,160,296**	**-**	**2,726,808**	**-**	**89,440**	**-**
Cash and cash equivalents	348,985	-	(766)	-	-	-
Cash reserves with central banks	811,311	-	1,427,006	-	-	-
Current accounts with central banks	-	-	1,100,584	-	-	-
Deposits with central banks	-	-	199,984	-	89,440	-
Loans and advances to central banks	-	-	-	-	-	-
Debt instruments at amortized cost	**481,455**	**-**	**144,522**	**-**	**101,280**	**-**
Bonds	481,455	-	144,049	-	-	-
Treasury bills	-	-	473	-	101,280	-
Due from banks	**3,232,302**	**-**	**(3)**	**-**	**-**	**-**
Current accounts with other banks	1,485,775	-	-	-	-	-
Deposits with other banks	1,746,527	-	(3)	-	-	-
Loans and advances to customers	**1,736,116**	**693,438**	**160,998**	**4,200**	**1,244,008**	**-**
Advances to customers	663,843	298,235	38,505	2,917	36,181	-
Credit cards	14,832	237,606	772	1,183	2,825	-
Current accounts of customers	-	154,062	-	100	-	-
Loans to government entities	-	-	234	-	389,745	-
Loans to private parties	901,482	3,535	108,740	-	785,208	-
Loans to private parties through Suritrust	155,959	-	12,747	-	10,049	-
Purchased or originated credit impaired financial assets	**-**	**-**	**-**	**-**	**-**	**-**
Provisions	**230,594**	**230,594**	**1,060**	**1,060**	**4,576**	**4,576**
Financial guarantees	76,398	76,398	1,060	1,060	4,576	4,576
Letters of credit	154,196	154,196	-	-	-	-
Grand Total	**6,840,763**	**924,032**	**3,033,385**	**5,260**	**1,419,304**	**4,576**

POCI		Total		
Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commit-ments	Total ECL
-	**-**	**3,976,544**	**-**	**34,298**
-	-	348,219	-	**-**
-	-	2,327,757	-	**27,505**
-	-	1,100,584	-	**6,793**
-	-	199,984	-	**-**
-	-	-	-	**-**
-	**-**	**727,257**	**-**	**10,732**
-	-	625,504	-	**4,570**
-	-	101,753	-	**6,162**
-	**-**	**3,232,299**	**-**	**820**
-	-	1,485,775	-	**-**
-	-	1,746,524	-	**820**
-	**-**	**3,121,122**	**697,638**	**515,811**
-	-	738,529	301,152	**46,761**
-	-	18,429	238,789	**2,249**
-	-	-	154,162	**823**
-	-	389,979	-	**103,822**
-	-	1,795,430	3,535	**357,611**
-	-	178,755	-	**4,545**
1,494,829	**-**	**1,494,829**	**-**	**-**
-	**-**	**236,230**	**236,230**	**315**
-	-	**82,034**	**82,034**	**315**
-	-	**154,196**	**154,196**	**-**
1,494,829	**-**	**12,788,281**	**933,868**	**561,976**

December 31, 2019	Stage 1		Stage 2		Stage 3	
In thousand SRD	Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commit-ments	Gross Carrying Amount	Undrawn Commit-ments
Cash and balances with central banks	**294,938**	**-**	**1,789,935**	**-**	**1,031,468**	**-**
Cash and cash equivalents	213,428	-	(766)	-	-	-
Cash reserves with central banks	-	-	1,471,348	-	71,973	-
Current accounts with central banks	81,510	-	219,360	-	-	-
Deposits with central banks	-	-	99,993	-	574,500	-
Loans and advances to central banks	-	-	-	-	384,995	-
Debt instruments at amortized cost	**111,529**	**-**	**91,377**	**-**	**97,539**	**-**
Bonds	111,529	-	90,903	-	-	-
Treasury bills	-	-	474	-	97,539	-
Due from banks	**1,493,280**	**-**	**54,480**	**-**	**-**	**-**
Current accounts with other banks	529,083	-	-	-	-	-
Deposits with other banks	964,197	-	54,480	-	-	-
Loans and advances to customers	**1,346,245**	**321,215**	**225,424**	**1,674**	**837,581**	**-**
Advances to customers	540,972	118,040	19,038	382	31,150	-
Credit cards	12,469	125,065	954	976	2,451	-
Current accounts of customers	-	76,113	-	-	-	-
Loans to government entities	-	-	234	-	237,343	-
Loans to private parties	635,222	1,997	194,249	316	558,020	-
Loans to private parties through Suritrust	157,582	-	10,949	-	8,617	-
Purchased or originated credit impaired financial assets	**-**	**-**	**-**	**-**	**-**	**-**
Provisions	**153,261**	**153,261**	**984**	**984**	**4,621**	**4,621**
Financial guarantees	95,096	95,096	729	729	4,621	4,621
Letters of credit	58,165	58,165	255	255	-	-
Grand Total	**3,399,253**	**474,476**	**2,162,200**	**2,658**	**1,971,209**	**4,621**

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.

POCI		Total		
Gross Carrying Amount	Undrawn Commitments	Gross Carrying Amount	Undrawn Commit-ments	Total ECL
-	**-**	**3,116,341**	**-**	**102,164**
-	-	212,662	-	**-**
-	-	1,543,321	-	**14,862**
-	-	300,870	-	**4,675**
-	-	674,493	-	**53,041**
-	-	384,995	-	**29,586**
-	**-**	**300,445**	**-**	**4,626**
-	-	202,432	-	**569**
-	-	98,013	-	**4,057**
-	**-**	**1,547,760**	**-**	**1,757**
-	-	529,083	-	**-**
-	-	1,018,677	-	**1,757**
-	**-**	**2,409,250**	**322,889**	**344,862**
-	-	591,160	118,422	**43,566**
-	-	15,874	126,041	**1,906**
-	-	-	76,113	**537**
-	-	237,577	-	**58,798**
-	-	1,387,491	2,313	**236,395**
-	-	177,148	-	**3,660**
-	**-**	**-**	**-**	**-**
-	**-**	**158,866**	**158,866**	**1,636**
-	-	100,446	100,446	**1,620**
-	-	58,420	58,420	**16**
-	**-**	**7,532,662**	**481,755**	**455,045**

December 31, 2020							
in thousand SRD	**Maximum exposure**	**Cash**	**Exchange traded stocks**	**Mortgage**	**Total Collateral**	**Net Exposure**	**ECL**
Cash and balances with central banks	**3,976,544**	**-**	**-**	**-**	**-**	**3,976,544**	**34,298**
Cash and cash equivalents	348,219	-	-	-	-	348,219	-
Cash reserves with central banks	2,327,757	-	-	-	-	2,327,757	27,066
Current accounts with central banks	1,100,584	-	-	-	-	1,100,584	7,232
Deposits with central banks	199,984	-	-	-	-	199,984	-
Loans and advances to central banks	-	-	-	-	-	-	-
Debt instruments at amortized cost	**727,258**	**-**	**-**	**-**	**-**	**727,258**	**10,732**
Bonds	625,504	-	-	-	-	625,504	4,570
Treasury bills	101,754	-	-	-	-	101,754	6,162
Due from banks	**3,232,300**	**-**	**-**	**-**	**-**	**3,232,300**	**820**
Current accounts with other banks	1,485,776	-	-	-	-	1,485,776	-
Deposits with other banks	1,746,524	-	-	-	-	1,746,524	820
Loans and advances to customers	**3,818,878**	**506,111**	**262,908**	**2,517,909**	**3,286,928**	**531,950**	**515,811**
Advances to customers	1,039,793	394,978	72,761	863,742	1,331,481	(291,688)	46,761
Credit cards	257,214	46,138	-	49,209	95,347	161,867	2,249
Current accounts of customers	154,162	51,432	13,446	197,435	262,313	(108,151)	823
Loans to government entities	389,979	-	-	-	-	389,979	103,822
Loans to private parties	1,798,975	13,563	176,701	1,407,523	1,597,787	201,188	357,611
Loans to private parties through Suritrust	178,755	-	-	-	-	178,755	4,545
Purchased or originated credit impaired financial assets	**1,496,189**	**-**	**-**	**-**	**-**	**1,496,189**	**-**
Provisions	**236,230**	**51,587**	**54,462**	**292,665**	**398,714**	**(162,484)**	**315**
Financial guarantees	82,034	51,445	35,214	100,343	187,002	(104,968)	315
Letters of credit	154,196	142	19,248	192,322	211,712	(57,516)	-
Grand Total	**13,487,399**	**557,698**	**317,370**	**2,810,574**	**3,685,642**	**9,801,757**	**561,796**

December 31, 2019							
in thousand SRD	**Maximum exposure**	**Cash**	**Exchange traded stocks**	**Mortgage**	**Total Collateral**	**Net Exposure**	**ECL**
Cash and balances with central banks	**3,116,341**	**-**	**-**	**-**	**-**	**3,116,341**	**102,164**
Cash and cash equivalents	212,662	-	-	-	-	212,662	-
Cash reserves with central banks	1,543,321	-	-	-	-	1,543,321	14,862
Current accounts with central banks	300,870	-	-	-	-	300,870	4,675
Deposits with central banks	674,493	-	-	-	-	674,493	53,041
Loans and advances to central banks	384,995	-	-	-	-	384,995	29,586
Debt instruments at amortized cost	**300,445**	**-**	**-**	**-**	**-**	**300,445**	**4,626**
Bonds	202,432	-	-	-	-	202,432	569
Treasury bills	98,013	-	-	-	-	98,013	4,057
Due from banks	**1,547,760**	**-**	**-**	**-**	**-**	**1,547,760**	**1,757**
Current accounts with other banks	529,083	-	-	-	-	529,083	-
Deposits with other banks	1,018,677	-	-	-	-	1,018,677	1,757
Loans and advances to customers	**2,732,140**	**274,624**	**287,399**	**2,127,900**	**2,689,923**	**42,217**	**344,862**
Advances to customers	709,583	207,650	191,235	556,740	955,625	(246,042)	43,564
Credit cards	141,916	36,258	51	35,355	71,664	70,252	1,906
Current accounts of customers	76,113	17,261	-	131,280	148,541	(72,428)	539
Loans to government entities	237,577	-	-	16,505	16,505	221,072	58,798
Loans to private parties	1,389,803	13,455	96,113	1,139,246	1,248,814	140,989	236,395
Loans to private parties through Suritrust	177,148	-	-	248,774	248,774	(71,626)	3,660
Purchased or originated credit impaired financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Provisions	**158,866**	**28,998**	**-**	**170,293**	**199,291**	**(40,425)**	**1,636**
Financial guarantees	100,446	26,614	-	120,184	146,798	(46,352)	1,620
Letters of credit	58,420	2,384	-	50,109	52,493	5,927	16
Grand Total	**7,855,552**	**303,622**	**287,399**	**2,298,193**	**2,889,214**	**4,966,338**	**455,045**

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

41.4 Liquidity risk & funding management

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

DSB considers two types of liquidity risk:

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

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

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

41.4.1 Going-concern risk management

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

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

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

41.4.1.1 Daily monitoring of cash per currency

The daily monitoring of liquid assets per currency is done by making use of several liquidity ratios which fulfill as KRI's and by monitoring the 'liquidity' dashboard. The 'liquidity' dashboard is very detailed, with a specific indication of available liquidity and the norms. The Treasury department ensures that DSB is in compliance with the norms.

In managing the day-to-day liquidity risks DSB formulated per risk category Key Risk Indicators (KRIs) and set the risk appetite and tolerance level. to manage and monitor the risks.

1. Funding mix: this indicates the composition of DSB's available resources per currency and the distribution of the available funds divided over current, savings and term deposits, per currency. Establishing limits for the funding mix is important for among other things, interest management.
2. Funding concentration: this is the concentration of funding at one customer and/or a group and the risk that DSB will run into liquidity problems because that funding is withdrawn or because that customer goes into "default". The Treasury department also monitors DSB's top 10 funders. The top 10 funders are monitored per product, per currency and over DSB's total funding (equivalent in SRD). It is important that DSB's liquidity position remains stable, in the event of large withdrawals from one or more of these funders (individually or per group),
3. Liquidity Coverage Ratio (LCR): the objective of the LCR is to assess DSB's short-term resilience by ensuring availability of sufficient high-quality liquid assets to survive.
4. Liquidity ratio: this is a regulatory ratio, which is similar to the LCR adjusted for the short-term time-deposits placed with other banks. The purpose of the one-day liquidity ratio is to ensure that DSB maintains an adequate level of immediately liquid assets that can be converted into cash to meet immediate obligations.
5. Loan to deposit ratio (LDR): LDR represents the percentage of DSB's loan portfolio compared to the total funding (current accounts, saving accounts and term deposits) instead of equity. A high LDR in relation to the standard indicates that DSB has less cash available because of its lending. The advantage of a high LDR can be a higher return (debit interest). A low LDR in relation to the standard indicates that DSB has a possible excess of cash. The disadvantage of this may be that the funding is insufficiently used, so that they do not yield a return. DSB monitors the effective LDR (LDRe) and normal LDR (LDR). The difference between the effective and normal LDR is that the effective LDR is based on funding excluding mandatory cash reserves and working accounts at the Central Bank, while the normal LDR contains the total funding.
6. Funding gap: DSB compiles the available funding on a weekly basis, considering the loans in the pipeline. The funding gap calculation establishes the relation between the net available funding and the total available funding for loans.

41.4.1.2 Forecasts per currency based on the daily positions

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

DSB's liquidity position was positive for the years 2019 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.

41.4.1.3 Maturity mismatch per currency

In managing liquidity risk DSB must honor the commitments by making sure that there is enough liquidity to meet the funding requirements. To ensure adequate liquidity the gap between assets and liabilities in terms of maturities should be monitored. A positive gap implies that DSB has sufficient cash to meet its obligations, while the reverse applies in the case of a negative gap.
The table below summarizes the maturity profile of the DSB's financial assets and the undiscounted cash flows of its financial liabilities as at 31 December 2019 and 31 December 2020. Trading derivatives are shown separately, by contractual maturity at the foot of the table. The table represents only contractual cashflows for stage 1 and stage 2 financial instruments.

Analysis of financial assets and liabilities by contractual maturities

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	1,435,522	-	-	-	1,434,137	1,072,587	**3,942,246**
Debt instruments at amortized cost	-	835	14,721	51,383	616,116	33,470	**716,525**
Due from banks	1,485,776	363,845	-	1,380,065	-	1,793	**3,231,479**
Derivative financial instruments (assets)	-	-	-	-	-	-	**-**
Loans and advances to customers	708,092	17,857	46,036	179,086	1,212,586	441,654	**2,605,311**
Purchased or originated credit impaired financial assets	-	-	-	-	-	1,494,829	**1,494,829**
Financial assets at fair value through profit or loss	-	-	-	-	-	3,146	**3,146**
Current tax assets	2,368	-	-	-	-	-	**2,368**
Investments in associates	-	-	-	-	-	1,645	**1,645**
Other assets							
Accounts receivables and sundry debtors	151	-	-	-	-	-	**151**
Fee and commission receivables	-	-	-	-	-	-	**-**
Settlement and clearing accounts	-	15,733	-	-	-	-	**15,733**
Total financial assets	**3,631,909**	**398,270**	**60,757**	**1,610,534**	**3,262,839**	**3,049,124**	**12,013,433**
Financial liabilities							
Derivative financial instruments (liabilities)	-	5,172	15,439	36,123	-	-	**56,734**
Due to customers	8,798,239	70,741	196,602	511,217	1,361,585	3	**10,938,387**
Provisions	8,404	-	-	-	-	-	**8,404**
Due to banks	505,790	-	-	-	-	-	**505,790**
Current tax liabilities	1,038	-	-	-	-	-	**1,038**
Debt issued and other borrowed funds	-	-	-	-	-	146,464	**146,464**
Other liabilities							
Accounts payables and sundry creditors	1,110	-	-	-	-	-	**1,110**
Accrued expenses	-	-	37,842	-	-	-	**37,842**
Unearned fee and commissions	-	-	8,995	-	-	-	**8,995**
Lease liabilities (undiscounted)	-	355	711	3,197	8,239	13,600	**26,102**
Settlement and clearing accounts	-	86,646	-	-	-	-	**86,646**
Total financial liabilities	**9,314,581**	**162,914**	**259,589**	**550,537**	**1,369,824**	**160,067**	**11,817,512**
Total net financial assets/(liabilities)	**(5,682,672)**	**235,356**	**(198,832)**	**1,059,997**	**1,893,015**	**2,889,057**	**(195,921)**

Analysis of financial assets and liabilities by contractual maturities

As at 31 December 2019							
in thousand SRD	On Demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets							
Cash and balances with central banks	508,858	99,990	-	-	933,978	1,471,351	**3,014,177**
Debt instruments at amortized cost	-	386	7,677	120,659	143,457	23,640	**295,819**
Due from banks	529,081	129,526	607,954	258,390	-	21,052	**1,546,003**
Derivative financial instruments (assets)	-	-	-	-	-	-	**-**
Loans and advances to customers	561,570	46,759	48,608	181,922	913,337	312,192	**2,064,388**
Purchased or originated credit impaired financial assets	-	-	-	-	-	-	**-**
Financial assets at fair value through profit or loss	-	-	-	-	-	3,054	**3,054**
Current tax assets	20,512	-	-	-	-	-	**20,512**
Investments in associates	-	-	-	-	-	1,399	**1,399**
Other assets							
Accounts receivables and sundry debtors	9,295	-	-	-	-	-	**9,295**
Fee and commission receivables	-	-	-	-	-	-	**-**
Settlement and clearing accounts	-	15,422	-	-	-	-	**15,442**
Total financial assets	**1,629,316**	**292,083**	**664,239**	**560,971**	**1,990,772**	**1,832,688**	**6,970,069**
Financial liabilities							
Derivative financial instruments (liabilities)	-	2,531	5,324	8,309	32,106	-	**48,270**
Due to customers	4,955,268	70,052	167,755	612,304	700,359	144,945	**6,650,683**
Provisions	7,521	-	-	-	-	-	**7,521**
Due to banks	137,114	-	-	-	-	-	**137,114**
Current tax liabilities	169	-	-	-	-	-	**169**
Debt issued and other borrowed funds	-	-	-	-	-	76,758	**76,758**
Other liabilities							
Accounts payables and sundry creditors	702	-	-	-	-	-	**702**
Accrued expenses	-	-	13,570	-	-	-	**13,570**
Unearned fee and commissions	-	-	10,666	-	-	-	**10,666**
Lease Liabilities	-	229	443	1,925	6,145	15,187	**23,929**
Settlement and clearing accounts	-	19,310	-	-	-	-	**19,310**
Total financial liabilities	**5,100,774**	**92,122**	**197,758**	**622,538**	**738,610**	**236,890**	**6,988,692**
Total net financial assets/(liabilities)	**(3,471,458)**	**199,961**	**466,481**	**(61,567)**	**1,252,162**	**1,595,798**	**(18,623)**

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

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	6	13	19	19	19	139	42	-	**257**
Vehicles	SRD	-	-	-	-	-	-	-	-	**-**
Buildings	USD	14	29	43	43	43	258	52	577	**1,059**
Buildings	SRD	60	120	181	181	181	955	336	5,460	**7,474**
Total in SRD		**343**	**715**	**1,059**	**1,059**	**1,059**	**6,575**	**1,667**	**13,627**	**26,102**

Maturity analysis lease liabilities 2020 (amounts in thousands SRD)										
2019		0-1 mth	> 1-3 mth	> 3-6 mth	> 6-9 mth	> 9-12 mth	> 1-3yrs	> 3-5yrs	> 5yrs	Total
Vehicles	USD	9	18	27	27	20	109	72	8	**290**
Vehicles	SRD	-	-	-	-	-	-	-	-	**-**
Buildings	USD	16	30	45	44	44	331	78	562	**1,150**
Buildings	SRD	42	83	125	125	125	994	732	10,917	**13,143**
Total in SRD		**229**	**443**	**664**	**657**	**604**	**4,290**	**1,856**	**15,186**	**23,929**

41.4.1.4 Liquidity management and monitoring

DSB conducts quarterly and ad hoc stress tests in which the impact of cash in- and outflows under plausible stress scenarios are evaluated. Both market-wide and DSB-specific stress scenarios are defined and analysed. The goal of these stress tests is twofold. Firstly, it helps DSB to review her risk framework, i.e., the liquidity buffer size, risk appetite and limits. Secondly, it allows DSB to identify ways to reduce outflows in times of crisis. Liquidity mismatch reporting and stress testing results are reported regularly and reviewed by the ALCO.

The following table provides an overview of the aforementioned KRIs together with the norm for 31 December 2020 and 31 December 2019.

Key Risk Indicators (KRIs)	Norm	31-Dec-20	31-Dec-19
LCR	100%	137.7%	126.1%
Liquidity Ratio	100%	264.7%	227.6%
LDRe	95%	23.8%	31.0%
Net Stable Funding Ratio	100%	206.1%	271.3%

41.4.2 Contingency risk management

Contingency risk management aims to ensure that, in the event of either a DSB-specific or general market stress event, DSB can generate sufficient liquidity to withstand a short- or long-term liquidity crisis. In addition, DSB has the following measures to cope with an event of significant liquidity shortages.

1. Liquidity Contingency Plan (LCP): The LCP is a supplement to DSB's Liquidity Policy. The LCP sets out the guidelines and responsibilities for addressing possible liquidity shortfalls in emergency situations. This only comes into effect if the liquidity position is threatened, or if strong indications exist of a liquidity stress. The LCP enables DSB to manage its liquidity without unnecessarily jeopardizing business lines, while limiting excessive funding costs in severe market circumstances. Based on trigger levels DSB takes sequence measures in the event of a further significant reduction in the available cash and cash equivalents. The trigger levels are based on the Liquidity Coverage Ratio, the Liquidity ratio and an Early warning measure set by DSB. DSB has a liquidity action plan which will be executed by DSB's liquidity crisis team in the event of a liquidity crisis. The team is convened and chaired by the CEO to effectively manage the liquidity crisis.
2. Liquidity buffer: DSB holds a liquidity buffer to accommodate cash outflows during stress. These buffers are percentages of the funds raised. The buffer consists of unencumbered, high-quality liquid assets, including treasury bills, bonds and cash. The cash reserve and SNEPS resources are liquidity buffers held at the Central Bank of Suriname (the so-called Lender of Last Resort), all other liquidity buffers are held on current accounts with various financial institutions. DSB will appeal to the buffers held at the Central Bank of Suriname if other measures to normalize the liquidity position again, have not produced the desired result.

41.5 Market risk

Market risk is the probability of loss that could result from a decrease in the market value of assets or an increase in the market value of liabilities. Market risk and how DSB manages it is described in detail in DSB's Asset & Liability Management (ALM) Policy and DSB's Investment Policy. There are three types of market risk that DSB mainly considers, i.e.:

1. Currency risk: the risk of currency fluctuations.
2. Interest rate risk: the risk of fluctuations in interest rates in the market.
3. Market value of risk: decrease in value of assets, including the investment portfolio.

Managing market risk within DSB falls under the supervision of the ALCO function. The ALCO is responsible for managing DSB's market risk through comprehensive policies, governance and review procedures, stress testing, monitoring of limit sets to ensure these are in line with the overall market risk appetite and strategy of DSB. The roles and responsibilities of the ALCO are described in detail in its own charter. Similar to the liquidity risk, the Treasury department of DSB is responsible for working with other departments within DSB to ensure the market risk strategy is appropriately executed.

41.5.1 Market risk management

The initial goal of market risk management is to adequately identify, assess and manage fluctuations in the market (i.e., market volatility), which may have a possible financial impact on DSB. The following sections describe the three types of market risk that DSB has identified.

41.5.1.1 Currency risk

Currency risk management is essential for DSB, as it maintains SRD as reporting currency, but has multiple foreign currencies in her operations, in particular USD and EUR. As a result, DSB is continuously exposed to currency risk. Currency risk is the risk of unfavourable exchange rate fluctuations that can have a negative financial impact: unexpected and unacceptable (large) losses in the result and possible reduction in capital (solvency). An important part of currency risk management is identifying the foreign currency risk areas and, where possible, hedging open positions.

DSB is exposed to currency risk as a result of:

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.

Currency Risk					
In thousand SRD as of 31 December 2020	**SRD**	**USD**	**EUR**	**Other**	**Total**
Financial assets					
Cash and balances with central banks	1,795,209	1,471,956	672,110	2,972	**3,942,247**
Due from banks	1,049	2,817,550	412,880	-	**3,231,479**
Financial assets at fair value through profit or loss	3,146	-	-	-	**3,146**
Current tax assets	2,368	-	-	-	**2,368**
Loans and advances to customers	910,396	1,319,903	375,012	-	**2,605,311**
Purchased originated credit impaired financial assets	250,200	1,007,558	237,071	-	**1,494,829**
Debt instruments at amortised cost	95,591	561,912	59,022	-	**716,525**
Other assets	5,585	10,283	16	-	**15,884**
Total financial assets	**3,063,544**	**7,189,162**	**1,756,111**	**2,972**	**12,011,789**
Financial liabilities					
Derivative financial instruments (liabilities)	-	56,734	-	-	**56,734**
Due to banks	67,510	427,548	10,473	259	**505,790**
Due to customers	3,027,851	6,275,207	1,635,329	-	**10,938,387**
Other liabilities	98,201	41,747	11,165	-	**151,113**
Current tax liabilities	1,038	-	-	-	**-**
Debt issued and other borrowed funds	-	146,464	-	-	**146,464**
Total financial liabilities	**3,194,600**	**6,947,700**	**1,656,967**	**259**	**11,799,526**
Net currency risk exposure	**(131,056)**	**241,462**	**99,144**	**2,713**	
Reasonably possible change in exchange rate	10%	10%	10%	10%	
Effect on profit before tax	**13,106**	**24,146**	**33,749**	**9,914**	

Currency Risk					
In thousand SRD as of 31 December 2019	**SRD**	**USD**	**EUR**	**Other**	**Total**
Financial assets					
Cash and balances with central banks	1,233,682	1,331,975	446,955	1,565	**3,014,177**
Due from banks	64,878	1,364,841	116,284	-	**1,546,003**
Financial assets at fair value through profit or loss	3,054	-	-	-	**3,054**
Current tax assets	20,512	-	-	-	**20,512**
Loans and advances to customers	893,459	900,987	269,942	-	**2,064,388**
Debt instruments at amortised cost	93,957	162,008	39,854	-	**295,819**
Other assets	20,376	4,341	-	-	**24,717**
Total financial assets	**2,329,918**	**3,764,152**	**873,035**	**1,565**	**6,968,670**
Financial liabilities					
Derivative financial instruments (liabilities)	-	48,270	-	-	**48,270**
Due to banks	25,865	101,940	9,182	127	**137,114**
Due to customers	2,428,527	3,382,040	840,116	-	**6,650,683**
Other liabilities	31,427	18,555	4,594	-	**54,576**
Current tax liabilities	169	-	-	-	**169**
Debt issued and other borrowed funds	-	76,758	-	-	**76,758**
Total financial liabilities	**2,485,988**	**3,627,563**	**853,892**	**127**	**6,967,570**
Net currency risk exposure	**(156,070)**	**136,589**	**19,143**	**1,438**	
Reasonably possible change in exchange rate	10%	10%	10%	10%	
Effect on profit before tax	**(15,607)**	**13,659**	**1,914**	**144**	

41.5.1.2 Interest rate risk

The interest rate risk is estimated as marginal due to the fact that the debit interest rates on credit facilities and credit interest rates on saving and demand accounts, are valid until further notice (only credit interest rates on term deposits are fixed). Interest rates can be adjusted at any time as market conditions change.

Factors that are taken into account in this regard are the inflation rate, the market interest rate, the cost of funds (COF), the movement in funding, the credit space and the expectation of demand for credit.

Interest rates are generally raised if funding stagnates and the credit space is therefore limited to meet the credit demand (if there is sufficient demand for credit). The interest rate can therefore be seen as a control instrument to meet the demand and supply of money.

In this context, the COF is used to monitor the level of the debit and credit interest rates. The COF is the ratio between the interest paid and the average funding, extrapolated to 12 months, taking into account the funding mix, cash reserves (35% SRD, USD & EUR 50%), Due from banks (SRD 5%) and liquidity buffers of 10% for savings and current accounts.

As at 31 December 2020 and 31 December 2019, DSB does not have any floating rate financial assets and therefore no exposure to interest rate risk, therefore no sensitivity analysis was performed.

41.5.1.3 Market (value) risk

Market value management is important to DSB because of the volatility of the market value, which can affect DSB's results and financial position. Based on the 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. Because of our low solvency in 2019 and 2020, investments were only done in term deposits and other debit instruments, all set to the status of "hold to maturity".

41.5.2 Market risk ratio's

As was mentioned above, DSB has identified three types of market risks. Per risk DSB formulate KRIs and set the risk appetite and tolerance to manage and monitor the risks.

41.5.2.1 Currency risk

Currency risk measures focus on the currency fluctuations. In order to manage the currency risk DSB has formulated the following KRIs:

1. NOP: net open currency position is the difference between the foreign currency assets and foreign currency liabilities, including off-balance positions such as forward contracts (swap and forward) and guarantees. DSB can have a surplus (long position) or a shortage (short position) of currency. Exchange rates and foreign currency open positions are both administered daily in DSB's core banking system, including the revaluation of the NOP. The NOP KRI for every currency is set at a max of 10% of T1 capital; and for all currencies consolidated to USD the KRI is max 20% of T1 capital.
2. Dollarization: it indicates which part of the loan portfolio or funding portfolio consists of foreign currency. A high degree of dollarization on the 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.

41.5.2.2 Interest rate risk

Interest rate risk measures the interest fluctuations. DSB has formulated the following KRI's:

1. Cost of Funds (COF): The COF is the ratio between the interest paid and the average funding, extrapolated to 12 months, taking into account the funding mix, cash reserves (35% SRD, USD & EUR 50%), Due from banks (SRD 5%) and liquidity buffers of 10% for savings and current accounts.
2. Net interest income (NII): the NII is calculated by subtracting the interest costs from the interest income.

41.5.3 Stress test & gap analyses

DSB uses both stress tests and gap analyses in her market risk management. A gap analysis provides insight into the relationship between the assets and liabilities of the 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 31 December 2020 were authorized for issue in the general meeting of shareholders on 27 November 2023.

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 guarantee agreement was signed between De Surinaamsche Bank, Assuria N.V. and Panaso Vastgoed N.V., whereby it was agreed that the USD 20 million debt position of Panaso Vastgoed N.V. to De Surinaamsche Bank would be accounted for as of August 30, 2019 and that Assuria would guarantee this debt for their 51% share in DAVG/Panaso Vastgoed N.V., amounting to USD 10.2 million with retrospective effect to financial year 2019. This guarantee will be covered by means of cash in the form of term deposits which are held at De Surinaamsche Bank. On July 24, 2023, DSB through a letter addressed to Assuria N.V. and Assuria Levensverzekering N.V. expressed that it will 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.

b. In relation to the two overdraft facilities provided to the Republic of Suriname (as discussed in Note 23), the government was able to make full payment of the SRD 120 million and SRD 130 million on 16 September 2021, and 21 December 2021, respectively.

c. The Board has decided to dispose and sell the fund/asset management activities of the Surinaamse Trustmaatschappij N.V. Currently, the administration of the mortgage portfolio is already taken over by DSB and alternatives for disposal are being looked into. Furthermore, the Board also decided to discontinue the insurance activities of the Surinaamse Trustmaatschappij N.V. This will be realized by accommodating all operational activities to the insurance partners but is subject to the availability of frontline systems to be provided by the insurance companies to DSB. Progress is underway and it is expected to move to the next phase of the project by 2024.

d. In 2023 an accounting tool (Microsoft Dynamics GP system from Emergence) will be implemented for efficient financial reporting. The estimated capital investment amounts 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 and is scheduled to be implemented by the end of December 2023. The second phase focuses on ancillary modules like account payable, purchasing workflow, fix assets & leases and should be implemented by the end of June 2024.

e. In March 2021, the Surinamese government requested for consent for a further moratorium on repayment of the international bonds which resulted in a credit downgrade to Restricted Default (RD) by Fitch on April 1, 2021. This credit downgrade makes it more challenging for DSB to access international correspondent banks and to execute international transactions.

f. 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.

g. As of June 2021, the Central Bank of Suriname has implemented a flexible currency system driven by the market. As of October 19, 2023 both the USD and the Euro exchange rates increased to the following:

Currency	Buying rate	Selling rate
USD	37.49	38.26
EURO	39.66	40.47

h. In 2021 the Central Bank of Suriname implemented the Open Market Operation (OMO) policy to control inflation by having control over SRD money supply. In 2022, they also introduced the Central bank Certificates (CBC) to take out the SRD in the market. OMO's are being provided to financial institutions and CBC to the corporate and individuals. The central bank provide OMO's with a term of 1 week, 1 month and 6 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 the bank to the customer, due to over liquidity in SRD. The interest rates of the OMO's per September 2023 are 50%, 70% and 69%. The bank's term deposit rate is around 15%.

i. The IMF World Economic Outlook (WEO) reported a 3-year cumulative rate of inflation for Suriname of 58.7% and an annual rate of inflation of 54.6% as of December 2022. For 2023, the IMF WEO forecasts an annual rate of inflation of 42.7% (2024: 15.1%) and a 3-year cumulative rate of inflation of 52.7% (2024: 37.5%). The Suriname General Bureau of Statistics reported 60.7% inflation for the year ending 31 December 2021. Therefore, Suriname should be considered hyperinflationary going forward.

j. 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.

k. Solidarity tax of 10% for wage tax and income tax is applicable from February 1, 2021 to December 31, 2021. Implementation of solidarity tax has no impact for deferred tax as at December 31, 2020.

l. The Value Added Tax Act was implemented effective January 1, 2023. The imposition of the indirect tax has minimal effect on the bank's services as revenue from the bank's core business model is zero rated (0%). While the bank'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 recently adopted. Management is still assessing the exact impact for the Group. The recoverable position will likely become minimal/nil.

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