Condensed Annual Report 2017 Finabank N.V.

FinaBank

Table of contents

Finabank N.V. 4
- Composition of the Executive Board and Supervisory Board 4
- Profile of Finabank N.V. 4
- Mission, Vision and Core values 5
- Organizational chart 6

Report of the Executive Board 7
- Introduction 8
- The world around us 8
- Financial summary and key financial indicators 2016-2017 11
- Our corporate strategy 12
- Our commercial strategy 12
- Our Human Capital 14
- Our IT environment 14
- Correspondent banking 14
- Regulations 14
- Corporate Social Responsibility 15
- Our financial developments 15
- The future 20
- Thank you 20

Corporate Governance 22
- Composition of the Executive Board 22
- Composition of the Supervisory board 23
- Composition of the Shareholders 25
- Conformity statement 25

Report of the Supervisory Board 26
- Audit Committee 27
- Risk Committee 27
- Selection and Remuneration Committee 27
- Corporate Strategy 28
- External auditor, risk and compliance 28
- Financial Reporting and results 28
- Personal note 30

Statement of financial position as at December 31, 2017 32

Statement of profit and loss for the year ended December 31, 2017 33

Statement of comprehensive income for the year ended December 31, 2017 33

Statement of changes in Shareholders' equity as at December 31, 2017 34

Statement of cash flow 35

General Notes 36

1. Reporting Entity 36
2. Basis of preparation 36
3. Accounting policies 38

PROFILE OF FINABANK N.V.

Composition of the Executive Board and Supervisory Board

Finabank N.V. has a two-tier governance system, consisting of an Executive Board and a Supervisory Board. The latter advises and supervises the former. Executive Board members are employees of the company, while Supervisory Board members are not employees of the company.

Profile of Finabank N.V.

Finabank N.V. ("the bank") is a Suriname-based commercial bank established in 1991. It is 100% privately owned. The Executive Board ("Management") is responsible for day-to-day management, while the Supervisory Board ("SB") is responsible for the supervision of the Management's policy and provides Management with advice. Finabank operates under the laws and regulations of Suriname and is under supervision of the Central Bank of Suriname. As at December 31, 2017, the bank's assets amounted to SRD 1,733 million.

The bank focusses on five sectors: Business Market, Mass Retail Market, High-end Retail Market, Financial Institutions and Government. It offers a wide range of financial products and services. Currently, the bank has a headquarter in the centre of Paramaribo and three branches; one in Paramaribo North, one in Paramaribo South and one in Nickerie.

Finabank aims at having a market share of 15% based on balance sheet total. In 2017, the bank launched its strategic plan named 'Strategy Force' for the period 2017-2019, containing its objectives with respect to increasing the rate of innovation, developing new services and enhancing customer centricity in order to achieve its target market share. This strategy is based on its core values and corporate responsibility, which are reflected in the following four fundamental principles, the bank's organizational structure and business model:

- Strong corporate governance;
- Best in class AML/CFT compliance program;
- Customer centricity; and
- Robust risk management.

VISION, MISSION AND CORE VALUES

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

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

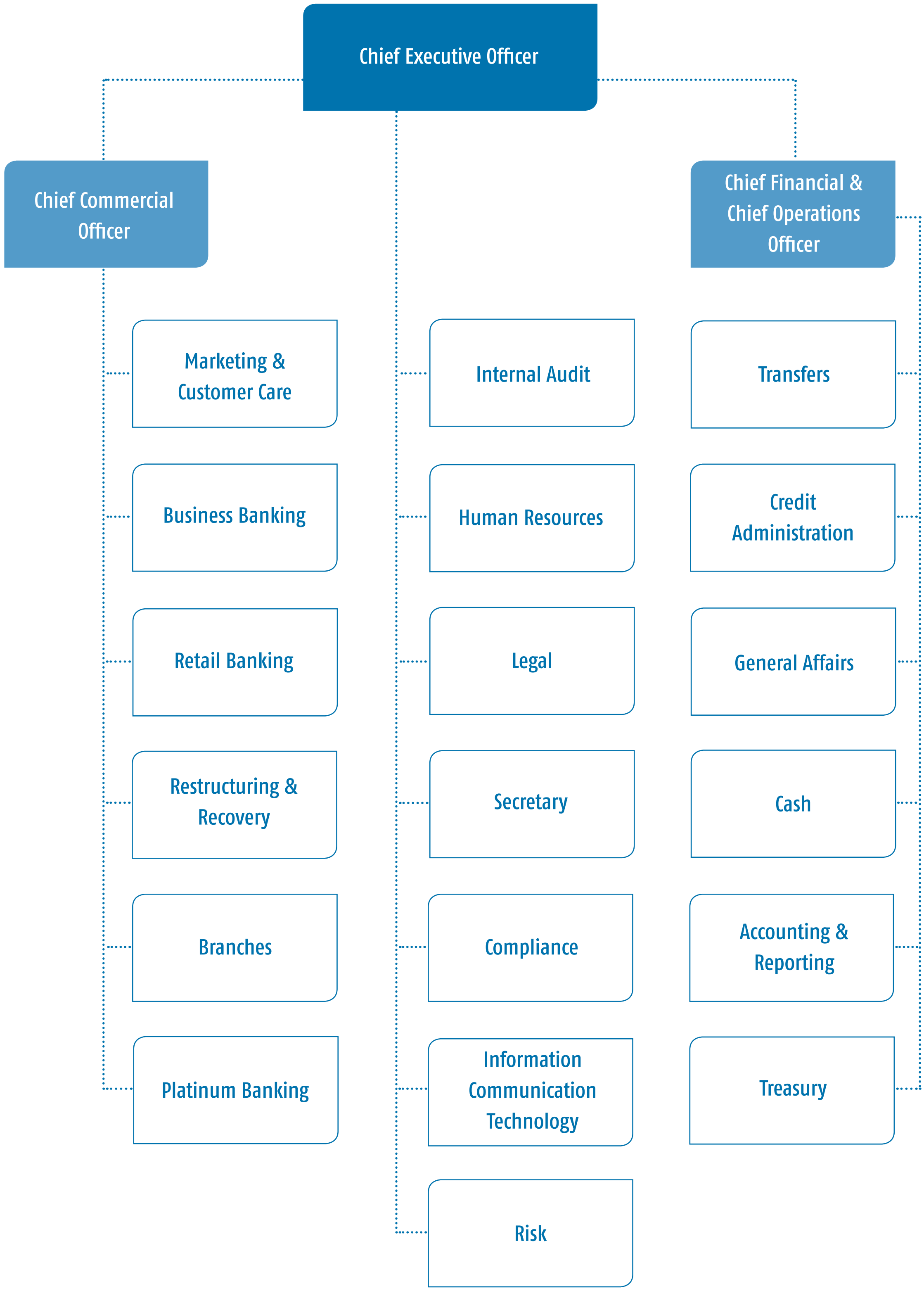
Core values
- Trust : We act responsible
- Partnership : We work as one team
- Agility : We go the extra mile
- Innovation : We improve continuously
- Expertise : We are the best in class

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

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

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

ORGANIZATIONAL CHART



REPORTS OF THE EXECUTIVE AND SUPERVISORY BOARDS

Chief Executive Officer
Eblein G. Frangie

Report of the Executive Board

Introduction

The year 2017 was a successful year for Finabank. We started implementing our new strategy and we achieved strong growth in the number of customers, and funding and lending operations. In 2017, the bank's total assets increased by 49% from SRD 1,161,763,204 to SRD 1,733,008,603. Net profit amounted to SRD 13.1 million; an increase of 24% compared to 2016. Management is content with this result, because the total assets of peers in the sector increased less, i.e., with 11%. Moreover, the macroeconomic conditions were not favorable. The bank's market share increased from 8% to 9%, which brings us somewhat closer to our target market share of 15%.

The growth of Finabank's total assets was mainly due to an increase of entrusted funds. This reflects the increasing confidence customers have in the bank. We also adjusted our policy to the changes in our playing field and in the competitive conditions. Due to the increasing pace of digitalization, and the changing customer expectations, the way banks operate are also rapidly changing. To meet the ongoing challenges, Finabank has a solid solvency ratio of 11.8% by the Central Bank of Suriname definition, it is highly liquid, and has a strong governance structure. Moreover, we offer all digital channels (Online- and Mobile Banking) and a good customer centricity. We are continuously enhancing our transformation process, and creating an integrated digital platform to service our customers' financial needs and to provide new and relevant products and services.

A remarkable milestone for Finabank was the signing of the Trade Finance Facilitation Program with the Inter-American Development Bank. We are currently the only bank in Suriname that is part of this program, enabling us to provide a range of financial products, including loans, letters of credit and support services. The program will provide an additional push to our strong growth in Suriname and will enable us to enter new financial markets in the Caribbean, Latin America and Europe. The IDB Program will support us when searching for correspondent banks throughout the world for handling clients' international payments at favorable conditions. Also, the program will support the bank's access to international trade finance markets by offering technical assistance, knowledge and financial products. Therefore, it will promote development and economic growth, as well as regional integration.

The world around us

World economic developments during the year under review were characterized by a broadening and strengthening of the global upswing, which came underway since mid-2016. According to estimates of the International Monetary Fund, global growth accelerated by 0.5 percentage point to 3.7%, due to rising effective demand and improving confidence. Growth is expected to be sustained in the near future, but there are also downside risks that may originate from increasing tendencies in protectionism, geopolitical tensions and financial market stress.

Output in the advanced economies increased to 2.3%, from 1.7% in 2016. This increase was mainly associated with the ongoing accommodative budgetary and monetary policies, which bolstered domestic consumption. A pickup in investment and in manufacturing output also stimulated production and world trade. These factors combined, resulted in a further expansion in the United States towards full employment. In Europe similar factors brought about notable upside surprises. Core inflation rates increased slightly but remained below the 2% objective. In Japan, the growth rate doubled to 1.8%, but it was still under the average of the advanced economies.

Growth in the emerging markets and developing economies increased, i.e., by 0.3 percentage points to 4.7%. This category was again the fastest grower in the world, mainly thanks to the performances of China and India. These countries realized growth rates of almost 7%. Countries that were able to wisely benefit from the present favorable external environment, performed relatively well. This was hardly the case in Latin America and the Caribbean. The region is still only slowly recovering from the recession.

Mexico is performing relatively well. Brazil and Argentina are coming out of recession. In contrast, Venezuela suffers from a full blown economic and social crisis. A number of Caribbean islands were hit by devastating natural disasters. On balance, the Latin American and Caribbean region continued to clearly underperform compared to other countries.

Economic activities increased by a mere one percent on average, after declining with roughly the same percentage during two years in a row. Inflation abated but remained relatively high.

Suriname's export sector also benefitted from the global cyclical upswing. Merchandise exports increased by a significant 48%, following a 25% decline in 2016. The increased demand as well as the higher prices of gold and oil contributed to the slow recovery of the economic recession. An underlying reason of Suriname's export recovery was the start of the Merian mine operations. The increased gold exports compensated for the termination of the bauxite exploitation as well as the termination of the alumina refinery in 2016. The export of a few other agricultural and forestry products also increased, however their share in the total exports remained modest.

World demand for gold was ample. The price of this metal on the London Metal Exchange fluctuated around USD 1,257 per troy ounce in 2017, which was satisfactory in comparison with the prevailing operating costs of gold producers in Suriname. The price of Brent oil went up by 25% to USD 54 per barrel, due to an agreement by OPEC countries to limit production, a cold winter and geopolitical tensions surrounding Korea and the Middle East. Agricultural prices weakened somewhat.

The effect of the encouraging increase in exports on general economic activities was partly compensated by the continuing low domestic demand for goods and services. Government expenditure was curtailed in real terms due to financing constraints. There were no major investment projects in execution. In addition, household spending was affected by a further decline in the purchasing power, as the annual average consumer price index increased by 56% in 2016 and 22% in 2017. Nominal wages were raised less. Consequently, after merchandise imports shrank by almost 40% in 2016, it remained steady also due to the finalization of a few large mining projects, and the substitution of imported oil by locally refined products. Available provisional statistical data indicate that, on balance, general business activities may have increased by one percent, bringing the economy into positive growth territory again, after these activities crumbled by an estimated 3% in 2015 and 5% in 2016 according to data of the General Bureau of Statistics.

The indicated movements in merchandise exports and imports resulted in an increase in the trade balance surplus to USD 524 million in the first three quarters in 2017, up from only USD 44 million in the corresponding period of the preceding year; a turnaround of USD 480 million. The improvement in the current account of the balance of payments was somewhat less, i.e., USD 403 million. The latter account closed with an USD 258 million surplus, as the surplus on the merchandise balance was partly compensated for by somewhat higher deficits on the services and primarily income account. The surplus on the financial account turned into deficit, mainly due to the settlement of direct investment obligations. As a result, the overall balance of payments closed with a mere USD 15 million surplus in the first three quarters of 2017, compared to USD 45 million in the same period of 2016.

The overall balance of payments surplus and foreign borrowings by the Government, contributed to an increase in the international reserves of the Central Bank of Suriname by 15% to USD 404 million at the end of September 2017. These reserves rose further to USD 424 million at the end of the year; an equivalent of about 4 months of imports of goods and services.

The increase supported confidence in the stability of the exchange rate vis-à-vis the US dollar, which fluctuated within a narrow band around SRD 7.50. On its turn, this stability contributed to an accelerated decline in the inflation rate. Compared to a year earlier, the increase in the twelve-month consumer price index was 9% at the end of 2017 down from 52% at the end of 2016. The increase in the annual average index fell from 22% to 56%.

On the financial front, the public finances remained a major risk factor, despite spending cuts with respect to goods, services, subsidies and transfers. According to projections of the Ministry of Finance and provisional Central Bank data on a cash basis, revenue has increased more than expenditure. Consequently, the financing deficit probably declined by an estimated 10% to nearly SRD 1.6 billion. As a percentage of nominal gross domestic products, the deficit shrank by about 2 percentage points to 6% in 2017, also because this product surged by 30% to an estimated SRD 26.7 billion due to a strong increase in the GDP deflator.

In contrast to the preceding year, the financial deficit of the government was almost fully covered by domestic money creation. Commercial banks' net claims on the government increased by SRD 986 million to SRD 1.9 billion at the end of the year under review. Furthermore, the government mobilized SRD 588 million of its deposits at the Central Bank, which originated from borrowings in foreign currencies in 2016. For the second consecutive year, the Bank did not grant any credit to the government. This policy is in accordance with the agreement of April 2016 between the Minister of Finance and the Governor of the Bank to ban such credit granting. On balance, transactions of the government fully accounted for the 9% increase domestic liquidity supply, which at the end of 2017 amounted to SRD 17.6 billion or 66% of gross domestic product.

Depressed domestic demand affected production and trade. Entrepreneurs are worrying about stagnant sale volumes. Non-mining sectors are confronted with structural and institutional bottlenecks. This situation is also affecting activities in the banking sector. It caused an increase in the non-performing loan ratio and an ensuing decline in the solvency ratio in 2017. Its balance sheet total increased by almost 11% to SRD 18.1 billion or an equivalent of 68% of gross domestic product, mainly due to a notable 96% growth in gross lending to the government, which occurred for the second year in a row. These loans were mostly granted through purchases of short-term treasury bills. Their share in total loans was 21%, up from 9% in 2015. On the other hand, gross bank lending to the private sector was virtually stagnant. It hardly increased by one percent to SRD 8.2 billion at year-end. About half of all total loans were denominated in foreign currencies. One fifth was directed towards the primary sectors of the economy. The other part was mainly used to finance consumptive spending and import oriented trade enterprises.

Bank deposits went up by 8% to SRD 16.2 billion. As in 2016, an ample 69% of this amount was denominated in foreign currencies, mainly US dollars. The lending to deposits ratio increased by 3 percentage points to 64%. Banks are required to hold a monetary cash reserve of 35% and a liquidity buffer for clearing purposes of 5% of deposits in Suriname dollars at the Central Bank. The reserve requirement for foreign currency deposits is 50%. These requirements weigh on the interest rates. Average SRD interest rates edged up during the year under review, but remained negative in real turn. On the other hand, foreign currency interest rates declined somewhat.

In conclusion, we note that also in Suriname an upswing in business activities is underway, albeit still at a rather slow pace. Signs of improving macroeconomic conditions are mainly coming from the export-oriented mining sector, while other sectors are lagging behind. Looking ahead, growth may accelerate gradually to nearly 2.5%, if we are able to benefit more from the current strengthening of the global cyclical recovery. However, there are downside risks related to the relatively small and weak technical production structure, a lack of comparative economic advantages and the vulnerable position of the public finances. Therefore, more actions should be taken by both the public and the private sectors to enhance resilience in order to cope with these risks and vulnerabilities, and to bring our economy to a path of sustainable, inclusive development and financial stability.

FINANCIAL SUMMARY AND KEY FINANCIAL INDICATORS 2016-2017

(in thousands of SRD)	December 31, 2017	December 31, 2016
RESULTS		
Net interest result	66,350	47,333
Investment income	14	(94)
Net commission and fee income	16,194	12,076
Other income	10,248	5,572
Total income	92,806	64,887
Expenses	61,604	44,663
Net impairment losses on loans and advances	10,728	3,658
Profit before tax	20,475	16,568
Profit	13,103	10,603
BALANCE SHEET		
Assets		
Cash and cash equivalents	166,916	67,608
Amounts due from banks	561,686	311,333
Loans and advances to customers	637,547	556,614
Other assets	366,859	226,208
Total assets	**1,733,009**	**1,161,763**
Shareholders' equity and liabilities		
Amounts due to banks	100,474	46,181
Customers' current, savings and deposit accounts	1,454,607	965,268
Other liabilities	77,321	59,803
Shareholders' equity	100,606	90,511
Total shareholders' equity and liabilities	**1,733,009**	**1,161,763**
KEY RATIOS (IN %)		
Return on equity (annualized)	13.7	12.2
Return on assets (annualized)	0.9	1.1
Loan loss provision ratio	3.2	1.8
Non performing ratio (by Central Bank of Suriname definition)	2.6	3.0
Non performing ratio (according accounting standards)	2.7	3.0
Loan to deposit ratio	44	59
Operational ratio	66	69
Profit ratio	34	31
Capital ratio (Shareholder equity/Total assets *100)	6	8
Solvency ratio (by Central Bank of Suriname definition)	11.8	10.9
Solvency ratio (according accounting standards)	13.2	12.8
Number of employees	**167**	**130**

Our corporate strategy

Our new corporate strategy for the period 2017-2019 started successfully. It is ambitious and therefore requires a lot of effort to stay in sustainable control of the challenging banking environment and to satisfy changing customer expectations. The focus of this strategy lies within three areas:

1. Optimizing the use of our capital base to support regulatory requirements and growth;
2. Further strengthening our Human Capital to increase our organizational capacity;
3. IT optimization in order to transform the bank into a digital customer centric organization.

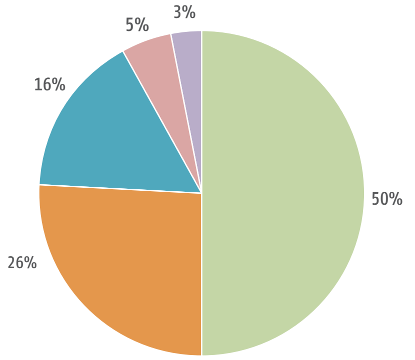
In 2016, Finabank made preparations to issue a subordinated bond of USD 2 million with a yearly distribution fee of 6%. The rationale behind the issue of this tier 1 product is to increase the capital of the bank and to reduce the leverage in the event of a possible increase in foreign exchange rate. In 2017, the Central Bank of Suriname approved this request and in the first quarter of 2018 the bond was successfully issued. As a result, the solvency ratio of the bank increased from 12% to 14%, which is 4 percentage points higher than required by the Central Bank of Suriname.

Our commercial strategy

In the framework of our new strategy we have further defined our target market segments. Finabank focusses on the segments Business Market, Mass Retail Market, High-end Retail Market, Financial Institutions and Government.

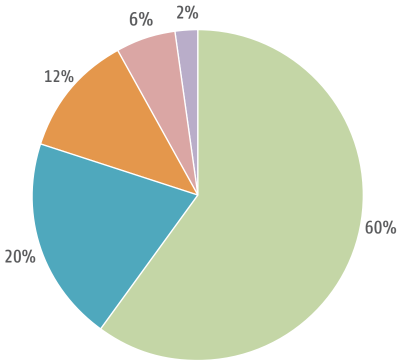
The total net credit portfolio increased by 38% from SRD 676 million to SRD 934 million. The net credit portfolio as at December 31, 2017, is composed as follows:

Net credit portfolio as at December 31, 2017 (x SRD 1 million)



Business Market	SRD 474
Government	SRD 247
Mass Retail Market	SRD 146
Financial Institutions	SRD 49
High-end Retail Market	SRD 18
Total net credit portfolio	**SRD 934**

Net credit portfolio as at December 31, 2016 (x SRD 1 million)

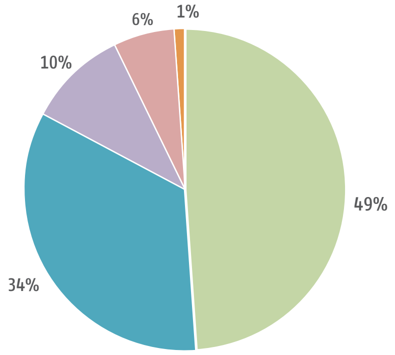


Business Market	SRD 408
Mass Retail Market	SRD 137
Government	SRD 78
Financial Institutions	SRD 41
High-end Retail Market	SRD 12
Total net credit portfolio	**SRD 676**

The growth in the net credit portfolio was mainly driven by lending to the Business Market, the Mass Retail Market segment, the High-end Retail Market segment, the Financial Institutions and the Government. We have noticed that the Mass Retail Market segment stagnated due to the decrease in purchasing power of our clients, which limits their maximum lending capacity. Management is satisfied with the growth of the lending portfolio, given the fragile macroeconomic situation. The non-performing ratio was 2.6%, which indicates that we have a good and healthy lending portfolio.

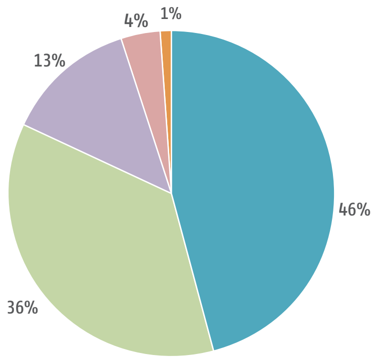
The total funding portfolio increased by 54% from SRD 1,011 million to SRD 1,555 million. The share as at December 31, 2017, is composed as follows:

Funding portfolio as at December 31, 2017 (x SRD 1 million)



Business Market	SRD	757
Mass retail Market	SRD	534
High-end Retail Market	SRD	147
Financial Institutions	SRD	100
Government	SRD	17
Total funding portfolio	**SRD**	**1,555**

Funding portfolio as at December 31, 2016 (x SRD 1 million)



Mass Retail Market	SRD	464
Business Market	SRD	363
High-end Retail Market	SRD	131
Financial Institutions	SRD	46
Government	SRD	7
Total funding portfolio	**SRD**	**1,011**

The rationale behind the sustainable growth in both the lending and the funding portfolio relates to the value added to our products and services. Finabank actively takes into account its customers' wishes and needs. By offering tailor made financial products and services, we create added value and a sustainable partnership with our customers.

In 2017, Finabank was the first bank in Suriname to introduce a mobile banking application. The mobile banking app enables our customers to easily bank from any geographic location. There is a continuous increase in the usage of the application. The bank also invested in its branding, by launching different marketing and branding campaigns, which resulted in an increase of our customer's base in all market segments.

Our Human Capital

The strengthening of our Human Capital in order to increase the organizational capacity of the bank, is one of our key strategic objectives. Due to the changing customer expectations and the challenging labor market conditions in Suriname, we are putting much effort into professionalizing our Human Capital.

We have developed our own HR metrics model based upon the employee's life cycle. The model provides management with essential management information on how to attract, retain and further upgrade the quality and performance of our key resources.

We have evaluated our employee development plan "FinAcademy" in conjunction with a Dutch financial educational institute. We have also further developed our onboarding, leadership and technical training programs. Within FinAcademy we put effort in training and coaching new employees, high potentials and trainees on all levels.

We started a process to evaluate our primary and secondary reward policy. As we want to hire the best available people to support sustainable growth, the reward policy needs to be in line with our corporate strategy. We intend to implement the new policy in 2018.

Furthermore, we have different programs on how to find a balance between work and personal life, as well as programs to stimulate a healthy lifestyle.

Our IT environment

IT and people are key to the operations of the bank. One of our three strategic areas is IT optimization. We are working in order to transform the bank into a digital customer centric organization. We are investing in the core banking system T24 from Temenos, including its channels, risk mitigation and business intelligence. The total implementation period will be 18 to 24 months. During the implementation period, we will review and overhaul the whole IT infrastructure in order to prepare for the next stage of innovative banking.

To enhance our IT governance, we are implementing the Cobit 5 framework (Control Objectives for Information and Related Technology). The bank has made progress to align its operations with the governance procedures. Out of five maturity levels, we are now between the levels 2 and 3. At the end of 2018, we should reach between the levels 3 and 4.

Finabank has robust IT infrastructures in place to manage cyber security risks. We are very cautious and educate our employees continuously on this matter.

Correspondent banking

One of the biggest threats of Caribbean banks is de-risking by correspondent banks. Banks across the Caribbean have lost their correspondent banking relationships. In the past years, the bank also lost a couple of correspondent banking relationships. We are pleased that efforts to strengthen our AML/CFT policies resulted in establishing a relationship with Crown Agents Bank in the United Kingdom, for settling both euro and United States dollar transactions. For both currencies we now have two correspondent banks each. We are confident that our partnership with the Inter-American Development Bank will support our efforts to mitigate the correspondent banking issue.

Regulations

In 2017, VW (regulation) 45 has been replaced by VW 48. VW 48 means that commercial banks may only grant loans in foreign currencies to companies and persons who have regular foreign currency income from abroad. Finabank complies with this regulation.

Due to this new regulation, Finabank was not able to transform all its EUR and USD liquidity into loans and therefore Finabank has a liquidity surplus in EUR and USD.

In addition, Finabank N.V. complies with all other regulations of the Central Bank of Suriname. No adjusted policy is applicable to Finabank N.V.

Corporate Social Responsibility

Our Corporate Social Responsibility (CSR) company policy refers to our responsibility towards our community and the environment. Finabank recognizes that the CSR policy is of increasing importance to its employees as well as its clients and is of great importance to the continued success of the business.

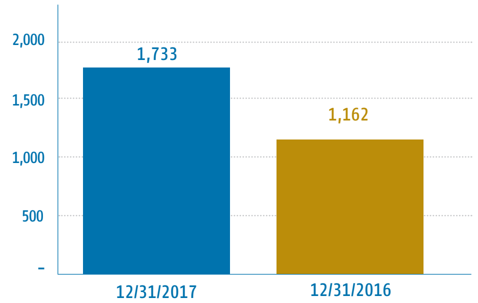
Finabank strives to support the local community by encouraging the development of young talent within education and sports. We have committed ourselves to the 10-Minutes Children's News, which contributes positively to the development of children. The bank made a donation to the basketball association 'Finabank N.V. Koi Carper', which promotes breast cancer awareness. Koi Carper helps to keep disadvantaged youths from the street by providing them with the opportunity to play basketball. Furthermore, we sponsored 'Finabank Twin', a two day walk in Nickerie, which was a great success.

Our financial developments

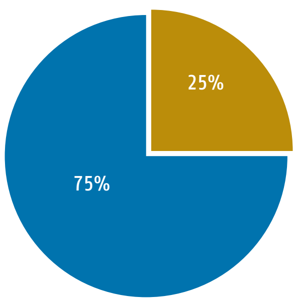
Our financial statements are prepared in accordance with the Reporting Standards as applied by Management and described in the notes, which are materially based International Financial Reporting Standards ("IFRS") with the exception of the application of IAS 29. In 2017, Finabank N.V. had a relatively strong performance given the economic developments in Suriname. Compared to December 31, 2016 the balance sheet total of the bank grew with SRD 571 million (49%) from SRD 1,162 million to SRD 1,733 million. The growth of the balance sheet total was, mainly driven by an increase in customers' current, savings and deposit accounts, with SRD 489 million (51%) from SRD 965 million to SRD 1,455 million. Dollarization in funds entrusted by customers increased by 2 percent points to 75% from 73% (year-end 2016), combined with a depreciation of the Suriname Dollar since year-end 2016. Amounts due to banks also contributed to the balance sheet increase by SRD 54 million (118%) from SRD 46 million to SRD 100 million. The remainder of the growth was caused by the total of all other liabilities, with a combined increase of SRD 17 million (39%) from SRD 45 million to SRD 63 million.

The foreign currency ratio in our funds entrusted is currently stated at 75%.

Total assets as at December 31, 2017
(x SRD 1 million)



Composition of funds entrusted in SRD and foreign currency as at December 31, 2017 (x SRD 1 million)



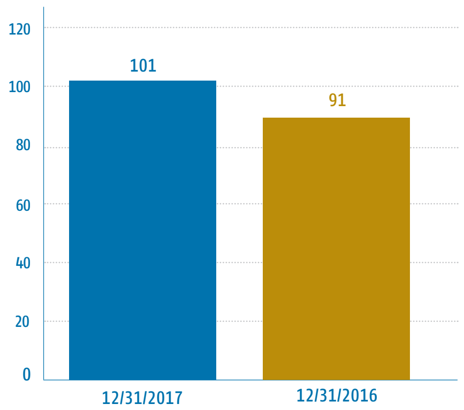
SRD	SRD 390
Foreign currency equivalent	SRD 1,165
Total funds entrusted	SRD 1,555

The shareholders equity of the bank before dividend pay-out increased with 11% from SRD 91 million to SRD 101 million, due to the addition of net profit of the reporting period. Furthermore, the shareholders equity decreased with SRD 3 million due to:

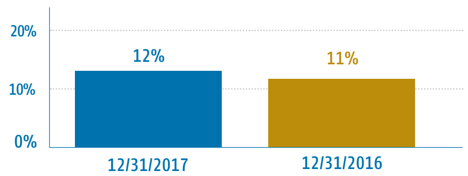
- Other comprehensive income, actuarial gains and losses on pension liability, SRD 1 million;
- Error restatement on Property, Plant and equipment SRD 0.9 million (related to a change of the depreciation percentage of PPE);
- Restatement for provision on anniversary payments, SRD 1 million.

Solvency (by definition of Central Bank of Suriname) stands at 11.8%, this is below the internal benchmark of 17%, but above the 10% benchmark required by the Central Bank of Suriname. The increase in solvency to 11.8% (December 2016: 10.9%) is largely driven by the mentioned addition of the net profit.

Share holders Equity before dividend pay out as at December 31, 2017 (x SRD 1 million)



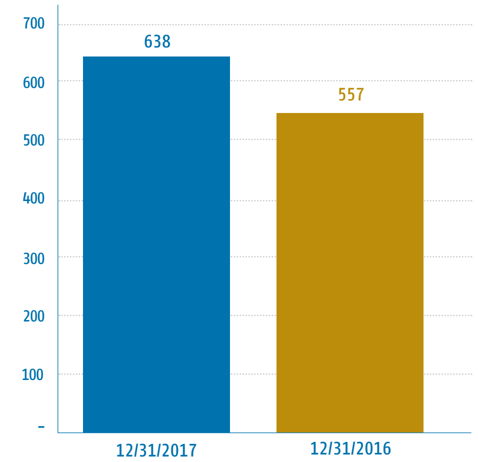
Solvency-ratio by definition of Central Bank of Suriname (revaluation reserves excluded from equity)



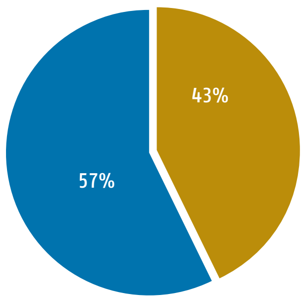
On the asset side of the balance sheet, there was an increase in cash and cash equivalents by 147%, due to the devaluation of the SRD but also the tight liquidity market. Due to the economic situation, Finabank N.V. experienced a lower demand on credit facilities therefore the bank invested more in Government bonds and term deposits at foreign banks. The net loans and advances to customers increased by 15% from SRD 557 million to SRD 638 million, mainly reflecting the growth in business lending.

The foreign currency ratio in our net loans and advances to customers is currently stated at 57%.

Net loans and advances to customers (x SRD 1 million)



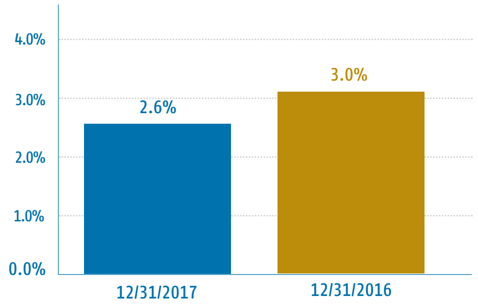
Composition of net loans and advances to customers in SRD and foreign currency as at December 31, 2017



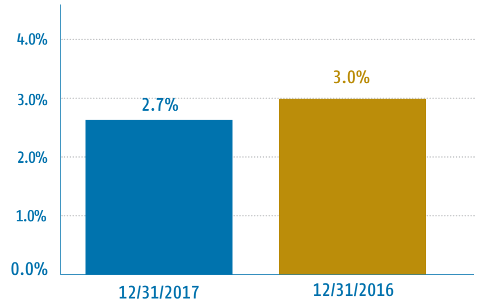
SRD	SRD 273
Foreign currency equivalent	SRD 365
Total net loans and advances	SRD 638

The non-performing ratio (by Central Bank of Suriname definition) decreased from 3% to 2.6%. Management is content that despite the economic situation the non-performing ratio is low.

Non performing ratio (by Central Bank of Suriname definition) as at December 31, 2017

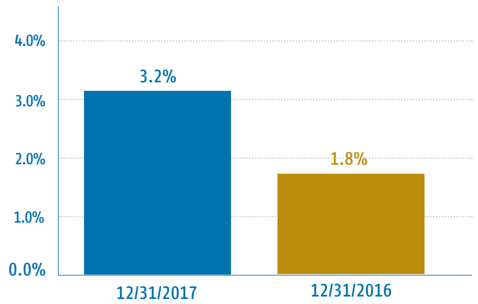


Non performing ratio (according accounting standards) as at December 31, 2017



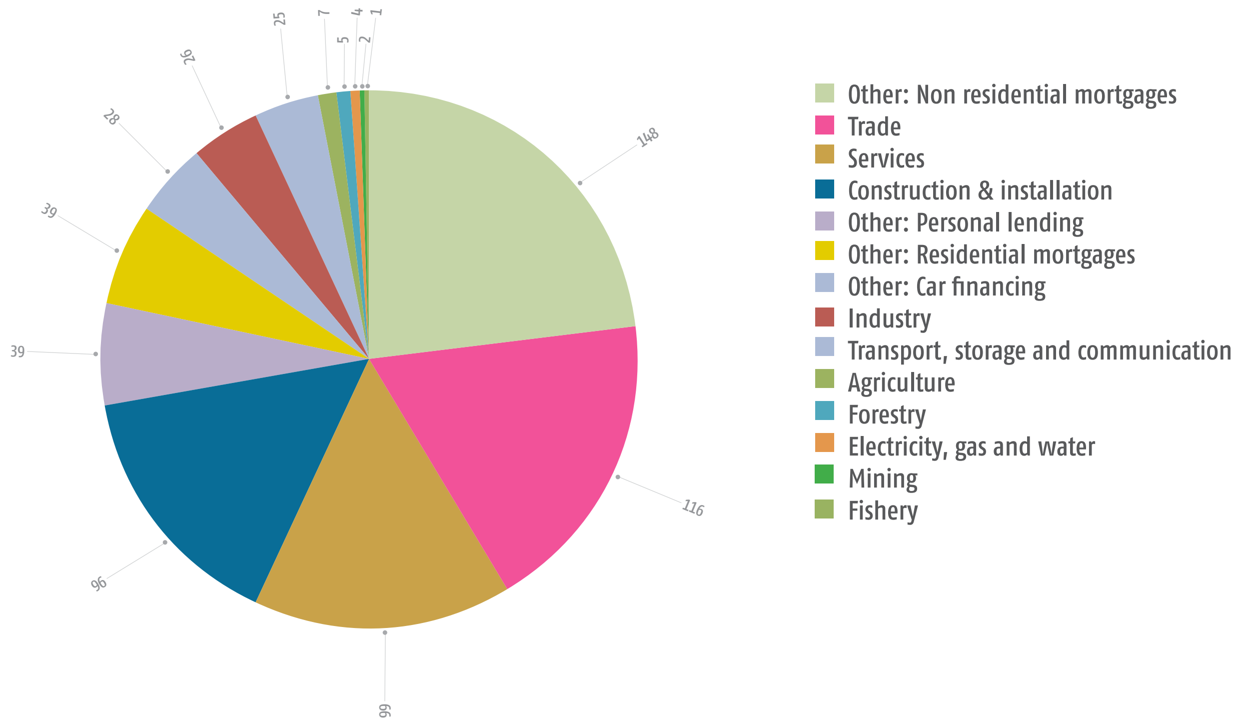
Our loan loss provision ratio increased from 1.8% to 3.2%.

Loan loss provision ratio as at December 31, 2017



The net loans and advances to customers split by sector is as follows:

Net loans and advances to customers by sector as at December 31, 2017 (x SRD 1 million)

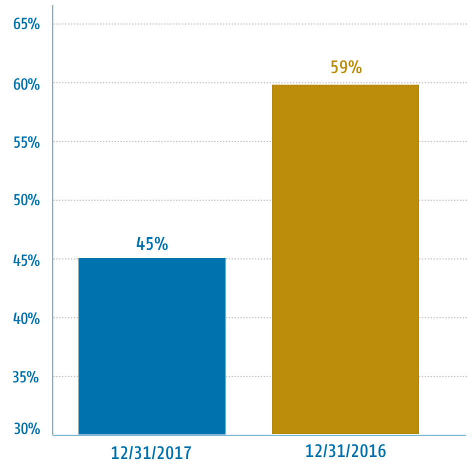


As indicated in the above figure, total net loans and advances to customers is SRD 638 million, the main sectors are:

- Other: Non-residential mortgages SRD 148 million
- Trade SRD 116 million
- Services SRD 99 million
- Construction and installation SRD 96 million

Our loan to deposit ratio decreased from 59% to 45% since the bank's funding portfolio grew faster than the lending portfolio.

Loan to deposit ratio as at December 31, 2017



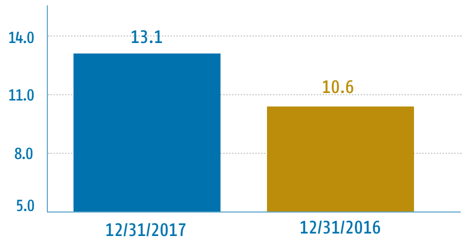
The net result of the bank increased with SRD 2.5 million (24%) from SRD 10.6 to SRD 13.1 million. Because of the increase in the net result, earnings per share increased by 24% from SRD 47.5 to SRD 58.7.

Total income of SRD 92.8 million is SRD 27.9 million (43%) higher as compared to the previous year. Net interest result has contributed positively to this flux with SRD 19.0 million, while net commission and fee income added another SRD 4.1 million to the improvement. All other income improved with SRD 4.7 million.

Total expenses increased by SRD 24.0 million (50%) to SRD 72.3 million from SRD 48.3 million. Important cost drivers were a higher net impairment of SRD 7 million compared to 2016, the increase in number of personnel from 130 FTE to 167 FTE and a competitive inflation correction. Other increasing general expenses were:

- Automation;
- Rental fees;
- Safety and security;
- Marketing;
- Telephone and Internet;
- Depreciations.

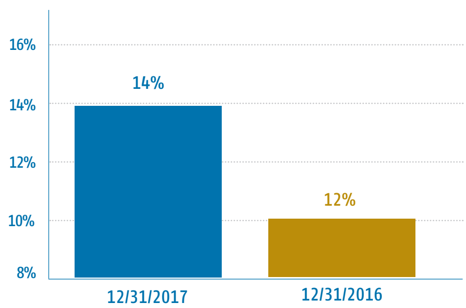
Net profit for the year ended December 31, 2017
(x SRD 1 million)



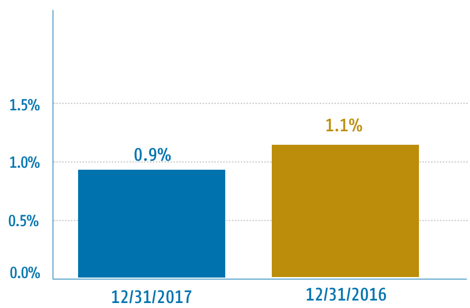
The return on equity of the bank increased with 2% from 12% to 14%. The increase is driven by the growth in net profit of 2017.

Return on assets decreased from 1.1% to 0.9% because the total assets grew relatively much faster than shareholders' equity.

Return on equity as at December 31, 2017
(annualized)



Return on assets as at December 31, 2017
(annualized)



The future

The recent acceleration in the growth of the world economy will provide raw material exporters such as Suriname, with new investment and business opportunities. The private sector should make additional efforts to actually benefit from these opportunities. On its turn, the government needs to implement sound policies in order to restore sustainable finances, create a climate conducive long-term growth and financial stability, and to obtain a better rating for its debt products. We are confident that these efforts will bear fruits if operated wisely.

A healthier external climate will also be beneficial to our bank. In 2018, we will focus on further strengthening the organizational structure to be able to effectively implement our new strategy and the IT core banking system. Our aim is to transform the bank into a digital organization. We will also focus on finding sustainable commercial opportunities to increase our market share.

Management and employees of Finabank N.V. work diligently on further strengthening our execution capacity in order to enable us to provide even better financial services to our customers and thus contribute to the welfare of our population.

Thank you

We thank our customers for the continuing trust they have placed in us, as well as our employees for their efforts. We also thank the Supervisory Board for their supervision and advice.

Paramaribo, April 11, 2018

Eblein G. Frangie
Chief Executive Officer

The Executive Board:
From left to right:
Bart de Bruijn, *Interim Financial Executive*
Eblein Frangie, *Chief Executive Officer*
Almar Giesberts, *Chief Commercial Officer*

Corporate governance

Composition of the Executive Board

The Executive Board and its members are responsible for the integrity, compliance and execution of the strategy of the bank. Each member of the Executive board has its own responsibilities while the Chief Executive Officer is the ultimate responsible person of the Board. The Executive Board is currently composed of two members:

Mr. Eblein G. Frangie
Chief Executive Officer

Last three positions:

2011: Chief Executive Officer (Finabank N.V., Suriname);
2011: Director Business Banking (Finabank N.V., Suriname);
2006: Account Manager Corporate Credits (Hakrinbank N.V., Suriname).

Almar Giesberts
Chief Commercial Officer

Last three positions:

2014: Chief Commercial Officer (Finabank N.V., Suriname);
2012: Senior Manager (KPMG Corporate Finance, Suriname);
2009: Manager Mergers and Acquisitions (KPMG, Corporate Finance, The Netherlands).

In conjunction with the Supervisory Board, we have delegated tasks which were the responsibility of the Chief Financial and Operational Officer to an Interim Financial Executive within the bank, Mr. Bart de Bruijn. The governance structure of the bank is therefore balanced.

Composition of the Supervisory board

The Supervisory Board and its members are responsible for the supervision, with integrity, of Finabank N.V.'s corporate social responsibility. The Board is bound by existing and future regulations based on law and legislation regarding integrity. It is also bound by the policy determined with Management, with respect to the integrity of business operations and ensuring the good reputation of the bank as defined in its General Code of Conduct.

The Board is composed of five members. In deciding the composition of the Board, the following was considered:

1. The nature and scope of the bank;
2. The size and nature of banking risks in the short, medium and long terms;
3. The required expertise and background of board members.

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

Before the Annual General Shareholders Meeting 2017, Mr. Maikel Muringen stepped down as member of the Supervisory Board due to accepting another challenge. During the Annual General Shareholders Meeting 2017, Mrs. Shirley Sowma and Mr. Ferdinand Welzijn stepped down as members of the Supervisory Board due to accepting other challenges. Mr. Vishal Jadnanansing was appointed to replace Mrs. Shirley Sowma. The two other positions were vacant in 2017. Mr. Vishal Jadnanansing was nominated and appointed because of his financial knowledge and experience.

Cornelis Dilweg (1949)

Chairman, reappointed in 2014 (Initially 2007)
Chief Executive Officer Randoe N.V.

Sonny Kertoidjojo (1966)

Member, reappointed in 2015 (Initially 2002)
Chairman of the Board of the State Health Foundation
Member of the Supervisory Board of Trustbank N.V.

Feroz Ishaak (1966)
Member, reappointed 2016 (Initially 2010)
Director Ishaak Law firm
Member of the Supervisory Board of Trustbank N.V.

Djaienti Hindori (1958)
Member, appointed in 2016
Member of the Advisory Council of Newmont Suriname
Vice Chairman Staatsolie Fund for Community Development

Vishal Jadnanansing (1977)
Member, appointed in 2017
Chief Financial Officer of C. Kersten en Co. N.V.
Chairman of the Supervisory Board of GOw2 Energy Suriname N.V.

Composition of the Shareholders

According to the regulations of the Central Bank of Suriname, Finabank N.V. complies with the regulation that no individual shareholder has more than 20% ownership. The owners with shares greater than 10% are:
Institutional investors (combined majority)

- C. Kersten en Co N.V. (Conglomerate) 20%
- Stichting Pensioenfonds van de N.V. Alcoa Minerals of Suriname 20%

No individual shareholder has a stake in the bank's capital above 20%. The institutional investors group combined has the majority of the voting rights.

Conformity statement

The Executive Board is required to prepare the Annual Report of Finabank N.V. for each financial year in accordance with Surinamese law. The Executive Board is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgement and estimates that are prudent and reasonable. The Executive Board is also responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the Supervisory Board, so that the timeliness, completeness and correctness of the external financial reporting is assured.
The signatory hereby confirms that to the best of his knowledge:

The Finabank N.V. Condensed Annual Report 2017 gives a true and fair view of the financial position and profit and loss statement of Finabank N.V.

Paramaribo, April 11, 2018

Eblein G. Frangie
Chief Executive Officer

Chairman
Cornelis Dilweg

Report of the Supervisory Board

The year 2017 was challenging in many ways for Finabank N.V. The economic environment was volatile and international requirements and regulations on banks were (and are still) changing in a rapid pace. Although the Supervisory Board is content with the latter, together with a challenging economic environment, we need to focus more than before in conjunction with the Executive Board, to strengthen our governance and have the right controls in place. In this context we have revised our Corporate Governance Code in 2017, in conjunction with an external consultant. We had in depth discussions regarding the strategic plan 2017-2019 and based upon the new strategic route we revised our code. The new code is not only aligned with the new strategic plan of the bank, but also with international standards. We have put many efforts in the code but also in enhancing the culture of the bank.

In the context of the yearly evaluation of the external independent auditor the Supervisory Board also decided to switch our auditing firm. Finabank was previously audited by KPMG Assurances Services N.V. and after an in depth selection procedure, the Supervisory Board contracted EY Assurance Services.
The position of the Chief Financial & Chief Operational Officer was still vacant at the bank in 2017. We have hired a recruitment agency in Suriname and the Netherlands to search for a suitable candidate to fulfill the position. After an 8 month search, the Supervisory Board hired Mr. Bart de Bruijn, who has years of experience at Financial Institutions in the Netherlands. We chose to give Mr. Bart de Bruijn an adjustment period of 12 months before formal appointment.

Supervisory Board Meetings

The full Supervisory Board met 17 times in 2017 of which all were regular meetings. On average, 95% of the Supervisory Board members were present at the meetings. This attendance illustrates the engagement of the members in Finabank N.V. The Executive Board was present at all meetings. During the regular Supervisory Board meetings, the following topics were discussed:

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

The Board periodically assesses the entire organizational structure and the functioning of the risk management and control systems set up by Management. The Supervisory Board authorizes changes and adjustments to these systems. In this respect

the Internal Audit, Risk and Compliance departments report quarterly to the Board and Management simultaneously regarding risks and mitigating measures taken. The Board, together with Management, is responsible for the corporate governance structure of the bank and for compliance with the respective code. In this respect, it reports to the General Shareholders' Meeting.
According to the Corporate Governance structure of Finabank N.V., the Internal Audit Department reports simultaneously to both the Chief Executive Officer and the Audit Committee of the Supervisory Board. The Risk Department and Compliance Department simultaneously report to the Chief Executive Officer and the Risk Department Committee of the Supervisory Board. Management and Management affairs are discussed within the Selection and Remuneration Committee. The committee chairs each report to all members of the Supervisory Board.

Audit Committee

The Audit Committee is in charge of advising the Board on matters of financial strategy and performance. Other fields of attention are the appointment of the external auditor, accounting and financial reporting systems and standards, internal controls and internal auditing.
This committee consists of the following members:

- Mr. Vishal Jadnanansing – Chair
- Mr. Feroz Ishaak – Member
- Mr. Sonny Kertoidjojo - Member

The Audit Committee met 5 times in 2017. On average 100% of the committee members was present at the meetings. The Audit Committee meets quarterly with the Internal Audit Department to discuss the audit results based on the year plan. The members also meet quarterly with the independent external auditor to discuss the audit results, the management letter and the latest developments of IFRS and audit strategies.
In 2017 the Audit Committee also supported the Executive Board during the process of selection of the new independent external auditor and prepared the advice for the whole Supervisory Board.

Risk Committee

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

- Mr. Feroz Ishaak – Chair
- Mr. Vishal Jadnanansing – Member
- Mrs. Djaienti Hindori – Member

The Risk Committee met 4 times in 2017. On average 100% of the committee members was present at the meetings. The Risk Committee meets quarterly with the Risk Department and the Compliance Department to discuss the risk and compliance results based on the year plan. During the meetings held with the Risk Department, the Enterprise Risk Framework, which is fully updated quarterly, is discussed. Also, the controls that need to be in place are discussed. The new risk charter and risk management policy 2017, have been approved by the Risk Committee.
Regarding compliance, the committee approved the Compliance manual and the new structure of the department. In depth discussions regarding the growth of the bank in relation to the risk and compliance controls are a regular topic of discussion.

Selection and Remuneration Committee

This committee is responsible for the preparation of the selection and/or re-appointment of members of the Executive Board and Supervisory Board. It drafts the selection criteria, re-appointment schedules and is in charge of legacy planning for both Boards. The Remuneration Committee gives advice with respect to salaries and fringe benefits of members of the Executive Board, Senior Management and high-ranking executives responsible for risk management and compliance management.

This committee consists of the following members:

- Mrs. Djaienti Hindori – Chair
- Mr. Sonny Kertoidjojo – Member
- Mr. Vishal Jadnanansing – Member

The Selection and Remuneration Committee met 8 times in 2017. On average 95% of the committee members was present at the meetings. The committee members had their regular performance meetings three times with the executive board members. Furthermore, the committee members discussed the remuneration of the Executive Board and the Human Resource policy regarding all employees of the bank. A consultant was hired to advise the committee members regarding the remuneration of the Executive Board and all other employees of the bank.
In order to complete the Executive Board for a balancing governance structure the committee members also hired through an executive search a financial executive to act in the position of Chief Financial & Operational Officer.

Continuous Education

Educational sessions on compliance, strategy, international banking developments and International Financial Reporting Standards were organized for the Supervisory Board.

Corporate Strategy

The Supervisory Board together with Management and senior staff defined the new strategy 'Strategy Force' for the period 2017-2019 in 2016. In 2017 the Supervisory Board together with Management and senior staff evaluated the strategy and concluded that the bank is on the right path of executing this new strategy.

External auditor, risk and compliance

The Supervisory Board nominates the external auditor, after being advised by Management and the manager of the Internal Audit Department.
With regard to the supervision of risk management, the Supervisory Board discusses with Management the strategy, the policy, long-term plans and the risks involved in the bank's activities. At strategic level, the Supervisory Board assesses whether the capital allocation and the liquidity impact are in accordance with the authorized risk appetite. In this respect the Supervisory Board approves the strategic plan, the annual operational policy, the general budget, including the investment budget, the Internal Audit plan, the Compliance plan, the Risk Charter, Risk Test plan and Risk policy.
The Board supervises compliance with the internal procedures set up by Management for drafting and publishing the annual report and possible other periodical and incidental publications. In addition, the Board supervises the set-up and maintenance of internal control systems with regard to financial reporting, while considering the Internal Audit plan. These systems are designed to ensure that all key financial information is known to the Supervisory Board and Management and to ensure the timeliness, completeness and accuracy of the internal and external financial reporting. In this respect, the Internal Audit Department fulfils an independent, objective assurance position. The respective manager of the department informs the Chairman of the Board of his findings, if necessary through a direct line of reporting.

Financial Reporting and results

The application of the Accounting Standards described by Management in the notes which are materially based on the International Financial Reporting Standards ("IFRS"), with the exception of the application IAS 29, is rooted in the ambition of the bank to increase transparency towards our shareholders, customers and other stakeholders. It is also an important part of strengthening our corporate governance structure both internally and externally driven by the increasing globalization and the environment wherein the bank operates.
In order to comply with the provisions of article 30, paragraph 3 of the articles of association of Finabank N.V., we report that we have engaged our Internal Audit Department to provide assurance of Finabank N.V.'s year accounts over the period ending December 31, 2017. The balance sheet total of the bank increased by SRD 571 million (49%) to SRD 1,733 million compared to December 31, 2016 and the net result of the bank increased by 23% to SRD 13 million compared to December 31, 2016. The non-performing ratio decreased from 3.0% at December 31, 2016 to 2.6 % at December 31, 2017.

Supervisory Board:
From left to right (standing):
Feroz Ishaak, *Member*
Vishal Jadnanansing, *Member*
Djaienti Hindori, *Member*

From left to right (sitting):
Sonny Kertoidjojo, *Member*
Cornelis Dilweg, *Chairman*

The Supervisory Board will advise the shareholders upon advice of Management, considering the fragile economic situation, the growth of the bank and the robust investment program of the bank, to pay out dividend SRD 8.50 per share with a nominal value of SRD 10.00.

Personal note

We are pleased to express our appreciation and gratitude for the manner in which Management and staff have performed during the financial year. Their efforts have contributed to the current position of Finabank N.V. in the market.

Paramaribo, April 11, 2018

Cornelis A. Dilweg

On behalf of the Supervisory Board
Cornelis A. Dilweg
Chairman

CONDENSED ANNUAL FINANCIAL STATEMENTS 2017

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017

	December 31, 2017	December 31, 2016
	SRD	SRD
ASSETS		
Cash and cash equivalents	166,916,372	67,607,536
Amounts due from banks	561,686,172	311,332,984
Financial assets designated at fair value through profit and loss	52,390	8,067,772
Held-to-maturity investments	295,666,528	118,848,228
Derivatives	16,709,963	17,206,963
Loans and advances to customers	637,547,164	556,613,910
Property and equipment	35,847,563	33,255,847
Intangible assets	2,992,598	835,119
Deferred tax assets	-	-
Other assets	15,589,852	47,994,845
Total assets	**1,733,008,602**	**1,161,763,204**
LIABILITIES		
Amounts due to banks	100,473,734	46,180,503
Customers' current, savings and deposit accounts	1,454,607,050	965,268,155
Derivatives	-	-
Current tax liabilities	6,718,093	1,176,822
Deferred tax liabilities	7,757,014	13,302,136
Net defined benefit liabilities	6,886,200	4,328,315
Provision for anniversary payments	2,496,192	-
Other liabilities	53,464,510	40,995,793
Total liabilities	**1,632,402,793**	**1,071,251,724**
SHAREHOLDERS' EQUITY		
Share capital	2,230,770	2,230,770
Share premium	33,527,575	33,527,575
Reserves and retained earnings	51,744,196	44,150,397
Profit for the period	13,103,268	10,602,738
Total shareholders' equity	**100,605,809**	**90,511,480**
Total Liabilities and Equity	**1,733,008,602**	**1,161,763,204**

"The accompanying notes are an integral part of these financial statements".

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2017

	December 31, 2017	December 31, 2016
	SRD	SRD
Interest income	102,758,109	75,763,737
Interest expense	36,408,547	28,430,452
Net interest result	**66,349,562**	**47,333,285**
Investment income	**13,915**	**(93,506)**
Commission and fee income	17,983,830	13,457,505
Commission expense	1,789,875	1,381,124
Net commission and fee income	**16,193,955**	**12,076,381**
Other income	**10,248,121**	**5,572,027**
Total income	**92,805,553**	**64,888,187**
Net impairment losses on loans and advances	10,727,656	3,658,006
Personnel expenses	24,002,198	17,228,354
Other operating expenses	37,601,843	27,435,049
Total expenses	**72,331,697**	**48,321,409**
Profit before tax	**20,473,856**	**16,566,778**
Income tax expenses	**7,370,588**	**5,964,040**
Profit for the period	**13,103,268**	**10,602,738**
Earnings per share	**58.74**	**47.53**

"The accompanying notes are an integral part of these financial statements".

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2017

	December 31, 2017	December 31, 2016
	SRD	SRD
Profit attributable to shareholders of the Bank	13,103,268	10,602,738
Other comprehensive income:		
Actuarial gains and (losses) on defined benefit obligation	(1,649,606)	(459,738)
	(1,649,606)	(459,738)
Income tax expenses on other comprehensive income	**(593,858)**	**(165,506)**
Other comprehensive income net of taxes	**(1,055,748)**	**(294,232)**
Total comprehensive income	**12,047,520**	**10,308,507**

"The accompanying notes are an integral part of these financial statements".

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT DECEMBER 31, 2017

	Share capital	Share premium	Reserves and retained earnings	Profit for the period	Total equity
	SRD	SRD	SRD	SRD	SRD
Closing balance at December 31, 2015	**2,230,770**	**33,527,575**	**37,595,822**	**9,625,610**	**82,979,777**
Appropriation of profit 2015	-	-	9,625,610	(9,625,610)	-
Profit 2016	-	-	-	10,602,738	10,602,738
Error restatement on property and equipment	-	-	(77,570)	-	(77,570)
Error restatement on Lease 2016	-	-	-	-	-
Other comprehensive income 2016	-	-	(294,232)	-	(294,232)
Dividends	-	-	(2,699,232)	-	(2,699,232)
Closing balance at December 31, 2016	**2,230,770**	**33,527,575**	**44,150,398**	**10,602,738**	**90,511,480**
Appropriation of profit 2016	-	-	10,602,738	(10,602,738)	-
Profit 2017	-	-	-	13,103,268	13,103,268
Other comprehensive income 2017	-	-	(1,055,748)	-	(1,055,748)
Error restatement PPE 2016	-	-	(865,192)	-	(865,192)
Restatement provision anniversary payments	-	-	(1,088,000)	-	(1,088,000)
Dividends	-	-	-	-	-
Closing balance at December 31, 2017	**2,230,770**	**33,527,575**	**51,744,196**	**13,103,268**	**100,605,809**

CONDENSED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2017

		December 31, 2017	December 31, 2016
		SRD	SRD
Cash flow from operating activities			
Profit for the period		13,103,268	10,602,738
Adjusted for:	- Depreciation	7,407,007	4,046,728
	- Changes through equity (excl. tax)	(4,701,469)	-
	- Fair value adjustments on derivative liabilities	497,000	(12,568,224)
	- Tax expenses	7,370,588	5,964,040
	- Net impairment losses on loans and advances, net of recoveries	10,727,656	3,658,006
	- Net interest income	(66,349,562)	(47,333,285)
Changes in:	- Gross advances to customers	(91,660,910)	(194,991,408)
	- Other assets	32,404,993	(42,208,146)
	- Customers' current, savings and deposit accounts	489,338,895	414,385,409
	- Net defined benefit liabilities	5,054,077	1,478,865
	- Other liabilities	12,556,916	17,710,543
Income tax paid		(5,770,102)	(2,651,904)
Interest received on loans and advances		82,253,787	67,349,566
Interest received on held-to-maturity investments		20,478,581	7,681,960
Interest received from banks		25,741	272,380
Interest paid on bank deposits		(186,486)	(574,000)
Interest paid on customer deposits		(36,222,061)	(27,856,451)
Net cash flow from/(used in) operating activities		**476,327,919**	**204,966,815**
Cash flow from investing activities			
Net investment in property and equipment		(9,693,587)	(8,808,436)
Net investments in investments designated at FVTPL		8,015,382	(8,028,522)
Net investments in intangibles		(2,462,622)	(700,824)
Net investments in held-to-maturity investments		(176,818,300)	(28,822,875)
Net cash flow from/(used in) investing activities		**(180,959,126)**	**(46,360,657)**
Cash flow from financing activities			
(Increase) / Decrease in Reserves		-	-
Dividend paid		-	(2,699,232)
Net cash flow from/(used in) financing activities		**-**	**(2,699,232)**
Net cash flow		**296.368.793**	**155,906,926**
Cash and banks at beginning of reporting period			
- Cash and cash equivalents		67,607,536	29,803,615
- Amounts due from banks		311,332,984	174.668.876
- Amounts due to banks		(46,180,503)	(27,619,401)
Cash and banks at end of reporting period		**628.128.810**	**322.760.016**
Cash and banks at end of reporting period is represented by:			
- Cash and cash equivalents		166,916,372	67,607,536
- Amounts due from banks		561,686,172	311,332,984
- Amounts due to banks		(100,473,734)	(46,180,503)
		628,128,810	**332,760,016**

"The accompanying notes are an integral part of these financial statements".

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

GENERAL NOTES

1. REPORTING ENTITY

Finabank N.V. (hereafter Finabank N.V. or the bank), established on April 24, 1991 and located in Paramaribo, Suriname, is a limited liability company and is registered at the Chamber of Commerce in Suriname. The headquarters of Finabank N.V. is located at Dr. Sophie Redmondstraat 59-61 in Paramaribo, Suriname. Finabank N.V. has three branches; one in the Nickerie district of Suriname, at Doerga Sawhstraat 72 in Nieuw Nickerie, a second one at Mr. Jagernath Lachmonstraat 49 in Paramaribo South and a third branch in Paramaribo North at the corner of the Kristalstraat and Jozef Israelstraat.

The main activities of Finabank N.V. are:

1. Executing general banking business in the broadest sense including:
   a. Accepting deposits from the public on current accounts or savings;
   b. Attracting funding through loans, by accepting deposits and by issuing bonds, debt securities, deposit securities and other securities under whatever name and in whatever form;
   c. Providing loans and discounting bills of exchanges, whether insured;
   d. Trading in foreign currencies;
   e. Providing services for national and international payments and/or capital traffic;
   f. Performing all other financial activities that may be related to the banking business in a general sense;
   g. Providing various securities on behalf of third parties;
2. Obtaining, owning, selling, managing, exchanging, transferring, trading and disposing of all types of assets and values such as but not limited to: shares, bonds, funds, orders, bills of exchange, debt securities;
3. Establishing, co-establishing, representing, managing and administering as well as participating, in any shape or form, in other companies and institutions of any nature whatsoever;
4. Performing all that is directly or indirectly related to the above or which may promote the above.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES IN 2017

2.1 Statement of compliance

As is mentioned in the Trade law of Suriname, Management is responsible for the preparation of the financial statements, consisting of a balance sheet, profit and loss statement and including Notes thereon.

In October 2017, the law on the annual accounts was adopted in Suriname. This law requires organizations in Suriname to prepare their financial statements in accordance with International Financial Reporting Standards (IFRS). Depending on the size and nature, companies should be compliant with IFRS in 2020 or 2021.

In 2017 Finabank assessed the useful life and the according depreciation percentages of the various compartments of the buildings and concluded that these should be updated. The following changes are implemented in 2017:

Compartment	Useful lifetime (old)	Useful lifetime (new)
Interior	25 years	5 years
Installations	25 years	5 years
Other	25 years	10 years

The impact of the above-mentioned changes for the current year, are reflected in the depreciation costs of 2017. The understated depreciation in 2016 and previous years are corrected through equity in 2017.

As from 2017, Finabank calculates the costs and the liabilities for Anniversary payments on actuarial basis. Employees of Finabank are entitled to anniversary bonuses. These anniversary bonuses are paid out, based on the service period. The expected costs of these anniversary bonuses are accrued over the period of employment using an accounting methodology similar to that for defined benefit pensions plans. The basis for this calculation is an actuarial report provided by Active Consultancy N.V.

Basis of preparation

Management of Finabank has elected to use its own set of accounting standards for the preparation of these financial statements which are summarized below:

The standards used by Management are disclosed in the notes and are materially based on the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) with the exception of the application of IAS 29.

2.2 Going concern, banking system, risk and financial position of the bank

Finabank N.V. operates within a challenging macroeconomic climate and the accompanying financial statements have been prepared on a going concern basis. Finabank made an internal assessment to conclude on this. The main topics which were assessed were:

- Solvency risk and capital management; Finabank has a solvency position well above the guidelines of the Central Bank of Suriname. Furthermore, Finabank maintains a long open currency position in EURO and USD;
- Liquidity risk and risk of default; Finabank has a liquidity surplus and monthly stress testing takes place and if needed corrective measures are executed;
- Foreign Exchange and currency risk; Finabank issues a Tier 1 bond in United States Dollars, to make Finabank less volatile for currency revaluation;
- Governance; Finabank strengthened their governance by hiring a Financial Executive within the bank. The governance structure of the bank is therefore more balanced;
- Correspondent Banking; Finabank has currently 3 correspondent banks and as from 2017, Finabank is partner in the IDB program;
- Credit Risk; Finabank has a low non performing ratio, which indicates Finabank has a healthy loan portfolio.

Management position

Based on the aforementioned facts, circumstances and assessment, Management has prepared the financial statements on the going concern assumption.

NOTES TO THE ACCOUNTING POLICIES

3. ACCOUNTING POLICIES

3.1 Changes In Accounting Policies In 2017

In preparing the financial statements, Finabank N.V. has selected accounting policies which are materially based on IFRS except for application of IAS 29, that are effective for reporting periods beginning on January 1, 2017, without early adoption of new standards or interpretations for which early adoption is permitted.

In comparison with 2016, two accounting policies have been restated:

1. In 2017 Finabank assessed the useful life and the according depreciation percentages of the various compartments of the buildings and concluded that these should be updated. The following changes are implemented in 2017:

Compartment	Useful lifetime (old)	Useful lifetime (new)
Interior	25 years	5 years
Installations	25 years	5 years
Other	25 years	10 years

The impact of the above-mentioned changes for the current year, are reflected in the depreciation costs of 2017. The understated depreciation in 2016 and previous years are corrected through equity in 2017.

2. As from 2017, Finabank calculates the costs and the liabilities for Anniversary payments on actuarial basis. Employees of Finabank are entitled to anniversary bonuses. These anniversary bonuses are paid out, based on the service period. The expected costs of these anniversary bonuses are accrued over the period of employment using an accounting methodology similar to that for defined benefit pensions plans. The basis for this calculation is an actuarial report provided by Active Consultancy N.V. Because the calculations involve actuarial calculations and significant assumptions, it was impractical to correct the prior period error retrospectively. Therefore, opening balances of liabilities and equity for the current period have been restated.

3.2 Application of new, revised, effective and not yet effective IFRS

Management of Finabank has evaluated the impact of new and revised IFRS regulations that are applicable in the current year which is further described below. In addition, the accounting policies that have been substantially revised compared to the accounting policies in the 2016 financial statements, have been disclosed as well in these financial statements.

In the current year, the following accounting standards, which are mandatory in accordance with IFRS, based on which the financial statements are materially based on, were amended:

- IAS 12, Recognition of deferred Tax Assets for Unrealised losses;
- IAS 7, Disclosure Initiatives, Amends IAS 7 'Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of Financial statements to evaluate changes in liabilities arising from financing activities.

Management is of the opinion, that the financial statements of Finabank are not impacted by the above-mentioned amendments.

The following new IFRS regulations / amendment / new interpretations are in issue and will be effective in 2018:

New:
- IFRS 9, Financial Instruments
- IFRS 15, Revenue from Contracts with Customers

Amendments:

- IFRS 2, Classification and Measurement of Share-based Payment Transactions
- IAS 40, Transfers of Investment Property

Interpretations:
- The interpretation of IFRIC 22, Foreign Currency Transactions and Advance Consideration will change in 2018

Effective 1 January 2019:
- IAS 16, Leases
- IFRIC 23, uncertainty over income tax treatment

Out of the above-mentioned amendments / regulations, Management has assessed the impact for Finabank, resulting to the conclusion that the impact of implementing IFRS 9 is as described below.

Other than stated in the Bank's annual report of 2016, IAS 16 will be implemented in 2018.

IFRS 9 Financial Instruments

IFRS 9 will replace IAS 39 'Financial instruments: Recognition and Measurement' and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. The new requirements become effective as of 1 January 2018. Finabank has decided to apply the classification, measurement and impairment requirements retrospectively by adjusting the opening balance sheet and opening equity at 1 January 2018, with no restatement of comparative periods. Finabank has also chosen not to early adopt changes introduced by IFRS for financial liabilities where movements in own credit for financial liabilities designated at Fair Value through profit or loss will be presented in other comprehensive income.

Impact

Based on the IFRS 9 ECL model, a more volatile impairment charge may be expected on the back of Macroeconomic predictions. Financial assets with high risk and long maturity profiles are expected to be subject to the biggest impact. A 12-month ECL will be recognized for all financial assets that have not had a significant increase in credit risk. IFRS 9 requires calculating lifetime ECL for those assets with a significant increase in credit risk since initial recognition but are not credit impaired at the reporting date. (I.e. stage 2). This category did not exist under IAS 39. These factors could result in an increase in the total level of impairment allowances.

3.3 Comparative amounts

Comparative amounts in the statement of profit or loss and OCI have been reclassified or re-presented.

3.4 Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which Finabank N.V. operates ('the functional currency'). The financial statements are presented in Suriname Dollar (also abbreviated: "SRD"), which is Finabank N.V.'s functional and presentation currency.

3.5 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following items in the statement of financial position:

- Financial assets designated at fair value through profit and loss and are subsequently measured at fair value.
- Land and buildings are measured at fair value minus depreciation, last revaluation date was November 2015.
- The defined benefit liability is measured at the present value of the defined benefit obligation, less unrecognised past service cost and unrecognised actuarial losses plus the net total of the plans assets and unrecognised actuarial gains.
- Derivatives are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In addition, for financial reporting purposes, fair value measurements are categorized into level 1, 2, or 3 based on the degree to which the inputs of the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety.

3.6 Use of estimates and assumptions

In preparation of the financial statements, Management has to make judgements, estimates and assumptions regarding the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the year. The actual outcome may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The process of setting assumptions takes into account internal and external studies, industry developments, environmental factors and trends, regulatory requirements and experience judgement of management. Management made significant estimates, based on solid assessments, regarding the valuation of financial instruments and going concern assumption.

3.7 Significant accounting policies

3.7.1 Recognition of financial assets and liabilities

The Bank initially recognizes loans and advances and deposits on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Bank becomes party to the contractual provisions of the instrument.
A financial asset of financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

3.7.2 Classification of financial assets and liabilities

Financial assets

The Bank classifies its financial assets into one of the following categories:

- Financial assets designated at fair value through profit or loss;
- Held-to-maturity investments;
- Derivatives;
- Loans and receivables.

i. Financial assets designated "at fair value through profit or loss"
Financial assets are classified in this category if they are either acquired for the purpose of selling in the short term or if so designated by Management. Financial assets designated at fair value through profit or loss are initially recognised and at subsequent reporting dates continuously measured at fair value. Interest from securities designated at fair value through profit or loss are reported as interest income. Other gains and losses on financial assets designated at fair value through profit or loss are reported as investment income.

ii. Held-to-maturity investments
Held-to-maturity investments are non-derivate assets with fixed or determinable payments and fixed maturity dates for which the Bank has the positive intent and ability to hold to amortized. These investments are initially recognised at fair value plus transaction costs. Subsequently, they are carried at amortized cost using the effective interest rate method less any impairments. Interest from held-to-maturity investments are reported as interest income. Other gains and losses on held-to-maturity investments, impairments included, are reported as investment income.

iii. Derivatives
Based on a ruling with the Central Bank of Suriname regarding foreign currencies exchange, Finabank N.V. holds derivatives, which mitigates foreign currency exposures. These derivate does not qualify as a hedge. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss. Derivatives are carried as assets when their individual carrying value is positive and as liabilities when their individual carrying value is negative. Gains or losses resulting from fair value changes of foreign exchange derivatives are recognised as foreign currency translation results under the heading of "other income".

iv. Loans and receivables
Loans and receivables (including trade and other receivables, bank balances, cash and cash equivalents, and others) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value and subsequently at amortized cost using the effective interest method, less any impairment.

Interest on loans is included in the consolidated statement of profit or loss and other comprehensive income and is reported as "interest income". In the case of an impairment of the loan, the losses arising from impairment are recognised in the statement of income under 'Net impairment losses on loans and advances'.

Financial liabilities
The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost. The bank does not carry financial liabilities at fair value through profit or loss.

3.7.3 Derecognition of financial assets and liabilities
Financial assets
The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss. Any interest in transferred financial assets that qualify for recognition that is created or retained by the Bank is recognized as a separate asset or liability.

Financial liabilities

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

3.7.4 Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position, and only when, the Bank has a legally enforceable right to set off the recognized amounts and intends to either settle on a net basis or to realize the asset and settle the liability simultaneously.
Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

3.7.5 Amortized cost measurement

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

3.7.6 Fair value measurement

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. If there is no quoted price in an active market, the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments. Valuation techniques include net present value and discounted cash flow models and comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The derivatives are measured at fair value using level 3 inputs since there is no active mark for derivatives of Suriname.

3.7.7 Identification and measurement of impairment

The Bank assesses periodically and at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is "impaired" when objective evidence demonstrates a 'loss event' and that loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes, but is not limited to:

- The borrower has sought or has been placed in bankruptcy or similar protection and this avoids or delays repayment of the financial asset;
- The disappearance of an active market for a security;
- The borrower has failed in the repayment of principle, interest or fees and the payment failure has remained unsolved for a certain period;
- The borrower has evidenced significant financial difficulty, to the extent that it will have a negative impact on the future cash flows of the financial asset;
- The credit obligation has been restructured for non-commercial reasons. The Bank has granted concessions, for economic or legal reasons relating to the borrower's financial difficulty, the effect of which is a reduction in the expected future cash flows of the financial asset;
- Observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group;
- Economic conditions that correlate with defaults in the group.

Finabank N.V. considers evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and a collective level. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Bank uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortized cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized. If the cash flows of the renegotiated asset are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and the new financial asset is recognized at fair value. The impairment loss before an expected restructuring is measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the estimated cash flows arising from the modified financial asset are included in the measurement of the existing asset based on their expected timing and amounts discounted at the original effective interest rate of the existing financial asset.
- If the expected restructuring will result in derecognition of the existing asset, the gain or loss of that existing asset would be recognized as the difference between the fair value of the restructured asset and the carrying amount of the original liability.

Impairment losses are recognized in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired assets continues to be recognized through the unwinding of the discount. If an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

The Bank writes off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when Bank Credit determines that there is no realistic prospect of recovery.

3.7.8 Foreign currency and inflation

Finabank N.V.'s financial statements are presented in Suriname Dollar, which is also the banks functional currency as described in note 4.4.

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 at the reporting date are translated into Suriname Dollar at the spot rate ruling at the reporting date.

Foreign currency gains or losses arising on translation or settlement of monetary items are recognised in profit or loss as 'Foreign currency translation results' or 'Net foreign currency transaction results' under the heading of 'Other income'.

The official closing exchange rates as published by the Central Bank of Suriname for the United States dollar and the Euro are as follow:

Official closing exchange rates

	December 31, 2017	December 31, 2016	January 1, 2015
	SRD	SRD	SRD
1 USD	7.40	7.35	3.96
1 EUR	8.82	7.69	4.33

As can be observed from the above-mentioned table there has been a significant devaluation of the exchange rate (SRD as functional currency) since 2015.The aforementioned devaluation also affected the inflation in Suriname negatively and the cumulative inflation based on the CPI index over a period of 3 years amounted to more than 100% as per December 31, 2017. Accordance to IFRS (IAS 29) determining whether an economy is hyperinflationary requires judgement and does not depend solely on the level of cumulative inflation over a certain period of time.

The cumulative inflation is a key factor in the identification whether an economy has reached and or is in a stage of hyperinflation. When economies are in a state of hyperinflation the financial statements need to be "restated" for the effects of changes in general purchasing power using a general price index. It is preferable that all entities that report in the currency of the same hyperinflationary economy should apply the standard.

Management concluded based on their assessment of the facts and circumstances that as per December 31, 2017 ("reporting date") the Surinamese economy was in a status of hyperinflation in accordance with IAS 29. A cumulative inflation rate over three years which approaches, or exceeds, 100% is a key factor in identifying a hyperinflationary economy. Based on the fact that from the regulatory perspective hyperinflation is not recognized and constantly not permitted. Management did not apply the standard.

3.7.9 Leasing

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date. An arrangement is determined a lease agreement when observing the agreement depends on the usage of a specific asset and the agreement mentions the right of use of the specific asset.

Financial lease

Finabank does not have any financial lease contracts. All lease contracts are considered as operational lease.

Operational lease

Assets in use under operational lease are not recognised in the statement of financial position. The operational lease payments are expensed in the statement of income for the duration of the contract.

3.7.10 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition, and that are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

3.7.11 Property and equipment

Land and buildings are stated at fair value and for buildings less accumulated depreciation at respective balance sheet dates. Land has an infinite useful life and is therefore not depreciated. The last valuation of the fixed assets was conducted in November 2015.

Depreciation is calculated on a straight-line basis over the depreciable amount and the estimated useful life. For buildings, depending on the component, the useful life is between 5 years and 30 years. When parts of buildings have different useful lives, they are accounted for as separate major components.

Equipment

Equipment is stated at cost less accumulated depreciation and any impairment losses. Included in equipment is the software necessary for proper functioning of the hardware, such as machine specific processing software and drivers. The cost of the assets and the related software is depreciated on a straight-line basis over the estimated useful lives, which are generally 3-5 years for fixtures and fittings, data processing equipment and other equipment.

Expenditure incurred on maintenance and repairs is recognised in the profit and loss account as incurred. Expenditure incurred on major improvements is capitalised and depreciated.

Disposals

Net gains and losses on the disposal of items of ‘Property and equipment’ are determined by comparing the proceeds from the disposal with the carrying amount of the disposed asset. The net gains and losses are recognised as ‘Other income’.

Error restatement on property and equipment

In 2017 we have identified that the depreciation percentage of buildings interior and installations were understated. We changed the depreciation percentage from 3% to 20% based on the Bank's professional judgement. The correction is as follows:

	December 31, 2017
	SRD
Total adjusted through equity	(865,192)

3.7.12 Intangible assets

Intangible assets comprise of computer software products developed on behalf of and owned by Finabank N.V. The Bank is the owner of the software when she has control over the source code of the software. Intangible assets are recognised at cost less accumulated impairment losses and accumulated amortization over the useful lives. Amortization is recognised on a straight-line basis over the estimated remaining useful live, normally between 5-10 years from initial recognition. On each reporting date the remaining useful live of each intangible asset is assessed and also tested for impairment. The impairment is calculated as the difference between the net present value of expected cash inflows and/or cost reductions, attributable to that intangible asset and the carrying amount. Impairment adjustments are recognised through profit or loss.

3.7.13 Taxation

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in OCI.

Current tax liabilities

Current tax liabilities comprise the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met. As defined in IFRS.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax liability is a result of temporary differences between the accounting and tax carrying values, the anticipated and enacted income tax rate, and estimated taxes payable for the current year.

The deferred taxes mainly consists of unrealised result on derivatives, difference between commercial and fiscal depreciation and revaluation reserves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax assets and liabilities are offset only if certain criteria are met, as defined in IFRS.

3.7.14 Other assets

The balance of other assets consists primarily of prepaid expenses, accrued interest receivable and other receivables not related to loans and advances. These other assets have a short-term nature.

3.7.15 Defined benefit plan

Pension plan

Finabank N.V. maintains a defined benefit plan, which is insured at N.V. Self Reliance in Suriname. Annual contributions are paid to the fund at a rate necessary to adequately finance the accrued liabilities of the plan calculated in accordance with the terms of the plan and the local legal requirements. The most recent (actuarial) valuations of the fair value of plan assets and defined benefit obligation were carried out as at December 31, 2017 by a registered actuary. 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 net defined benefit liability, calculated as the defined benefit obligations less the fair value of the plan assets, is recognised within 'Net defined liabilities" in the statement of financial position.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) are recognised immediately in OCI. The Bank determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

Finabank N.V. does not cover the medical expenses of staff after retirement. From age 60 and up, retirees are eligible for medical care provided by the Government.

Anniversary bonus

Employees of Finabank are entitled to anniversary bonuses. These anniversary bonuses are paid out, based on the service period. The expected costs of these anniversary bonuses are accrued over the period of employment using an accounting methodology similar to that for defined benefit pensions plans.

3.7.16 Income recognition

Income is measured at the fair value of the consideration received or receivable.

Interest Income and interest expenses

Interest income and expense on financial assets and liabilities are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, Finabank N.V. estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Interest income and expense presented in the statement of income and OCI include:

- Interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- Coupon interest received on investments designated at fair value through profit or loss, that is no longer included in the fair value of the investment;

Investment income

Investment income relates to financial assets designated at fair value through profit and loss. It includes all realised and unrealised fair value changes and dividends. Dividend income is recognised when the right to receive income is established.

Commission, fee income and expenses

Commission, fee income and expenses that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fees and commission income – including account servicing fees, closing fees and early redemption fees – are recognised as the related services are performed.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are rendered.

3.7.17 Expense

Expenses are recognised in the statement of income as incurred or when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognised on the basis of the matching principle, on the basis of a direct association between the costs incurred and the revenues of specific items of income. When the economic benefits are expected to arise over several accounting periods and the associating with income can only be broadly or indirect determined, such as is the case with property and equipment and with intangible assets, expenses are recognised in the statement of income on the basis of systematic and rational allocation procedures. In such cases the expenses are referred to as depreciation or amortization. Expenses are recognised immediately in the statement of income when an expenditure produces no future economic benefits or cease to qualify in the statement of financial position as an asset. An expense is also recognised in the statement of income when a liability is incurred without the recognition of an asset.

3.7.18 Earnings per share

Earnings per share is calculated from profit for the period on the basis of the number of ordinary shares outstanding. There are no holders of equity in Finabank N.V., other than ordinary shareholders. Also, no new shares have been emitted, nor have any stock options been granted to any party during the reporting period or during comparative periods. There is no dilution effect on the earnings per share.

3.7.19 Statement of cash flow

The statement of cash flows is prepared in accordance with the indirect method, classifying cash flows as cash flows from operating, investing and financing activities. Profit or loss is adjusted for the effects of transactions of a non-cash nature,

any deferrals or accruals of past or future operating cash receipts or payments, and items of income and expense associated with investing or financing cash flows.
For the purpose of the statement of cash flows, cash consists of cash at hand (including ATM's) and on unrestricted current account balances at the Central Bank of Suriname. Cash and cash equivalents include investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of three months or less from the date of acquisition. Consideration is also given to the credit risk of cash and cash equivalents irrespective the length to maturity.

Interest income and expenses are presented as part of cash flows of operating activities.

3.7.20 Related parties

A related party is a natural person, dependents or entity that is related to the bank.
An entity or a natural person is related to the bank if this entity or natural person, or close relative of the natural person:

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

OTHER INFORMATION: INDEPENDENT AUDITOR'S REPORT

To: The shareholders and management of
FinaBank N.V.
Dr. Sophie Redmondstraat 59-61.
Suriname

REPORT OF THE INDEPENDENT AUDITOR ON THE GLOSSY FINANCIAL STATEMENTS

Opinion

The glossy financial statements, which compromise of the statement of financial position as at December 31, 2017, the statements of income, comprehensive income, changes in shareholder' equity, and cashflow statement for the year then ended and related notes are derived from the complete audited financial statements of FinaBank N.V. ("the Bank") for the year ended December 31, 2017.

In our opinion the accompanying glossy financial statements are consistent, in all material respect with the audited financial statements 2017, in accordance with accounting standards selected and disclosed by the Bank on Note 2.1.

Glossy Financial Statements

The glossy financial statements do not contain all the disclosures required by International Financial Reporting Standards ("IFRSs"). Reading the glossy financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Theron

We expressed an unmodified audit opinion on the financial statements in our report dated 9 April 2018, in accordance with accounting standards selected and disclosed by the Bank on Note 2.1.
The audited financial statements and the glossy financial statements do not reflect the effects of events that occurred subsequent to the date of our auditor's report on the audited financial statements.

Responsibilities of Management for the Glossy Financial Statements

Management is responsible for the preparation of the glossy financial statements in accordance with accounting standards selected and disclosed by the Bank on Note 2.1

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

Our responsibility is to express an opinion on whether the glossy financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Curacao, 13 April 2018
61096974 163/21936

For Ernst & Young Accountants | F. de Windt-Ferreira CPA

__Finabank hoofdkantoor__ Dr. Sophie Redmondstraat 59-61 T.(+597) 472266

Finabank filialen
__Finabank Zuid__ Mr. J. Lachmonstraat 49 T. (+597) 430300
__Finabank Noord__ Hoek Jozef Israëlstraat/Kristalstraat T. (+597) 455169
__Finabank Nickerie__ A.K. Doerga Sawhstraat 72 T. (+597) 230027

Finabank Online
Finabank Facebook Messenger
Finabank Mobile Banking
Finabank Online Banking
Website: www.finabanknv.com
E-mail: customercare@finabanknv.com

FinaBank