

ANNUAL REPORT 2020





INDEX

<u>GENERAL INFORMATION</u>	06
<u>MULTI-ANNUAL FINANCIAL SUMMARY</u>	07
<u>ORGANIZATIONAL CHART</u>	10
<u>REPORT OF THE SUPERVISORY BOARD</u>	13
<u>REPORT OF THE EXECUTIVE BOARD</u>	15
<u>MACRO ECONOMIC DEVELOPMENTS</u>	18
<u>DEVELOPMENTS OF THE SURINAAMSE VOLKSCREDIETBANK</u>	22
<u>RISK MANAGEMENT</u>	22
<u>HUMAN RESOURCE DEPARTMENT</u>	26
<u>INVESTED FUNDS: CREDIT LOANS</u>	29
<u>TREASURY</u>	31
<u>PAWNSHOP</u>	32
<u>SUMMARY FINANCIAL STATEMENTS</u>	33
<u>BALANCE SHEET AS AT 31 DECEMBER 2020 (BEFORE PROFIT APPROPRIATION)</u>	33
<u>INCOME STATEMENT OVER 2020</u>	35
<u>CASH FLOW STATEMENT OVER 2020</u>	36
<u>MOVEMENT SUMMARY OF EQUITY CAPITAL</u>	37
<u>NOTES TO THE SUMMARY FINANCIAL STATEMENTS</u>	38
<u>SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES</u>	38
<u>ACCOUNTING PRINCIPLES FOR THE BALANCE SHEET AND INCOME STATEMENT</u>	39
<u>ACCOUNTING PRINCIPLES FOR THE CASH FLOW STATEMENT</u>	43
<u>SOLVENCY AND CAPITAL MANAGEMENT OF THE SURINAAMSE VOLKSCREDIETBANK</u>	43
<u>RISK POSITION BASED ON FINANCIAL INSTRUMENTS</u>	45
<u>NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2020</u>	46
<u>NOTES TO THE INCOME STATEMENT OVER 2020</u>	55
<u>OTHER INFORMATION</u>	57
<u>PROPOSED PROFIT APPROPRIATION</u>	57
<u>EVENTS AFTER BALANCE SHEET DATE</u>	57
<u>INDEPENDENT AUDITOR'S REPORT</u>	58

GENERAL INFORMATION

PUBLICATION OBLIGATION

Pursuant to article 12, sub-2, of the Articles of Association of the Stichting Surinaamse Volkscredietbank (VCB), the Bank has the obligation to publish a report annually, comprising of a Balance Sheet and Income Statement, together with the accompanying notes, approved by the Supervisory Board.

MISSION

The VCB is a proactive social financial institution that, through a personal-oriented approach and assistance, is accessible to all, in which optimal customer service is offered with tailored services and products.

As a bank, we strive to grow larger and to increasingly improve the professional services to our clients. Our ambition is to become the most client-oriented bank of Suriname. We feel strongly committed to our clients; if clients are doing well, then we are doing a good job.

VISION

We are determined to take on a dominant position within the financial sector, with empowered personnel who provide devoted attention to quality to our clients.

Central to our vision is the basic commitment of the VCB to increase its market share. The pursuit to provide devoted attention to quality to clients through professional and empowered personnel is one of the spearheads in becoming a quality organization. The direct effect is that the quality standards must be maintained in all operations.

CORE VALUES

The VCB defined the following core values which will lead to the realization of our strategic goals.

- Integrity;
- Professionalism;
- Flexibility;
- Customer service;
- Innovation;
- Transparency.

These values are regarded as our ethical business concept and make evident what VCB stands for.

MULTI-ANNUAL FINANCIAL SUMMARY

BALANCE SHEET AS AT (X SRD 1,000)

	31-12-2020	31-12-2019		31-12-2018
	SRD	SRD		SRD
ASSETS				
Cash and cash equivalents	657,576	617,053		366,498
Due from financial institutions	60,696	30,730	*)	71,723
Receivables due from clients	748,683	778,431		401,348
Investments	515,002	267,833		439,938
Premises and equipment	54,192	56,684		58,269
Other assets	612	372		1,007
Prepayments and other receivables	6,582	3,499		5,196
	2,043,343	1,754,602	*)	1,343,979
LIABILITIES				
Due to financial institutions	7,147	342,674	*)	40,799
Due to clients	1,824,791	1,211,782		1,115,741
Other liabilities	26,928	29,944		24,251
Accrued liabilities	43,241	36,648	*)	38,667
Provisions	10,818	11,751		8,668
Loans	-	162		1,945
Equity capital	130,418	121,641		113,908
	2,043,343	1,754,602		1,343,979

*) Adjusted for comparison purposes.

INCOME STATEMENT (X SRD 1,000)

	2020	2019	2018
	SRD	SRD	SRD
REVENUES			
Interest margin	71,823	69,750	63,914
Other income	58,877	38,331	31,166
Total revenues	<u>130,700</u>	<u>108,081</u>	<u>95,080</u>
EXPENSES			
Personnel and administrative expenses	88,237	86,363	75,163
Depreciation	7,645	7,056	5,932
Change in provision for receivables due from clients and other provisions	20,778	2,253	2,448
Total expenses	<u>116,660</u>	<u>95,672</u>	<u>83,543</u>
INCOME BEFORE TAXES			
	14,040	12,409	11,537
Income tax	-5,055	-4,467	-4,153
NET INCOME	<u>8,985</u>	<u>7,942</u>	<u>7,384</u>

KEY RATIOS

	2020	2019	2018
CAR ratio	14.20	18.03	19.85
Debt ratio	93.62	93.07	91.51
Efficiency ratio	73.36	86.43	84.45
Return on equity (RoE)	7.13	6.74	6.70
Return on assets (RoA)	0.47	0.51	0.57
Non-performing loan ratio	5.60	7.60	10.91
Immobilias guideline	49.30	53.71	60.20
Loan to deposit ratio	83.69	97.36	69.79

Capital adequacy ratio (CAR)

Is a ratio for banks that reflects certain assets as a percentage of the risk-weighted assets. A minimum ratio of 10% has been set by the “The Bank for International Settlement (BIS)”. The ratio in 2020, shows a decrease of 4 percentage points compared to the previous year.

Debt ratio

This ratio shows to which degree the bank’s funding is financed with borrowed capital. The norm value for the debt ratio is 75. This key figure is established by dividing the total borrowed capital by the total capital. In 2020, the ratio increased by 0.55 percentage points compared to 2019.

Efficiency ratio

This ratio shows the degree of efficiency of the banks’ business operations. The lower the ratio, the more efficient the business operations. The efficiency ratio decreased by 13.07 percentage points in 2020, compared to 2019. In the year 2020, the total revenues increased less compared to the increase in the total operational expenses.

Return on equity (RoE)

This means the degree of profitability, thus the ratio between the net income realized by the company during a specific period and the average equity capital with which the net income is realized. This is represented by a ratio indicating the realized profitability of the invested equity capital, after tax. This ratio increased by 0.39 percentage points in 2020 compared to 2019.

Return on assets (RoA)

This means the ratio between the net profit and the average value of all assets (balance sheet total). This ratio decreased in 2020 by 0.04 percentage points, compared to 2019.

Non-performing loan ratio

Non-performing loans mean loans which are not performing in accordance with the agreed terms. These loans indicate a delay in repayment. This ratio is calculated by dividing the total outstanding balance of non-performing loans by the total loan portfolio. The ratio decreased in 2020 by 2 percentage points compared to 2019. This decrease is the result of the stringent credit acceptance policy within the bank.

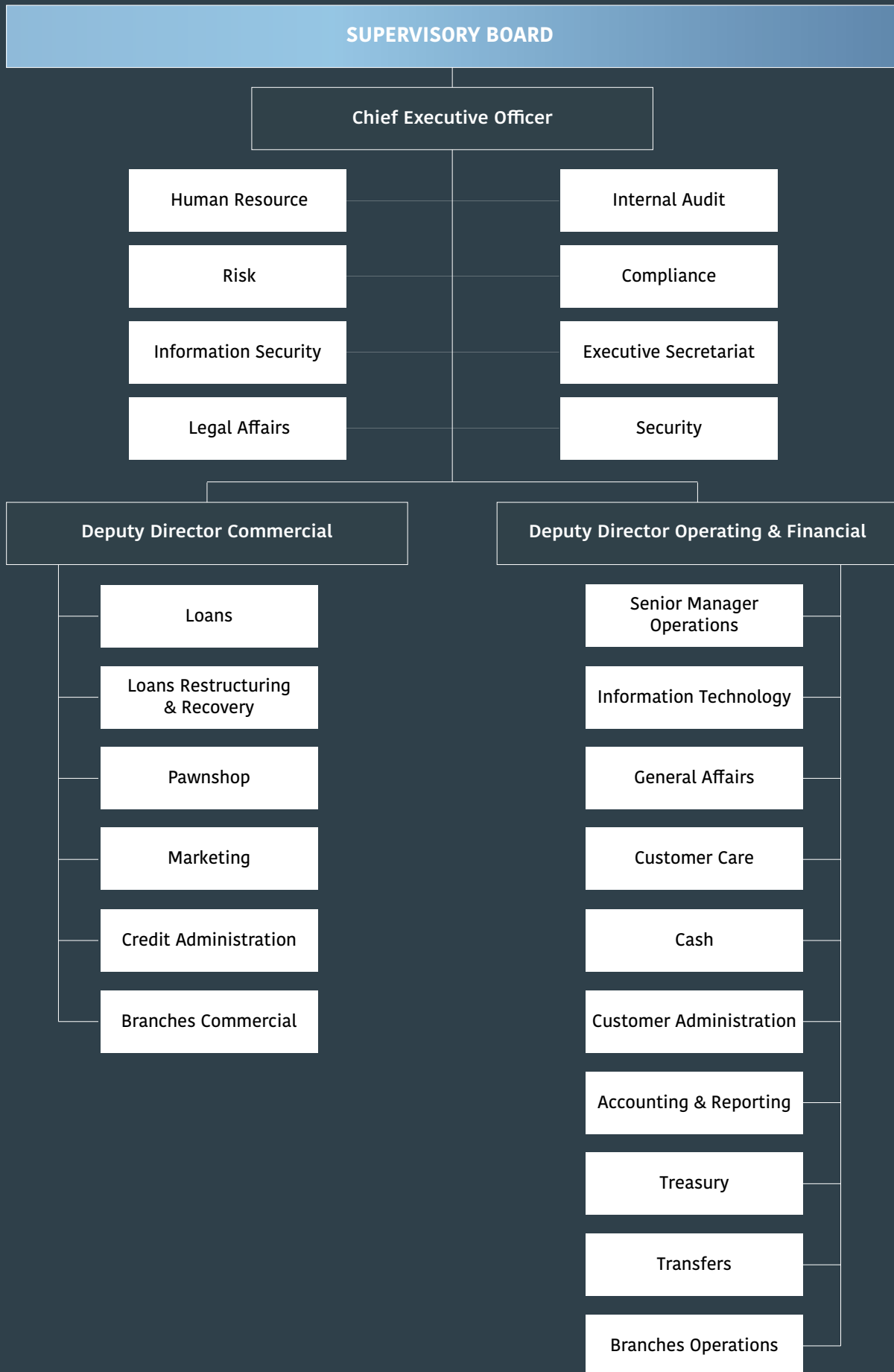
Immobilia guideline

This guideline indicates the ratio between the investments in tangible fixed assets and the equity capital. The sum of these investments may not exceed 100% of the equity capital.

Loan to deposit ratio

This ratio indicates the ratio between the collected funds and the invested funds. The norm set by VCB is established at 75%. The ratio decreased in 2020 by 13.67 percentage points compared to 2019.

ORGANIZATIONAL CHART AS AT DECEMBER 31, 2020





SUPERVISORY COMMITTEE UNTIL 1 NOVEMBER 2020

From left to right: Edwin Heuvel (ondervoorzitter), Georgetine Marapengopie-Tjalim MSc (2^{de} secretaris), Diana Görlitz-Abrahams (secretaris), Julius Pahalwankhan (member), Claudette Etnel (member), Clarisse Pawironadi-Dasi LLM (member), Robin Huiswoud (member)



ALLARD COLLI

Deputy Director Operating & Financial



ROY SOECHIT

Deputy Director Commercial



SUPERVISORY COMMITTEE AS OF 12 NOVEMBER 2020

From left to right: C. Etnel - M. Sentelia - D. Hoever - S. Sahadew-Lall

REPORT OF THE SUPERVISORY BOARD

GENERAL

We are pleased to report on the activities of the Supervisory Board in 2020 over the period January until November. On November 12, 2020, the new Supervisory Board was installed, whereby six (6) members were replaced.

In the month of February 2020, Mr. A. Ford, as a member of the Executive Board team, took on early retirement. The Supervisory Board, which had a very good working relationship with Mr. Ford, is grateful for the commitment and contribution made by him within the management team. A few months thereafter, the bank was confronted with the COVID-19 pandemic which led to a social and economic disruption both internationally and nationally. To ensure service delivery to our clients, the bank was forced to take necessary measures such as “social distancing” to reduce the risk of contamination amongst staff and clients. During the implementation of the COVID measures, consultations were also held with the labor union. Clients with less or no income due to the COVID measures who were confronted with financial difficulties, were assisted by the bank based on humane and social reasons, with temporary measures such as a grant of dispensation for late payments. Low productivity and reduced revenues due to the COVID-19 pandemic, have led to financial challenges to meet the objectives by 2020.

DUTIES AND RESPONSIBILITIES OF THE SUPERVISORY BOARD

The duty of the Supervisory Board is to conduct supervision on the management’s policy and on the general affairs of the bank, as well as that of its associated entities. This supervision includes, among other things, that the objectives of the bank must be achieved, and that the strategy and the risks associated with banking activities must be closely monitored. The Supervisory Board also ensures that the set-up and operation of the internal risk management control systems are in accordance with the guidelines and that the financial reporting process, as well as compliance with legislation and regulations, are in line with the Corporate Governance Code.

The Executive Board has regularly informed the Supervisory Board about important transactions, investments, and developments within the bank. During 2019, the Supervisory Board had over 30 meetings, both plenary and in committee. Due to COVID, the Supervisory Committee’s meetings were less physical.

Specific sub-tasks have been assigned to four committees in order to optimize the efforts of the members of the Supervisory Board.

AUDIT COMMITTEE

The Audit Committee consists of the members R. Huiswoud (Chairman), drs. G. Marapengopie-Tjalim MSc and C. Pawironadi-Dasi LLM. The committee is scheduled to meet at least once every quarter. During the year various audit reports as well as internal controls were discussed.

RISK COMMITTEE

The Risk Committee consists of the members drs. G. Marapengopie-Tjalim MSc (Chairman), R. Huiswoud and E. Heuvel. The committee is scheduled to meet at least once a quarter.

The Management Information Rapport (MIR) is made available on a monthly basis while the Risk Report is made available on a quarterly basis. Monitoring of the various ratios, such as the BIS ratio and the risk management policy, takes place on a regular basis.

COMPLIANCE COMMITTEE

The Compliance Committee consists of the members D. Görlitz-Abrahams (Chairman), C. Etnel and C. Pawironadi-Dasi LLM. The Committee meets at least once quarterly. Topics such as the functioning of the Compliance department, Good Corporate Governance, annual Compliance Report, compliance risks specifically Anti-Money Laundering (AML) and risk management, were discussed during the meetings.

REMUNERATION COMMITTEE

The Remuneration Committee consists of the members C. Etnel (Chairman), D. Görlitz-Abrahams and J. Pahalwankhan. The committee is scheduled to meet at least once every quarter. In these meetings, the remuneration policy, the functioning of the various departments, the filling of positions and the motivation of staff were discussed, amongst other matters.

ACKNOWLEDGEMENT

The Supervisory Board wants to express its gratitude to the Executive Board, management and all employees for their efforts and dedication and expresses its appreciation for the contribution they have made to the results achieved in 2020. During its term of office, the Supervisory Committee experienced a good and fruitful cooperation with management and staff. We also thank our clients and other relations for the confidence and trust placed in us, as well as the Government as our shareholder.

Paramaribo, oktober 2022

Supervisory Board

Clarisse Pawironadi-Dasi LLM	- (Chair)
Edwin Heuvel	- (Vice-Chair)
Diana Görlitz-Abrahams	- (Secretary)
Georgetine Marapengopie-Tjalim MSc	- (2 nd Secretary)
Robin Huiswoud	- (Member)
Claudette Etnel	- (Member)
Julius Pahalwankhan	- (Member)

REPORT OF THE EXECUTIVE BOARD

GENERAL CONSIDERATIONS

Based on our corporate responsibility and our statutory obligations, we have the pleasure to present to you the annual report for the financial year 2020.

The 2020 reporting year was marked by striking and very challenging factors which impacted the monetary and capital markets and thereby our business operations. The outbreak and further spread of COVID-19 worldwide, but most importantly the impact on our small fragile economy, has had a huge implication on several businesses. No one could have predicted at the beginning of the year that we as a community, except in health terms, could be so affected socio-economically, by a disease that was totally unheard of until then.

Our economy suffered greatly from the unruliness of, on the one hand, plummeting prices of some of our most important export products and thus (expected) state revenues and, on the other hand, the government's spending policy. Additionally, like any other financial and/or banking institution, as first adapters of the now legally (Financial Statements Act of September 24, 2017) mandatory reporting standards: the International Financial Reporting Standard (IFRS), our organization also had to make the necessary provision for this change in accounting policies. Fortunately, we made the necessary redesign and adjustments in time to meet the current requirements. The result of this, has not failed to materialize.

The year under review also featured as a national highlight, the General and Secret Elections. These were conducted transparently and orderly. Usually, election years characterize a tentative and reluctant attitude of local investors, especially in a downturn. The downward spiral of the economy and thus a declining credit rating, determined by the widely known and renowned international rating agencies, also took the upper hand in the reporting year.

The year 2020 is also rightly referred to as “a year like no other,” by the International Monetary Fund (IMF). For Suriname, this very appropriate phrase cannot be emphasized strongly enough.

Because of the pandemic, the service was totally modified and was anything but “business as usual.” Overcrowded banking halls had to give way to ventilated waiting rooms. The use of and trust in e-services and e-products increased enormously. The VCB was forced to abandon our adage of a bank with a personal face, where customers were used to show up in person at our branches and speaking to a bank representative. The older customers, some of whom were still somewhat uncomfortable, became increasingly convinced that there was no choice but to use electronic banking services. Our unique credit product, the pawn loan, also suffered greatly, as the pawning process is characterized by physical contact moments. Our eleventh, virtual, branch got “more solid” and had more visits than ever before in this reporting year. The services provided through this channel were expanded.

The bank's most valuable asset, human resources, was "at risk," due to the pandemic. Due to a very high risk of infection with the deadly disease and having to close branches after an infection, it was decided, for the sake of prudence, to adjust our working methods. Through a combination of remote working, rotation and splitting up teams, our organization was able to cope with this period.

As a result of the global custom mode of operation, working from remote locations, the risk for cyber attacks internationally also increased. The mass layoffs have in all likelihood also contributed that malicious persons creating alternative methods for revenue. To mitigate this risk, cybersecurity has been intensified in our organization and ongoing training has been made mandatory for every user of our IT environment.

The Strategic Business Plan 2019-2023, reformulated shortly before the COVID-19 outbreak, was started for implementation despite the strongly disappointing circumstances. However, the planned timetable was greatly affected, but steadfastness and purpose were in place. The trend of initiated growth was interrupted and was minimal over the reporting year. Despite the business having had to contend with a reduction in sales opportunities, the fitness of the staff to adapt to the very deteriorated (market) conditions has nevertheless resulted in the interest margin experiencing a marginal increase of 3% over the previous reporting year, to SRD 71,824,000. In contrast to interest margins, outstanding receivables from clients decreased in this year by SRD 29,748,000, which is an interpretation of declining business activities.

Due to the greatly reduced social activities nationally and the less predictability of economic activities that year, the projects related to our Corporate Social Responsibility have been significantly less than usual and less than what we had planned for the reporting year. We did put into operation that year, together with the Suriname Police Force, a post house at the corner of Steenbakkerijstraat/ Dr Sophie Redmondstraat and Waterkant, consisting of a residential container. From here, security and perception have increased for the immediate area. The VCB has taken care of rehabilitating this, connecting it to electricity, water works and air cooling. The costs involved in maintaining this are also borne by the VCB.

To further bring the integrity of our client base in line with laws and regulations, special attention was given to updating the client files, in part due to the further digitization of our administrative organization.

Partially because of the administrative cycle and the change in government, there was also a change in the composition of the members of the Supervisory Committee during the year under review. At the beginning of the reporting year, the composition was as follows:

- Clarisse Pawironadi-Dasi LL M : (Chair)
- Edwin Heuvel : (Deputy Chair)
- Diana Görlitz-Abrahams : (Secretary)
- Drs. Georgetine Marapengopie-Tjalim : (2nd Secretary)
- Robin Huiswoud : (Member)
- Claudette Etnel : (Member)
- Julius Pahalwankhan : (Member)

As of November 12, 2020, the composition of the Supervisory Committee changed. The fiscal year was closed with the following members:

- Mrs. M. Sentelia BSc : (Chair)
- Mrs. D. Hoever : (Member)
- Mrs. S. Sahadew-Lall : (Member)
- Mrs. C. Etnel : (Member)

Management

- Mr. R. Soechit LL M : Deputy Director Commercial
- Mr. A. Colli : Deputy Director Operating and Financial

MACRO - ECONOMIC DEVELOPMENTS

INTERNATIONAL PERSPECTIVE

As a result of the COVID-19 pandemic, supply and demand for goods plunged globally in the year under review, compared to the trend of previous years. This is partly due to the various lockdowns applied by national governments. Among the most commonly applied COVID-19 transmission mitigation measures during this period, were partial and total lockdowns. In spite of other and new channels being used to get the flow of goods up and running, the IMF figures recorded negative growth. The sectors most affected were transportation and tourism. Economic growth of developed and emerging and developing countries also declined in the fiscal year, about negative 4.2% to negative 2.5%, respectively. Despite individual countries having to face their own economic issues, an increased degree of mutual solidarity was shown in some areas, especially toward the fragile economies.

This period was indicated by the IMF as a recession. Financial vulnerabilities increased, putting macro-financial stability and medium-term growth at risk. Despite the resilience shown so far, a weak tailing of fragile banks in some countries has been noted.

Global financial vulnerabilities have increased since COVID-19. This pandemic has been an important test for the resilience of the global financial system. Before the outbreak, financial vulnerabilities were already elevated in various sectors, including for asset management firms, non-financial firms and governments, around the world. The vulnerabilities have continued to increase since this outbreak. Triggers such as new virus variant outbreaks, policy missteps or other shocks could interact with pre-existing vulnerabilities and push the economy into a more unfavorable scenario. In such a scenario, more widespread bankruptcies could lead to a reassessment of credit risk, tightening of bank lending standards and a renewed tightening of financial conditions. As the crisis unfolds, vulnerabilities increase, creating resistance to recovery. Widespread bankruptcies have been avoided so far, thanks to major policy support.

Banks entered the COVID-19 crisis with higher capital levels than before the global financial crisis, and policymakers quickly implemented a range of policies to support economic activity and banks' ability to lend. However, the enormity of the shock and the likely increase in corporate and household defaults created challenges to banks' profitability and capital positions. A forward-looking simulation of the trajectory of capital ratios in a sample of about 350 banks from 29 jurisdictions, accounting for 73 percent of global bank assets, shows that such ratios would decline as a result of the COVID-19 crisis, but on average remained comfortably above regulatory minima.

Government loan guarantees and other bank-specific policies that adjust the calculation of capital ratios help alleviate the decline in reported capital ratios and reduce the incidence of bank capital shortfalls. Policies aimed at limiting capital distributions and ensuring adequate funding for deposit insurance programs, as well as contingency plans outlining how to respond to potential pressures, helped cope with the impact of a potentially adverse scenario.

In many ways, the COVID-19 crisis is the largest shock to banks since the Great Depression (see the October 2020 WEO). Authorities have adopted unprecedented policy measures to cushion the impact of this shock. Governments have introduced significant fiscal support for households and businesses (see the October 2020 Budget Monitor), monetary policy interest rates have been cut globally, and many Central Banks have implemented large asset purchase programs to support markets and maintain the flow of credit to the real economy according to the IMF. Importantly, policymakers have taken steps to avoid the procyclical credit crunch that was evident during the global financial crisis by encouraging banks to use the flexibility embedded in the global regulatory framework to address the temporary effects of the COVID-19 shock to suppress negative aftershocks that could amplify the impact of the crisis. After a decade in which banks aggressively built up their capital positions, central banks, among others, issued guidance to support national authorities in their policy response to the pandemic.

Policymakers have released capital buffers to maintain the flow of credit to households and businesses. Banks have also been allowed, for loans whose deterioration is attributed to the shock, to defer the recognition of bad debts and the reporting of provisions for credit losses and to forego the increase in risk asset weighting and the deduction of provision fees from capital. Banks are also forced (by regulation or strong administrative guidelines) to cancel capital distributions. Despite the major negative impact of the pandemic on the global economy in recent quarters, banking systems have so far been able to weather these economic difficulties, in part due to aggressive policy support. After an initial dip, bank stock prices have partially recovered. Although banks' assessment of the credit quality of borrowers has deteriorated, bank credit expanded in March of the year as corporate borrowers took advantage of committed lines of credit and have since remained stable. Nevertheless, credit conditions have remained tight. Despite significantly increased loan loss provisions in almost all systems, most banks continue to report positive profits and capital positions declined only modestly in the first quarters of the crisis.

NATIONAL PERSPECTIVE

The Surinamese economy has also been hit hard by the COVID-19 pandemic, resulting in a contraction of 15.9% by 2020, according to the General Bureau of Statistics (ABS). During the year under review, the official average buying rate of US\$ rose from 7.40 to 14.02. Gold production dropped about 11% in 2020 compared to 2019, according to statistics from the Central Bank of Suriname (CBvS). Production in 2020 was about 36,113 kg. Production from large mining companies contributed 59% of total production and decreased by about 13% in 2020. The decline was caused by infections among workers, especially in the second and third quarter, resulting in stagnation of production at them. The production of small-scale gold mining companies decreased by about 6%.

Government spending decreased by about 8% from the previous fiscal year. In contrast, its revenues increased by 10%. Base money increased by 34% over the previous year to SRD 12,709,800,000. Net lending to the government also increased by over 125%. Supervised weighted average lending to the private sector did not lag behind this but increased relatively less than that to the government. In this fiscal year, annual inflation also reached two characters at 60.8. For more national macroeconomic indicators, see the table below.

SURINAME: MACRO-ECONOMIC INDICATORS

Production ¹⁾	2019*	2020*
GDP market prices (mln SRD)	31,482.5	38,353.3
Real GDP growth (%)	1.1	-15.9
DNI per capita (US\$)	6,417.7	6,111.7
Government Finances**		
Total Revenues (mln SRD)	6,434.4	7,065.3
Total Expenditures (mln SRD)	12,291.5	11,363.4
Surplus/Deficit (mln SRD) (cash basis)	-5,843.0	-3,732.5
Surplus/Deficit in % of the GDP (cash basis)	-18.6	-9.7
Surplus/Deficit (mln SRD) (commitment basis)	-5,042.9	-3,732.5
Surplus/Deficit in % van het GDP (commitment basis)	-16.0	-9.7
Balance of Payments		
Export of goods (mln US\$)	2,129.4	2,343.8
Import of goods (mln US\$)	1,597.6	1,282.5
Trade balance (mln US\$)	531.7	1,061.3
Invisible traffic (mln US\$)	-980.0	-800.1
Balance current account (mln US\$)	-448.3	261.2
Balance total account (mln US\$)	207.6	83.4
Gross international reserves (mln US\$)	647.5	585.0
Import coverage (in months) ²⁾	3.2	3.8
Financial Sector		

Basic monetary supply [M0] (mln SRD) ^{3]}	9,454.0	12,709.8
Monetary supply [M1] (mln SRD) ^{4]}	9,909.7	16,110.6
Domestic liquidity mass [M2] (mln SRD) ^{4]}	20,289.2	32,879.3
Net Lending to the Government (mln SRD)	4,977.2	11,213.6
Lending to the private sector in SRD (mln)	4,950.9	5,500.5
Lending to the private sector in US\$ (mln)	339.6	288.7
Lending to the private sector in EURO (mln)	91.2	72.1
Weighted average SRD credit interest rate (%)	8.8	7.4
Weighted average SRD debit interest rate (%)	15.2	14.8
Exchange Rate and Inflation		
Official average purchase rate (SRD per US\$)	7.40	9.23
Official average sales rate (SRD per US\$)	7.52	9.39
Annual average inflation rate (%) ^{5]}	4.4	34.9
Year end inflation rate (%)	4.2	60.8
Government debt ratios ^{5]}		
Foreign debt/GDP (%)	57.9	57.6
Domestic debt/GDP (%)	28.7	53.8

* Preliminary figures

**The data are presented as published by the Ministry of Finance.

1] Revised series (Base year 2015, according to guidelines of SNA 2008, ISIC rev 4). Year 2021 figures are estimates from the Planning Office and the Central Bank of Suriname.

2] Based on imports of goods and services.

3] Includes banknotes in circulation and liabilities to other deposit-taking institutions in SRD and foreign currency.

4] Includes foreign currency deposits.

5] Annual average inflation in 2018 and 2019 is based on a 10-month average (calculation without the dates for May and June).

6] Based on national definitions; see www.sdmo.org for debt ratios compiled in accordance with international definitions.

DEVELOPMENTS OF THE SURINAAMSE VOLKSCREDIETBANK

GENERAL

The 2020 year was marked with several challenges. The agility of management and staff was put to the test in standard. Despite all disappointing market conditions, mainly driven by COVID-19, our management managed to continue business operations, of which we report below on some policy areas.

RISK MANAGEMENT

Based on its vision and mission, the Surinaamse Volkskredietbank (VCB) wants to make safe and innovative banking possible for everyone by turning risks into opportunities. The basis for this is that the VCB has maximum confidence in clients and employees and vice versa. This makes it important to distinguish between risks that offer opportunities and risks that must be avoided.

Through its reports, the Risk Department aims to provide an overview of important developments with the purpose of performance in the strategic, operational, financial, (financial) reporting areas and VCB's objectives.

CREDIT RISK

Credit risk is described within the VCB as: the risk that the bank suffers a financial loss or faces a material decrease in solvency due to a borrower or counterparty's failure to meet financial or other contractual obligations to the bank, or due to a significant deterioration in the creditworthiness of the specific borrower or counterparty. This is one of many challenges, which the VCB faced in fiscal year 2020.

Regarding the development of COVID-19 in Suriname, the VCB still has as an important task to further focus on the following credit risk management components:

- Making provisions to anticipate possible losses. A concrete example is giving debtors a grace period to avoid getting into trouble.
- Adjustments to loan agreements for debtors unable to meet payment obligations due to COVID-19.
- Further developing the Credit Risk unit in the Risk Department which will not only perform the usual tasks such as analysis, monitoring and control, but will ensure that proper policies are in place to mitigate the probability and impact of this risk.
- Further reducing Non Performing Loan ratio (NPL) by applying credit monitoring procedures.
- To respond to the NPL ratio, it is recommended to address the poorly performing credit products.

OPERATIONAL RISK

This category includes identified risks (events) related to IT risks, fraud risks causing inadequate or failed internal processes, systems, human behavior or external events that may result in reputation loss, damage and/or financial loss to the VCB.

THE OPERATIONAL RISK STATEMENT READS AS FOLLOWS:

“Partly due to the fact that the Surinaamse Volkskredietbank (VCB) strives for operational excellence, the bank has a “low acceptance” for IT and Fraud risks. To prevent reputation damage, loss and sanctions, the VCB will ensure that internal administrative organization procedures, internal regulations regarding good corporate governance, compliance instructions (such as AML, CFT, Client acceptance, PEP policy etc.), procedures regarding information security will be clearly communicated within the entire organization and no transactions and other decisions will be taken if there are doubts if they are against the procedures and compliance instructions.

To meet the aspect of operational excellence with the aim of reducing operational risk, the following measures have been taken:

- Periodic fraud risk assessment sessions, conducted in conjunction with AML compliance and anti-corruption sessions.
- Investing in IT governance and a higher degree of internal control in the IT environment.
- Approve and implement VCB’s IT Risk Charter which serves as a consultative body for identifying IT risks and developing strategies and measures to mitigate this risk.

FINANCIAL INTELLIGENCE UNIT SURINAME (FIU)

VCB has fulfilled its obligations by reporting unusual transactions to the Financial Intelligence Unit Suriname (FIU Suriname). Transactions are classified as unusual if they meet the indicators listed in the State Decree dated July 02, 2013 of the Unusual Transactions Indicators Decree (S.B. 2013 no. 148). All unusual transactions with a value of US\$ 10,000 or the equivalent in another currency type are reported to FIU Suriname. Reporting to FIU Suriname is entered in a standard reporting format sent by FIU Suriname.

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

The FATCA reporting to the IRS for the year 2020 has successfully taken place through the intervention of Trans World Compliance by the end of March 2021. VCB has a portal with this service provider, whereby VCB Bank through their portal reports the US-persons (taxpayers of the USA) and TWC reports this further to the IRS. This due to the fact that Suriname as a country is not affiliated with the IRS. Banks in countries not affiliated with the IRS make use of intermediaries so they can meet their reporting requirements. This report is important for reporting any US-persons within VCB's client base with a balance. Upon receipt, the confirmation report will be sent to management and the Supervisory Committee.

CONTINUING EDUCATION FOR COMPLIANCE EMPLOYEES

In the year 2020, the continuing education program was implemented as follows:

1. Two (2) Compliance Officers attended the FIBA AML Compliance Conference, which was scheduled from March 16 to March 18, 2020, but rescheduled to September 28 to October 2, 2020 due to the Covid-19 crisis. The FIBA AML Compliance 2020 Conference was transformed into a "Virtual Experience".
2. Another part of the Compliance Officers attended and completed the Professionalism and Integrity course from March 2020 through April 2020 at the training institute Tabto Group N.V.
3. In the month of November 2020, compliance officers participated in the National Compliance Conference organized by Tabto Group N.V.

CORRESPONDENT BANKING

In a dialogue during the month of November 2020, the correspondent bank ABN-AMRO informed the VCB of their intention to terminate correspondent activities/banking in South America. As a result, it has been mutually agreed that the relationship will be terminated, whereby VCB's Euro accounts with ABN-AMRO will be closed. It is important to note that in the year 2018, the US\$ accounts at ABN-AMRO had already been closed. The termination is not related to compliance issues, but more to ABN-AMRO Bank's strategy to provide fewer services in Latin America and the Caribbean. The financial cost of maintaining the correspondent relationship would also be too high for the VCB to maintain this relationship. Given the above issues, it was decided to make the necessary coordination with Crown Agents Bank (CAB) for more active use of the EURO account at this bank.

CHALLENGES FOR THE YEAR 2021

To tighten VCB's transaction monitoring, an investment was made in the year in "the Alchemy straight-through-processing (STP) product" from the company IBIS, for the purpose of local and foreign remittances.

Some challenges have been identified which need to be addressed by the VCB in the area of compliance. The challenges that were listed for the year 2020 are still valid for the year 2021:

1. Correspondent banking: Given that mainly banks in the Caribbean face derisking aspect by foreign correspondent banks, it is important to keep our policies on anti-money laundering and terrorism financing current. And also communicate these within the VCB.
2. National Risk Assessment Suriname: In the year 2019, Suriname started the NRA process. This involves analyzing Suriname based on the implementation of the 40 FATF-recommendations. An NRA is all about making visible risks and vulnerabilities (all of which can harm the economy) in the areas of:
 - money laundering;
 - financing of terrorism;
 - corruption as well as proliferation of weapons of mass destruction.

Based on the results of the NRA, the effectiveness of Suriname's laws and regulations in the private sector and public sector will be reviewed by the Financial Action Task Force (FATF). The outcome of this national analysis will have a particular impact on the various sectors especially the financial sector. The VCB will in any case invest in the following areas namely:

- Further investment in IT Systems;
- Working on our Data collection;
- Encouraging Giro transactions;
- Making small entrepreneurs bankable;
- Further strengthening of our internal organizational chain to:
 - combat fraud;
 - combat money laundering;
 - establish integrity.

HUMAN RESOURCE DEPARTMENT

INFLOW

In the reporting year 2020, the workforce was increased by 23 (twenty-three) employees. The total personnel number comes to 257.

OUTFLOW (EMPLOYEE TURNOVER)

During the year under review, 22 (twenty-two) employees ended their employment at the bank, including 18 (eighteen) who retired and 4 who resigned at their own request.

RESIGNATION AT OWN REQUEST:

- Oosthuizen, R.
- Nehal, M.
- Garib, S.
- Lie A Young, S.

RETIREMENT:

- | | |
|---------------------|------------------------|
| 1. Berchem, I. | 10. Setjowikarto, N. |
| 2. Kromopawiro, J. | 11. Ashruf O. |
| 3. Ford, A. | 12. Vabrie, J. |
| 4. Sastroedjo A. | 13. Hardjoprajitno, S. |
| 5. Bingen, R. | 14. Malmberg, L. |
| 6. Basropansing, P. | 15. Maayen, M. |
| 7. Adi, W. | 16. Choennie, A. |
| 8. Arjun, M. | 17. Muller, A. |
| 9. Sait, H. | 18. Vorm, N. |

PROMOTION/APPOINTMENT

During the reporting year, the following employees were appointed:

<u>Name</u>	<u>Promotion/Appointment</u>	<u>Date</u>
<u>CAO-employees</u>		
<u>Name</u>		
Karjat, R.	Coordinator Branch Lelydorp+Para	01.01.2020
Dhoenmoen, M.	Coordinator Branch Nickerie	01.01.2020
Kromoredjo, R.	Coordinator Branch Para	01.01.2020
Glasser, R.	Coordinator MIR	01.08.2020
Pinas, H.	HR Advisor	01.09.2020
Garib, S.	HR Advisor	01.09.2020
Hokstam, D.	HR Advisor	01.09.2020
Ronowongso, A.	Coordinator Customer Administration	01.09.2020
Vorswijk, J.	Inventory Cash Manager	07.09.2020
Ronokarijo, F.	Coordinator Branch Kwatta	01.11.2020
<u>Name</u>		
<u>Promotion/Appointment</u>		
<u>Date</u>		
<u>Management and Executive Board</u>		
Forst, R.	Acting Manager General Affairs & Internal Security	01.04.2020
Dhamsahai, D.	Staff Officer Accounting & Reporting	01.08.2020
Karaya, J.	Branch Manager Nickerie	01.09.2020
Dalm, I.	Manager Accounting	01.09.2020
Abdoel Wahid, A.	Manager Reporting	01.09.2020
Mamatoe, R.	Department Manager MIR	01.09.2020
Raghoe, L.	Acting Branch Manager Business Centre	07.09.2020

JUBILEES

The total number of jubilees in the reporting year was 30, ranging between 12,5 years to 40 years.

<u>Years of service</u>	<u>Number</u>
12,5	3
20	6
25	7
30	7
35	4
40	3

12,5 years of service

Kastibi, J.
Karia, V.
Soemai, D.

30 years of service

Nremoredjo, M.
Lachman, H.
Herewood, R.
Kromowinangoen, R.
Soechit, R.
Jogi, C.
Amatoeloes, R.

20 years of service

Bridjmohan, S.
Pinas, H.
Creepsburg, M.
Sambhal, R.
Marsidin, R.
Jhoeri, V.

35 years of service

Setjowikarto, N.
Lala, C.
Lagenhorst, M.
Sardjoe, A.

25 years of service

Vorm, N.
Joval, M.
Wong A Loi, B,
Hira, A.
Sardjoepersad, R.
Cederburg, M.
Tuinfort, H.

40 years of service

Godliep, A.
Choennie, A.
Hardjoprajitno, S.

TRAINING**WELTEN TRAINING:****MFD (Module Financiële Dienstverlening)**

Oemar, C. (Corporate Loans)
Ramdin, G. (Branch Nickerie)

MASS (Module Insurance)

Balgobind, P. (Credit Administration)

MLK (Module Loans and Credits)

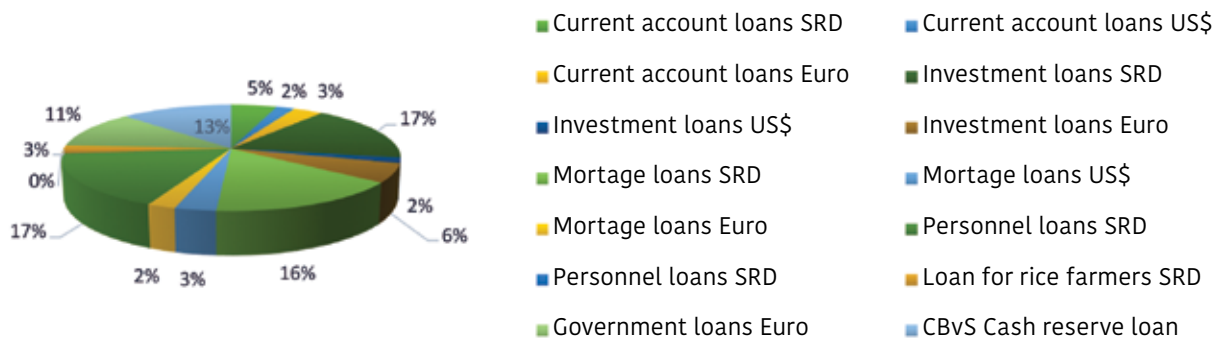
Akontoe, C. (Consumer Loans)

MBS (Module Bancaire Sector)

Van Dijk, R. (Legal)
Karsters, G. (MIR)
Oemraw, S. (Branch Kwatta)
Ligorie, F. (Transfers)

INVESTED FUNDS: CREDIT LOANS

In terms of product distribution, the consolidated credit portfolio as at December 31, 2020 is as follows:



The total loan portfolio decreased by 4% from SRD 748,852,440 to SRD 720,076,954 during the financial year. This can be attributed to the various lockdowns with the COVID-19 pandemic, which resulted in less trading with the consequence that the flow of money and capital decreased during the financial year. This was mainly the case in the first two quarters of the year.

Despite the decreased money circulation at the beginning of the reporting year, growth was still achieved in credit products, particularly Personal Loans SRD and R/C Credits SRD. Personal Loans SRD increased on average by 10% to SRD 119,151,143 compared to the previous year. The need for working capital financing increased due to slower turnover rates and stalled current assets, assessed by the increase in demand during the reporting year. Current account loans SRD increased by 61% to SRD. 37,277,533 compared to the previous year.

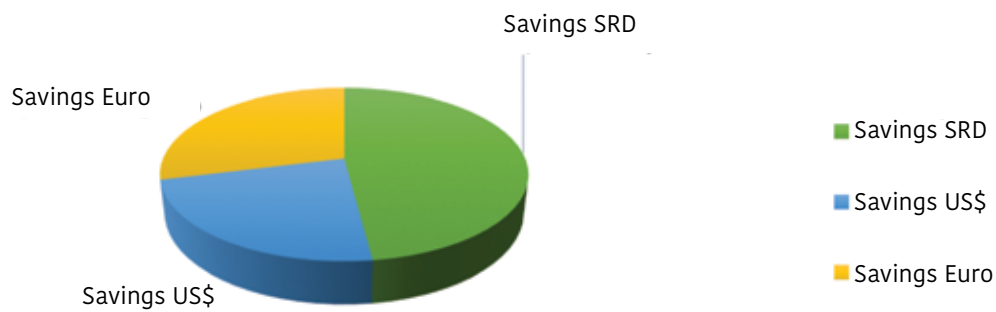
As can be seen from the overview, the pawn loans, that play a relevant role in our operations, are not included in the above overview. These loans are discussed in detail in another section.

DUE TO CLIENTS

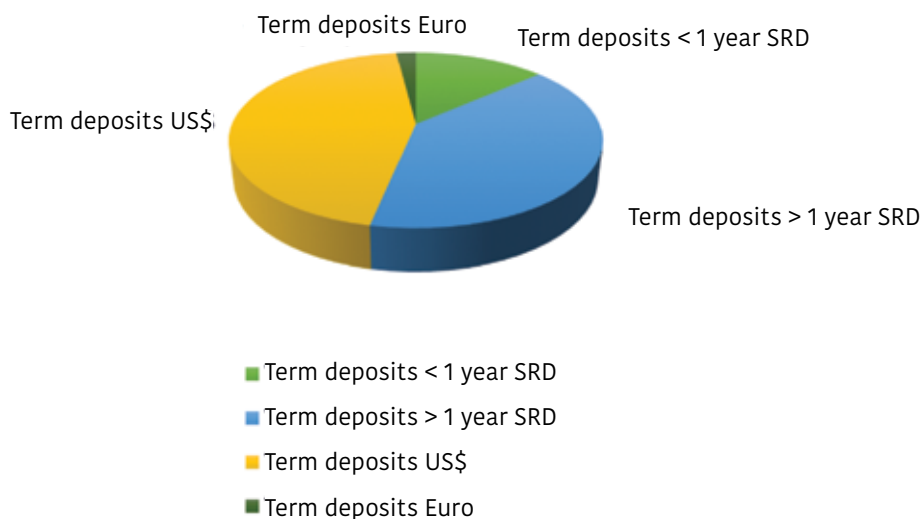
This includes customer balances in checking, savings accounts and deposits in SRD, Euros and US Dollars. Amounts due to customers increased by SRD 613,008,714 (51%) to SRD 1,824,790,965. This increase was due to the increase in client balances held and the increased confidence of clients in our institution, supported by the increase in exchange rates.

The following distribution by currency applies:

Savings Accounts



As in the previous year, the share of the Savings Account in SRD is the largest.



TREASURY

Balance sheet management is the primary task of the department in which the management and coordination of outgoing and incoming cash flows are of eminent importance. Because of the changing nature of related cash flows and the associated risk management and return of financial positions arising from business operations, the department operates on a bank-wide basis. This includes liquidity and solvency risk management.

The “cash reserve” scandal in which part of the cash reserve funds were wrongly used by the government as well as the rising stock price trend, have led to intensified monitoring of liquidity and solvency risks.

Notwithstanding the COVID-19 pandemic, Asset & Liability Committee (ALCO) meetings were also held during this reporting year which included a continuous review of monthly and or quarterly figures and proposals were made to initially mitigate the negative impact of the COVID-19 pandemic and financial developments and where possible increase the bank’s market share. This resulted, among other things, in our bank being forced to adjust our SRD and US\$ savings and deposit rates downwards. Furthermore, investments in various bonds through established international brokers continued which contributed significantly to the bank’s returns.

Due to the developments already described, the VCB was able to do little or no currency trading in 2020. In the reporting year 2020, the official rates of the SRD against the US\$ and EURO versus the year 2019 were as follows:

	2020	2019
US\$	14.02 – 14.29	7.396 – 7.520
EURO	17.25 – 17.55	8.250 – 8.424

The increase in question was due to the official depreciation/devaluation of the SRD by the Central Bank of Suriname in order to counter the rampant exchange rate development and create a new equilibrium in the foreign exchange markets. However, this proved to be insufficient and the informal rates at which transactions were made were:

US\$	18.45 - 18.55
EURO	18.60 - 18.70

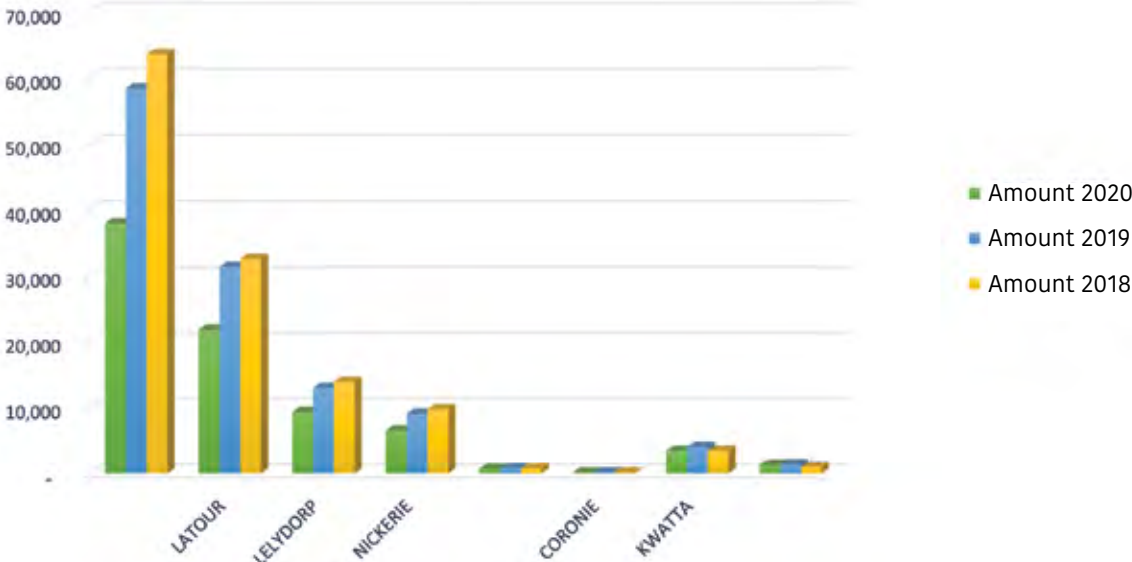
PAWNSHOP

Our unique credit product, the pawn loan, is a product that reaches all social layers in our country. It financially unlocks many households in Suriname. It offers even those who would otherwise have no banking relation, an alternative to meet their immediate financial needs, with their jewelry as security.

In addition to the profound economic impact which this product has on the public, our institution greatly cherishes this product mainly for its social impact on family households. In this reporting year as well, this product proved to be a floater for not only households who faced difficulties due to the COVID-19 impact, but also those who sought to capitalize on opportunities.

Although the overall growth of this product is not significant compared to the previous year, there has indeed been some growth. The growth of this product has been tempered by the various lockdowns and the significantly reduced personal traffic, especially in the second and third quarter of the year 2020. With this credit product, physical contact is for the time being still inevitable and it was therefore affected most. We continued to support the loyal clients of the VCB in these difficult circumstances. Payment arrangements were made and much of the interest received was reduced, as people could not visit the bank physically to meet their obligations. Additionally, the generated income among many clients was also greatly reduced due to the pandemic. The VCB took their social responsibility therein and considered the dire circumstances as much as possible.

Number of pawn loans as at December 31, 2020



SUMMARY FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 DECEMBER 2020 (BEFORE PROFIT APPROPRIATION)

	Note	31-12-2020		31-12-2019	
		SRD	SRD	SRD	SRD
ASSETS					
CASH AND CASH EQUIVALENTS					
DUE FROM FINANCIAL INSTITUTIONS	5		657,575,976		617,053,307
RECEIVABLES DUE FROM CLIENTS	6		60,695,517		30,729,964 *)
Credit Loans	7	706,705,463		727,471,913	
Pawn loans	8	41,977,423		50,958,633	
			748,682,886		778,430,546
INVESTMENTS					
Treasury bills	9	186,288,500		71,999,964	
Shares	10	553,014		547,308	
Termdeposits	11	96,495,000		54,342,000	
Bonds	12	226,269,170		138,659,201	
Stock purchased gold jewelry	13	5,396,340		2,284,593	
			515,002,024		267,833,066
PREMISES AND EQUIPMENT	14		54,191,753		56,683,663
OTHER ASSETS	15		612,258		371,902
PREPAYMENTS AND OTHER RECEIVABLES	16		6,581,799		3,499,584
			<u>2,043,342,213</u>		<u>1,754,602,032</u>

*) Adjusted for comparison purposes.

	Note	31-12-2020		31-12-2019	
		SRD	SRD	SRD	SRD
LIABILITIES AND EQUITY					
DUE TO FINANCIAL INSTITUTIONS					
	17		7,147,439		342,673,645 *)
DUE TO CLIENTS					
Current accounts	18	527,326,225		352,346,400	
Savings accounts	19	838,319,461		472,313,113	
Termdeposits	20	<u>459,145,279</u>		<u>387,122,739</u>	
			1,824,790,965		1,211,782,251
OTHER LIABILITIES					
Other short-term liabilities	21		26,927,929		29,944,203
ACCRUED LIABILITIES					
Interest payable	22	13,542,585		15,289,903	
Accruals and other payables	23	<u>29,698,254</u>		<u>21,358,284</u> *)	
			43,240,839		36,648,187
PROVISIONS					
Provision for deferred tax	24				
liabilities	24.1	4,615,382		4,708,704	
Provision for employee benefits	24.2	<u>6,202,054</u>		<u>7,041,803</u>	
			10,817,436		11,750,507
LONG TERM LOANS					
	25		-		162,300
EQUITY CAPITAL					
Foundation capital	26.1	69,101,700		69,101,700	
Revaluation reserve	26.2	16,623,884		17,370,662	
General reserve	26.3	35,502,668		27,022,874	
Fund for general bank risks		203,573		203,573	
Net income		<u>8,985,780</u>		<u>7,942,130</u>	
			130,417,605		121,640,939
			<u>2,043,342,213</u>		<u>1,754,602,032</u>

*) Adjusted for comparison purposes.

INCOME STATEMENT OVER 2020

	Note	2020		2019	
		SRD	SRD	SRD	SRD
REVENUES					
Interest income	28	122,764,695		125,701,488	
Interest expenses	29	<u>50,941,291</u>		<u>55,951,837</u>	
Interest margin			71,823,404		69,749,651
Commission income	30	6,764,026		6,675,583	
Finance (costs)/gains	31	21,236,838		424,196	
Other income	32	<u>30,875,907</u>		<u>31,231,629</u>	
Other income			58,876,771		38,331,408
Total revenues			<u>130,700,175</u>		<u>108,081,059</u>
EXPENSES					
Personnel expenses	33	58,679,000		56,659,348	
Administrative expenses	34	29,557,859		29,703,236	
Depreciation	35	<u>7,645,068</u>		<u>7,055,659</u>	
Operational expenses			<u>95,881,927</u>		<u>93,418,243</u>
			34,818,248		14,662,816
Change in provision for receivables due from clients and other provisions	36		<u>-20,777,966</u>		<u>-2,253,238</u>
INCOME BEFORE TAXES			14,040,282		12,409,578
Income tax			<u>-5,054,502</u>		<u>-4,467,448</u>
NET INCOME			<u>8,985,780</u>		<u>7,942,130</u>

CASH FLOW STATEMENT OVER 2020

	Note	2020		2019	
		SRD	SRD	SRD	SRD
Cash flow from operational activities					
Net income			8,985,780		7,942,130
Depreciation	35	7,645,068		7,055,659	
Change in provision for receivables due from clients and other provisions	36	20,777,966		2,253,238	
			28,423,034		9,308,897
<u>Changes in provisions:</u>					
Release deferred tax liabilities			-93,322		-93,322
Addition employee benefits			-3,339,749		3,175,972
			33,975,743		20,333,677
<u>Changes in:</u>					
Invested funds (due from clients)		32,371,936		-379,335,465	
Other assets		-240,356		634,783	
Prepayments and other receivables		-3,082,215		1,696,927	
Due to financial institutions		-335,526,206		301,872,442	
Entrusted funds (due to clients)		613,008,714		96,041,724	
Other liabilities		-3,016,274		5,693,052	
Revaluation reserve		-209,114		-209,114	
Accrued liabilities		6,592,652		-2,016,780	
Loans government		-162,300		-1,783,390	
			309,736,837		22,594,179
			343,712,580		42,927,856
Cash flow from investment activities					
Additions tangible fixed assets		-5,159,807		-4,904,665	
Disposals tangible fixed assets		6,649		2,231,653	
Investments		-268,071,200		172,104,788	
Depreciation related to disposals of tangible fixed assets		-		-2,797,504	
			-273,224,358		166,634,272
Cash flow balance			70,488,222		209,562,128

Beginning balance cash and bank	647,783,271	438,221,143
Ending balance cash and bank	<u>718,271,493</u>	<u>647,783,271</u>

The cash and bank consist of:

Cash and cash equivalents	657,575,976	617,053,307
Due from financial institutions	<u>60,695,517</u>	<u>30,729,964</u>
	<u>718,271,493</u>	<u>647,783,271</u>

MOVEMENT SUMMARY OF EQUITY CAPITAL

	Foundation Capital SRD	Revaluation reserve SRD	General reserve SRD	Fund for general bank risks SRD	Net income SRD	Total SRD
Balance as at						
January 1, 2020	69,101,700	17,370,662	27,022,874	203,573	7,942,130	121,640,939
Transfer of result 2018 to the general reserve	-	-	7,942,130	-	-7,942,130	-
Release to the general reserve	-	-746,778	537,664	-	-	-209,114
Net income for the year	-	-	-	-	8,985,780	8,985,780
Balance as at						
December 31, 2020	<u>69,101,700</u>	<u>16,623,884</u>	<u>35,502,668</u>	<u>203,573</u>	<u>8,985,780</u>	<u>130,417,605</u>

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

1. GENERAL

1.1 Activities

The activities of the Stichting Surinaamse Volkscredietbank (VCB) primarily comprise of granting credits and raising the required funds, and to operate as a foreign currency bank.

The Stichting Surinaamse Volkscredietbank is situated at Waterkant 104, in Paramaribo. These summary financial statements are prepared in final draft by the Management on September 7, 2020.

1.2 Acquisition of Landbouwbank N.V.

On December 14, 2015, all shares of the Landbouwbank N.V. (LBB) owned by the Government of Suriname were transferred to VCB. At the acquisition of the shares, the financial position and the solvency of LBB were taken into account. Between the parties, namely the Government of Suriname, the Central Bank of Suriname and the VCB, it is agreed that the acquisition should have no negative impact on the solvency position of the VCB. The shares were acquired for SRD 1. Simultaneously, the VCB received an amount of SRD 30 million in return from the Government of Suriname as a capital injection, with the objective that the solvency position of the VCB, after the acquisition and the financial integration, will be maintained at the same level as before the acquisition. Although the acquisition formally took place as a share acquisition transaction as at December 14, 2015, economically, the acquisition, which was executed in March 2016, was in fact an assets/liabilities transaction. Also, the stipulations and orders of the Central Bank of Suriname indicate a compulsory integration of the two banks following the acquisition. This will lead to passing on of all assets and liabilities to the VCB, through which LBB will be left as an empty company. In 2017 a second capital injection has taken place by the Government of Suriname for a total of SRD 39 million, which has been accounted for in the equity capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

2.1 Basis of preparation

The summary financial statements 2020 and the accompanying notes are an extract of the annual financial statements for the year ended December 31, 2020, which have been prepared in accordance with the generally accepted accounting principles.

THE FUNCTIONAL AND PRESENTATION CURRENCY

The items in the summary financial statements are valued at the currency of the economic environment in which the bank primarily performs its business activities (the functional currency).

The summary financial statements are prepared in Surinamese Dollars (SRD), which is both the functional and presentation currency of the bank.

The exchange rates for the most occurring foreign currencies were:

	<u>31-12-2020</u>	<u>31-12-2019</u>
	SRD	SRD
US\$ 1	14.018	7.396
EURO 1	17.216	8.275

2.2 Transactions, receivables and liabilities in foreign currency

Transactions in foreign currency are converted to the functional exchange rate on the date of transaction. Monetary assets and liabilities in foreign currencies are converted at the functional exchange rate as at the balance sheet date. The exchange rate differences resulting from translation of financial transactions and from the valuation of monetary assets and liabilities in foreign currencies are recognized in the income statement under 'Finance costs'.

3. ACCOUNTING PRINCIPLES FOR THE BALANCE SHEET AND INCOME STATEMENT

3.1 Cash and cash equivalents/ Due from financial institutions

This regards cash funds and receivables from banks and the Central Bank of Suriname. The cash funds and receivables are valued at the nominal value.

3.2 Receivables due from clients

The receivables due from clients are recognized at the nominal value, at deduction of a possible provision for uncollectable debts. The receivables due to clients can be subdivided as follows:

CREDIT LOANS

Unearned interest and a provision for debtor risk are deducted from the granted loans.

PAWN LOANS

The pawn loans amount to maximally 75% of the internal appraised value.

PROVISION PAWN LOANS

The provision on pawn loans is for coverage of counterfeit jewelry. In 2020 the provision was set for 2,5% of the total pawn loans balance including the interest still to be earned as at December 31, 2020.

3.3 Investments

SHARES

The shares are issued by the Ministry of Finance and recognized at the current value. Differences between the historic and the current value are accounted for in the income statement.

TREASURY BILLS

Treasury bills are issued by the Ministry of Finance and are valued at the acquisition cost including interest.

BONDS

The bonds are valued at the stock-market price.

STOCK PURCHASED GOLD JEWELRY

The investment in gold jewelry is valued at the acquisition cost.

TERM DEPOSITS

Term deposits are valued at the current value. Term deposits in foreign currency are valued at the exchange rate of the Central Bank of Suriname per balance date.

3.4 Premises and equipment

REAL ESTATE AND OTHER TANGIBLE FIXED ASSETS

The valuation of premises and buildings is at the current value which is determined based on the appraisal conducted on June 5, 2012. The buildings are stated at their current value after deduction of depreciation.

The difference between the current value and the acquisition cost, is processed in the equity capital under the revaluation reserve, after deduction of a provision for contingent tax liabilities, with exception of the revaluation reserve on land.

The other assets are valued at the historic value after deduction of the accumulated depreciation and any extraordinary depreciation.

There is no depreciation on land. Depreciation expenses on other tangible fixed assets is calculated based on the linear depreciation method, on the acquisition cost of the assets after deduction of residual value over the estimated economic useful life.

The expected economic useful life is as follows:

- Buildings : 25 years 4%
- Installations : 3-5 years 20%-33 1/3%
- Other corporate means : 3-5 years 20%-33 1/3%
- Transport means : 3-5 years 20%-33 1/3%
- Inventory : 3-5 years 20%-33 1/3%

The residual values of the tangible fixed assets, economic useful life and depreciation method are assessed and prospectively adapted where necessary, if there is indication of a significant change compared to the last reporting date.

The book value of a tangible fixed asset is immediately devaluated to the estimated realizable value if the fixed asset is larger than the estimated realizable value.

Gains and losses on disposal of tangible fixed assets are calculated by comparing the revenue with the carrying amount and are included in other (income) / expense net in the income statement.

3.5 Impairment of real estate and other tangible fixed assets

The depreciated tangible fixed assets are assessed on the reporting date to establish whether there are indications of extraordinary depreciations. If such indications exist, the book value of the asset is assessed on the extraordinary depreciation. A loss from impairment is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount.

3.6 Due to clients

This includes balances due to clients on current- and savings accounts and term deposits.

3.7 Provision for contingent tax liabilities

This relates to a provision made for the contingent tax liabilities resulting from the revaluation of land and buildings in use by the bank. This provision indicates the tax liability on the unrealized portion of the revaluation reserve.

3.8 Long term Loans

Within this item is included the long-term loan granted by the government of Suriname.

3.9 Equity capital

The Surinaamse Volkscredietbank is a foundation which performs activities in Paramaribo (Centre and Latour) and districts Nickerie, Saramacca and Wanica (Lelydorp). In 2014 a branch was opened in district Para. The core duties include the granting of various types of loans and obtaining of the necessary funds, as well as to serve as a foreign currency bank. The VCB is in the process of transforming its legal status from a foundation to a N.V (limited liability company). The acquisition of the Landbouwbank by the VCB has taken place in 2015. Simultaneously with this acquisition VCB received SRD 30,000,000 from the Government of Suriname for capital strengthening. In 2017, a second capital injection of SRD 39,000,000 was received from the Government of Suriname.

REVALUATION RESERVE

The revaluation reserve results from the revaluation of a part of the real estate. A provision for contingent tax liabilities is deducted from the revaluation reserve (36%), with exception of the revaluation on land. Annually, the portion realized through depreciation is released and added to the general reserve.

FUND FOR GENERAL BANK RISKS

A fund is maintained for general bank risks (FAR) for the purpose of caution, in order to cover the general risks of the banking business.

The level of this fund and the addition of this fund are based on the expected developments of the current and future risks. Allocations are accounted for in the income statement under the item “Change in provision for receivables due from clients”.

3.10 Other assets and liabilities

Unless indicated otherwise, the other assets and liabilities are valued at face value.

3.11 Revenue recognition

DETERMINATION OF RESULTS

The revenue is recognized in the year in which the services are rendered and the expenses are allocated to the year they relate to. The result is determined by the difference between earned interest and the interest expenses and other expenses over the year. The interest over the non-performing loans is recognized as a receivable and is not accounted as a gain in the income statement.

INTEREST MARGIN

Interest income and interest expenses are accounted for in the income statement and allocation takes place in the year to which the interest received and interest expenses are related based on calculations in which the agreed relevant interest percentages for the related year are used.

COMMISSION INCOME

This item primarily regards commissions from loans and insurances and are based on agreed percentages for the relevant loans and/or insurances.

FINANCE COSTS

This primarily regards the foreign currency differences from the conversion of monetary assets and liabilities in foreign currency as at balance sheet date. In this item are also included the exchange rate results arising during the year.

OTHER INCOME

These regard amongst others, allocated expenses related to the granted credit loans and pawn loans.

3.12 Income tax

General

Income tax is calculated over the income before taxes in the income statement, taking into consideration the tax-deductible losses and the tax-exempted components.

In addition, the mutations in the deferred tax liabilities at the effective tax percentage are also considered.

Current and contingent income tax obligations

The tax liability consists of current and contingent tax liability. The different taxes are recognized in the income statement unless the change is related to a financial statements line item, recognized in shareholders' equity (other comprehensive income item), whereby the change is also recognized directly in equity. Contingent tax liabilities are recognized at current tax rates at the balance sheet date.

4. ACCOUNTING POLICIES OF THE CASH FLOW STATEMENT

The statement of cash flow is prepared using the indirect method. Cash and bank consist of current bank accounts and cash on hand. Taxes, interest and similar income and interest- and similar expenses are included in cash flows from operating activities.

SOLVENCY AND CAPITAL MANAGEMENT OF THE SURINAAMSE VOLKSCREDIETBANK

Under this item, the ratios of the Surinaamse Volkscredietbank (VCB) are included. The VCB, as a bank, pursues to have an adequate solvency position. The Bank herewith focuses on a number of solvency ratios. The most important are the core tier 1-ratio and the tier 1-ratio (the capital ratio and the equity capital ratio).

In 2020, the solvency ratio of the VCB was above the minimum as required by the Central Bank of Suriname, which is established at minimally 10%. As of 31 December 2020, the solvency ratio of the VCB is 14.20%.

The VCB strives to have a distinguishing position in comparison to other financial institutions.

The solvency position is managed based on policy documents. The VCB must meet a number of legally determined minimum solvency positions. The solvency position is determined based on ratios. These ratios compare the regulatory capital (capital ratio) and the core capital (tier 1-ratio) of the Bank with the total of the risk-weighted assets. The determination of the risk-weighted assets is based on separate approaches for credit risk, operational risk and market risk. The determination of the risk-weighted assets for credit risk is based on a large number of sub-approaches.

For most assets, the risk-weighting is determined based on internally established ratings and a number of specific characteristics of the relevant assets. For off-balance sheet items, a balance equivalent is determined based on internally established conversion factors.

The resulting equivalent amounts are subsequently weighed based on the risk. The amount related to the risk-weighted assets for operational risk is determined based on the Advanced Measurement Approach model. The market risk approach covers the general market risk, as well as the risk of open positions in currency, liabilities, equity capital instruments and goods. The ratios presented here are based on CRD III.

NOTE TO THE TIER 1 RATIO AND THE SOLVENCY RATIO OF THE VCB

Tier 1 capital

The Tier 1 capital comprises of the equity capital and the accrued profit after-tax. These consist of the two capital elements that banks in all countries have in common and which give the best indication of the degree in which banks are able to cover risks.

Tier 2 capital

Comprises of other elements that can be included in the capital base. In this case, however, the national supervisory authorities make decisions in this regard. It is thus possible that there will be national differences. The Tier 2 capital includes, for example, the hidden reserves, revaluation reserve, general provisions and subordinated loans. The Tier 2 capital amounts may in no case exceed those of Tier 1.

RISK POSITION BASED ON FINANCIAL INSTRUMENTS

Below is the subdivision of the foreign currency position per December 31, 2020

Description	US\$	Position entry
		(including foreign currency residents accounts)
		EURO
1. Nostro Balance	5,419,678	2,191,974
2. Foreign instruments of payment	1,316,906	3,687,842
3. Foreign investments	8,543,598	1,319,104
Sub-total	15,280,182	7,198,920
4. Receivables from CBvS	11,370,254	10,623,182
5. Receivables from local banks	3,993,976	2,409,907
6. Debtors	4,367,883	4,457,509
7. Local investments	202,991	-
8. Term deposits (non-residents)	14,652,028 37,800	532,810 22,260
9. Savings accounts (non-residents)	13,838,269 66,952	14,076,251 2,190,868
10. Creditors (non-residents)	7,309,042 149,816	8,292,967 1,639,874
11. Other Liabilities		
12. Liabilities to CBvS	71,905	319,878
13. Liabilities to local banks	150,351	10,063
14. Other credit items	-	-
Foreign Currency position	-806,309	1,457,547
SWAP		
Net Foreign Currency position	-806,309	1,457,547

NOTE TO THE BALANCE SHEET AS AT 31 DECEMBER 2020

ASSETS

5. CASH AND CASH EQUIVALENTS

Within this category are included cash and cash equivalents in Surinamese currency and foreign currency and the current account relation with the Central Bank of Suriname.

<u>31-12-2020</u>	<u>31-12-2019</u>
SRD	SRD
<u>657.575.976</u>	<u>617,053,307</u>

6. DUE FROM FINANCIAL INSTITUTIONS

This regards current account receivables at local and foreign banks.

<u>31-12-2020</u>	<u>31-12-2019*)</u>
SRD	SRD
<u>60.695.517</u>	<u>30,729,964</u>

*) Adjusted for comparison purposes.

RECEIVABLES DUE FROM CLIENTS

7. Credit loans

The specification is as follows:

	<u>31-12-2020</u>	<u>31-12-2019</u>
	SRD	SRD
Total credit loan portfolio	720,076,954	748,852,440
Plus: debit balances current-accounts	3,435,466	4,296,642
Plus: interest receivable	7,500,170	4,639,996
Nominal value	731,012,590	757,789,078
Less: Interest non-performing loans	-1,223,965	-1,055,890
	<u>729,788,625</u>	<u>756,733,188</u>
Less: Provision for non-performing loans	-23,083,162	-29,261,275
	<u>706,705,463</u>	<u>727,471,913</u>

Total credit loan portfolio

The total credit loan portfolio comprises of both performing and non-performing loans.

Interest receivable

Interest receivable as at balance sheet date.

Interest non-performing loans

The interest on non-performing loans is deducted from the earned interest revenues and the outstanding receivables.

Provision for non-performing loans

The provision on the non-performing loans is determined based on the percentages specified by the Central Bank of Suriname and the established credit classifications.

Credit loans specified by type of currency

	31-12-2020		31-12-2019		In (de) crease	
	SRD	%	SRD	%	SRD	%
Current account loans SRD	37,277,533	5	23,201,764	3	14,075,769	61
Current account loans US\$	15,026,933	2	7,473,567	1	7,553,366	101
Current account loans EURO	24,190,354	3	8,695,783	1	15,494,571	178
Investment loans SRD	123,083,277	17	76,488,660	10	46,594,617	61
Investment loans US\$	12,123,378	2	6,939,200	1	5,184,178	75
Investment loans EURO	41,129,813	6	21,404,337	3	19,725,476	92
Mortgages SRD	115,645,412	16	111,635,810	15	4,009,602	4
Mortgages US\$	24,079,518	3	14,320,201	2	9,759,317	68
Mortgages EURO	16,366,766	2	14,318,504	2	2,048,262	14
Personal loans SRD	119,151,143	17	108,598,207	15	10,552,936	10
Personnel loans SRD	818,585	-	422,433	-	396,152	94
Loan for rice farmers SRD	18,146,283	3	22,395,179	3	-4,248,896	-19
Government loan EURO	82,363,472	11	332,958,795	44	-250,595,323	-75
CBvS Cash reserve loan	90,674,487	13	-	-	90,674,487	-
	720,076,954	100	748,852,440	100	-28,775,486	-4

8. Pawn loans

The pawn loans regard granted funds with primarily gold jewelry as security.

The balance stated in the balance sheet is compiled as follows:

	31-12-2020	31-12-2019
	SRD	SRD
Nominal	43,053,767	52,534,673
Provisions pawn loans	-1,076,344	-1,576,040
	41,977,423	50,958,633

Provision pawn loans

The provision in 2020 is formed to cover the risk of possible counterfeit gold jewelry.

	<u>2020</u>	<u>2019</u>
	SRD	SRD
Beginning balance per 1 January	1,576,040	1,415,888
Release/ addition	<u>-499,696</u>	<u>160,152</u>
Ending Balance per 31 December	<u>1,076,344</u>	<u>1,576,040</u>

INVESTMENTS

9. Treasury bills

This item regards the investment in treasury bills issued by the Ministry of Finance and is stated at the nominal value and increased. As of the financial year 2020, the management has decided to take into account a provision of 50% of the earned interest, due to the fact that no interest has been received on the investments as of 2020.

10. Shares

This item regards the investment in shares of N.V. Surinaamse Assurantie Maatschappij “Self Reliance”.

These can be specified as follows:

	<u>31-12-2020</u>	<u>31-12-2019</u>
	SRD	SRD
N.V. Surinaamse Assurantie Maatschappij “Self Reliance”	<u>553,014</u>	<u>547,308</u>

11. Term deposits

In connection with the new treasury policy, the Bank has invested in term deposits in the year 2020, at the Finabank, Hakrinbank and Godo. As of December 31, 2020, the term deposits have a value of US\$ 3,500,000 and EUR 2,000,000 and SRD 13,000,000 with a total value of SRD 96,495,000.

12. Bonds

The Bank has invested in foreign bonds.

These foreign bonds are interest-bearing and are listed on the stock exchange. The bonds are valued in accordance with the market value, nevertheless the VCB has taken into account a provision in view of the economic situation of the State of Suriname. The provision resulted from the lowest market value that the bond of the State of Suriname had in the year 2020.

13. Stock purchased gold jewelry

This item regards gold jewelry procured at auctions and are maintained as an investment.

14. PREMISES AND EQUIPMENT

Below we present a schedule of the premises and equipment in the financial year:

	Premises				Real estate	Total
	Land	Buildings and installations	Other corporate means	Works in progress	from	
					obtained foreclosures	
SRD	SRD	SRD	SRD	SRD	SRD	
1 January 2020						
Purchase value or current value	11,892,459	63,923,415	25,419,109	-	2,733,505	103,968,488
Depreciation	-	-28,228,696	-19,056,129	-	-	-47,284,825
Book value	11,892,459	35,694,719	6,362,980	-	2,733,505	56,683,663
Mutations in 2020						
Additions	-	1,736,569	3,458,008	52,990	22,740	5,270,307
Depreciation and other transactions	-	-5,314,330	-2,337,387	-	-110,500	-7,762,217
	-	-3,577,761	1,120,621	52,990	-87,760	-2,491,910
31 December 2020						
Purchase value or current value	11,892,459	65,487,734	29,042,718	52,990	2,645,745	109,121,646
Depreciation	-	-33,370,776	-21,559,117	-	-	-54,929,893
Book value	11,892,459	32,116,958	7,483,601	52,990	2,645,745	54,191,753

15. OTHER ASSETS

We present the following summary on the other assets:

	31-12-2020	31-12-2019
	SRD	SRD
Personnel advances	25,761	332,450
Stock of test material	29,840	39,452
Clearing accounts	561,644	-
Other	-4,987	-
	612,258	371,902

16. PREPAYMENTS AND OTHER RECEIVABLES

The specification is as follows:

	31-12-2020	31-12-2019
	SRD	SRD
Prepaid expenses	1,227,509	837,481
Medical advances	19,518	24,894
Salaries	151,385	4,239
Auction proceeds	-577	-202
Bnets	3,150,236	2,070,176
Intrest receivable of investments	2,104,882	534,929
Cash differences	-99,163	-
Other	28,069	28,067
	<u>6,581,799</u>	<u>3,499,584</u>

LIABILITIES AND EQUITY

17. DUE TO FINANCIAL INSTITUTIONS

Below are the obligations due to local banks.

31-12-2020	31-12-2019
SRD	SRD
<u>7,147,439</u>	<u>342,673,645</u>

DUE TO CLIENTS

18. Current accounts

We present the following specification:

	31-12-2020	31-12-2019
	SRD	SRD
Current accounts SRD	282.197.272	226,950,641
Current accounts in US\$	102.458.919	58,398,242
Current accounts in EURO	142.670.034	66,997,517
	<u>527.326.225</u>	<u>352,346,400</u>

19. Savings accounts

We present the following specification:

	31-12-2020	31-12-2019
	SRD	SRD
Savings account SRD	401,943,506	294,385,193
Savings account in US\$	193,984,860	69,679,136
Savings account in EURO	242,391,095	108,248,783
	<u>838,319,461</u>	<u>472,313,112</u>

The interest percentages of the SRD savings accounts vary between 2% and 7,5%, depending on the type of savings account. The interest percentages of the foreign currency savings account vary between 0,75% and 1%.

20. Term deposits

We present the following specification:

	31-12-2020	31-12-2019
	SRD	SRD
Term deposits < 1 year SRD	62,199,000	51,020,355
Term deposits > 1 year SRD	182,381,274	174,005,714
Term deposits in US\$	205,392,123	135,915,869
Term deposits in EURO	9,172,882	26,180,801
	<u>459,145,279</u>	<u>387,122,739</u>

The term deposits in SRD have an interest percentage varying between 10.75% and 18%. The interest percentages of the foreign currency term deposits vary between 0.50% and 8%, depending on the term and the currency.

OTHER LIABILITIES

21. Other short-term liabilities

This item is comprised as follows:

	31-12-2020	31-12-2019
	SRD	SRD
Liability for surplus proceeds on foreclosure jewelry	3,088,768	954,040
Current portion long-term loan Government (note 25)	-	1,906,047
Ministry of Finance regarding surplus proceeds on foreclosed jewelry	1,356,471	901,019
Expired term deposits	230,760	230,760
Income tax liability	4,626,270	5,567,212
Deposit safe-deposit boxes	2,255,617	1,237,207
Payment orders	-	42,151
Stamp duty	1,680,003	5,501,121
Payable available resources for investment	12,844,036	12,844,036
Deposits	43,442	43,442
Other	802,562	717,168
	<u>26,927,929</u>	<u>29,944,203</u>

Ministry of Finance regarding surplus proceeds auctioned jewelry

The surplus on foreclosed jewelry is made available for the borrower. If this surplus is not claimed within a year by the borrower, the amounts are then made available to the Government.

Payable available resources for investment

This amount is made available by the Tax Authorities for investment in treasury bills.

ACCRUED LIABILITIES

22. Interest Payable

The specification is as follows:

	31-12-2020	31-12-2019
	SRD	SRD
Depositors and savers	13,541,413	15,288,731
Others	1,172	1,172
	<u>13,542,585</u>	<u>15,289,903</u>

23. Accruals and other payables

The specification is as follows:

	31-12-2020	31-12-2019
	SRD	SRD
Charged CRV premium	4,996,316	4,407,342
Clearing B-nets	12,561,327	7,127,514
Due salary tax and AOV-	25,787	-219,763
Payable expenses	6,462,066	6,352,842
Loan payables	1,833,784	2,389,305
Unidentified clients	284,131	175,371
Payments on the way	2,997,718	466,693 *)
Received fire insurance	323,963	279,299
Pension fund VCB	211,043	67,199
Provision tax closing loan	-560	329
AKF settlement	-123,357	-123,357
Other debtors LBB	24,980	24,980
Other	101,056	410,530
	<u>29,698,254</u>	<u>21,358,284</u>

AKF settlement

This item regards repayments as well as grants of AKF loans.

*) Adjusted for comparison purposes.

24. PROVISIONS

24.1 Provision deferred taxation liabilities

The provision for deferred taxation liabilities is accounted for temporary tax differences between the maintained accounting principles of the tangible fixed assets in the fiscal financial statements and the accounting principles of these assets in the commercial financial statements.

The specification is as follows:

	<u>2020</u>	<u>2019</u>
	SRD	SRD
Balance as at January 1	4,708,704	4,802,026
Less: Release due to realization through depreciations	-93,322	-93,322
Balance as at 31 December	<u>4,615,382</u>	<u>4,708,704</u>

24.2 Provision Employee benefits

This account regards the provision for future employee benefits such as gratuity, bonuses and settlements. The specification is as follows:

	<u>2020</u>	<u>2019</u>
	SRD	SRD
Balance as at January 1	7,041,803	3,865,831
Release/Addition	-839,749	3,175,972
Balance as at 31 December	<u>6,202,054</u>	<u>7,041,803</u>

25. LONG TERM LOANS

	<u>31-12-2020</u>	<u>31-12-2019</u>
	SRD	SRD
Long-term loan at the Government	-	2,068,347
Current portion under current liabilities	-	-1,906,047
	<u>-</u>	<u>162,300</u>

Long-term loan at the Government

As of 2020 the loan of The Landbouw Bank at the Government of Suriname has been fully repaid.

26. EQUITY CAPITAL

Movement summary of equity capital

The movements in the components of the equity capital are entered in the movement summary of the equity capital on page 29.

26.1 Foundation capital

The foundation capital of the VCB amounts to SRD 69,101,700.

26.2 Revaluation reserve

The movement of this item is as follows:

	<u>2020</u>	<u>2019</u>
	SRD	SRD
Balance as at January 1	17,370,662	18,382,265
Transfer due to sale of land	-	-264,825
Transfer to the general reserve	-746,778	-746,778
Balance as at December 31	<u>16,623,884</u>	<u>17,370,662</u>

26.3 General reserve

The movement of this item is as follows:

	<u>2020</u>	<u>2019</u>
	SRD	SRD
Balance as at January 1	27.022.874	18,836,398
Addition of net income previous financial year	7.942.130	7,383,987
Transfer due to sale land	-	264,825
Release to the benefit of the general reserve	537.664	537,664
Balance as at December 31	<u>35.502.668</u>	<u>27,022,874</u>

27. CURRENT LAWSUITS

Various lawsuits are settled at the Subdistrict Court through the intermediary of its external lawyers. Ranging from summary proceedings to cases being settled in proceedings on the merits and/or on appeal. Debtors dispute, among other things, the procedures followed by the Bank regarding various banking matters, as well as matters in which they consider that the Bank is liable for the damage suffered. They also try to undo planned executions or other executions already held.

The legal defence is conducted by professional external lawyers at the Subdistrict Court. The Bank's legal team (internal and external) takes the necessary actions to minimise negative financial consequences for the Bank. The status of the pending litigation is that it is only expected that they will be settled in favour of the Bank.

Cases held by the Bank's lawyers, it may be indicated that the legal risk to the Bank is such that 70% - 80% can be expected to fall in favour of the Bank or else that the parties can reach a solution by common agreement.

Due to the COVID-19 situation, things are somewhat delayed, but the necessary steps have been taken to steer things in the right direction.

NOTES TO THE INCOME STATEMENT OVER 2020

28/29. INTEREST MARGIN

This item comprises of the beneficial difference between the interest income from credit loans, pawn loans and other investments on the one hand, and the interest charges of the entrusted funds on the other hand.

2020	2019
SRD	SRD
<u>71,823,404</u>	<u>69,749,651</u>

OTHER INCOME

30. Commission income

This item primarily regards commission earned from lending and insurances.

2020	2019
SRD	SRD
<u>6,764,026</u>	<u>6,675,583</u>

31. Finance (costs)/gains

	2020	2019
	SRD	SRD
Regards foreign exchange rate results	<u>21,236,838</u>	<u>424,196</u>

32. Other gains

This item includes amongst others, the expenses in relation to granted loans.

	<u>2020</u>	<u>2019</u>
	SRD	SRD
	<u>30,875,907</u>	<u>31,231,629</u>

EXPENSES

33. Personnel expenses

Regards wages, social charges and other personnel expenses.

	<u>2020</u>	<u>2019</u>
	SRD	SRD
	<u>58,679,000</u>	<u>56,659,348</u>

34. Administrative expenses

This item includes, amongst others, the general expenses, administration and office expenses, publication expenses and housing expenses.

	<u>2020</u>	<u>2019</u>
	SRD	SRD
Total administrative expenses	<u>29,557,859</u>	<u>29,703,236</u>

35. Depreciation

	<u>2020</u>	<u>2019</u>
	SRD	SRD
Buildings and installations	5,142,080	4,649,556
Other office equipment	2,502,988	2,406,103
	<u>7,645,068</u>	<u>7,055,659</u>

36. Change in provision for receivables due from clients and other provisions

	<u>2020</u>	<u>2019</u>
	SRD	SRD
Change in provision due from clients	2,124,579	2,602,089
Change in provision pawn loans	499,697	-396,043
Provision investments	-20,902,242	-
Provision employee benefits	-2,500,000	-4,459,284
	<u>-20,777,966</u>	<u>-2,253,238</u>

OTHER INFORMATION

PROPOSED PROFIT APPROPRIATION

The Executive Board proposes to add the total profit for the financial year 2020 of SRD 8,985,780 to the general reserve.

EVENTS AFTER THE BALANCE SHEET DATE

After closing of the financial year 2020, even before publication of the annual report, developments have occurred that required us to report these to form a complete picture of the information presented. Due to among other things, reported irregularities at the Central Bank of Suriname, it has been established that the cash reserve funds required to be held, have been used improperly. To solve this issue, the Suriname Bankers Association and the Central Bank of Suriname have agreed to a payment arrangement or loan for 8 years. As of July 2021, a total of 5 quarterly repayments have taken place. Furthermore, the aforementioned parties agreed to ringfence the cash reserve funds starting in the year 2020.

As of February 2021, the composition of the Board of Directors is as follows:

Mr. R. Soechit LLM : Chief Executive Officer;

Mr. C. Fazal-Alikhan BBA : Director Commercial Affairs.

INDEPENDENT AUDITOR'S REPORT

To: The Supervisory Board of
Stichting Surinaamse Volkscredietbank

Our opinion

The summary financial statements 2020 (hereafter: 'the summary financial statements') of Stichting Surinaamse Volkscredietbank, established in Paramaribo, which are stated on the pages 33 till 56 of this report, are derived from the audited financial statements 2020 of Stichting Surinaamse Volkscredietbank.

In our opinion the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements 2020 of Stichting Surinaamse Volkscredietbank, on the basis described in the related explanatory notes.

Summary financial statements

The summary financial statements do not contain all the disclosures required by generally accepted financial reporting standards. Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements of Stichting Surinaamse Volkscredietbank and our auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our auditor's report on those financial statements of November 7, 2022.

The audited financial statements 2020 and our auditor's report thereon

We expressed an unqualified audit opinion on the audited financial statements 2020 of Stichting Surinaamse Volkscredietbank in our auditor's report of November 7, 2022.

Responsibility of the Executive Board and the Supervisory Board for the summary financial statements

The Executive board is responsible for the preparation of the summary financial statements on the basis as described in the related explanatory notes.

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

Our responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which we conducted in accordance with International Standard on Auditing 810 'Engagements to report on summary financial statements'.

Paramaribo, December 14, 2023

Tjong A Hung Accountants N.V.

M.S.A. Tjong A Hung CA MSc RA
Partner

