HAKRINBANK

2020
ANNUAL REPORT

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Board of Directors Hakrin Bank N.V. (from left to right)

Drs. M. M. Loswijk-Keerveld RA	Chief Financial and Operational Officer
Drs. R. P. V. Sheorajpanday	Chief Executive Officer / Acting Chief Commercial Officer

MISSION, VISION AND CORE VALUES

MISSION

As an innovative and dynamic institution, Hakrin Bank N.V. offers its customers an integrated package of high-quality financial services. Knowledgeable employees operating in a team deliver tailor-made solutions to maximize customer satisfaction.

VISION

To be the preferred provider of financial services in Suriname by delivering outstanding quality.

CORE VALUES

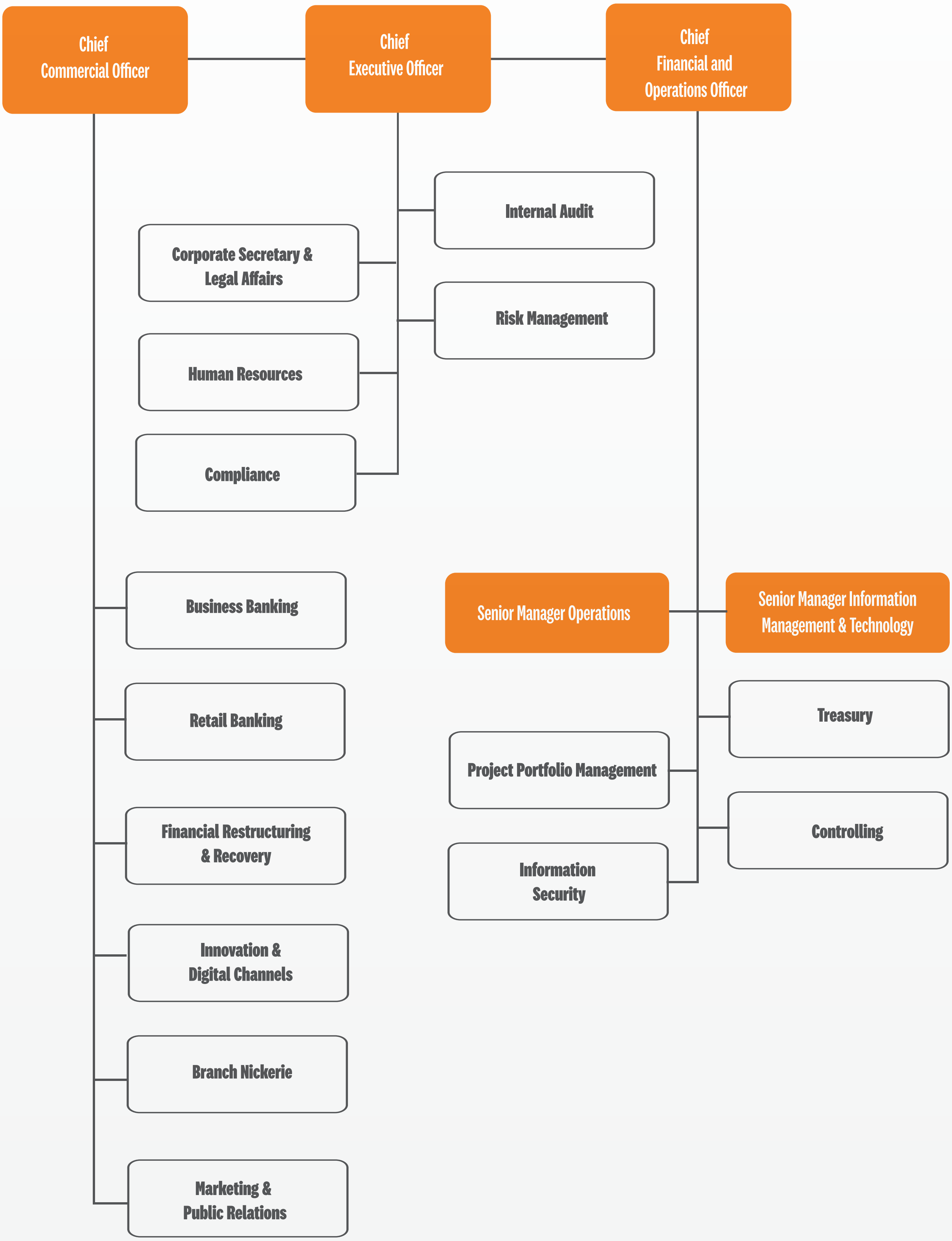
The core values are the most important principles that serve as a compass for our actions, guiding our standards, and everything we do as a bank.

Our core values are:

- Reliability
- Service and Customer focus
- Teamwork
- Quality

ORGANIZATIONAL CHART

JANUARY 1, 2021



FUNCTIONAL DISTRIBUTION

JANUARY 1, 2021

SUPERVISORY BOARD

Drs. M. Roemer	Chair
Mr. Ch. R. Doekhie	Vice-Chair
Mr. H. R. Schurman	Member
Mr. M. H. Lautan-Wijnerman	Member
Drs. C. J. Valk RA CA CIA	Member
P. Peneux, Msc.	Member

BOARD OF DIRECTORS

Drs. R. P. V. Sheorajpanday	Chief Executive Officer/ Acting Chief Commercial Officer
Drs. M. M. Loswijk-Keerveld RA	Chief Financial and Operations Officer

SENIOR MANAGERS

Drs. D. Sitaram	Senior Manager Operations
R. Mangala	Senior Manager Commerce
Ing. R. Rusland	Senior Manager Information Management & Technology

DRS. R. P. V. SHEORAJPANDAY

Human Resources
Drs. R. Brown, Acting Manager

Risk Management
Drs. R. Mahabier-Naigi, Manager

Internal Audit
Drs. R. K. Burgos RA, Acting Manager

Corporate Secretary & Legal Affairs
Mr. S. Mahes, Manager

Senior Manager Commerce
R. Mangala

Business Banking
C. Wijdh, BBA, Manager

Financial Restructuring & Recovery
C. Wijdh, BBA, Acting Manager

Innovation & Digital Channels
Ing. V. Codrington, BSc., Manager

Marketing & Public Relations
A. Gopi, Acting Manager

Retail Banking
D. Khitanea, BBA, Manager

Affiliates/Branche Managers
Centre
Drs. V. Ramtahalsing
R. Beerensteyn-Kertotiko, BSc.
Nieuwe Haven
Drs. R. Changoer
Latour/Tamanredjo
Drs. R. Changoer
Flora
M. Jharihar, MBA
Tourtonne
Drs. A. Lau
Nieuw Nickerie
A. Moerahoe

DRS. M. M. LOSWIJK-KEERVELD RA

Treasury
Drs. R. Oedai, Manager

Controlling
N. Kewalapat, QC, B.Ec., Manager

Compliance
Mr. M. Westmaas, Manager

Project Portfolio Management
A. Jap-A-Joe, B.ICT

Senior Manager Information Management & Technology
Ing. R. Rusland

IT Infrastructure
C. Abdoellah, B.ICT, Supervisor

IT Applications
G. Braam, B.ICT, Supervisor

Business Information Management
R. Djojopawiro, B.ICT, Supervisor

Senior Manager Operations
Drs. D. Sitaram

Sales Support & Processing
M. Heikerk. BBA, Manager

Facility Management
R. Tjokro, Acting Manager

Transaction Processing
S. Vasseur-Adams, MHRM, Supervisor

Sales Processing
C. Bosk-Zeefuik, Supervisor

Cash
G.i Karijo-Nojokromo, Acting Supervisor

Supervisory Board (RvC) Hakrin Bank N.V. (from left to right)
Drs. G. Liauw Kie Fa CA RA CIA CISA
Mr. H. Schurman
Drs. S. Debipersad MSc.
M. Parsan MBA

FIVE YEARS OF CONSOLIDATED KEY FIGURES (BEFORE PROPOSED APPROPRIATION OF RESULT)

(x SRD 1,000)	2020	2019 (IFRS)	2019 (GAAP)	2018 (GAAP)	2017 (GAAP)	2016 (GAAP)
Statement of Financial Position						
Cash and cash equivalents	623,240.3	291,418.3	1,698,536.0	1,338,299.3	1,060,541.3	756,094.8
Loans, bonds and advances to customers	2,981,213.7	2,143,554.0	2,176,347.2	1,727,048.6	1,563,622.1	1,457,471.4
Other assets	4,933,168.6	3,061,494.7	1,508,529.7	1,572,792.5	1,518,150.7	1,156,413.6
Total assets	8,537,622.6	5,496,467.0	5,383,412.9	4,638,140.4	4,142,314.1	3,369,979.8
Due to customers	7,160,108.6	4,243,252.0	4,439,753.5	4,087,606.9	3,621,480.9	2,915,899.8
Other liabilities	875,743.1	965,392.6	565,064.5	203,315.3	199,212.1	219,492.8
Equity	501,770.9	287,822.4	378,594.9	347,218.2	321,621.1	234,587.2
Total liabilities	8,537,622.6	5,496,467.0	5,383,412.9	4,638,140.4	4,142,314.1	3,369,979.8
Income Statement						
Operating income	270,149.2	235,100.96	241,710.5	214,271.0	202,206.6	175,702.7
Operating expenses	188,719.3	161,164.7	163,010.5	141,279.4	125,869.7	106,366.1
Impairment charges on financial instruments	35,127.8	127,852.1	29,936.0	25,195.0	21,604.0	23,353.8
Result before taxation	46,302,1	**(53,915.9)**	**48,764.0**	**47,796.6**	**54,732.9**	**45,982.8**
Income tax expense	16,939.5	2,927.2	17,605.5	17,263.0	19,720.8	16,556.3
Net result	**29,362.7**	**(56,843.1)**	**31,158.5**	**30,533.6**	**35,012.1**	**29,426.5**
Cash dividend	-	-	-	-	8,786.4	1,804.3
Stock dividend	-	-	-	-	-	3.3
Ratio's (in %)						
Efficiency ratio	69.9	68.6	67.4	65.9	62.2	60.5
Return on average equity	7.4	(17.9)	8.6	9.1	12.6	13.3
Return on average assets	0.42	(1.12)	0.62	0.70	0.93	1.01
Capital ratio	5.88	5.24	7.03	7.49	7.76	6.96
BIS ratio	6.46	1.93	8.58	7.65	10.65	9.51
Information per share (x SRD 1)						
Number of shares issued	642,520	522,998	522,998	522,998	522,998	501,206
Earnings per share (in SRD)	45.70	(108.69)	59.58	58.38	66.95	58.71
Dividend amount per share	-	-	-	-	16.80	20.60
Dividend in % of the avg. stock price	-	-	-	-	4.12	5.10
Profit payout percentage	-	-	-	-	25.10	6.13
Net Asset Value	780.94	550.33	723.89	663.90	614.96	468.05
Share price per share	420.00	408.00	408.00	408.00	408.00	408.00
Market capitalization (x SRD 1,000)	269,858	213,383	213,383	213,383	213,383	204,492
Price/net asset value in %	53.8	74.1	56.4	61.5	66.3	87.2
Price/earnings ratio	9.2	(3.8)	6.8	7.0	6.1	6.9
Number of employees	333	334	334	321	319	319
Number of branches	7	7	7	7	7	7

REPORT OF THE SUPERVISORY BOARD

Introduction

The Supervisory Board (RvC) is an independent body of the Bank and is responsible for supervising and advising the Board of Directors of the bank. In addition to its advisory role to the Board, the RvC approves the strategy and the general business conduct of the company and its subsidiaries. Within its tasks, the RvC also focuses on the effectiveness of the internal risk management and control systems of the organization, and the integrity and quality of the financial reporting. In fulfilling its duties, the RvC takes into consideration the importance of the organization and the relevant interests of all its stakeholders. The supervisory task of the RvC comprises mostly of the manner in which the board implements its strategy based on value creation, the realization of objectives, the risks associated with business activities, the setup, and performance of internal risk management and control systems, the process of financial reporting, the legal and regulatory compliance, the relation with shareholders, and the continuous improvement of the business ratios.

In its supervisory role and during discussions of specific subjects within the reporting year, the RvC ensures a balanced decision-making process by taking into consideration the interest of all stakeholders. Although decisions can be made with a majority of votes, the RvC in principle looks for consensus. The RvC regulations also state that there are special committees, such as, the Audit Committee, the Risk and Compliance Committee, and the Remuneration and Nomination Committee, which support the RvC in its decision-making and advice pertaining to topics within their field of expertise. For these special committees, there are also separate regulations.

In the reporting year the Supervisory Board (RvC) consisted of:

Drs. M. Roemer	*President of the Board (until February 2020)*
Mr. H. Schurman	*President of the Board (from February 2020)*
Mr. Ch. Doekhie	*Vice president of the Board (from February 2020)*
Mr. M. Lautan-Wijnerman	*Board member, Chairwoman of Risk and Compliance Committee, also Chairwoman of Remuneration and Nomination Committee (from 2020)*
P. Peneux, Msc.	*Board member, also Chairman of Remuneration and Nomination Committee (until July 2020)*
Drs. C. Valk, RA	*Board member, also Chairman of the Audit Committee*

Mr. Drs. Roemer resigned early at his own request in February 2020, as Commissioner, and so did Mr. P. Peneux, who also resigned early, at his own request, in July 2020, both due to accepting another position.

At the Annual General Meeting of Shareholders held in September 2021, Mr. Valk, Mrs. Doekhie, and Mrs. Lautan-Wijnerman resigned as members of the board, and Mrs. I. van Klaveren, Mr. Drs. Debipersad, Drs. G. Liauw Kie Fa RA and Drs. M. Parsan joined the Supervisory Board. Mrs. I. van Klaveren resigned early as Supervisory Board member at her own request in April 2022.

The Supervisory Board consists of:

Mr. H. Schurman	*President of the Supervisory Board*
Drs. S. Debipersad, Msc.	*Board member, and Chairman Risk and Compliance Committee*
Drs. G. Liauw Kie Fa CA RA CIA CISA	*Board member, and Chairman of the Audit Committee*
M. Parsan, MBA	*Board member, and Chairman of Remuneration and Nomination Committee*

Activities

In the reporting year, the RvC held a total of twenty-two meetings in the plenary as well as in the committee setting. The main topics discussed at these meetings were:

- The strategy of the bank
- The reporting year 2020
- The policy plan 2020
- The operation and investment budget
- The credit portfolio
- The budgeted versus realized results
- Share issue December 2019 and subsequent phase
- Evaluation and adjustments of upper and organizational structure
- Filling in the vacancy of the CCO
- Reports of The Audit Committee, The Risk and Compliance Committee, and The Remuneration and Nomination Committee
- Risks and risk management
- Detained money shipment in the Netherlands
- Solvency position and the improvement of the BIS (Bank for International Settlement) ratio
- Semi-annual figures and periodic financial reports

In addition to the board meetings, the special committees have mainly focused on:

- The management letter of the external auditor
- Reviewing and monitoring the approved audit plan and IAD charter
- The financial reporting including the semi-annual figures, the annual figures, and the relevant processes
- The risks and management of the information and communication technology
- Determining the adequacy of the provisions
- Monitoring of the BIS ratio and ensuring compliance with regulations set by the Supervisory Authorities
- The determination and the allocation of the distributable profit
- The assessment of the external auditor and the performance of the internal auditor
- The assessment of the loans in conformity with the bank's guidelines
- IFRS readiness and gap analysis

Quality assurance and independence

The Supervisory Board (RvC) as presented above, evaluated its performance in 2020 in conformity with the Bank's Code of Corporate Governance. During this evaluation, the RvC discussed its performance as a whole and of the committees, as well as the working relationship between the RvC and management. The members of the RvC are generally satisfied with the performance of the Board as a whole and of the committees. There is openness and the members of the RvC complement each other well. The RvC is of the opinion that the composition of the Board is such that the members are in the position to function independently and critically with regard to each other and with management. In the opinion of the Supervisory Board, the best practice guidance and independence in relation to the Corporate Governance Code of the Bank have been met.

With reference to the duties of the Board (advisory and supervisory) on the one hand, and the above-mentioned performed tasks in general, as well as the special committees, on the other hand, the conclusion of the self-evaluation of the members individually and collectively is that they have functioned to satisfaction.

As mentioned above, in the reporting year, the Supervisory Board consisted of Mr. H. Schurman, Mrs. Ch. Doekhie, Mrs. Wijnerman and Mr. C. Valk. Due to the challenges caused by the COVID-19 pandemic in relation to the planned meetings, the Board performed their duties in this composition until September 2, 2021. In the new composition, the Supervisory Board consisting of Mr. H. Schurman, Mr. G. Liauw Kie Fa, Mr. S. Debipersad, and Mr. M. Parsan took office on the aforementioned date and is therefore charged with the signing of this supervisory board report. As already mentioned Mrs. I van Klaveren resigned early as Supervisory Board member in April 2022.

Nomination

Pursuant to article 22 of the Articles of Association, a number of committee members will retire during the annual general shareholders meeting (AGM), in conformity with the schedule set by the Board. The adjourned Annual General Shareholders meeting (AGM) of December 10, 2020 was continued on September 2, 2021. In this AGM the committee members Mr. C. Valk, Mrs. Ch. Doekhie, and Mrs. M. Wijnerman resigned. As was presented in that meeting, Mr. Liauw Kie Fa took the place of Mr. M. Roemer, and Mrs. I. van Klaveren replaced Mrs. Ch. Doekhie. Furthermore, during that meeting, Mr. M. Parsan and Mr. S. Debipersad were appointed as members to replace Mr. C. Valk and Mr. P. Peneux, respectively. At the next AGM of shareholders, the members, Mr. Liauw Kie Fa and Mrs. I. van Klaveren, are scheduled to resign. At the Annual General Shareholders Meeting (AGM) of book year 2020 the Supervisory Board nominates Mrs. G. van der Gugten to be appointed as commissioner. Mr Liauw Kie Fa, who was due to retire according to the retirement schedule, is available for reappointment as .commissioner. Shareholders nominate Mr. S. Ramadhin, Mrs. S. Jadnansingh and Mr. P. Peneux to be appointed as commissioner, and Mr. Liauw Kie Fa for re-appointed.

Adoption of the 2020 Financial Statements and dividend proposal

The Supervisory Board hereby presents the annual report containing the 2020 financial statements. The Managing Directors of the bank prepare the annual report; the Accounting firm Lutchman & Co audits the financial statements and issues an unqualified auditor's report.

The Audit Committee of the Supervisory Board extensively discussed the annual report with Management, the internal auditor and the external auditor.
Thereafter, the Board, in the presence of the external auditor, discussed the annual report with the Managing Directors. On the basis of these discussions, in this regard, the Board has concluded that the report meets all the policies and requirements of good governance and transparency. It provides a good and complete view of the performances, risks, and activities, overseen by the Supervisory Board.

Due to the BIS ratio which is 6.64% according to IFRS, and below the minimum BIS ratio requirement of the Central Bank of Suriname, we propose not to pay dividend for the 2020 fiscal year.

The Supervisory Board proposes that the annual report be adopted and that approval is granted to the profit appropriation. Additionally, it proposes, that the Management Board is granted discharge for their pursued policy, and that the RvC is granted discharge for its held supervision.

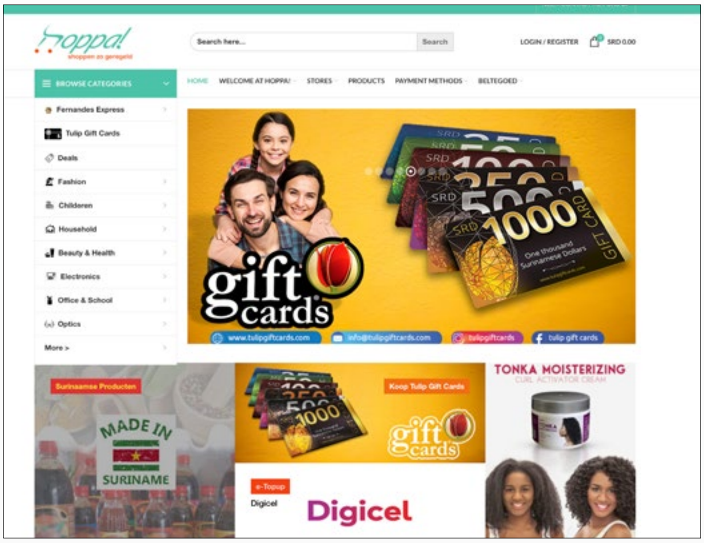
Word of Gratitude

The year 2020 was again a year with challenging market conditions and many changes in the organization to better prepare the Hakrin Bank N.V. for the future. This has required major efforts from many. We wish to thank management and staff for the manner in which they have performed their duties, especially in light of the COVID-19 pandemic. A special word of thanks goes to the stakeholders and especially clients for their continued trust in the Bank.

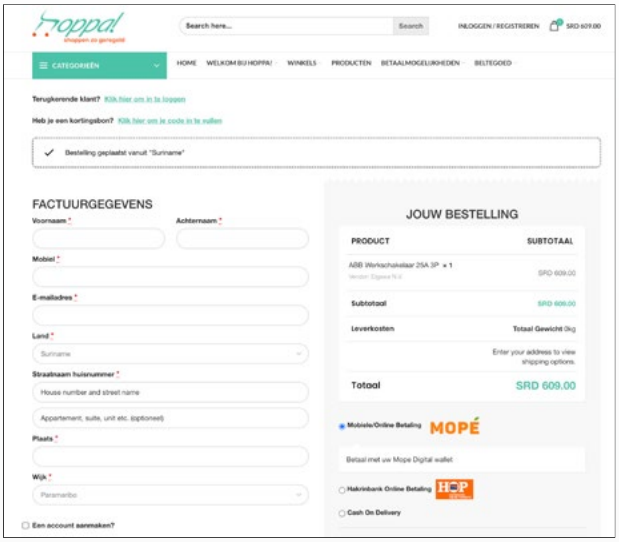
Paramaribo, July 25, 2022

Supervisory Board	
Mr. H. R. Schurman	Chair
M. Parsan MBA	Member
Drs. G. Liauw Kie Fa RA	Member
S. Debipersad MSc.	Member

Customer-driven innovation with hoppa!, the e-commerce platform.



Order on hoppa!



Terugkerende klant? Klik hier om in te loggen

Heb je een kortingsbon? Klik hier om je code in te vullen

✓ Bestelling geplaatst vanuit "Suriname"

FACTUURGEGEVENS

Voornaam *

Achternaam *

Mobiel *

E-mailadres *

Land *: Suriname

Straatnaam huisnummer *: House number and street name

Appartement, suite, unit etc. (optioneel)

Plaats *

Wijk *: Paramaribo

☐ Een account aanmaken?

JOUW BESTELLING

PRODUCT	SUBTOTAAL
ABB Werkschakelaar 25A 3P × 1 Vendor: Elgeco N.V.	SRD 609.00
Subtotaal	SRD 609.00
Leverkosten	Totaal Gewicht 0kg
	Enter your address to view shipping options.
Totaal	SRD 609.00

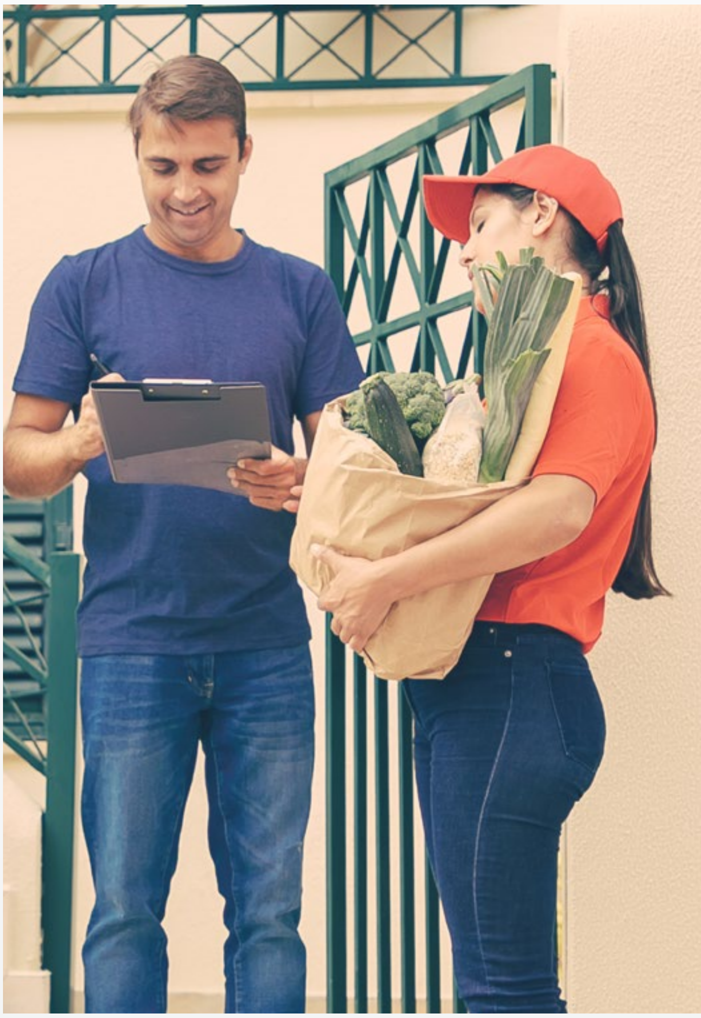
● Mobiele/Online Betaling MOPÉ

Betaal met uw Mope Digital wallet

○ Hakrinbank Online Betaling HOP

○ Cash On Delivery

Pay on hoppa!



Delivery to your home or any other location.

REPORT OF THE BOARD OF DIRECTORS

1. GENERAL CONSIDERATION

The Hakrin Bank is a modern full-service bank that operates on a customer-oriented basis with a primary focus on the business- and the middle and higher-income consumer segments. Our ambition is to be the preferred bank for our focused customer segments through a sublime customer experience. The Hakrin Bank is strongly rooted in the Surinamese society and delivers an important contribution to the development of various sectors, companies, families, and society. In this annual report, we present the developments within our banking institution as well as its relevant environments.

The financial year 2020 was a challenging year. In this fiscal year, the realized operating results were achieved in an environment of significant fiscal and macro-economic imbalances, significant shrinking of the economic activity, and the impact of the COVID-19 pandemic. The economy shrank by 15.9%, while the year-end inflation amounted to 60.8%. Also, the loss of confidence caused by changing the agreed-upon arrangements pertaining to the use of the foreign currency cash reserve by the Central Bank of Suriname (CBvS) had an effect, as well as a negative impact of the continuation of the confiscated Euro money transfer. In addition, the adoption of the Foreign Exchange and Transaction Offices Control Act had a negative impact on confidence.

Significant fiscal imbalances, accentuated by increased government spending and rising interest and loan payments, resulted in a major increase in government debt. The government could no longer keep its payment obligations, and as a result, the creditworthiness of our country deteriorated. Subsequently, in the second half of the year, it resulted in a downgrading of our credit rating and the government's inability to meet the debt commitment. There was also a substantial increase in the foreign exchange rate and inflation.

In the first quarter of 2020 the country was confronted with the global pandemic COVID-19. The country has taken precautionary measures to minimize the spread of the virus. The impact of the COVID-19 virus on public life and the economy in general, affected the Hakrin Bank. Therefore, it was also necessary for the Hakrin Bank to implement precautions and rules to minimize health risks for our employees, customers and suppliers. Business continued as we were able to quickly change the ways in which we serve our customers. We continued to assess our business activities and take measures where necessary. The authorities responded with a package of measures aimed at limiting the spreading as much as possible, by closing the airspace, partial and full lockdowns, information and awareness campaigns, and expanding medical facilities. These measures had a disruptive impact on the economic activities and vigor. They further weakened the already low economic system.

Certain sectors such as airline organizations, travel agencies, the hospitality business, and other contact-related activities have been hit extremely, with sometimes an almost complete contraction. In coordination with the banking sector, the CBvS established, a special COVID-19 facility in the third quarter of 2020, whereby affected companies could receive financing in SRDs at an interest rate of 7.5%. This facility aimed to provide access to financial loans to the affected sectors, that were confronted with significant turnover losses, and consequently, loss of their cash flow.

An important condition for eligibility for this facility was to have healthy solvency to meet the payment obligations towards the banks. Based on our long-term partnership with our customers and our social responsibility, we have generously taken into consideration the liquidity pressures of our business clients and have as much as possible given leverage to revised payment arrangements and also interest discounts to those most affected.

We can conclude that the impact of COVID-19 on our operations and profitability in 2020 was not as severe as initially expected. The impact of COVID-19 on the operations and profitability in 2021 was limited due to some relaxation of government protective measures which allowed businesses and shops to have longer opening hours. The reduced mobility of citizens was also lifted.

In April 2018, the justice authorities of the Netherlands seized a money shipment which was facilitated by the Central Bank of Suriname (CBvS). This money shipment was executed on behalf of three commercial banks in Suriname and amounted to EUR 19.5 million. For preservation and assurance of the financial system as a whole, the CBvS agreed to an arrangement in May 2018, with the relevant commercial banks, including the Hakrin Bank N.V, whereby the funds of the Hakrin Bank N.V. were deposited by the CBvS into our nostro accounts abroad. The deposits from the CBvS into the nostro accounts of the Hakrin Bank N.V. are recorded in the statement of financial position as “Amounts due from banks”, while the repayment commitment of the Hakrin Bank N.V. to the CBvS is listed as “Amounts due to banks”.

Pursuant to the arrangement with the CBvS, these funds need to be returned to the accounts of the CBvS once the seized money is released by the Dutch Judicial Authorities. The written advice we received from our lawyer indicates that the Dutch Public Prosecution Ministry (OM) classified Hakrin Bank N.V. as a suspect of money laundering in mid-October 2019 and that the suspicion has been expanded to five money transfers. The court, however, ruled on December 24, 2019, that the seized money shipment enjoyed immunity, because it was shipped under responsibility of the CBvS. The ruling also stated that the Public Prosecution Ministry should not have confiscated the money and that the seizure should be lifted and the money should be returned to the CBvS. An appeal in cassation was lodged by the Public Prosecutor against the decision of the court. Our lawyer indicates that for the time being there is no reason that the Hakrin Bank will be successfully prosecuted and that such prosecution will lead to sanctions that will have a material impact on our financial statements. It is more likely that the Hakrin Bank N.V. will not be prosecuted and that the confiscated funds can be added back to the liquid assets of the Hakrin Bank. We therefore do not consider it necessary to include a specific provision for this matter in the statement of financial position as at December 31, 2020.

In February 2020 the commercial banks were confronted with the announcement that a part of the foreign currency cash reserve funds that were entrusted to the CBvS, was not applied in compliance with the cash reserve regulations. According to this regulation, the cash reserve funds would be placed in separate so-called ring-fenced accounts at foreign banks with a good credit rating. The management would be guided by a three-member Strategic Investment Committee, of which the Suriname Bankers Association appoints two members and the CBvS one member. The Hakrin Bank had cooperated in May 2019 with the revision of the foreign currency cash reserve policy, since this also enabled us to make arrangements about the management of the previously entrusted foreign currency funds to the CBvS in 2014 and 2015. Because the CBvS did not comply with the arrangements made with the Suriname Bankers Association, specifically the placement of the foreign currency cash reserve in ring-fenced accounts and implementation of the management of these funds by the Strategic Investment Committee, the Hakrin Bank, by August 2019, had already stopped making further transfers of foreign currency cash reserves funds to the CBvS. Due to the relatively early stop of transfers, the amount of money from our bank that was used contrary to these agreements, remained limited to Euro 3,6 million, while no USDs were used against the agreements.

This matter has led to a deterioration of trust in the CBvS and the financial system. The appointment of an independent knowledgeable governor in March 2020 and the making of repayment arrangements between the CBvS and commercial banks, pertaining to foreign currency cash reserve funds that were not used according to the agreement, was an important step in restoring the confidence. This confidence has since then been strengthened, also on the basis of complete compliance with the repayment arrangements made with the CBvS, their independent position, as well as the implemented policy aimed at recovery of the derailed macro-economic relationships and strengthening of the CBvS.

In April 2020, the remaining cash reserve of USD 330 million was "ring-fenced", while individual agreements were signed in May 2020, between the banks and the CBvS, pertaining to the repayment of their respective parts.

The elections held on May 25, 2020, were won by the largest opposition party the VHP, which won twenty seats. To form a majority in the coalition, the VHP aligned with the ABOP, forming the Santokhi-Brunswijk government in July, taking over the lead. The new government faces a major challenge to get the economy back on track and fulfill the aspiration of Surinamese society. In this regard, it has developed a multiple-year Recovery and Stabilization Program that was approved and implementation started in 2021. The economic perspective of our country has improved considerably with the discovery of oil in our offshore waters in early 2020.

An important objective of our bank is to improve the BIS ratio. The BIS ratio according to IFRS is 6.46%, which is below the minimum BIS ratio requirement of the CBvS. The BIS ratio according to CBvS guidelines improved by 2.55% points to 11.13%, partly because of the result of the share emission held at the end of 2019. In conformity with the policies of the Financial Reporting Act, our annual financial statements for the fiscal year 2020 have been prepared based on IFRS (International Financial Reporting Standards). The change in accounting policy from Generally Accepted Accounting Principle (GAAP) to IFRS has been a major adjustment with a significant impact on the equity and the results. In the financial section of the report, this will be further discussed. We consider the transition to IFRS a positive step, especially in relation to the international comparability of the financial statements and the reported financial performances.

Despite the challenges in the surrounding climate, our bank has achieved satisfactory operating results in this reporting year. The consolidated statement of financial position total increased by 55.33% to SRD 8.5 billion, while the operating result improved by SRD 86.2 million, or 151.7%. The amount allotted to the provision for bad debt was SRD 35.1 million and the overall result before tax increased to SRD 46.3 million. The BIS ratio according to IFRS is 6.46%, which is below the minimum BIS ratio requirement of de CBvS.
In the area of innovation and digitalization, we have continued to focus on the expansion of the payment features of the digital payment platform Mope, as well as the expansion of the service through the Hakrin Bank Easy Request (HER) channel.

Despite the positive result achieved, the improvement of the BIS ratio, and compliance with the solvency requirements of the CBvS, at both year-end and currently, the BIS ratio according to IFRS is 6.46%, which is below the minimum norm of the CBvS of 10%. Therefore we propose not to pay out a dividend. Upon approval of the profit-sharing proposal, our bank's equity will increase by SRD 213.9 million to the robust level of SRD 501.8 million.
The price of our shares on the Suriname Stock Market increased in the reporting year to SRD 420. Due to this rise in the share price and the increase in the number of shares issued, the market capitalization increased to SRD 269.9 million. The Suriname Stock Market index, which lists the weighted market value of a fixed share portfolio, increased by 4.35% to 9,578 at the end of December 2020.

In the remainder of this report, the most important macro-economic developments are described to provide a clear picture of the environment in which our bank operated during the reporting year. Subsequently, the pursued company policy of the bank and its subsidiaries is explained, as well as the financial development.

2. THE MACRO-ECONOMIC DEVELOPMENTS

Since 2020, the COVID-19 pandemic is holding the global economy in its grip. According to the latest IMF figures, the world economy suffered an economic recession of approximately 3.1% - the worst since the Great Depression of 1929. In 2020, the economic growth in developed countries was about negative 4.5%, while that of the emerging economies and the developing countries was about negative 2.1%. The economic recession was a result of periods of complete and partial lockdowns in most countries in the world, in an attempt to get the many infections with the COVID-19 virus under control. As a result, there has been a global decrease in consumption patterns, reduction in investments, and loss of jobs and income. Through this crisis, poverty in the world has increased and adversely affected many Small and Medium Enterprises (SME), especially in the transport- and tourism sector. Globally, most jobs are created by SMEs.

In response to the crisis, government policies in many countries were often expansionary to keep economies going. In addition to spending in health care, which has come under heavy pressure, stimulus programs have been implemented for both families and businesses. This was necessary to help absorb the major disruptions in the economy with low investment and rising unemployment. Monetary policy also focused on stimulating measures in the form of lower interest rates, but also measures by the banking sector to revise loan agreements to businesses and households. The contraction of the economies, on the one hand, and the expansionary government policy, on the other, have sharply increased the debt position of many governments. Due to the recession, the volume of international trade in 2020 also decreased significantly by about 8.5%. As a result of the decline in international trade and economic growth, the world market prices of raw materials have also plummeted sharply. According to the commodity price index of the IMF (World Economic Outlook October 2021), average commodity prices have decreased by approximately 10%. The decrease mainly relates to fuel and energy prices, while food and metal prices increased marginally. In 2020 the average world market price of crude oil has decreased by about 33% to USD 41.30 per barrel. The price of precious metals, including gold, which do well as investment goods in recession periods, has actually increased significantly in 2020. The average gold price rose by approximately 27% compared to 2019 to USD 1,769.60 per troy ounces and reached a peak above USD 2,000 in August 2020.
In March 2020, the first COVID-19 infection was detected in Suriname and the number of infections started to rise in June 2020, after the general election on May 25, 2020. It reached a peak in August and September of 2020, before starting to decline. In December 2020, there

was a second wave of infections, which started to level off in March 2021, while a third wave of infections started in April 2021. The COVID-19 statistics on the BOG (Bureau of Public Health) website show that the number of infections up to and including October 27, 2021 was 48,548 while the number of registered deaths was 1,069.
The Suriname economy has also been hit hard by this pandemic, resulting in a contraction of 15.9% in 2020, as stated by the General Bureau of Statistics (Algemeen Bureau voor de Statistiek (ABS)), after a marginal growth of 0.3% in 2019.

If we look at the production of the mineral sector in 2020, we notice that production of gold in 2020 declined by approximately 11% compared to 2019, according to the statistics of the Central Bank of Suriname (CBvS). The production in 2020 amounted to approximately 36,113 kg. Production of large mining companies contributed 59% to the total production and decreased by approximately 13% in 2020. The decrease was caused by infections of workers, especially in the second and third quarter, which stagnated the production of these companies. Likewise, the production of small-scale gold mining companies also decreased by approximately 6%.

The production of crude oil declined by a marginal 1% in 2020 and amounted to 6 million barrels, while the production of the refinery declined by approximately 4% compared to 2019. The low world market prices of oil and the COVID-19 pandemic in 2020 had little effect on the production of N.V. Staatsolie Suriname Maatschappij. Investments of this company amounted to a total of USD 148.1 million in 2020, with an investment of USD 55 million for the purchase of shares in the Saramacca goldmine of Rosebel Gold Mines Suriname, USD 37 million in downstream operations and the remaining in the upstream and the near-and offshore operations. In 2021, Staatsolie will invest USD 100 million, with the largest share going to the budgeted investment of USD 137 million for upstream offshore operations.
In 2020, it became clear that there is a great potential offshore recoverable oil reserve in the Suriname waters, namely in the Maka Central-1 Block 58 exploration zone of the Apache Corporation and Total S.A. corporations.

The other sectors of the economy have all been hit hard by the financial crisis and the COVID-19 pandemic in 2020. The entire tourism sector, as well as the international transport sector, has been heavily affected by closing off the airspace and the land borders for long periods of time and by the (partial) lockdown periods. Most of the other sectors have also not functioned optimally in this past year; stores and businesses were operating on limited openings. There was also limited availability of foreign currency, resulting in unstable and rising exchange rates in 2020 and high inflation which in return negatively influenced the effective demand and economic growth.

Foreign Payments

In the past year, the balance of the current account of the Balance of Payment improved from a deficit of USD 448 million, to a surplus of USD 259 million. This was the result of an increase in the export value of goods and services of approximately 6.9% to USD 2.4 billion, while imports decreased by 23.5% to USD 1.8 billion.

The increase in the export value was mainly the result of the rising gold prices by approximately 27% in 2020, despite a decrease in the export volume of gold. The gold exports in 2020 accounted for approximately 80% of the total export value on a cash basis. The average export price of gold in 2020 was approximately 3% lower than the average world market price. In addition to gold, the export values of rice and timber/wood products also increased, while the value of all other export goods decreased. Likewise, the export value of oil decreased by approximately 9.7% due to the drastic drop in the average crude oil price by approximately 33% in the past year.

As a result of the economic recession with economic growth of -15.9% and declining purchasing power, imports have drastically reduced. The reduced imports concerned both consumption goods and investment goods. This led to a decrease of approximately 14.5% in transactional-based imports of consumer and household commodities, according to statistics of the General Bureau of Statistics (Algemeen Bureau voor de Statistiek, ABS), while imports of investment commodities decreased by approximately 7.7% compared to 2019.

In 2020, the capital- and financial account had a deficit of USD 227 million, while there was a surplus of USD 532 million in 2019. The surplus in 2019 is attributed to the transfer of foreign currency cash reserve of the local banks to the international reserve and capital inflows from foreign government loans. The deficit in 2020 is attributed to the outflow of Foreign Direct Investment (FDI), an increase in foreign currency deposits abroad by local banks, and an increase of paid foreign claims of the remaining private sector, mainly the big mining companies.
The deficit of USD 227.4 million in the capital- and financial account and a negative statistical

THE BALANCE OF PAYMENT ON CASH BASIS (IN MILLION SRD)

Value vs. Balance amounts	2020*	2019*	2018*
Export of goods	2,345	2,227	2,070
Import of goods	(1,329)	(1,702)	(1,486)
Trade balance	1,016	525	584
Service balance	(415)	(551)	(418)
Primary income	(466)	(412)	(388)
Income transfers	124	90	103
Balance Current Account	259	(348)	(119)
Capital transfers	-	(3)	-
Financial account	(227)	532	299
Statistical differences	(115)	(289)	(32)
Total account balance**	(83)	(108)	148
International reserves	585	648	581

Source: CBvS, June 23, 2021 * provisional figures **excluding revaluation differences difference of about USD 115.3 million could not be fully offset by the surplus of USD 259 million in the current account. As a result, the international reserve decreased by USD 63 million to USD 585 million by the end of 2020.

The utilization of the cash reserves by the CBvS for FX interventions to pay for imports and loan payments of the government, but also the promulgation of the Law 'Currency Control and Transaction Offices' on March 23, 2020, caused serious exchange rate fluctuations. The Law has caused much controversy in society. It has increased the foreign currency crisis rather than solve it and has also contributed to the re-emergence of a black market for currencies. After the elections of May 25, 2020, the exchange rates somewhat stabilized, due to the closing of the land borders and the airspace for several months in the year; the supply of foreign currency derived from the tourism sector became even scarcer, putting the exchange rates under bigger pressure.

On September 22, 2020 the CBvS adjusted the exchange rate of the SRD versus the USD and implemented a devaluation of approximately 90% at the rate of SRD 14.29 to the USD (selling rate). The exchange rates to other currencies were adjusted by the CBvS, on the bases of international exchange rates. It was prohibited by the monetary authority, to use higher exchange rates than published by the CBvS. However, due to increasing scarcity of currencies during the year, the black market rates were much higher than those of the CBvS and the other banks.

Public Finances and Debt Policy

Data of state finances for the year 2019, show that 2019 had the largest financial deficit in the past five years. This deficit amounted to SRD 5.9 billion and accounted for approximately 21.2% of the GDP.

Despite the contraction of the economy in 2020, the total government revenues increased by 9.8% to SRD 7.1 billion. The increase in government revenues resulted from the rising SRD value of foreign currency revenues from the gold multinationals. The government has also negotiated with these companies and others to receive an advance in December last year, for revenues due in 2021.
The expenditures from the COVID-19 Fund for subsidies started after July 2020, while heavy cutbacks have been placed on other subsidies-, exploitation- and capital expenditures. This has reduced the government financing balance (overall balance) by SRD 1.6 billion to SRD 4.3 billion, representing approximately 9.7% of the GDP. The deficit was mainly financed by domestic creditors, of which the CBvS being the main financier. Very little foreign capital was received from foreign loans in 2020. In addition, the government buildings which were sold to the CBvS, were repurchased in 2020, which resulted in the financial item "net acquisition (-) financial asset" to become negative in 2020.

In 2020, the national debt has further increased. The total debt based on the statutory definition of debt as published by the Suriname Debt Management Office (SDMO), amounted to SRD 30.2 billion, at year-end 2020, of which the foreign debt minimally increased by 4.2% while

GOVERNMENT FINANCES ON CASH BASIS (IN MILLIONS SRD)

	2020*	2019*	2018*
Revenues	**7,065**	**6,434**	**5,970**
From:			
Taxes	5,132	4,716	4,142
Non-Tax Sources	1,933	1,718	1,828
Expenditures	**11,363**	**12,291**	**8,927**
For:			
Wages and Salaries	4,035	3,251	2,414
Goods and Services	1,257	1,818	871
Subsidies and Contributions	3,815	4,218	3,501
Interest	1,411	913	920
Capital Expenditures	845	2,091	1,221
Financing balance (overall balance)	**(4,298)**	**(5,857)**	**(2,957)**
From net payments in arrears**	(509)	814	993
Financing balance (commitment basis) incl. Static differences	**(4,807)**	**5,029**	**(1,964)**
From Statistical difference	566	14	(64)
Financing balance (commitment basis) excl. Static differences	**(4,241)**	**5,043**	**(2,028)**
Total Financing:	**3,733**	**5,843**	**3,021**
From:			
Net Acquisition (-) Financial Assets	(869)	869	563
Domestic financing	4,383	2,939	2,131
Foreign financing	219	2,035	327

Source: Ministry of Finance, May 12, 2021 *provisional figures

**Negative net payment in arrears indicate that there are payments in arrears relating to 2020 that must be paid in the following year.

the domestic debt significantly increased by 93%. This is a reflection of how the financing deficit has been covered in the past year. The conversion of currency debts at the end of 2020 into SRD is still based on an exchange rate of 1 USD = SRD 7.52. The Debt-GDP ratio based on the Bureau of National Debt published figures and the 2019 GDP ratio was 96%, showing an increase of 25 percent point compared to 2019.

Since the ABS had already published the GDP rates for 2020, the state debt based on the statutory definition of debt, had to be based on the 2020 year-end exchange rate of 1 USD = SRD 14.29. The total statutory state debt per the end of 2020, based on this exchange rate amounted to approximately SRD 46.7 billion, while the Debt-GDP ratio of 2020 was approximately 122%. The Debt figures and the ratio also reflect the effective debt (debt based on the international definition) and the Debt to GDP ratio at year-end 2020.

The creditworthiness of our country has deteriorated in the past year. Both Fitch and Moody's, as well as Standard & Poor's have downgraded the country's credit rating in 2020 to a status of "non-investment grade, high/substantial credit risk junk". When the government was not able to fulfill their interest commitments on the capital market debts, the international credit rating bureau Fitch Ratings, downgraded the country's long-term foreign currency credit rating from a CC to a C rating, on October 26, 2020. The rating was further adjusted later in the year to Restricted Default (RD) for its long-term foreign currency credibility, while the rating on the capital market instruments went to a Default (D) rating.

The government has contracted the international law firm White & Case LLP and the international financial consulting firm Lazard Frères to help with the restructuring of the state debt, mainly with the capital market debt instruments. The international financial consulting firm Lazard Frères has secured a complete "standstill" of the debt payments to the Oppenheimer creditors for the amount of USD 675 million through March 25, 2021. This standstill was later extended.

Monetary Development

The money supply (M2) has increased in 2020 by 62.1% compared to 2019 to SRD 32.9 billion. This significant increase in the money supply is a result of exchange rate adjustments of the CBvS, causing the SRD value of the foreign currency (cash and transactions) to increase enormously and the CBvS' money creation for the benefit of the government to supply the COVID-19 emergency fund. The main sources of money creation in 2020, were obtained from external sources, and were in the first place for the benefit of the government and to a lesser extent for the private sector. The liquidity ratio for 2020 is estimated at approximately 86%.

GOVERNMENT DEBT ON CASH BASIS (BY DEFINITION OF THE LAW OF GOVERNMENT DEBT) (IN MILLION SRD)

	2020*	2019*	2018*
Domestic Debt	**14,608**	**7,567**	**5,801**
From:			
Central Bank	9,823	3,638	2,343
Banking Sector	3,185	2,995	2,621
Private Individuals	1,600	934	837
External Debt	**15,586**	**14,943**	**12,904**
To:			
Multilateral creditors	4,941	4,783	4,656
Bilateral creditors	4,244	3,928	3,094
Commercial creditors	6,401	6,232	5,154
Total Debt	**30,194**	**22,510**	**18,704**
In percentage of the Gross Domestic Product			
Domestic Debt	46	24	20
External Debt	50	48	43
Total	**96**	**72**	**63**

Source: Bureau of State Debt October 5, 2021 with own calculations * preliminary figures Exchange rate 1 USD = SRD 7.52 for 2018, 2019, 2020. Because the GDP for 2020 is already published, the statutory government debt figures for 2020 must be based on the year-end CBvS exchange rate of 2020 which amounted to 1 USD = SRD 14.29. The debt-to-GDP ratios for 2020 in this table are based on the GDP figure for 2019.

CAUSES OF MUTATIONS IN THE DOMESTIC LIQUIDITY MASS (IN MILLION SRD)

Mutations/positions	**2020***	**2019***	**2018***
External money supply	5,660	(2,563)	2,062
Domestic causes	10,757	(460)	(340)
Of which:			
Net claims on the government	6,236	1,481	(351)
Net claims on other residents	2,608	117	(51)
Other assets (net)	1,913	(2,057)	62
Mutations in domestic liquidity mass	12,591	1,093	1,598
Domestic liquidity mass	32,868	20,277	19,184
As a percentage of the Gross Domestic Product (liquidity quote**)	86	64	64
Net foreign assets	11,523	5,863	8,426
Net domestic assets	21,345	14,414	10,758

Source: CBvS, February 5, 2021 with own calculations * provisional figures ** the liquidity ratio is the presented domestic liquid mass in % of GDP

The year-end inflation of 2020 was 60.8%. This was mainly caused by the fluctuating exchange rate, the exchange rate depreciation in September 2020, and the increase of the money supply in relation to a strong declining local production and import of goods.

INDICATORS OF THE DEVELOPMENT IN THE BANKING SECTOR (IN MILLION SRD)

	2020*	**2019***	**2018***
Balance total	29,264	18,140	17,553
Of which:			
Foreign currency deposits	20,339	10,797	11,465
Other deposits	8,925	7,343	6,088
Total lending	**14,535**	**10,588**	**10,420**
Of which:			
Government	3,749	2,370	2,312
Other sectors			
• Primary production sectors	2,518	1,754	1,792
• Other sectors	8,268	6,464	6,316
Lending and investments in SRD	7,002	5,552	5,756
Provision doubtful debtors	252	259	224
Lending and investments in foreign currency	7,533	5,036	4,664
• Primary production sectors	1,688	1,005	1,151
• Other sectors	5,845	4,031	3,513
Provision doubtful debtors (foreign currency)	577	340	402

Source: CBvS, February 5, 2021 *provisional figures

Senior Managers Hakrin Bank N.V. (from left to right)
Drs. D. Sitaram
Ing. R. Rusland
R. Mangala

In 2020, there was a marginal decrease in foreign currency deposits with banks of approximately USD 10 million to 1.451 million. This was a decline for the second consecutive year. Due to the contraction of the economy in 2020, foreign currency credits also decreased. The position of USD loans at the end of 2020 was USD 414.7 million, a decrease of 9.1%, while the Euro loans decreased by 50.4% to Euro 99.8 million.

Due to the depreciation of the exchange rate in 2020, the total private and government credits in the banking sector expressed in SRD increased by 30.2% and 58.2% respectively. In real terms there was a decrease of approximately 18.5% and 1.8% respectively. The banks have provided, in collaboration with the CBvS, deferral of loan payments to companies who could not meet their debt payments in 2020. The average borrowing rate per year-end 2020 on SRD loans was approximately 15% compared to a year-end inflation of 60.8%. The real credit (loan) rate was approximately -33.5% per ultimo 2020.

The depreciation of the exchange rate has also strongly affected the solvency ratio. At an increased exchange rate, the risk-weighted assets of banks, and namely the foreign currency components, should be revalued. Such is the case while the owners' equity which is issued in local currency has not changed. As a result, this creates pressure on the solvency ratio of banks which according to the guidelines of the CBvS should be a minimum of 10%. This ratio for the total banking sector was 11.7% as per June 2020. With the exchange rate depreciation in September 2020, the ratio has come under pressure in the second half of the year.

The "financial soundness indicators" for the period 2014 until June 2020, published by the CBvS, show a significant increase in the non-performing loans and deteriorating profitability of the banking sector in the first half of 2020 compared to year-end 2019. However, the liquidity ratios show an improvement in this period.

Macro-Economic Developments 2021

According to the IMF, the world economy has grown by about 5.9% in 2021. The approval of various vaccines and the start of vaccination campaigns in many countries are the reason for this positive growth. However, growth was put under pressure by renewed waves of infections in the world in 2021, the spread of various variants of the virus, and the "lockdown" in various countries. The policies in the countries regarding vaccination programs and the development of the world market prices of raw materials also influenced the growth in 2021. According to the latest World Bank estimates, the average oil price increased about 71% to USD 70 per barrel in 2021 due to the growth of the global economy, while the average gold price declined marginally by 1% to USD 1,740 troy ounces.

The Planning Bureau has projected growth for 2021 at approximately -2.8%. The government's monetary and currency policy has already undergone many developments in 2021, namely the introduction in June of a flexible exchange rate system, whereby the exchange rates of the USD and the Euro are determined by means of supply and demand. At the end of June 2021 compared to the end of 2020, the exchange rate depreciation of the USD amounted to approximately 49%. The inflation rate in 2021 was 60.7%.

The revenue-increasing measures of the government, liberalization of electricity rates and the introduction of a flexible exchange rate system have contributed to the inflation in 2021, among other things. As a result, the purchasing power continues to be under pressure, and the economic activity, in addition to the COVID-19 pandemic, is under negative impact. To get the COVID-19 pandemic under control with total and partial lockdown periods and developing a vaccination plan are important to open up the economy and to stimulate production.

3. MANAGEMENT DISCUSSION OF ENTERPRISE DEVELOPMENTS

Introduction

This part of the annual report deals with the pursued policy and the achieved performance of the bank's most important policy areas. It presents an integral picture of the management of our banking institution as well as its policy and its implementation.

Strategy

In the 2018 - 2021 strategic policy plan, the strategic goals and execution strategies have been established. Directing of the activities and procedures to achieve our strategic goals takes place through project portfolio management and monitoring through the management information system (MIS). Our core values of reliability, service and customer orientation, teamwork, and quality of our services, function as our compass in implementation.

The success of the bank is determined by the level of satisfaction of our customers with our services. The segments on which we primarily focus are the business customer and in the consumer segment the middle and higher-income customer groups. Our strategy aims to distinguish ourselves by providing an excellent customer experience. The most important strategic objective is the improvement of the customer experience and specifically the dimensions of accessibility of services, ease of doing business, and the excellent execution thereof. Critical factors in achieving this are digitalization of the business processes expressed in the availability and quality of e-channels, the improvement of the competencies of all employees, and promoting of a customer-oriented organizational culture.

Digital business processes and motivated competent employees not only contribute to a sublime customer experience but also facilitate the improvement of operational efficiency. Our employees play a crucial role in this with their customer-oriented, solution-driven, and committed attitude. Our brand value is strengthened by providing expert advice to our customers as well as by our innovative service and solid image. Our strategy should contribute to an improved competitive position and finally result in an increase in our market share and returns, as well as a strong foundation for sustained growth.

In 2020, partially due to the COVID-19 pandemic, the related partial lockdowns, and the limitation in personal contact (social distancing), the accent on the expansion of the e-channels and digital payment options has strongly increased.

IT and Innovation

The IT policy supports our enterprise policy, which on the one hand is focused on the digitalization of the business processes, and on the other hand, on the introduction of innovative products and services -both in the context of improving customer experience.
The IT policy describes the setup of the IT landscape in support of our enterprise ambition and strategy; this is in addition to the adopted standards to guarantee the quality of the IT services and solidity of the IT architecture.

The bank uses Information Technology Infrastructure Library (ITIL) as a best practice and standard for IT services. Customer satisfaction with regard to IT services has been further improved by reducing the waiting time of various requests for the deployment of IT. Overall, IT has provided good support to the various IT-related banking projects.

In the year 2020, in the interest of better customer experience, the focus was on upgrading the applications around our payment system, to facilitate straight-through processing of the various payments with the aim of faster interbank payment transactions.

In 2020, IT also played an important role in enabling the operations of the bank to continue with a scaled-down in-office staff. This was due to the impact of the COVID-19 lockdowns and the restrictions on the number of dispensations granted to companies and institutions providing essential services, including banks.

Innovation is crucial for the improvement of customer experience, which is our most strategic goal. Accentuated by the COVID-19 pandemic, ensuring continuity of business operations and providing services in a secure manner has increased the importance of offering ease of doing business and accessibility to our customers through our innovative products and services. The traditional face-to-face method and cash payments were not suitable to new circumstances.

In 2020 a greater appeal was made to the social responsibilities of banks to serve their customers and workers and society as much as possible, to mitigate the social disruption caused by the pandemic. Our responsibility to keep essential financial services, especially the payment services intact, while protecting the health and well-being of personnel and customers, required a maximum availability of digital solutions. This has accelerated and strengthened the change in the business models of banks, which-, have already undergone an enormous evolution, on account of FinTech developments.

The term FinTech entails all innovative financial products and services that accelerate and simplify the manner in which money is handled. Banks had to re-invent and re-orient themselves after the rise of FinTech and are still fully engaged in this process. Only in this manner can traditional banks survive in the world of internet and A.I. (Artificial Intelligence), where everything needs to happen faster and easier. The precise impact of this on the financial sector has yet to be fully revealed. In order to properly monitor and assess these highly dynamic developments and their impact on the banking sector (including our bank), as well as strengthening innovation within the Hakrin Bank, we established the Hakrin Bank Innovation Lab, or HiLab, in 2019 as part of the Department of Innovation and Digital Channels.

As in our case, the ongoing global health crisis, has shown increased use and deployment of Mopé; through which real-time contact-free digital payment has become even more prevalent.

After the 2018 launch of the first e-commerce platform of Suriname, hoppa!, and subsequently in 2019, the mobile payment platform Mopé, the accent on innovation in 2020 was mainly focused on integrating Mopé with various applications and platforms. This connects the development of financial services as an integral part of economic activities, such as sales processes, compared to separate individual processes. This has a positive impact on ease of doing business and accessibility, and as a result, the improvement of the customer experience. In addition, it increases efficiency, as well as supports and stimulates new economic activities such as e-commerce.

In 2020, the payment solutions for hoppa! were extended with Mopé and iDeal. These extended payment solutions had a positive influence on the potential market size, providing the hoppa! merchants greater sales advantages. With these improvements, we give real substance to establishing partnerships with our customers, based on the principle, “growing and blooming together”.

The Hakrin Bank embraces the FinTech developments and considers innovation a crucial added value to our customers - through which they can develop new economic activities, extend their markets, and operate more efficiently. An important challenge is to effectively commercialize the innovative products and services so that in addition to the value creation for our customers, our bank simultaneously improves its returns.

Corporate Governance

The Hakrin Bank considers strong corporate governance- to be essential for the simultaneous realization of the business goals and maintaining the balanced representation of the interests of all stakeholders involved in our bank. To ensure this goal, Hakrin Bank has an integrated governance system in place that enables it to conduct sound management and accountability, as well as to provide information to stakeholders of our bank, and society.

The activities in the area of corporate governance, during the reporting year, mainly concentrated on the improvement of the BIS ratio and the adaptation of our top-end organizational structure.

The issue of new shares in December 2019, involved the issuance of 250,000 shares with a nominal value of SRD 0.15. In this public offering, 260,694 shares were subscribed to, including by subscribers with a qualifying interest. As a result, the 250,000 shares have been issued to and fully paid for by the subscribers and currently include three shareholders with a qualifying interest, namely, the State of Suriname, Assuria Beleggingsmaatschappij, and Fatum Schadeverzekering N.V.

The State of Suriname did not participate in the December 2019 issue of new shares and therefore decreased its holding in our banking institution from 51% to 34.5%. This resulted in a long-cherished goal of the privatization of our bank. We will discuss with the government the further reduction of its holding in our bank to comply with the legal limit of a maximum qualifying shareholding of 20%.

In the reporting year, the top-end organizational structure was adjusted based on a 2019 evaluation on aspects of strategy, effectiveness and efficiency, the control technical segregation of duties, and the span and depth of control. As a result, the structure with four directors is changed to a structure of three directors and two senior managers. The new management structure consists of a Chief Executive Officer (CEO), a Chief Financial and Operations Officer (CFOO), and a Chief Commercial Officer (CCO). To this extent, Mrs. Loswijk-Keerveld, until then the Financial Director (CFO), was appointed CFOO in September 2020. The recruitment and selection process for filling the vacancy of the CCO position has started.

Compliance

Effective management of risks incurred, including compliance risks, is essential for healthy business operations, along with confidence in and sustainable development of our banking institution. The importance of this and the intensification of control measures are accentuated by the risk environment and the National Risk Assessment. The most important risks are integrity risk and Money Laundering/Financing Terrorism (ML/FT) risk. During the year under review, the tightening of compliance risk management was further intensified.

During the year under review, the integrity policy was formally approved by the Board of Directors. Likewise, various regulations were already issued and preparations were made to set up a whistleblowers’ platform, which was implemented in 2021.

Further strengthening of the AML/CFT risk management framework of the bank continued in the reporting year 2020. In this regard, the customer acceptance procedure has been improved, as was the further update of customer files. As a result, the Know-Your-Customer (KYC) principle is more firmly embedded in the business operations and the ML/FT risk can be more effectively managed. In the area of training; a new customer Due Diligence e-learning module was developed and made available via the digital learning platform of the bank.

An important part of the ML/FT risk management relates to effective transaction monitoring. Transaction monitoring is one of the most important components of a robust AML-compliance program, meant for protecting and analyzing transactions at financial institutions and identifying behavior that could be related to financial crime.

Hakrin Bank continually takes measures to manage the challenges related to transaction monitoring and to comply with (international) industry standards and expectations of supervisory authorities. As a result, an integrated evaluation and intensification of the transaction monitoring program took place. This evaluation provides, in addition to a long-term vision, recommendations for improvements of the bank’s transaction monitoring program in the short term. Recommendations were presented in six core areas of transaction monitoring with phased implementations.

The compliance function looks at renewed technologies to solve the current challenges with transaction monitoring. For this matter, bidding was held in the year under review and Tookitaki's Anti-Money Laundering Suite (AMLS) was selected. Tookitaki’s AMLS is an awarded end-to-end machine learning solution with modules for transaction monitoring and names screening. This machine learning solution forms a supplement to the current system, reduces false positives, and detects “missed” unusual transactions, which increases the efficiency and the effectiveness of AML processes. This solution helps the Hakrin Bank to intelligently prioritize alerts, use Artificial Intelligence (AI) to increase detection accuracy, and improve research efficiency through a simple, manageable user interface.

Hakrin Bank has also made preparations in the context of participation in the project, initiated by the Suriname Bankers Association, to strengthen the AML/CFT compliance control framework for the banking sector. In this, Hakrin Bank functions as a pilot bank, along with two other banks. In this manner we give concrete form to our responsibility as a systemic bank: upholding the integrity of the financial system and thus mitigating the correspondent banking de-risking risk, and maintaining confidence in our bank.

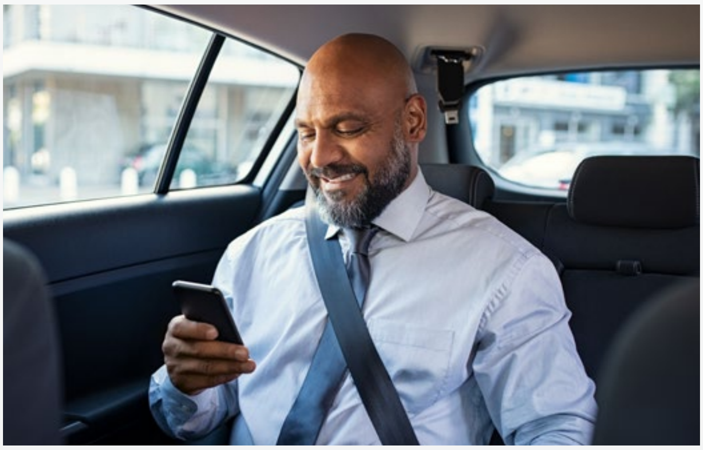
Customer-driven innovation with Mopé, the mobile payment platform.

Transfer money from Mopé to any local bank account and vice versa.

Mopé is safe and user-friendly. The Mopé Debit Card is linked to your Mopé app, use it for POS payments or withdrawing money from any local ATM.

Share the bill.

Send pocket money, wallet to wallet.



Send money through the social media option, from any location.

Human Resource Management

Our employees are considered to be a decisive factor in the realization of our ambitions and related goals. To effectively support these ambitions and goals, our HRM policy is focused on the optimal deployment of our human resources. Motivated and competent employees are therefore crucial, combined with an effective functioning HRM system. The most important HRM objectives, therefore, regard further development of the competencies of our human resources related to relevant job requirements and established performances, as well as the further strengthening of result- and performance- orientation and the risk awareness of our organizational culture.

In the reporting year, efforts were made to set up systems to contribute to the HR function to adequately support the achievement of these objectives. In the context of the Hakrin Bank Organization Transformation Program, the organization has been restructured to better align roles and responsibilities with the strategic goals of the company. This is expected to increase the result orientation of our human resources. In 2020, the HRM department, together with the management of various departments, completed the job profile descriptions, their weighing, and the development of a new job and salary structure. In addition, the preparations for setting up a knowledge and competence development system have been completed. The implementation of this system took place in 2021.

To develop knowledge and competency, our employees have followed relevant training and courses at home as well as abroad. These activities mostly took place virtually, due to the COVID-19 pandemic. It is important that our HR potential can expand its horizons so that with the acquired knowledge we can further steer developments in our company. Knowledge development is also included in the HR cycle and employees will follow a personal development plan (PDP), on the basis of the defined job profile, to ensure that there is a right fit in the organization.

In the year under review, 48 employees have successfully completed a “Welten” course and 17 employees followed a NIBE certificate course. Twelve (12) employees enrolled in an HBO or university training and six (6) employees are in a Master’s program.

In the reporting year, nineteen (19) employees joined Hakrin Bank N.V., while sixteen (16) left the company, eight (8) of which reached retirement age. The remaining number of employees, therefore increased by three (3), bringing the total to 333 employees. In 2020, 28 employees celebrated their service anniversary, one (1) with a 40th anniversary, six (6) with a 30th anniversary, seventeen (17) with a 25th anniversary, and four (4) with 12.5 years’ employment anniversary. We express our gratitude to the jubilees for their loyal service to our bank. We also express our gratitude to all our employees for the dedication under the difficult circumstances of the COVID-19 pandemic. Without their relentless efforts we would not be able to provide the essential services to our customers and achieve the results we have.

Operations

Operations entail the registration and administrative management of our customer information, in addition to the customer-acquired products and services, the local and international payment system, and facility services to support the operational business processes. The business processes of the relevant departments contribute to the realization of the strategic objectives, “improvement of customer experience”, and “improvement of operational efficiency”.

The Payment Function

The focus of the “payment” function is based on the timely, flawless, and efficient processing of payment transactions, including facilitating and stimulating the transition from cash to cashless payment transactions and from paper-based to a 24/7 digital transfer and straight-through processing (STP) of payment orders.

In the reporting year, the COVID-19 pandemic had a major impact on our business operations. The payments services were marked as essential and had to stay operational, despite the risk of infections of our personnel and customers. The experience gained during the development of business continuity plans has contributed to the continuity of services delivered by the Hakrin Bank. The impact on the organization was significant. The work was executed by two equal teams that were not allowed to work at the same location at the same time. Circulation of cash also stagnated, which resulted in banks being less able to satisfy the need for cash withdrawals. We have made a significant effort to provide for this need as much as possible, amongst others, by timely replenishing our ATMs.

With regard to transitioning from paper-based to digital payment transactions and improvement of risk management, the local payment system has switched to the APS payment application (Advanced Payment System) in the reporting year. APS was already in use for international payments. APS has anchored the four-eye principle in the processing system and expanded the possibility for Straight Through Processing (STP) of payments. In the reporting year, the preparatory work for expanding online banking and the introduction of mobile banking channels was completed by establishing the requirements for the payment transactions. To this extent, the sales application Hakrin Bank Easy Request (HER), introduced in 2018, was further expanded with services and attributes that increased digital access to the payment services.

During the redesigning and digitalization of the business processes, much attention was paid to the internal control measures. This is of importance because the impact of errors in the registration of products and services acquired by customers, as well as in the payment transactions, can be significant and can lead to reputational damage and a direct financial loss.

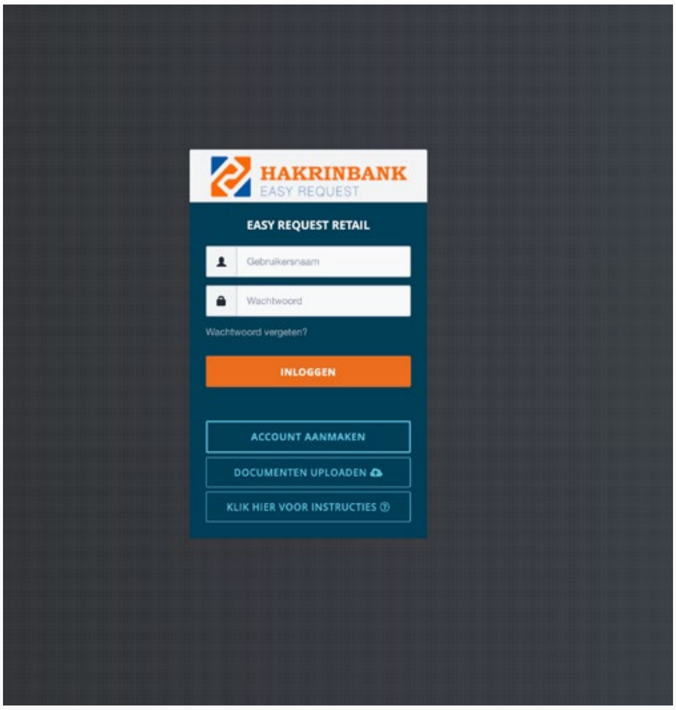
In the context of increasing the efficiency of cash transactions, BNETS, in collaboration with several banks, has carried out a study pertaining to more efficient use of the ATM network. The result is that BNETS, in consultation with participating banks, made the decision to centralize all ATMs under BNETS. This facilitates a better spread of ATMs throughout the country, which increases access to financial services through this channel.

The business continuity management process of critical processes, which had already been initiated, could now be tested in practice due to the COVID-19 pandemic; and it has proven its value. Important experiences have been gained, which will be used to further sharpening of the business continuity plans for these critical processes. The implementation of business continuity plans is required to guarantee that in case of irregularities and/or calamities, the most critical processes can be restarted and continued within the established norms and time periods.

Sales Support & Processing

Sales Support & Processing includes the processing of purchased products in our systems, as well as the administrative management of products and services in the systems, contract processing, and support for commerce in administrative activities. In the year under review, the scope of the sales support & processing function was expanded. The scope expansion concerns the activities in the field of transaction monitoring and updating and digitization of customer files. This enables the Business Banking and Retail Banking commercial departments to focus on the commercial business processes, while also giving sufficient priority to the aforementioned processes. The “end-to-end” design of the processes gained further form in 2020, as did their digitization. Our customer onboarding application has also been put into use and the products and services in Hakrin Bank Easy Request have been made more accessible to customers and to merchants who can acquire products from our banks for their customers. The range of products in this application has also been expanded. The STP processing of requested services in the “onboarding” and “sales” application will gain the highest priority in 2021. This will ensure a one-time data entry to prevent double entry in the process.

Customer-driven innovation with Hakrinbank Easy Request (HER)



Log in online.

Manage your banking 24/7 from any location.

The COVID-19 pandemic also had a significant impact on the business operations of Sales Support in the reporting year. More customers have applied for a debit card and internet banking, so that they could use our payment services without having to visit the bank. The Sales Support & Processing function has made a significant contribution to the availability of these products purchased.

Facility Management

The Facility Management function is, among other things, responsible for the optimal management and maintenance of our buildings and supporting inventory. The responsibility for the physical security of our business locations and the safety of our staff and clients, the archive, the procurement and management of office supplies, and maintenance of the vehicle fleet, are part of this function. These aspects have a direct impact on the customer experience.

During the COVID-19 pandemic, it has been shown that Facility Management is an important link in providing bank services to our clients. During lockdowns, it was very important that the security, the logistic between the locations of the bank, the workplace design, the supply of protective items, and the admittance of customers and personnel to our business locations was guaranteed. In the area of housing, it is worthwhile mentioning that the front facade of the main office building has been renovated, whereby functionality, namely, the sunshades and its appearance, has been better aligned with our branding as a reliable and innovative banking institution.

Business performance

Our commercial objective is to improve the customers' experience and to increase business volume with our customers, and by such improve the bank's revenue and profitability. The year 2020 was dominated by both the COVID-19 pandemic and the monetary developments in our country.

The pandemic influenced our business operations, especially in relation to our customer service. Continuous and optimal availability of our services was therefore important, amidst the measures introduced by the authorities to protect the health of the people and society. To guarantee continued services, measures were taken to enable employees to work from home. The impact of the monetary developments and the health- and economic crisis on businesses and households, was significant and our biggest challenge was to guide our customers through this period.

Viewed against the background of the above outlined developments, we look back with satisfaction on the achieved results in 2020. The entrusted funds increased significantly by SRD 2.711 million or 65.9%. The lion's share of this increase was caused by the revaluation of the foreign currency deposits, due to the depreciation of the SRD. This led to a deposit-dollarization ratio increase (USD and EUR) from 58.4% to 70.8%. The entrusted funds in respective currency showed an increase of 16.7% in SRD, and an increase of 7% in USD, while the EUR funds were reduced by 7.1%.

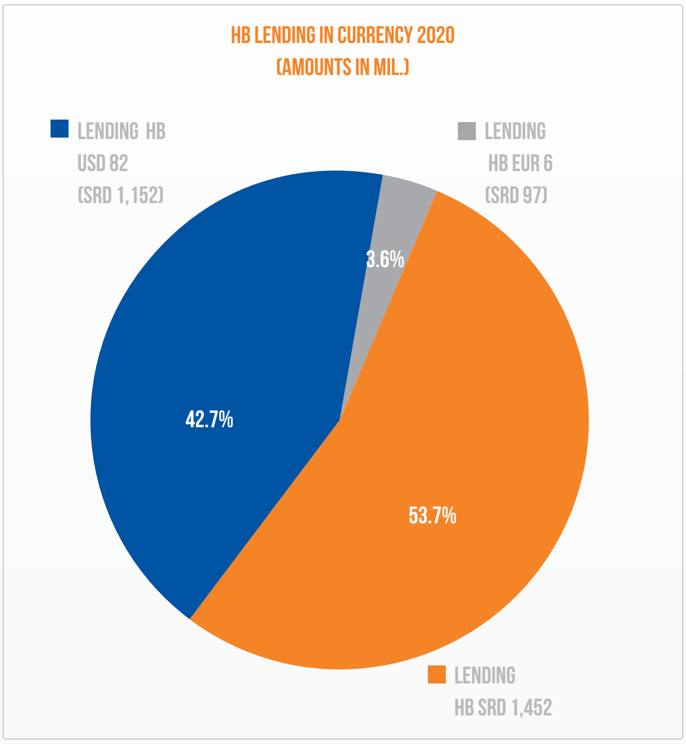
The private sector lending showed growth of SRD 870.8 million or 48.9% and reached the level of SRD 2.653 million. The growth was predominantly realized in the business segment and was mainly influenced by the revaluation of the foreign currency loan portfolio, which due to the depreciation of our currency, resulted in a higher bond of the foreign currency loans converted into SRD. Adjusted for the impact of the depreciation, the consolidated growth was 7.6%.

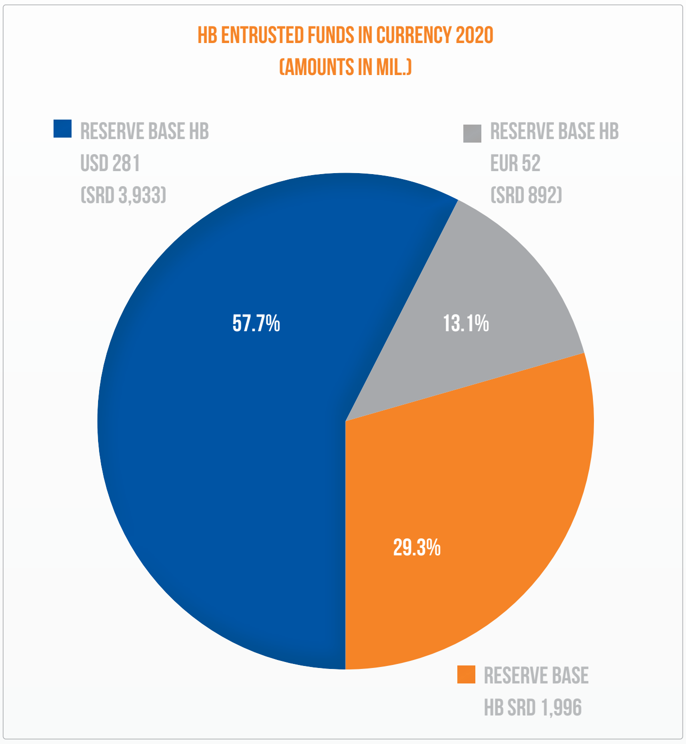
Growth was mainly achieved in the Trade, Industry, and Service sectors. The credit facility to the government increased by SRD 74.9 million. This loan was partially extended in foreign currency and as such, the increase was entirely due to the impact of the depreciation on the SRD as referred to before. The total (commercial) lending increased in the reporting year by SRD 945.7 million or 42.4%.

Lending in the respective currencies showed an increase of 26.0% in SRD, a decrease of 7.0% in USD, and a decrease of 54.8% in EUR. Due to the revaluation of the foreign currency lending, caused by the depreciation of the Suriname Dollar, the credit-dollarization ratio increased by slightly less than 7 percentage points to 46.3%. This is lower than the average of 49% in the banking sector, while our objective is to reduce the dollarization ratio in light of the increased risks and stricter regulations of the Central Bank of Suriname. The market shares of our bank increased to 23.3%. Our goal remains to further strengthen our market position.

In 2020 our policy regarding effective management and monitoring of the loan portfolio continued and was further sharpened. This was necessary because of the economic crisis and its impact on the economic activities which were exacerbated by the effect of the COVID-19 pandemic. These developments had a negative impact on the loan repayments of businesses and households. In addition, selective policies were applied in extending new loans and problematic loans were handled effectively. The CBvS provided a so-called COVID-19 facility, that facilitated the continuation of lending to businesses that faced liquidity issues due to direct consequences of the pandemic, but were solvent. These measures resulted in a slight improvement in the quality of the loan portfolio, resulting in a decrease in the non-performing ratio from 8.8% to 7.2%. Due to improvement of the quality of the credit portfolio the provision for credit risk, decreased by 81% amounting to SRD 73,6 million. The decrease in provisions mainly applies to the claim against the business clients credit portfolio.

Our investments in foreign currency treasury bills from the Republic of Suriname increased by 38.0% converted to SRD, which is fully attributed to the revaluation of these investments due to the depreciation of our currency. Our policy of gradually phasing out of these investments will also be continued in 2021.


HB LENDING IN CURRENCY 2020
(AMOUNTS IN MIL.)


HB ENTRUSTED FUNDS IN CURRENCY 2020
(AMOUNTS IN MIL.)

Our policy is focused on increasing fee income in order to achieve a balanced mix between fee income and interest income. The most important services in the fee business are national and international payment transactions and trade in foreign exchange. Commission and fee income were also strongly negatively influenced by the decrease in local and international trade due to the economic crisis and the limited availability of foreign currency, resulting in a diminution of 32.1% to SRD 47.6 million in this reporting year.

Our aim is to expand the convenience of banking for our clients to receive remote services as much as possible and for 24/7. This need is reinforced due to the COVID-19 pandemic. Innovative products, especially products based on finance technology (FinTech), are used for this purpose. In formalizing this, the functionalities of our mobile platform Mopé were further expanded in 2020, making online payments possible.

We noticed an increase in the use of our digital services, partially as a result of the adjusted services due to the pandemic. Local electronic payment transactions grew, resulting in a 30.1% increase in POS transactions and 84.2% in transaction volume. The number of ATM transactions decreased by 8.28%, due to the increased use of POS payments.

Hakrin Bank MasterCard credit card use, showed a decline in the number of transactions and volumes of respectively 21.6% and 30.9%. The decrease is related to reduced traveling due to the worldwide pandemic, reduced online purchasing, and decreased purchasing power. The use of our Mopé wallet, which was introduced in 2019, is further stimulated, increasing ease of use by continuously adding new features and functionalities to the wallet.

Our focus is on a stronger embedding of the customer-oriented organizational structure and continuous improvement of employees' competencies that contribute to our distinctiveness and better market positioning. In addition, continuous efforts are made to develop and deploy digital channels to increase the convenience of banking. In the near future, we will intensify the use of our digital payment products in commercial activities and also explore the possibilities to offer these products in new markets. The developments in oil and gas in our country offer opportunities for further business growth in both the business and retail segments. We are therefore optimistic about the mid- and long-term growth prospects for our bank. The outlook for 2021 is impacted significantly by the monetary tightening to bring the economy back on track and the ongoing COVID-19 pandemic, both having a negative impact on our commercial development.

LENDING TO SECTORS (IN THOUSANDS OF SRD) PER YEAR AT YEAR-END

	2020	in %	2019	in %
Agriculture Sector	143,222	4	75,028	3
Fishing	105,671	3	59,551	2
Forestry	1,031	-	-	-
Mining	154,174	4	139,896	5
Industry	421,114	11	275,662	11
Construction- and installation Companies	73,252	2	116,176	4
Electricity, gas, and water	-	-	13	-
Total direct productive sectors	898,464	24	666,326	25
Trade	953,497	27	534,387	21
Transport, Storage and Communication	65,975	2	11,883	-
Services	371,708	10	267,454	10
Residential building	158,723	4	147,653	6
Other (esp. consumer credits)	205,074	5	154,889	6
Total other sectors	1,754,977	48	1,116,266	43
Total private credits	2,653,441	72	1,782,592	68
Government credits	523,810	14	448,910	17
Total commercial credits	3,177,251	86	2,231,502	85
Treasury Bills (government)	529,694	14	383,950	15
Total general	3,706,945	100	2,615,452	100

NATIONALE TRUST & FINANCIERINGSMAATSCHAPPIJ NFTM N.V. (NATIONAL TRUST AND FINANCING COMPANY)

The performance of our subsidiary, the Nationale Trust- en Financierings Maatschappij N.V., showed a mixed picture in 2020. The total of the statement of financial position decreased by 12.8% to SRD 227.5 million, which was caused by a decrease in property financing and personal loans. This decrease is a result of the increased purchase price of vehicles and consumer products, in relation to the reduced purchasing power, the tightened credit intake, and the strong competition in the retail market segment. Due to the COVID-19 pandemic, the government was forced to take measures to control this infectious disease and the related consequences, such as enforcing a state of emergency. This resulted in tapered off consumer spending as well as decreased demand for retail loans. The inflation increased, and as a result, consumer purchasing power decreased. The tightened credit policy paid off, resulting in an improvement in the quality of the loan portfolio reflected in a non-performing ratio of 2.6%.

In the reporting year, the income showed a decrease of 9.2% to SRD 28.6 million due to a shrinking interest margin. The commissions, on the other hand, increased by 21.8% to 5.5 million, and operating expenses decreased by 4.7% to SRD 14.5 million. The operating results decreased by 13.4 % to SRD 14.1 million. There was a release in the credit risks provision of SRD 2.5 million, causing the net profit before taxes to increase by 104.1% to SRD 16.6 million.

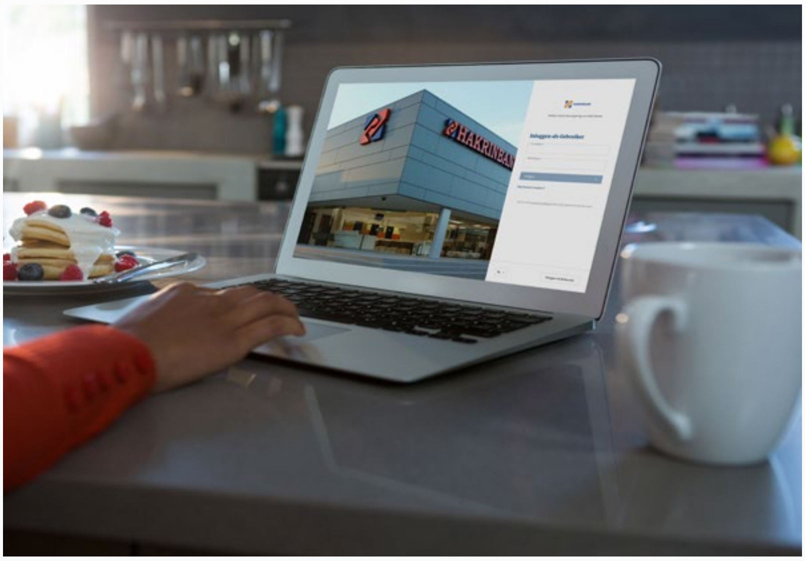
Mortgage Loans

After successive years of a downward trend, a turnaround took place in 2020 in mortgage lending. This was achieved as a result of entering into partnerships with real estate developers in the sale of real estate especially residential properties, whereby we facilitated the financing of home seekers. The mortgages slightly increased by SRD 0.3 million to SRD 151.6 million. The demand for these loans was negatively influenced by the repayment capacity of the applicants, on the one hand, and the sharp increase in construction costs and real estate prices, on the other hand. There is a great demand for real estate in our country for housing purposes. To stimulate the expansion of this product, alliances with parties in the real estate sector are being further developed and strengthened.

Term loans (object financing)

The term loans decreased significantly by 39.1% to SRD 31.6 million, which can be explained by the increased prices of vehicles as a result of the increased exchange rates in relation to the reduced purchasing power. In 2020, significantly fewer new and imported second-hand vehicles

Digitalization and innovation to provide the best possible customer experience.



The Hakrinbank has set up an online platform for staff training. A digital learning environment is used to provide knowledge and skills in an interactive manner. This can also be done outside of regular working hours. The intention is that the knowledge gained is translated back into the work in order to provide an optimal customer experience.

Despite the Corona pandemic, services were provided as usual. The bank had made resources available so that the employee could also work from home.

A team of Hakrinbank professionals participated in Money 2020, a Fintech event. During this event, there was zoomed in on how financial technology can be used to improve services and at the same optimize the customer experience.

were sold by car dealers. There is also increasing competition by other financiers with a possible larger appetite for risk.

Personal loans

Personal loans decreased by 24.7% to SRD 36.1 million. This decrease is the result of the increased prices of consumer commodities and the decreased purchasing power. As a result, the number of granted loans significantly fell in the reporting year.

Wealth management

The management of third-party assets increased by 96.8% to the level of SRD 522.4 million. The capital investments mainly consist of foreign currency mortgage loans. The substantial increase is largely related to the revaluation of the loan portfolio in foreign currencies as a result of the depreciation of the Surinamese Dollar. The managed capital in USD increased by 4.8% and in EUR decreased by 38.4%. Due to the macroeconomic developments, there were less favorable lending opportunities and therefore no increase in the number of extended loans.

HAKRIN BANK REAL ESTATE N.V.

Hakrin Bank Real Estate N.V., which was established in 2012 for the purpose of buying, selling, and/or exploitation of real estate, did not undertake commercial business activities in the reporting year, due to the strong declining demand in the real estate market, and also on account of the stricter regulations of the Central Bank of Suriname regarding real estate investments by banks.

Because banks can no longer hold real estate, which is not being used or intended for performance activities of the credit institution, we will consider the continuity of the business activities in 2022, in consultation with the Supervisory Board.

In 2020, the total of the statement of financial position increased from SRD 7.3 million to SRD 15,4 million, in comparison to 2019. The result after taxes amounted to SRD 4.2 million in 2020, compared to a loss of SRD 257,213 in 2019. The increase of both the total of the statement of financial position and the result after taxes is mainly caused by the exchange rate increase, which is derived from the exchange of the investment at a higher rate, resulting from the devaluation of the SRD against the USD from SRD 7,396 to SRD 14,018.

BANK PERFORMANCE - FINANCIAL REVIEW OF THE HAKRIN BANK N.V.

As is previously indicated, a change in accounting policy was made by the Hakrin Bank in 2020, converting from GAAP to International Financial Reporting Standards (IFRS). The annual financial statements for the reporting year ending December 31, 2020, including the 2019 comparative figures have been prepared in accordance with IFRS. The transition date of the financial statements is January 1, 2019.

Our bank's financial results in this reporting year were achieved in a challenging macroeconomic environment, dealing with a COVID-19 pandemic, a devaluation of the SRD with an increased exchange rate from SRD 7.396 to SRD 14.018 against the USD, and year-end inflation of 60.8%. The devaluation of the SRD on September 22, 2020, led to a general price increase. The impact of the devaluation is mainly visible at items in the statement of financial position and the income statement, which are denominated in foreign currency and are recalculated in the current price level of the functional and reporting currency of Hakrin Bank, the SRD. Due to the transition to IFRS, the challenging environment and subsequent event of Suriname Luchtvaart Maatschappij (SLM), which led to a provision in 2020, the operating results in the year under review were negatively impacted.

The operating result in 2020 increased in comparison to the result of the previous year. This increase is mainly caused by the transition from the Generally Accepted Accounting Principles (GAAP) to IFRS, where January 1, 2019, was the year in transition and the comparative 2019 figures were converted to IFRS. As a result, the 2019 positive operating result changed into a negative 2019 operating result in accordance with IFRS. Under the heading IFRS, a detailed explanation is provided regarding the main aspects of this cause.

In order to emphasize the prerogative of the General Meeting of Shareholders regarding the approval for the appropriation of profit and the adoption of the annual financial statements, only the statement of financial position before profit appropriation is presented, as in previous years.

International Financial Reporting Standards (IFRS)

On September 24, 2017, the Financial Statements Act ("Wet op de Jaarrekening") came into effect in Suriname. In conformity with this Act, the Hakrin Bank is classified as an organization of public interest and as a large legal entity, who is required to adhere to the law and present the annual statements in accordance with the IFRS accounting principles. We endorse the requirements to present these annual statements in compliance with IFRS, given the positive impact on the quality of the external reporting, the transparency, and the comparability.

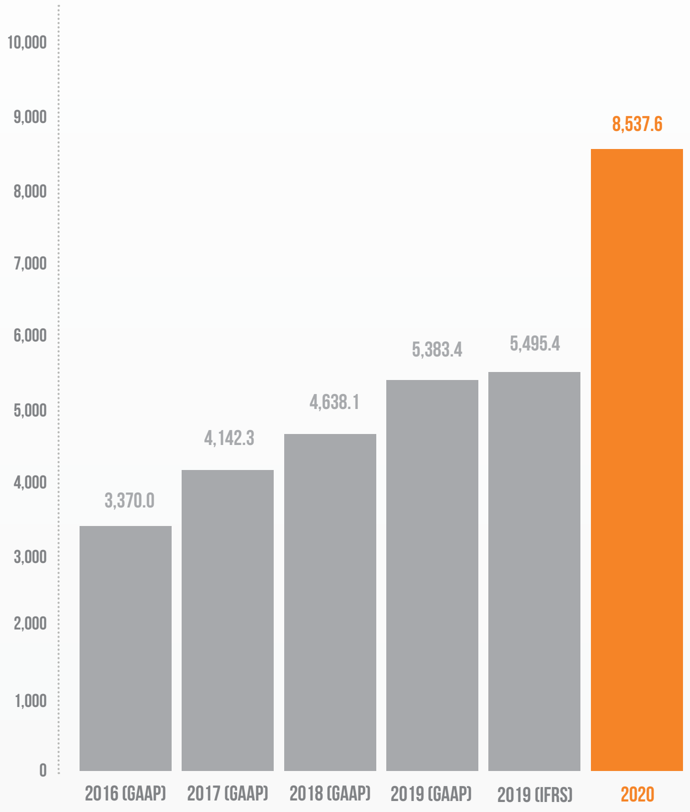
The financial statements for the year ending December 31, 2020, are the first fully prepared in accordance with the International Financial Reporting Standards (IFRS). The transition date is January 1, 2019, and based on this, the comparative figures have also been restated where necessary.

The following aspects have had an impact on the net result of the Hakrin Bank, as a result of which, the 2019 positive net result in conformity with GAAP, changed to a negative net result in 2019 in accordance with IFRS principles:

- Impairment charges on financial instruments. Conforming to GAAP, no provisions were made for our risk exposure to the Government. Conforming to IFRS, an impairment needed to be taken for Government exposure, in which the applied percentage depends on the credit rating from bureaus such as Moody's, Fitch, and Standard & Poor given to Suriname, which had a negative impact on the impairment charges on financial instruments. On the other hand, unlike GAAP, the IFRS provides for a loan portfolio taking into account the value of the collateral. The IFRS impairment charges on financial instruments are based on the expected loss, taking the collateral into consideration. This has resulted in a release of impairment charges on financial instruments for most loans.
- The amortization of commission income also had a negative impact on the 2019 net result. Under GAAP commission income was recognized in the year earned. According to IFRS commission income needs to be applied to the duration of the relevant credit or other financial instruments.

Further detail on the impact of the transition from GAAP to IFRS is referred to in note 1.3 "Effects of adopting IFRS (transition from GAAP to IFRS)".

BALANCE SHEET TOTAL (IN MILLION SRD)



Consolidated statement of financial position

The most important indicator of the business volume, the total of the financial position, increased in the reporting year by SRD 3,041.2 million or 55.3% to SRD 8,537.6 million. The increase is visible in the asset accounts 'Amounts due from banks', 'Loans, bonds, and advances at amortized cost' and 'Debt instruments at fair value through OCI'. The percentage growth of the total of the financial position was 3.0% lower compared to the total banking sector, as a result, our market shares slightly decreased by 0.2 percent point to 23.3%.

On the asset side of the statement of financial position, the account 'Amounts due from banks' increased by SRD 1,022.7 million, or 59.9% to SRD 2,730.8 million, mainly as a result of the devaluation of the SRD. The item 'Loans, Bonds, and Advances at amortized cost' increased by SRD 869.5 million, or 45.9% to SRD 2,762.0 million at the end of the financial year. This was mainly due to a significant increase in both corporate loans and other loans. The increase in corporate loans is mainly due to a larger than usual increase in the Trade-, Industry-, and Service sector and due to the devaluation of the SRD.

The item 'Debt Instruments at Fair Value through OCI' increased by SRD 608.2 million to SRD 1,225.2 million. This increase was also mainly a result of the devaluation of the SRD. The item 'Cash and cash equivalents' increased by SRD 331.8 million to SRD 623.2 million, also mainly due to the devaluation of the SRD.

On the liability side of the statement of financial position the items 'Current Accounts', 'Demand Deposits', and 'Time Deposits' increased by SRD 2,656.2 million to SRD 6,808.2 million. The main drivers for this increase were the devaluation of the SRD, and the increase in deposits of clients.

The equity account of the bank will increase by SRD 213.9 million to SRD 501.8 million if the shareholders approve the profit appropriation proposal. The growth increase in equity capital expands the financial solidity of the bank, which is now still below the solvency norm of 10% stipulated by the Central Bank of Suriname.

The increase in 'Equity' is mainly caused by the increase of SRD 134.1 million in changes in other comprehensive income due to the revaluation of our assets and the increase of SRD 48.8 million in 'Share capital', related to the 2019 held share issue.

The committed credit facilities and the guarantees and other commitments, which due to their risk had an influence on the solvency, remained stable at SRD 104.8 million in relation to 2019.

Consolidated income statement

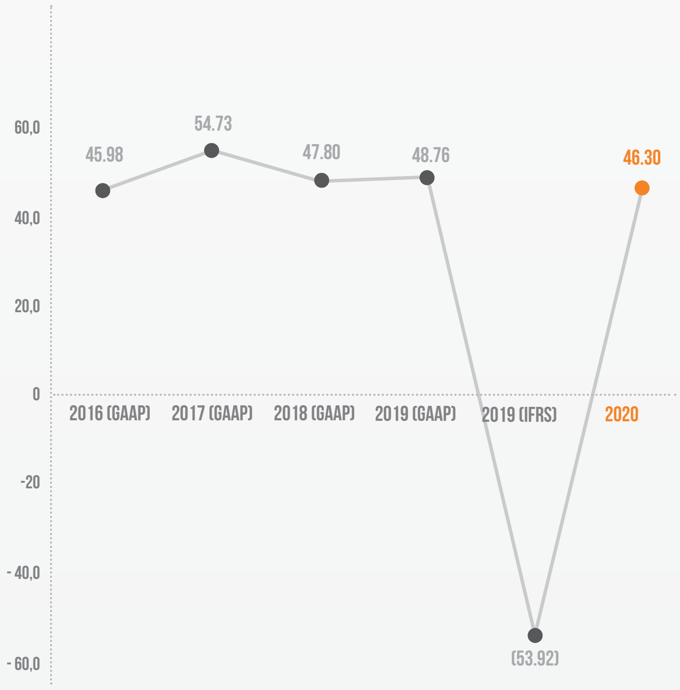
The consolidated result before tax is SRD 46.3 million in 2020, compared to a loss of SRD 53.9 million in 2019. This loss was largely due to the transition to IFRS on January 1, 2019, turning the 2019 GAAP profit before taxes of SRD 48.8 million into a 53.9 million loss before taxes according to IFRS.

The operating income increased by SRD 35.0 million or 14.9% to SRD 270.1 million. The growth was mainly due to the increase in 'Net fee and commission income', in particular, other revenues related to commission earned from treasury transactions and foreign transfers. In addition, the increase in 'Other operating income', in particular results from financial transactions were driven by the devaluation of the SRD. The interest rate increased marginally.

The total operating expenses decreased by SRD 65.2 million or 22.5% to SRD 223.8 million. The decrease in these expenses was mainly due to the release of the impairment on financial instruments.

Operating income

RESULT BEFORE TAXATION (IN MILLION SRD)



Net interest income

The interest margin showed a slight net increase of SRD 7.0 million or 4.4% to SRD 164.8 million. This was the result of an increase in interest income of SRD 8.6 million or 3.2%, which was offset by an increase in interest expenses of SRD 1.6 million or 1.4%. The growth of the interest income is related to the growth of the loan portfolio, mainly corporate loans. The increase in interest charges was mainly due to an increase in current accounts and the demand and time deposits.

Net fee and commission income

Non-interest income increased by SRD 16.4 million or 24.4% to SRD 83.7 million. This share in the total operating income rose to 31.0%. Our aim is to gradually increase this percentage, in order to further diversify the income basis and to be less dependent on the interest operations. The increase in other income was mainly caused by the earned commissions. The earned commissions increased by SRD 136.6 to SRD 213.9 million, mainly due to received commission fees in forex trading.

Other operating income

Other operating income increased by SRD 11.7 million to SRD 21.6 million mainly due to an increase in disposal of operating activities and results from financial transactions.

Total expenses

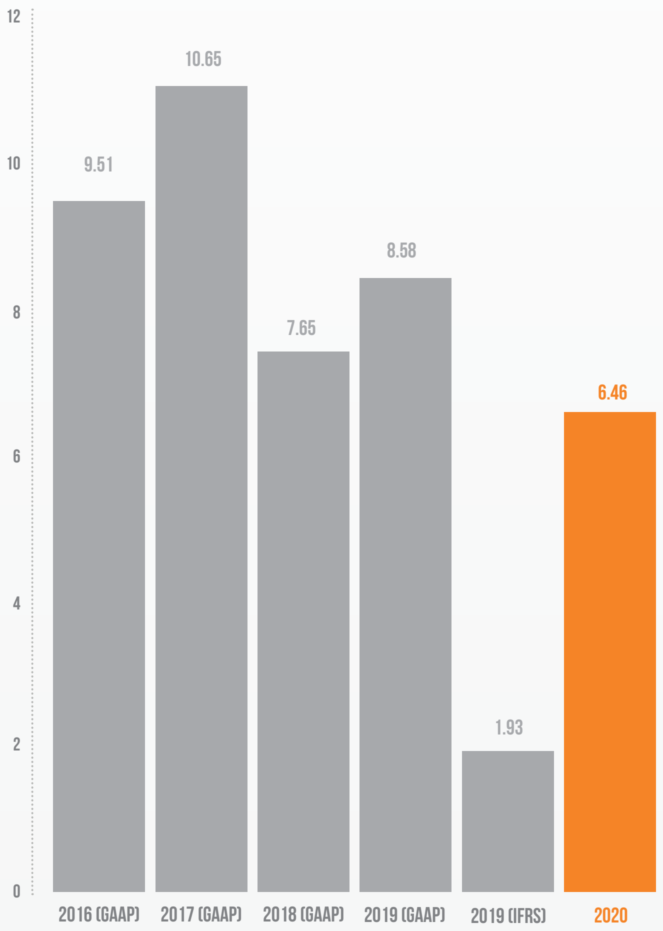
The total expenses decreased by SRD 65.2 million or 22.5% to SRD 223.8 million, while the net operating expenses increased by SRD 27.6 million or 17.1% to SRD 188.7 million. This increase is mainly due to the increase in personnel expenses and other management costs, specifically the automation (IT) costs which are denominated in USD also had an impact on the operating expenses. The impairment charges on financial instruments decreased by SRD 92.7 million to SRD 35.1 million due to improvement of the loan portfolio. The credit acceptance criteria and credit management remain tight.

Ratio's

Capital ratio

The capital ratio defined as the share of the visible equity capital in the statement of financial position increased by approximately 12.2 percent points to 5.9% by the end of the reporting year. To improve our solvency position, we held a share issue in 2019. The impact of this share issue is largely diminished by the devaluation of the SRD related to the USD and in particular the creation of provisions on foreign currency exposure of the Government at the Hakrin Bank.

BIS RATIO (IN %)



Profitability

The return on average equity (RoE) amounted to 7.4%. Due to a profit of SRD 29.4 million in 2020 and the increase in equity with 213.9 million from SRD 287.8 million to SRD 501.8 million before profit appropriation, the RoE rose from negative 17.9% to positive 7.4%. Due to the transition from GAAP to IFRS, the 2019 RoE in GAAP turned from a positive 8.6 to a negative 17.9% RoE according to IFRS. As with the net result, the cause is mainly due to the impairment charges on financial instruments and the amortization of commission income.

The return on average assets (RoA) amounted to 0.42%. The return on total assets (RoA) rose from negative 1.12% to positive 0.42%. Here also, was a change from a positive 2019 RoA of 0.62% in accordance with GAAP to a negative RoA of 1.12% in accordance with IFRS.

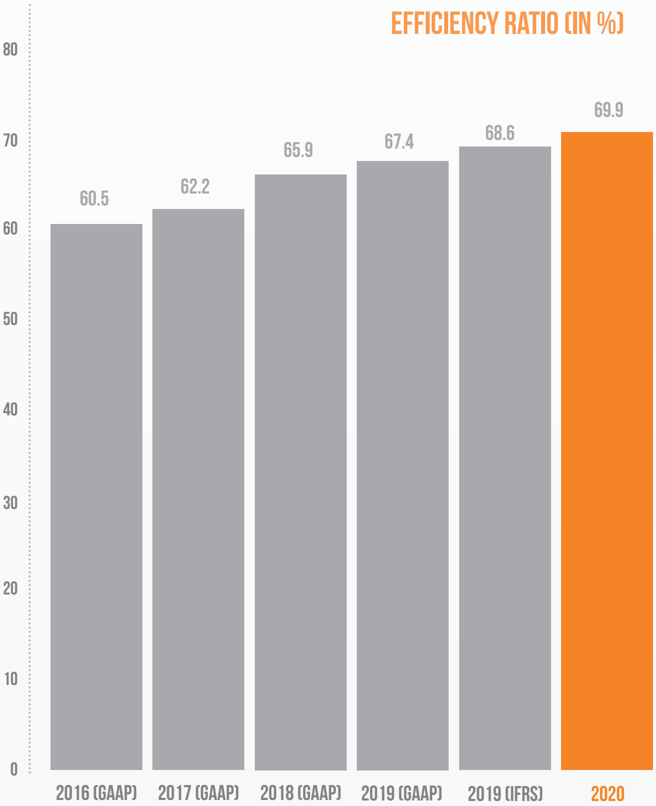
Our objective remains to increase profitability through growth in other operating income and through efficiency-enhancing and cost-saving measures.

Accessibility and reachability to be able to provide an optimal customer experience.

Financial services, accessible to everyone. Our senior citizens received special guidance in the use of the ATM card.

The Hakrinbank Customer Contact Center (HCCC), was reinforced with manpower during the Covid-19 period to be able to provide the clients with optimal information on products and services and to offer guidance during use.

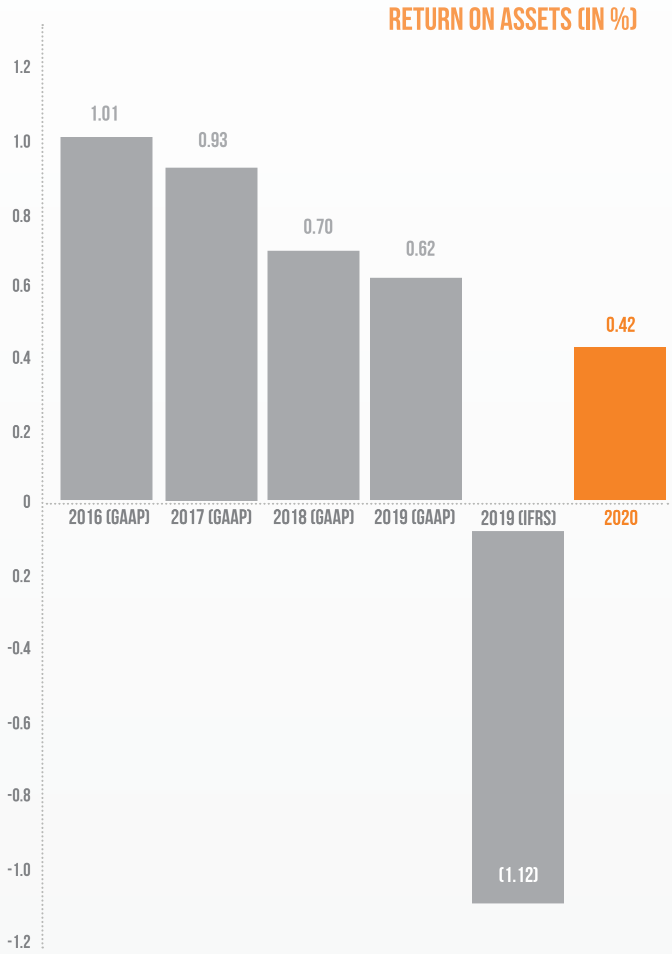
The operating income of SRD 270.1 million and the operating expenses of SRD 188.7 million resulted in a slight increase of the efficiency ratio. This ratio which is defined as cost minus impairment charges on financial instruments in a percentage of the total revenue, slightly increased in 2020 from 68.6% to 69.9%, implying a decrease in efficiency. Our aim is to bring the ratio to the international norm of 50%-60% by increasing operational efficiency. We are aware of the fact that investments in automation and innovation could have a negative impact on the efficiency ratio. We, therefore, do give priority to increasing our earning capacity, sharpening management of the financial position, as well as implementing cost-saving and efficiency-increasing measures through automation and digitalization of our business processes.

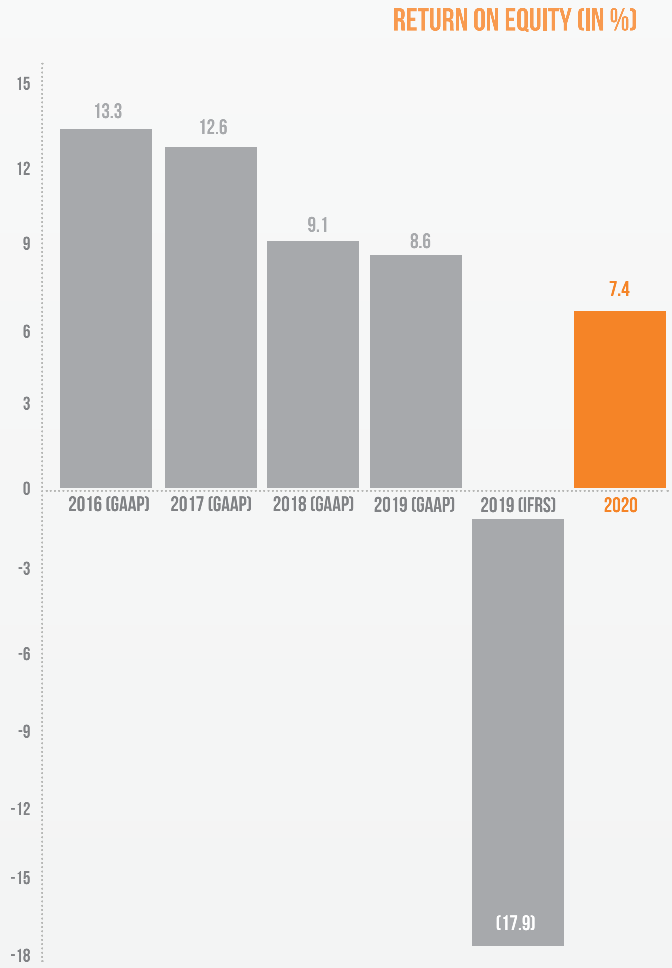


Key ratios

The main indicators we use to measure and monitor our business performance are the financial ratios namely the Return on Assets (RoA), which indicates the return of our assets, the Return on Equity (RoE), which identifies the return of our equity capital, the efficiency ratio, as an indicator of our operational efficiency and the BIS ratio as a measure of our solvency in relation to the risk profile of our assets. The absolute level of the BIS ratio is low, and we expect to improve this through a possible share issue in 2022. A stable efficiency ratio is an important priority for us, in order to maintain our competitive position.

Compared to the banks in the region, the RoA of Surinamese banks is adversely affected by the extraordinarily high cash reserve requirements of the Central Bank of Suriname, as a result, a significant part of the assets of Surinamese banks has no or relatively low return on their investment. In addition, the tax burden in Suriname is higher than in the surrounding region.





KEY FIGURES OF HAKRIN BANK SHARES (IN SRD)

Per ultimo	2020 (IFRS)	2019 (IFRS)	2019 (GAAP)	2018 (GAAP)	2017 (GAAP)	2016 (GAAP)
Share price per share (Stock Exchange)	420.00	408,00	408,00	408,00	408,00	408,00
Net Asset value per share	780,94	550,33	723,89	663,90	614,96	468,05
Market capitalization (x SRD 1,000)	269,858	213,383	213,383	213,383	213,383	204,492
Earnings per share	45,70	-108,69	59,58	58,38	66,95	58,71
Dividend per share	-	-	-	-	16,80	20,60
Dividend in % of average stock price	-	-	-	-	4.1	5.1
Share price/net asset value in %	53.8	74.1	56.4	61.5	66.3	87.2
Price/ earnings ratio	9.2	-3.8	6.8	7.0	6.1	6.9

Hakrin Bank Shares

Our capital and dividend policy aims at optimizing shareholder value, solvency, liquidity, profitability, and growth of the bank. In the past, this policy has, except for 2018, resulted in steadily increasing earnings per share. As a result of the transition in 2019 from GAAP to IFRS, the earnings per share in 2019 in accordance to IFRS turned into a negative amount of SRD -108,69 compared to the amount of SRD 59,58 in accordance with GAAP 2019. The earnings per share in 2020 amounted to SRD 45,70.

The BIS ratio and the solvency ratio requirement of the Central Bank of Suriname, still impose a limit on the cash dividend payments and force further build-up of our solvency.

Profit appropriation proposal for the fiscal year 2020

Taking into account the minimum standard for the BIS ratio required by the Central Bank of Suriname, our capital and dividend policy, and the necessary further build-up of our solvency position, it is proposed to withhold dividend payments in the fiscal year 2020. Due to the fact, that the BIS ratio is 6.46% and below the standard BIS ratio of 10% required by the Central Bank of Suriname, no dividend can be paid out for the 2020 fiscal year.

Word of Gratitude

Despite the many challenges like COVID-19, our employees again have made a special effort in this reporting year, to contribute to the business performance. We thank them for their effort and loyalty. We are also grateful to the members of the Supervisory Board for their cooperation and supervision, and to our valued customers for their business, their loyalty, and their trust placed in the Bank.

Paramaribo, July 25, 2022

Board of Directors Hakrin Bank N.V.
Drs. Rafiek P.V. Sheorajpanday, Chief Executive Officer
Drs. Magalie M. Loswijk-Keerveld RA, Chief Financial and Operations Officer

INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of Hakrin Bank N.V.
Paramaribo, Suriname

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2020 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the financial statements of Hakrin Bank N.V. ("the Company" or "Hakrin Bank"), based in Paramaribo.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2020, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

The financial statements comprise:

- the Consolidated and Company statement of financial position as at December 31, 2020;
- the following statements for 2020:
- the Consolidated and Company income statement, the Consolidated statement of comprehensive income, the Consolidated and Company statement of changes in equity and the Consolidated statement of cash flows; and
- the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Federation of Accountants ("IFAC"). Our responsibilities under those standards are further described in the 'Our Responsibilities for the Audit of the Financial Statements' section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Suriname, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of a Matter

We draw attention to Note 1 'Accounting policies' to the consolidated financial statements, section 'Changes in accounting policies, which sets out the First-time adoption of International Financial Reporting Standards (IFRS) by Hakrin Bank. The financial statements for the year ended December 31, 2020 are Hakrin Bank's first annual financial statements prepared in accordance with IFRS. Effective January 1, 2019, the date of transition, Hakrin Bank converted from local generally accepted accounting principles (GAAP) to IFRS.

The differences with previously adopted local GAAP and the related impact on the financial statements are disclosed in Note 1.3 Effects of adopting IFRS (transition from GAAP to IFRS).

Our opinion is not modified in respect of this matter.

Other Matters

- The financial statements 2019 of the associate De Surinaamsche Bank N.V. and the financial statements 2020 of the associate Banking Network Suriname N.V. have yet to be approved and adopted by the Annual General Meeting of Shareholders.

- The financial crisis and the COVID-19 pandemic and the measures introduced by the government authorities have had a significant impact on the Surinamese economy. Certain sectors such as airline organizations, travel agencies, the hospitality business, and other contact-related activities, have been heavily affected. Management concludes that the impact of COVID-19 on Hakrin Bank's operations and profitability in 2020 was not as severe as initially expected. Hakrin Bank continuously monitors its COVID related business risks and those of its customers in order to limit potential financial risks as much as possible.

- In April 2018, a money shipment amounting to EUR 19.5 million, on behalf of three commercial banks, including Hakrin Bank N.V. was seized by the justice authorities of the Netherlands. The money shipment was facilitated by the Central Bank of Suriname (CBvS), the case is still pending. The lawyer of the Hakrin Bank considers it is more likely than not that the Company will not be prosecuted, and that the confiscated funds can be added back to the liquid assets of the Hakrin Bank. Management therefore does not consider it necessary to include a specific provision for this matter in the 2020 Financial Statements.

- According to Directive number 5 (Immobiliarichtlijn) of the CBvS, banks are no longer allowed to hold any real estate that is not used or intended for the performance of their activities. Therefore management of the Hakrin Bank in consultation with the Supervisory Board, will consider the continuity of Hakrinbank Real Estate N.V.'s business activities in 2022.

Our opinion is not modified in respect of these matters.

Report on the other information included in the Annual Report 2020
Management of Hakrin Bank and the Supervisory Board are responsible for the other information. The other information comprise the information included in the 2020 Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the procedures performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. We have nothing to report in this regard.

The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Description of responsibilities regarding the financial statements

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

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, Management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with International Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause to cease to continue as a going concern;
- evaluating the overall presentation, structure, and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising, and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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

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

Paramaribo, July 25, 2022

LUTCHMAN & CO N.V. An independent member firm of Moore Global Network Limited

Represented and signed by
D. de Keyzer CA, AA (Chartered Accountant)

ANNUAL FINANCIAL STATEMENTS OF THE HAKRIN BANK N.V.

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CONSOLIDATED INCOME STATEMENT

	Note	2020	2019
INCOME			
Interest income calculated using the effective interest method		280,524,530	271,921,421
Interest expense calculated using the effective interest method		115,748,254	114,111,773
Net interest income	**4**	**164,776,276**	**157,809,648**
Fee and commission income		213,883,238	77,281,479
Fee and commission expense		130,136,251	9,962,837
Net fee and commission income	**5**	**83,746,987**	**67,318,642**
Other operating income	6	21,625,897	9,972,582
Operating income		**270,149,160**	**235,100,872**
EXPENSES			
Personnel expenses	7	103,186,607	91,822,598
General and administrative expenses	8	70,689,589	55,529,643
Depreciation of tangible and intangible assets		14,843,084	13,812,446
Operating expenses		**188,719,280**	**161,164,687**
Impairment charges on financial instruments		35,127,750	127,852,050
Total expenses		**223,847,030**	**289,016,737**
Profit/(loss) before taxation		46,302,130	(53,915,865)
Income tax expense		16,939,463	2,927,197
Profit/(loss) for the period		**29,362,667**	**(56,843,062)**
Attributable to:			
Owners of the parent company		29,362,667	(56,843,062)
Earnings per share (in SRD)		**46**	**(109)**

Paramaribo, July 25, 2022

Supervisory Board:	
Mr. H. Schurman	Chair
M. Parsan MBA	Member
Drs. G. Liauw Kie Fa RA	Member
S. Debipersad MSc.	Member

Board of Directors:	
Drs. R. P. V. Sheorajpanday	Chief Executive Officer/ Acting Chief Commercial Officer
Drs. M. M. Loswijk-Keerveld RA	Chief Financial and Operations Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2020	2019
Profit/(loss) for the period	**29,362,667**	**(56,843,062)**
Other comprehensive income:		
Items that will not be reclassified to the income statement:		
Gains/(losses) on revaluation of properties	166,886,791	(4,887,618)
Remeasurement gains/(losses) on defined contribution plans	18,826,124	478,516
Items that will not be reclassified to the income statement before taxation	**185,712,915**	**(4,409,102)**
Income tax relating to items that will not be reclassified to the income statement	(60,685,347)	-
Items that will not be reclassified to the income statement after taxation	**125,027,568**	**(4,409,102)**
Items that may be reclassified to the income statement:		
(Un)realized gains/(losses) fair value through OCI	9,070,781	2,009,369
Items that may be reclassified to the income statement before taxation	**9,070,781**	**2,009,369**
Income tax relating to items that may be reclassified to the income statement	-	-
Items that may be reclassified to the income statement after taxation	**9,070,781**	**2,009,369**
Total other comprehensive income/(expense) for the period after taxation	**134,098,349**	**(2,399,733)**
Total comprehensive income/(expense) for the period after taxation	**163,461,016**	**(59,242,795)**
Attributable to:		
Owners of the parent company	29,362,667	(56,843,062)

Paramaribo, July 25, 2022

Supervisory Board:		Board of Directors:	
Mr. H. Schurman	Chair	Drs. R. P. V. Sheorajpanday	Chief Executive Officer/ Acting Chief Commercial Officer
M. Parsan MBA	Member	Drs. M. M. Loswijk-Keerveld RA	Chief Financial and Operations Officer
Drs. G. Liauw Kie Fa RA	Member		
S. Debipersad MSc.	Member		

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *before proposed appropriation of result*

	Note	December 31, 2020	December 31, 2019
ASSETS			
Cash and cash equivalents	11	623,240,250	291,418,257
Derivatives	12	355,967,332	272,108,480
Financial investments at fair value through P&L	14	85,447,176	133,834,559
Debt instruments at fair value through OCI	15	1,225,178,645	616,939,804
Amounts due from banks	16	2,730,801,399	1,708,085,809
Residential mortgages	17	151,589,395	151,320,585
Consumer loans	17	67,662,749	99,785,668
Loans, bonds and advances at amortized cost	17	2,761,961,598	1,892,447,785
Equity accounted investments	18	62,394,281	62,394,281
Property and equipment	19	389,703,643	204,886,988
Assets held for sale	20	-	1,443,978
Tax assets	9	4,424,223	4,424,223
Other assets	21	79,251,874	57,376,592
TOTAL ASSETS		**8,537,622,565**	**5,496,467,009**
LIABILITIES			
Derivatives	12	424,195,090	298,245,740
Amounts due to banks	22	110,687,175	429,575,655
Current accounts	23	3,291,891,770	1,842,189,484
Demand deposits	23	1,774,134,456	1,068,753,903
Time deposits	23	1,742,202,526	1,241,061,095
Other due to customers	23	288,786,703	91,247,535
Subordinated liabilities	24	63,093,098	-
Due to related parties	25	117,187,651	101,902,318
Provisions	26	51,759,755	46,727,987
Tax liabilities	9	123,784,416	60,186,512
Other liabilities	27	48,129,035	28,754,364
TOTAL LIABILITIES		**8,035,851,675**	**5,208,644,593**
EQUITY			
Share capital		96,378	78,450
Share premium		101,865,075	53,079,163
Other reserves		119,487,424	174,646,868
Accumulated other comprehensive income		250,959,346	117,380,216
Profit/(loss) for the period		29,362,667	(56,843,062)
TOTAL EQUITY	**28**	**501,770,890**	**287,822,416**
TOTAL LIABILITIES AND EQUITY		**8,537,622,565**	**5,496,467,009**
Committed credit facilities	29	102,917,102	102,515,051
Guarantees and other commitments	29	1,839,593	2,316,983

Paramaribo, July 25, 2022

Supervisory Board:

Mr. H. Schurman	Chair
M. Parsan MBA	Member
Drs. G. Liauw Kie Fa RA	Member
S. Debipersad MSc.	Member

Board of Directors:

Drs. R. P. V. Sheorajpanday	Chief Executive Officer/ Acting Chief Commercial Officer
Drs. M. M. Loswijk-Keerveld RA	Chief Financial and Operations Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Accumulated other comprehensive income	Profit/(loss) for the period	TOTAL EQUITY
Balance as at January 01, 2019	78,450	53,079,163	153,016,198	119,260,730	30,533,642	355,968,183
Approppriation of result previous year	-	-	30,533,642	-	(30,533,642)	-
Result of the year	-	-	-	-	(56,843,062)	(56,843,062)
Other comprehensive income	-	-	(8,902,972)	(2,399,733)	-	(11,302,705)
Balance as at December 31, 2019	78,450	53,079,163	174,646,868	116,860,997	(56,843,062)	287,822,416
Approppriation of result of previous year	-	-	(56,843,062)	-	56,843,062	-
Result of the year	-	-	-	-	29,362,667	29,362,667
Other comprehensive income	-	-	1,683,618	134,098,349[1]	-	135,781,967
Share issue	17,928	48,785,912	-	-	-	48,803,840
Balance as at December 31, 2020	**96,378**	**101,865,075**	**119,487,424**	**250,959,346**	**29,362,667**	**501,770,890**

[1] *Reference is made to the consolidated statement of comphrehensive income (page 42)*

Paramaribo, July 25, 2022

Supervisory Board:

Mr. H. Schurman	Chair
M. Parsan MBA	Member
Drs. G. Liauw Kie Fa RA	Member
S. Debipersad MSc.	Member

Board of Directors:

Drs. R. P. V. Sheorajpanday	Chief Executive Officer/ Acting Chief Commercial Officer
Drs. M. M. Loswijk-Keerveld RA	Chief Financial and Operations Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

	2020	2019
Operating activities		
Profit/(loss) before taxation	**46,302,130**	**(53,915,865)**
Adjustments on non-cash items included in profit:		
Depreciation of tangible and intangible assets	14,843,084	13,812,446
Provisions and impairment losses	55,647,211	71,652,251
	116,792,425	**31,548,832**
Changes in:		
Derivatives - assets	(83,858,852)	28,012,320
Financial investments at fair value through P&L	48,387,383	147,920,000
Debt instruments at fair value through OCI	(613,413,989)	(71,659,246)
Amounts due from banks	(1,022,715,590)	(576,927,776)
Residential mortgages	992,442	7,519,298
Consumer loans	33,394,602	(519,211)
Loans, bonds and advances at amotized cost	(889,590,138)	(430,053,103)
Other assets	(21,875,282)	(23,635,987)
Derivatives - liabilities	125,949,350	(342,060)
Amounts due to banks	(318,888,480)	353,284,009
Due to customers	2,932,151,030	356,868,222
Tax liabilities (OB and AOV)	4,279,306	164,885
Other liabilities	21,410,001	1,556,856
Income tax expense	(18,306,213)	(17,218,092)
Cashflow from operating activities	**314,707,995**	**(193,481,057)**
Investing activities		
Investments in tangible and intangible assets	(25,344,595)	(10,675,185)
Divestments in tangible and intangible assets	1,443,978	5,167,622
Investments in progress	(7,780,064)	(25,846,146)
Cash flow from investing activities	**(31,680,681)**	**(31,353,709)**
Financing activities		
Dividend paid	(9,161)	(1,857,783)
Shares issued	48,803,840	-
Cash flow from financing activities	**48,794,679**	**(1,857,783)**
Net increase/(decrease) of cash and cash equivalents	**331,821,993**	**(226,692,549)**
Cash and cash equivalents as at 01 January	291,418,257	518,110,806
Cash and cash equivalents as at 31 December	623,240,250	291,418,257
Actual change in cash and cash equivalents	**331,821,993**	**(226,692,549)**

Paramaribo, July 25, 2022

Supervisory Board:	
Mr. H. Schurman	Chair
M. Parsan MBA	Member
Drs. G. Liauw Kie Fa RA	Member
S. Debipersad MSc.	Member

Board of Directors:	
Drs. R. P. V. Sheorajpanday	Chief Executive Officer/ Acting Chief Commercial Officer
Drs. M. M. Loswijk-Keerveld RA	Chief Financial and Operations Officer

1. ACCOUNTING POLICIES

The notes to the consolidated annual financial statements are an integral part of these annual financial statements. This section describes Hakrin Bank's significant accounting policies and critical accounting estimates or judgements relating to the annual financial statements. If an accounting policy or a critical accounting estimate relates to a specific note, it is included within the relevant note.

Corporate information

Hakrin Bank N.V. (referred to as Hakrin Bank or HKB) and its consolidated entities provide financial services in Suriname. Hakrin Bank is incorporated under Surinamese law on January 11, 1943 and registered at Dr. Sophie Redmondstraat 11-13, Paramaribo Suriname (Chamber of Commerce number 1309). The headquarter of Hakrin Bank is located in Paramaribo, the capital of Suriname. We also have seven branches of which five are located in Paramaribo, one in the district of Commewijne and one in the district of Nickerie.

The O.R.G. Vervuurts Banking Corporation, now Hakrin Bank N.V., was established as a foundation by Mr. O.R.G. Vervuurt on June 28, 1936 in a building located at the Keizerstraat no 2-6. In 1943 the foundation was converted into a limited liability company and the registered capital was raised from Sf. 100 to Sf. 250,000. In 1953, 1966 and 1973 the bank's capital was increased due to various share issues for the public. In 1973 the name of the bank was changed to Handels-, Krediet- en Industriebank N.V.

The 100% subsidiary, the Nationale Trust en Financierings Maatschappij, was founded in 1967 under the name Nationale Trustmaatschappij, with main activities: asset management and investment advice. In the early 1970s, the bank transferred its lease-purchase portfolio entirely to this subsidiary, whose name was then changed to Nationale Trust en Financieringsmaatschappij N.V. (NTFM) and was managed by the Board of Directors of Hakrin Bank N.V. On May 25, 2012 the Hakrin Bank Real Estate Company N.V. (HRE), in which the Hakrin Bank N.V. participates for 100%, was established. The statutory objective of this subsidiary includes buying, selling and/or exploitation of real estate.

The Hakrin Bank N.V. is a modern full-service bank that has been providing banking services to customers in Suriname for over 86 years. We operate in a customer-oriented way with a primary focus on the business segment and the middle and higher-income consumer segment. The Hakrin Bank is strongly rooted in the Surinamese society and has a vast contribution to the development of various sectors of the economy. Hakrin Bank has a plain vanilla business model of deposit-taking and lending as main activities. We employ approximately 378 employees and offer a broad range of financial services, including personal banking, credit cards, mortgages, car or vehicle financing, business loans and payment processing. The majority of the exporters bank with the Hakrin Bank, therefore our institution has a solid income from transfers and foreign exchange.

Shares in Hakrin Bank N.V. are listed on Suriname's Stock Exchange. As at December 31, 2020, the shares in the capital of Hakrin Bank N.V. are held by the Government of Suriname for 41.51% and private owned 58.49%.
Due to the issuance of shares the shares in capital held by the Government decreased to approximately 35%. Hakrin Bank provides a broad range of financial services to Retail and Business banking clients. These activities are conducted primarily in Suriname. The consolidated annual financial statements of Hakrin Bank for the annual period ended December 31, 2020 incorporates financial information of Hakrin Bank N.V., its controlled entities and interests in associates. The consolidated annual financial statements are prepared by the Executive Board and authorized for issuance by the Supervisory Board and Executive Board.

Statement of compliance

The consolidated and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Basis of preparation

The consolidated annual financial statements are prepared on a historical cost basis, except for derivative financial instruments, financial assets and liabilities held for trading or designated as measured at fair value through profit or loss, financial instruments not held in a 'hold to collect' business model, debt instruments that do not meet the sole payments of principal and interest (SPPI) test, and associates, all of which are measured at fair value through profit or loss. The annual financial statements are presented in Surinamese Dollars (SRD), which is the functional and reporting currency of Hakrin Bank, rounded to the nearest thousand (unless otherwise stated).

Changes in accounting policies

Hakrin Bank's financial statements for the year ended December 31, 2020 are the first annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The transition date is January 1, 2019 and the comparative date is December 31, 2019. All financial information presented in these financial statements are in accordance with IFRS. The restatements due to the transition to IFRS are disclosed in note 1.3.

Restatement for hyperinflation

As of 2017 the primary economic environment (Suriname) in which the Hakrin Bank operates experienced hyperinflation. Hakrin Bank's functional currency was deemed to be hyperinflationary after considering the cumulative inflation rate over three consecutive years. The annual inflation rates were 25% (2015), 52% (2016) and 9% (2017). Hakrin Bank applies the Consumer Price Index (CPI), published by the General Bureau of Statistics of the Republic of Suriname for restatement of its financial statements due to inflation and in accordance with the requirements of IFRS (IAS 29), as CPI represents the best available general price index that records changes in general purchasing power. The restated cost or cost less depreciation of non-monetary assets and liabilities is determined by applying to its historical cost and accumulated depreciation the change in the general price index from the month of acquisition (average monthly CPI is used) to the end of the reporting period. Hakrin Bank's opening statement of financial position as at January 1, 2019 in relation to non-monetary items (non-monetary assets and equity) measured at historical cost was restated to record the effect of inflation from the date the assets were acquired, and the liabilities were incurred or assumed, as well as the respective effect on deferred tax until the end of the reporting period.

The carrying amount of the share capital and share premium was restated at December 31, 2018 for hyperinflation using the following inflation percentage at year-end published by the General Bureau of Statistics in Suriname. The year 2016 was the first year that the inflation was above 50%:

2016:	52.40%
2017:	9.20%
2018:	5.40%
2019:	4.20%
2020:	60.80%

The historical exchange rate at year-end for the SRD against the USD (as quoted by the Central Bank of Suriname) for the last five years is as follows:

2016: USD 1 = SRD 7.45
2017: USD 1 = SRD 7.52
2018: USD 1 = SRD 7.52
2019: USD 1 = SRD 7.52
2020: USD 1 = SRD 14.29

IFRS prescribes that also the impact of hyperinflation on the nominal share value as presented under the share capital is to be included and to be reserved for, as this would be the share capital that would have been required after the hyperinflation.

In 2018 the Surinamese economy ceased to be hyperinflationary. Hyperinflationary accounting (IAS 29) leads to the recognition of gains or losses due to net monetary item exposures, which resulted in a restatement of non-monetary items and equity components. The consumer price index published by the government of Suriname is applied in restating amounts to SRD at January 1, 2019, for the hyperinflation in 2017. The hyperinflation effect on the paid-in share capital and share premium was calculated from 2004, as this was the year that the SRD was introduced.

As can be observed from the above-mentioned table there has been a significant devaluation (SRD as functional currency) since 2016. The aforementioned devaluation also affected the inflation rate in Suriname negatively and the cumulative inflation based on the CPI index over a period of 3 years approaches 100% as per December 31, 2017. In accordance with IFRS (IAS 29) in 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 identifying whether an economy has reached and or is in a state of hyperinflation. When economies are in a state of hyperinflation the financial statements need to be “restated” to reflect the 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. This has been applied consistently to the consolidated financial statements and the financial statements of the subsidiaries.

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 state 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 earlier.

The Surinamese dollar has been the currency of Suriname since 2004. In 2004 the Surinamese currency has been converted from SRG to SRD. Share capital and share premium have been restated as from 2004 because the general price index has risen 385% from 2004 to January 1, 2017.

Investment property and Property, plant and equipment have not been restated since the company elected to use the previous GAAP revaluations of investment property, as its deemed cost at the revaluation date.

Inflation for the year ended December 31, 2017 was 9.2%. Due to the transition to IFRS, which is included in the 2019 financial statements, the effect of hyperinflation is fully recognized in shareholders' equity on January 1, 2018.

New and amended IFRS Standards that are effective for the current year

IFRS 16 Leases

As of January 1, 2020, Hakrin Bank adopted IFRS 16 Leases. Hakrin Bank has applied IFRS 16 retrospectively, with the cumulative effect of the initial application recognized in retained earnings as at January 1, 2019.

Lessee accounting

For lessee accounting, IFRS 16 removes the distinction between ‘operating’ and ‘finance’ leases. All leases are recognized in the statement of financial position as a right of use (ROU) asset and lease liability. As a lessee, Hakrin Bank enters into various lease contracts, mainly for office buildings which the bank leases for its own use. When accounting for the contracts as a lessee, Hakrin Bank separates non-lease components from lease components. Upon initial recognition, the lease liability is measured by discounting all future lease payments at the incremental borrowing rate. This rate reflects the rate of interest Hakrin Bank would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a value similar to that of the ROU asset in a similar economic environment. The ROU asset is initially measured at cost, which reflects the initial lease liability, adjusted for upfront lease payments, received incentives and initial direct costs.

The initial lease liability is equal to the sum of the fixed lease payments, discounted by the incremental borrowing rate. The ROU asset is depreciated over the period of the lease, using the straight-line method. The lease liability is increased to reflect the amount of interest on the lease liability and decreased for the lease payments made. When the ROU asset has been depreciated to zero, it is recorded in the income statement.

A lease modification is a change in the scope of the lease, or the consideration of a part of a lease that was not part in the original terms and conditions of the lease. A lease modification results in either a separate additional lease (based on the terms of the modified lease) or a change in the accounting for the existing lease. Expenses related to short-term leases with a term of less than 12 months and leases of low-value are recognized in the income statement, as permitted by the standard. ROU assets are included in property and equipment, while the lease liabilities are included in other liabilities. Depreciation of the ROU assets is presented in the line item for depreciation of tangible and intangible assets in the income statement, and interest expense on lease liabilities is included in the line item General and administrative expense.

Impact of IFRS 16

As required by the standard, Hakrin Bank used the following practical expedients upon transition, on a lease-by-lease basis, that are available under the chosen implementation approach:

1. Calculation of the ROU assets at the date of initial application at an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments;
2. Application of the recognition exemption for leases ending within 12 months at initial application;
3. Use of hindsight in determining the lease term if contractual options to extend or terminate the lease exist. There is no impact on equity as Hakrin Bank chose to apply the practical expedient that allows it to measure the ROU asset at an amount equal to the lease liability.

Refer to note 19 Property and equipment, leases and other intangible assets for the disclosures on leases and ROU assets.

Definition of a Business (Amendments to IFRS 3):

Amendments to IFRS 3 were mandatorily effective for reporting periods beginning on or after January 1, 2020. In October 2018, the IASB issued amendments to IFRS 3 Business Combinations. These amendments, which resolve difficulties in determining whether an entity has acquired a business or a group of assets, are effective for business combinations with an acquisition date on or after January 1, 2020. Hakrin Bank has applied the revised definition of a business for acquisitions occurring on or after January 1, 2020 in determining whether an acquisition is accounted for in accordance with IFRS 3 Business Combinations. The amendments do not permit Hakrin Bank to reassess whether acquisitions occurring prior to January 1, 2020 met the revised definition of a business.
The adoption of the amendment is not expected to have an impact on the financial statements.

Interest Rate Benchmark Reform – IBOR ‘phase 2’ (Amendments to IFRS 9, IFRS 7, IFRS 4, and IFRS 16):

These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after January 1, 2021.

COVID-19-Related Rent Concessions (Amendments to IFRS 16):

Effective June 1, 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

a. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b. The reduction in lease payments affects only payments originally due on or before June 30, 2021; and
c. There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession. Hakrin Bank has elected to utilize the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria. The amendments to IFRS 16 have no impact on Hakrin Bank.

New standards that have been adopted in the annual financial statements for the year ended December 31, 2020, but had no significant impact on Hakrin Bank are:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative - Definition of Material); and
- Revisions to the Conceptual Framework for Financial Reporting.

IFRIC23 - Uncertainty over Income Tax Treatments

The interpretation addresses the accounting for income taxes when tax positions involve uncertainty. The interpretation is effective for annual financial statements beginning on or after January 1, 2019. IFRIC 23 applies to taxes that fall within the scope of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12. The interpretation addresses specifically whether an entity considers uncertain tax positions separately. The interpretation has no impact on the tax position reported by Hakrin Bank as prescribed treatments were already effectively applied.

Amendments to IAS 19 Plan Amendment, Curtailment or Settlement

The IASB issued amendments to IAS 19 to clarify the effect of a defined benefit plan amendment, curtailment or settlement. The amendments became effective on January 1, 2019. Since Hakrin Bank's pension plans are defined contribution plans, and defined benefit plans are also no longer offered as part of the Collective Labour Agreement, the amendments do not have a material impact on the financial statements.

New standards, amendments and interpretations not yet effective

The following standards and amendments have been issued by the IASB and endorsed for use but are not yet effective. There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods and that Hakrin Bank has decided not to adopt early.
The following amendments are effective for the period beginning January 1, 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual financial statement periods beginning on or after January 1, 2022. However, in May 2020, the effective date was deferred to annual financial statements beginning on or after January 1, 2023.

Critical accounting estimates and judgements

The preparation of financial statements requires management to exercise its judgement in the process of applying Hakrin Bank's accounting policies and to make estimates and assumptions concerning the future. Actual results may differ from those estimates and assumptions. Accounting policies for the most significant areas requiring management to make judgements and estimates that affect reported amounts and disclosures are made in the following sections:

1. Impairment losses on financial assets measured at Amortized Costs Risk, funding & capital section, note 1.4.
2. Income tax expense, tax assets and tax liabilities Note 9
3. Instruments measured at FVOCI Note 3
4. Fair value of Bonds, Derivatives, Equity instruments Note 1.2
5. Post-retirement benefits and jubilee benefit plan for employees Note 26
6. Hyperinflation accounting

Assessment of risks, rewards and control

Whenever Hakrin Bank is required to assess risks, rewards and control, when considering the recognition and derecognition of assets or liabilities and the consolidation or deconsolidation of subsidiaries, it may sometimes be required to use judgement. Although management uses its best knowledge of current events and actions in making such assessments, the actual risks, rewards and control may ultimately differ.

Significant accounting policies

Basis of consolidation

The consolidated annual financial statements of Hakrin Bank includes the financial statements of the parent company and its controlled entities, thus incorporating the assets, liabilities, revenues and expenses of Hakrin Bank and its subsidiaries. Subsidiaries are included using the same reporting period and consistent accounting policies. Intercompany balances and transactions, and any related unrealized gains and losses, are eliminated in preparing the consolidated financial statements.

Foreign currency

Hakrin Bank applies IAS 21: The Effects of Changes in Foreign Exchange Rates. Transactions in foreign currencies are translated into SRDs at the rate prevailing on the transaction date. Foreign currency balances of monetary items are translated into SRDs at the period-end exchange rates. Exchange gains and losses on such balances are recognized in the income statement. The consolidated annual financial statements are stated in SRDs, which are the presentation and functional currency of Hakrin Bank.

Financial assets and liabilities

Classification and measurement of financial assets

Hakrin Bank classifies financial assets based on the business model in which they are held in accordance with IFRS 9. The business model is determined at a portfolio level. Portfolios are based on how Hakrin Bank manages financial assets in order to achieve a particular business objective. The business model assessment is based on the level of sales, risk management, performance evaluation and management compensation. Derecognition is used as a condition to determine whether a transaction results in a sale.

Three distinguished business models are:

- 'Hold to collect' business model, in which cash flows are primarily generated by collecting contractual cash flows until maturity of the financial instrument. Sales can occur, as long as they are incidental, infrequent and insignificant. The assessment of the frequency and significance of sales is determined for each underlying portfolio. Sales that result from increases in the credit risk of the counterparty or take place close to maturity do not contradict the 'hold to collect' business model;
- 'Hold to collect and sell' business model, in which the selling of financial assets is integral to achieving the business objective. In this business model, sales take place more frequently and have a greater value than in a business model with an objective to hold to collect;
- Other business models not meeting the criteria of the business models mentioned above, for example business models in which financial assets are managed with the objective of generating cash flows from sales (trading book), are measured at FVTPL.

After the business model has been determined, the contractual cash flows of financial assets are assessed. Debt instruments can be classified at amortized cost or FVOCI only when the contractual cash flows are solely payments of principal and interest (SPPI). Contractual cash flows that are SPPI are consistent with a basic lending arrangement in which consideration for the time value of money and credit risk are typically the most significant interest elements. Debt instruments that do not meet the SPPI requirements are mandatorily measured at FVTPL. Financial assets are assessed in their entirety, including any embedded derivatives that are not separated from the host contract.

Based on the business model determined and the SPPI assessment, the following measurement categories are identified under IFRS 9:

- Amortized cost – Financial instruments measured at amortized cost are debt instruments within a 'hold to collect' business model with fixed or determinable payments which meet the SPPI criteria. These instruments are initially measured at fair value (including transaction costs) and subsequently measured at amortized cost using the effective interest rate method. Financial instruments measured at amortized cost are presented net of credit loss allowances in the statement of financial position;
- FVTPL – Financial instruments measured at FVTPL include instruments held for trading, derivatives, equity instruments for which the FVOCI option has not been elected and instruments whose cash flows do not meet the SPPI requirements. Changes in the fair value of these instruments are directly recognized in the income statement;
- FVOCI – Financial instruments measured at FVOCI are debt instruments which are held in a 'hold to collect and sell' business model and which meet the SPPI criteria. They are initially measured at fair value, with subsequent unrealized changes recognized in other comprehensive income. Equity instruments for which the fair value option is elected are also measured at FVOCI.

Reclassifications of financial assets are expected to be very infrequent and occur only when Hakrin Bank changes its business model for a certain portfolio of financial assets.

Refer to note 1.4 the risk, funding & capital section for our accounting policies on the measurement of expected credit losses on financial instruments measured at amortized cost and FVOCI.

Classification of assets and liabilities held for trading

In both the current and prior reporting period a financial asset or financial liability is classified as held for trading if it is:

- Acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- A trading derivative (except for a derivative that is a designated and effective hedging instrument).

Classification and measurement of financial liabilities

Financial liabilities are initially recognized at their fair value. Under IFRS 9, financial liabilities are classified as subsequently measured at amortized cost, except for the following instruments:

- Financial liabilities held for trading are measured at fair value through profit or loss;
- Financial liabilities that were irrevocably designated at initial recognition as held at fair value through profit or loss when the instruments are held to reduce an accounting mismatch are managed on the basis of their fair value or include terms that have derivative characteristics in their nature.

Recognition and derecognition

Traded instruments, such as spot and foreign exchange transactions, are recognized on the trade date, which is defined as the date on which Hakrin Bank commits to purchase or sell the underlying instrument. If the settlement terms are non-standard, the commitment is accounted for as a derivative between the trade and settlement dates. Loans and advances are recognized when they are acquired or funded by Hakrin Bank and derecognized when settled. Issued debt is recognized when issued, and deposits are recognized when the cash is deposited with Hakrin Bank. Other financial assets and liabilities, including derivatives, are recognized when Hakrin Bank becomes a party to the contractual provisions of the asset or liability.

Financial assets are derecognized when Hakrin Bank loses control and the ability to obtain benefits from the contractual rights that comprise that asset. This occurs when the rights are realized or expire, or when substantially all risks and rewards are transferred. Financial assets are also derecognized if the bank has neither transferred nor retained substantially all risks and rewards of ownership, but control has passed to the transferee.

Financial assets continue to be recognized in the statement of financial position, and a liability recognized for the proceeds of any related funding transaction, unless a fully proportional share of all or specifically identified cash flows are transferred to the lender without material delay and the lender's claim is limited to those cash flows, and substantially all the risks, rewards and control associated with the financial instruments have been transferred, in which case that proportion of the asset is derecognized.

When the terms and conditions of a financial asset have been renegotiated or otherwise modified to the extent that, substantially, it becomes a new financial asset, Hakrin Bank derecognizes the financial asset, with the difference recognized in the income statement, to the extent that an impairment loss has not already been recorded. The newly recognized financial asset is classified as stage 1 for ECL measurement purposes. Hakrin Bank assesses, in both qualitative and quantitative terms, whether such modifications are substantial. Generally, a 10% change in the net present value of the cash flows between the initial and new contract results in a derecognition. With regard to substantial modifications, the derecognition gains or losses are recognized in net gains/(losses) on derecognition of financial assets measured at amortized cost. Substantial modifications due to forbearance measures or derecognition gains or losses are recognized in the impairment charges on financial instruments and disclosed separately, if material.

If the modification of the financial asset does not result in derecognition, the gross carrying amount of the financial asset is recalculated, based on the net present value of the new contractual cash flows, and discounted at the financial asset's original effective interest rate. The effect is recognized and disclosed as a modification loss in the income statement. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value. Modifications due to forbearance measures or modification gains or losses are recognized in the impairment charges on financial instruments and disclosed separately.

With regard to modifications not related to forbearance measures, the modification gains or losses are recognized in the income statement and presented according to the nature of the modification.

Financial liabilities are derecognized when the liability has been settled, has expired, or has been extinguished. An exchange of an existing financial liability for a new liability with the same lender on substantially different terms, qualitatively and quantitatively (a 10% difference in the present value of the cash flows), is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. The difference between the former amortized cost and the consideration paid is recognized in the income statement. Any subsequent resale is treated as a new issuance.

Offsetting

The bank offsets financial assets and liabilities and the net amount reported in the statement of financial position if it is legally entitled to set off the recognized amounts and intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Statement of cash flows

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, freely available balances with central banks and other banks, and net balances on current accounts with other banks with a maturity of less than three months from the date of acquisition. The statement of cash flows, based on the indirect method of calculating operating cash flows, gives details of the source of cash and cash equivalents which became available during the year and the application of these cash and cash equivalents over the course of the year. The cash flows are analyzed into cash flows from operations, including banking activities, investment activities and financing activities. Movements in loans and advances and interbank deposits are included in the cash flow from operating activities. Investment activities are comprised of acquisitions, sales, and redemptions in respect of financial investments, as well as investments in, and sales of, subsidiaries and associates, property and equipment. The issuing of shares and the borrowing and repayment of long-term funds are treated as financing activities. Cash flows arising from foreign currency transactions are translated into SRD using the exchange rates at the date of the cash transaction.

1.2 Fair value of financial instruments through profit or loss

Fair value hierarchy

Financial instruments held at fair value are described below in three categories:

- Level 1 financial instruments are those that are valued using unadjusted quoted prices in active markets for identical financial instruments.
- Level 2 financial instruments are those valued using techniques based primarily on observable market data. Instruments in this category are valued using quoted prices for similar instruments or identical instruments in markets that are not considered to be active or using valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.
- Level 3 financial instruments are those valued using a valuation technique where at least one input with a significant effect on the instrument's valuation is not based on observable market data. The effect of fair value adjustments on the instrument's valuation is included in the assessment.

Hakrin Bank's assets and liabilities that are carried at fair value on a recurring basis by hierarchy level are as follows:

December 31, 2020

	Level 1	Level 2	Level 3	Total
Assets:				
Derivatives	-	-	355,967,332	355,967,332
Financial investments	85,447,176	-	-	85,447,176
Debt instruments	1,225,178,645	-	-	1,225,178,645
Total assets measured at fair value	**1,310,625,821**	**-**	**355,967,332**	**1,666,593,153**
Liabilities:				
Deratives	-	-	424,195,090	424,495,090
Total liabilities measured at fair value	**-**	**-**	**424,195,090**	**424,195,090**

December 31, 2019

	Level 1	Level 2	Level 3	Total
Assets:				
Derivatives	-	-	272,108,480	272,108,480
Financial investments	133,834,559	-	-	133,834,559
Debt instruments	**616,939,804**	**-**	**-**	**616,939,804**
Assets held for sale	-	1,443,978	-	1,443,978
Total assets measured at fair value	750,774,363	1,433,978	272,108,480	1,024,326,821
Liabilities:				
Derivatives	-	-	298,245,740	298,245,740
Total liabilities measured at fair value	**-**	**-**	**298,245,740**	**298,245,740**

Hakrin Bank concluded several forward contract agreements with clients. These forward contract agreements are classified as assets and derivatives liabilities and are disclosed in note 12. The valuation technique is based on the forward contract agreements with third parties. The mandatory cash reserve deposits at foreign banks are classified as financial investments at fair value through P&L and are disclosed in note 14. The bonds are classified as debt instruments at fair value through OCI and are disclosed in note 15. The properties held for sale are classified as assets held for sale and are disclosed in note 20. The valuation technique is based on the appraisal which is executed by an independent third party appraiser.

CONSOLIDATED STATEMENT OF INCOME AS AT DECEMBER 31, 2019

	Note	As originally presented (GAAP)	IFRS reclassification	IFRS adjustments	As restated 2019	2020
INCOME						
Interest income calculated using the effective interest method	a, b	252,241,210	20,298,489	(618,278)	271,921,421	280,524,530
Interest expense calculated using the effective interest method	a	93,813,284	20,298,489	-	114,111,773	115,748,254
Net interest income		**158,427,926**	**-**	**(618,278)**	**157,809,648**	**164,776,276**
Fee and commission income	a, c	70,135,705	9,962,837	(2,817,063)	77,281,479	213,883,238
Fee and commission expense	a	-	9,962,837	-	9,962,837	130,136,251
Net fee and commission income		**70,135,705**	**-**	**(2,817,063)**	**67,318,642**	**83,746,987**
Other operating income		13,146,840	-	(3,174,258)	9,972,582	21,625,897
Operating income		**241,710,471**	**-**	**(6,609,599)**	**235,100,872**	**270,149,160**
EXPENSES						
Personnel expenses	d	95,249,036	-	(3,426,438)	91,822,598	103,186,607
General and administrative expenses		55,529,643	-	-	55,529,643	70,689,589
Depreciation of tangible and intangible assets	e	12,231,779	-	1,580,667	13,812,446	14,843,084
Operating expenses		**163,010,458**	**-**	**(1,845,771)**	**161,164,687**	**188,719,280**
Impairment charges on financial instruments	f	29,935,998	-	97,916,052	127,852,050	35,127,750
Total expenses		**192,946,456**	**-**	**96,070,281**	**289,016,737**	**223,847,030**
Profit/(loss) before taxation		48,764,015	-	(102,679,880)	(53,915,865)	46,302,130
Income tax expense		17,605,525	-	(14,678,328)	2,927,197	16,939,463
Profit/(loss) for the period		**31,158,490**	**-**	**(88,001,552)**	**(56,843,062)**	**29,362,667**

1.3 Effects of adopting IFRS (transition from GAAP to IFRS)

The following reconciliations show the effect on Hakrin Bank's statement of income of the transition from previous GAAP to the IFRS financials at December 31, 2019.

The reclassifications and adjustments are disclosed below:

a. In prior years, the interest expense was netted with the interest income and the fee and commission expense was netted with the fee and commission income. As per 2020, the interest expense, fee and commission expense are reported separately.
b. The interest income adjustment is due to a change of the interest method. Under local GAAP the interest income was calculated using the simple interest method while under IFRS the interest income is calculated by applying the effective interest method.
c. The adjustment of the fee and commission income is due to amortized fee that relates to services on an ongoing basis.
d. The adjustment in the personnel costs is based on the net defined contribution liability (asset), the remeasurements and the service cost and net interest on the net defined liabilities.
e. Under local GAAP, the bank's property and equipment are depreciated on a straight-line depreciation basis. Under IFRS the Hakrin bank's property and equipment is carried at a revalued amount being its historical cost at the date of revaluation less subsequent depreciation and impairment.
f. The adjustment in the impairment charges of financial instruments is based on the so-called expected credit loss model. The ECL- allowance for all loans and other debt financial assets, together with financial guarantee contracts and letters of credit are classified in stage 1, stage 2, and stage 3. It also includes impairments on government loans and government Treasury Bills.

The following reconciliations show the effect on Hakrin Bank's statement of financial position and equity of the transition from previous GAAP to the IFRS financials at January 1, 2019 and December 31, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JANUARY 1, 2019

	Note	As originally presented (GAAP)	IFRS reclassification	IFRS adjustments	Hyperinflation restatements	As restated
ASSETS						
Cash and cash equivalents	a	945,904,852	(427,794,046)	-	-	518,110,806
Derivatives	b	-	300,120,800	-	-	300,120,800
Financial investments at fair value through P&L	c	6,188,392	273,652,000	1,914,167	-	281,754,559
Debt instruments at fair value through OCI	d	605,562,204	(38,111,741)	(16,113,548)	-	551,336,915
Amounts due from banks	e	1,082,465,987	48,692,046	-	-	1,131,158,033
Residential mortgages	f	165,774,324	-	(6,116,568)	-	159,657,756
Consumer loans	f	109,652,589	-	(8,024,808)	-	101,627,781
Loans, bonds and advances at amortized cost	f	1,445,433,249	38,027,241	36,953,069	-	1,520,413,559
Equity accounted investments	g	78,057,940	-	(15,663,659)	-	62,394,281
Property and equipment	h	181,108,421	(6,270,538)	9,439,463	-	184,277,346
Assets held for sale	h	-	6,270,538	-	-	6,270,538
Tax assets	i	-	3,683,446	-	-	3,683,446
Other assets	j	33,656,105	84,500	-	-	33,740,605
TOTAL ASSETS		**4,653,804,063**	**198,354,246**	**2,388,116**	**-**	**4,854,546,425**
LIABILITIES						
Derivatives	b	-	298,587,800	-	-	298,587,800
Amounts Due to banks	k	76,291,646	-	-	-	76,291,646
Current accounts	l	1,939,228,423	(236,145,257)	-	-	1,703,083,166
Demand deposits	l	2,145,880,845	(1,155,527,793)	-	-	990,353,052
Time deposits	l	-	1,065,964,700	-	-	1,065,964,700
Other due to customers	l	6,380,179	131,141,054	3,681,544	-	141,202,777
Due to related parties	m	-	89,540,202	-	-	89,540,202
Provisions	n	104,235,977	(55,663,195)	(3,754,726)	-	44,818,056
Tax liabilities	i	379,009	56,000,796	3,064,345	-	59,444,150
Other liabilities	n	18,526,146	4,455,939	6,310,608	-	29,292,693
TOTAL LIABILITIES		**4,290,922,225**	**198,354,246**	**9,301,771**	**-**	**4,498,578,242**
EQUITY						
Share capital		78,450	-	-	-	78,450
Share premium	o	12,598,375	-	808,110	39,672,678	53,079,163
Other reserves (incl. retained earnings/ profit for the period)	p	236,847,985	-	(44,159,110)	(39,672,678)	153,016,197
Accumulated other comprehensive income	q	82,823,386	-	36,437,344	-	119,260,730
Profit/(loss) for the period		30,533,642	-	-	-	30,533,642
TOTAL EQUITY		**362,881,838**	**-**	**(6,913,656)**	**-**	**355,968,182**
TOTAL LIABILITIES AND EQUITY		**4,653,804,063**	**198,354,246**	**2,388,115**	**-**	**4,854,546,424**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	Note	As originally presented (GAAP)	IFRS reclassification	IFRS adjustments	Hyperinflation restatements	As restated 2019	As restated 2019
ASSETS							
Cash and cash equivalents	a	1,314,585,831	(1,023,167,574)	-	-	291,418,257	623,240,250
Derivatives	b	-	272,108,480	-	-	272,108,480	355,967,332
Financial investments at fair value through P&L	c	8,102,559	125,732,000	-	-	133,834,559	85,447,176
Debt instruments at fair value through OCI	d	640,819,035	(12,484,365)	(11,394,866)	-	616,939,804	1,225,178,645
Amounts due from banks	e	911,623,548	796,462,261	-	-	1,708,085,809	2,730,801,399
Residential mortgages	f	147,846,858	-	3,473,727	-	151,320,585	151,589,395
Consumer loans	f	103,898,189	-	(4,112,521)	-	99,785,668	67,662,749
Loans, bonds and advances at amortized cost	f	1,941,225,478	12,399,865	(61,177,558)	-	1,892,447,785	2,761,961,598
Equity accounted investments	g	63,389,886	-	(995,605)	-	62,394,281	62,394,281
Property and equipment	h	210,006,817	(1,443,978)	(3,675,851)	-	204,886,988	389,703,643
Assets held for sale	h	-	1,443,978	-	-	1,443,978	-
Tax assets	i	-	3,864,195	560,028	-	4,424,223	4,424,223
Other assets	j	60,962,044	(3,585,452)	-	-	57,376,592	79,251,874
TOTAL ASSETS		**5,402,460,245**	**171,329,410**	**(77,322,646)**	**-**	**5,496,467,009**	**8,537,622,565**
LIABILITIES							
Derivatives	b	-	271,757,740	26,488,000	-	298,245,740	424,195,090
Amounts due to banks	k	429,713,442	(137,787)	-	-	429,575,655	110,687,175
Current accounts	l	2,028,814,076	(186,624,592)	-	-	1,842,189,484	3,291,891,770
Demand deposits	l	2,410,618,538	(1,341,864,635)	-	-	1,068,753,903	1,774,134,456
Time deposits	l	-	1,241,061,095	-	-	1,241,061,095	1,742,202,526
Other due to customers	l	8,768,939	79,661,534	2,817,062	-	91,247,535	288,786,703
Subordinated liabilities		-	-	-	-	-	63,093,098
Due to related parties	m	-	101,902,318	-	-	101,902,318	117,187,651
Provisions	n	105,081,938	(54,448,996)	(3,904,955)	-	46,727,987	51,759,755
Tax liabilities	i	3,064,345	56,473,328	648,839	-	60,186,512	123,784,416
Other liabilities	n	28,058,410	3,549,408	(2,853,454)	-	28,754,364	48,129,035
TOTAL LIABILITIES		**5,014,119,688**	**171,329,413**	**23,195,492**	**-**	**5,208,644,593**	**8,035,851,675**
EQUITY							
Share capital		78,450	-	-	-	78,450	96,378
Share premium	o	53,079,163	-	-	-	53,079,163	101,865,075
Other reserves (incl. retained earnings/ profit for the period)	p	188,461,195	-	(13,814,327)	-	174,646,868	119,487,424
Accumulated other comprehensive income	q	114,567,654	-	2,293,343	-	116,860,997	250,959,346
Profit/(loss) for the period		32,154,096	-	(88,997,157)	-	(56,843,062)	29,362,667
TOTAL EQUITY		388,340,558	-	(100,518,141)	-	287,822,416	501,770,890
TOTAL LIABILITIES AND EQUITY		**5,402,460,246**	**171,329,413**	**(77,322,649)**	**-**	**5,496,467,009**	**8,537,622,565**

The following reconciliations show the effect on Hakrin Bank's statement of financial position and equity of the transition from previous GAAP to the IFRS financials at January 1, 2019 and December 31, 2019.
The transition date is January 1, 2019 and based on this the comparative figures have also been restated, where necessary. The reclassifications and adjustments are disclosed below:

a. The mandatory reserves at the Central Bank of Suriname are reclassified as Amounts due from banks.

b. The future contract agreements are classified as Derivatives assets and Derivatives liabilities. The adjustments relate to the valuation of these future contract agreements in accordance with IFRS through P&L.

c. The mandatory reserve deposits at foreign banks are reclassified as financial investments at fair value through P&L from Amounts due from banks. The Real estate investments are revalued based on valuation reports as per January 1, 2019.

d. Reclassification of Stichting Stadsherstel as other assets and reclassification of Staatsolie bonds and interest income government loan as Loans, bonds and advances at amortized cost. Also Adjustments of amortizations of unrealized gains/losses of corporate and government bonds through OCI, and impairments of governments bonds through P&L.

e. The mandatory reserves are classified as Amounts due from banks. The future contract agreements and the mandatory reserve deposits are reclassified to Derivatives and Financial investment at fair value through P&L. Furthermore, reclassifications of bank at Bank of China from Amounts due to banks and interest federal funds from other balances assets.

f. Staatsolie bonds and interest income government loans are classified as Loans, bonds, and advances at amortized cost. Adjustments are related to impairments and effective interest income of loans through P&L.

g. The adjustments of the Equity accounted investments are due to restated figures of subsidiaries NTFM and Hakrin Bank Real Estate.

h. Assets held for sale and Investment properties are presented separately from Property & equipment. Investment property and Property & equipment are revalued based on valuation reports as per January 1, 2019 and December 31, 2019. Also the depreciation of the Investment property and Property equipment are based on valuation reports as per January 1, 2019 and December 31, 2019.

i. Tax classifications are based on the separate presentation of tax assets and tax liabilities. The adjustments are due to the restated figures.

j. Reclassification of Stichting Stadsherstel from Debt instruments at fair value through OCI and reclassification of interest federal funds to Amounts due from banks.

k. Balances at Bank of China is reclassified as Due from banks.

l. The Due to customers are allocated as Current accounts, Demand deposits, Time deposits and Other due to customers. The adjustments of Other due to customers are related to the amortized arrangement fees of loans through P&L.

m. The due to Hakrin Bank subsidiaries, Hakrin Bank pension fund and Hakrin Bank provision fund are reclassified from Due to customers to Due to related parties.

n. The provision for staff leave and provisions for deductible insurance are reclassified as Other liabilities. The adjustment relates to provision deferred tax and post-employment benefits through P&L. Other liabilities adjustments are due to unrealized gains/losses and financial lease liabilities through P&L.

o. The Share premium is restated due to hyperinflation.

p. The impact of restatements on prior years' results is recorded through Other reserves.

q. Prior year's results were adjusted through OCI.

1.4 Risk management of financial instruments

1.4.1 General

Hakrin Bank is a commercial bank and has financial instruments it uses in its business operations. A financial instrument is a contract representing monetary assets where there is a contractual obligation between the involved parties. There are specific risks that originate from the use of these financial instruments. Unless stated otherwise, there have been no significant changes in Hakrin Bank's exposure to the risks relating to its use of financial instruments, or the policies and procedures for managing those risks.
The risk management chapter describes the bank's processes for governing and managing the risks related to its use of financial instruments. Below is a brief overview of what is described in the following sections:

- The financial instruments used by Hakrin Bank and how these are valued.
- The nature and level of risk to which the Hakrin Bank is exposed during the reporting period arising from the use of financial instruments and how the Hakrin Bank manages those risks.
- Qualitative disclosures describe management's objectives, policies and processes for managing those risks.
- Quantitative disclosures are presented to provide information about the level of risk to which Hakrin Bank is exposed with regard to the identified risks.

1.4.2 Financial instruments used and risks identified by Hakrin Bank

The principal financial instruments used by Hakrin Bank are listed below. For a more detailed description of these financial instruments, please refer to the notes of the report mentioned below:

- Cash and cash equivalents (note 11)
- Deposits at local and foreign banks (note 16)
- Deposits due to banks and customers (notes 22 & 23)
- Forward contract agreements (note 12)
- Investments in fixed rate debt instruments (note 15)
- Investments in real estate (note 20)
- Loans and advances to customers (note 17)
- Subordinated loans (note 24)

The aforementioned financial instruments give rise to one or more risks. These risks are categorized as either financial or non-financial risks.

Financial risks:

1. Credit risk
2. Liquidity and funding risk
3. Market risk
    3.1. Interest rate risk
    3.2. Foreign exchange risk
    3.3. Price risk
4. Solvency risk

Non-financial risks:

5. Compliance risk (Integrity- and AML/CFT risk)

1.4.3 Financial instruments categorized by measurement base

As of December 31, 2020 the financial instruments are categorized and valued as follows:

SRD x 1,000	**2020**				**2019**			
	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Assets								
Cash and cash equivalents	623,240			623,240	291,418			291,418
Derivatives		355,967		355,967		272,108		272,108
Financial investments at fair value through P&L		85,447		85,447		133,834		133,834
Debt instruments at fair value through OCI			1,225,178	1,225,178			616,939	616,939
Amounts due from banks	2,730,801			2,730,801	1,708,085			1,708,085
Residential mortgages	151,589			151,589	151.320			151,320
Consumer loans	67,662			67,662	99,785			99,785
Loans, bonds and advances at amortized cost	2,761,961			2,761,961	1,892,447			1,892,447
Total financial assets	**6,335,255**	**441,414**	**1,225,178**	**8,001,848**	**4,143,058**	**405,943**	**616,939**	**5,165,940**
Liabilities								
Derivatives		424,195		424,195		298,245		298,245
Amounts due to banks	110,687			110,687	429,575			429,575
Current accounts	3,291,891			3,291,891	1,842,189			1,842,189
Demand deposits	1,774,134			1,774,134	1,068,753			1,068,753
Time deposits	1,742,202			1,742,202	1,241,061			1,241,061
Other due to customers	288,786			288,786	91,247			91,247
Subordinated liabilities	63,093			63,093	-			-
Due to related parties	117,187			117,187	101,902			101,902
Total financial liabilities	**7,387,983**	**424,195**	**-**	**7,812,178**	**4,774,729**	**298,245**	**-**	**5,072,975**

1.4.3.1 Financial instruments not measured at fair value

The financial instruments presented in the table above which are not measured at fair value, are valued at amortized cost using the effective interest rate method. Impairment requirements are applied whereby a provision is recognized when credit losses are expected.

1.4.3.2 Financial instruments measured at fair value

Assets and liabilities that are measured at fair value are categorized according to the fair value hierarchy. For a description on how the different levels of the fair value hierarchy are valued, please refer to note 1.2 of the report.

Presented in the table below are Hakrin Bank's assets and liabilities that are carried at fair value on a recurring basis. The financial investments categorized in level 1 consist of mandatory reserve deposits at foreign banks and investments in real estate. For details on the valuation technique used for these investments, please refer to note 14 and 29 of the report, respectively. The derivative instruments categorized in level 3 consist of swap agreements. For details on the valuation technique used for these instruments, please refer to note 12 of the report.

SRD x 1,000	**2020**				**2019**			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Derivatives			355,967	355,967			272,108	272,108
Financial investments	85,447			85,447	133,834			133,834
Debt instruments	1,225,179			1,225,178	616,939			616,939
Assets held for sale						1,443		1,443
Total assets measured at fair value	**1,310,625**		**355,967**	**1,666,593**	**750,774**	**1,443**	**272,108**	**1,024,326**
Liabilities								
Derivatives			424,195	424,195			298,245	298,245
Total liabilities measured at fair value			**424,195**	**424,195**			**298,245**	**298,245**

1.4.4 General risk management approach

Hakrin Bank strives for a healthy balance between banking activities, the returns achieved with these and the associated risks. Policies have been established to proactively identify and manage business and financial risks. Risk governance is based on the three lines of defense model which is embedded in the organizational structure of the bank. The first line of defense, which is formed by the business and process owners, is primarily responsible for identifying, assessing and controlling the risks in relation to the established risk appetite. The independent risk management function, which consists of the Risk management department (RMD) and the Compliance department (CD), forms the second line of defense. The second line supports, monitors and challenges the first line regarding risk-related matters. The third line of defense, which is formed by the Internal audit department, provides objective and independent assurance by assessing whether the first- and second line functions operate effectively.

1.4.5 Credit Risk

Credit risk is the risk that a counterparty cannot meet its contractual obligations towards the bank, causing the bank to incur a loss. Credit risks arise in Hakrin Bank's lending and investment activities, which includes (term) deposits with other banks. The credit risk section provides information on how Hakrin Bank manages, monitors and measures credit risk and gives an insight into the portfolio from a credit risk perspective.

1.4.5.1 Credit risk management approach

Credit risk management within the bank is governed by the bank-wide central credit risk policy and investment policy. The primary responsibility for managing and monitoring credit risk with regard to the lending activities lies with the Retail- and Business banking department as the first line of defense, while credit risk related to (term) deposits at local and foreign banks is managed primarily by the Treasury department. The second line monitors the management of credit risk, and where necessary, supporting and advising on risk measures given the business's risk appetite. The credit risk appetite is set to prevent undesired high levels of credit risk and credit concentrations within the bank's portfolio. To ensure this, various risk limits have been established. Furthermore, the Risk management department is part of the approval process of credit proposals for proposals above a set limit. After analyzing a credit proposal, the risk management department provides an advice to management, which is ultimately taken into account when making the decision to approve the proposal.

1.4.5.2 Credit risk monitoring

To identify possible changes in credit quality and thereby potential losses, Hakrin Bank actively monitors counterparties in order to take corrective actions as needed. A review process is in place which on the one hand is signal driven and on the other hand based on regular credit reviews, as determined by a risk-based revision calendar. The credit quality of a counterparty is determined by a credit risk classification system by assigning a (internal) credit rating based on the riskiness of that counterparty. In the event new information is obtained which could be reason for a deterioration of a counterparties' credit quality, the credit rating is reviewed based on that information. If no material events occur, the review process follows the revision calendar.

1.4.5.3 Restructuring and Recovery

In the case a counterparty underperforms, specific criteria have been formulated for when a client is to be transferred to the Restructuring and recovery unit. This unit applies intensive monitoring to such cases in order to maintain a going concern of the client by helping to restore the client's financial stability or restructuring the debt to a sustainable level. If the financial situation of the client cannot be restored, a recovery process is activated to liquidate pledged assets in order to minimize losses for Hakrin Bank.

1.4.5.4 Credit risk measurement

As part of the credit risk measurement process, Hakrin Bank performs impairment assessments to facilitate the calculation of expected credit losses. The following asset classes are considered when performing these assessments:

Cash and cash equivalents: Cash and cash equivalents are held at amortized cost. This item includes cash on hand and other cash equivalents and available demand deposits with the Central Bank of Suriname.
Amounts due from banks: Amounts due from banks are held at amortized costs. This item includes deposits and reserve deposits held at other banks and the Central Bank of Suriname.
Loans, bonds and advances at amortized cost: This item consists of residential mortgages, consumer, corporate and government loans, advances to customers, and investments in fixed rate debt instruments (held at amortized cost).

1.4.5.4.1 Loans and advances

Hakrin Bank has developed internal rating models for both its Retail Banking (RB) division as well as its Business Banking (BB) division. The rating models are used to perform impairment assessments on loans and advances, the outcome of these models being in the form of an internal rating. The RB internal rating model uses days past due to rate borrowers, while the BB rating model uses days past due, historical financial performance, financial analyses of the business, relevant management and industry/sector information, and the quality of the provided financial data. The internal rating is subsequently used to classify borrowers into one of the stages according to the IFRS 9 three-stage model. As the BB rating model has been recently reviewed and restructured to be IFRS 9 compliant, the stage classification of borrowers is currently dependent on the days past due.

Stage classification

A financial asset is past due if a counterparty fails to make a payment on the contractual due date or if the counterparty has exceeded an agreed credit limit. Hakrin Bank starts counting days past due from the first day that a counterparty is past due on any financial obligation. As mentioned above, financial assets are classified into a stage according to the number of days past due. If a client has more than one facility, the facility with the higher number of days past due is used for the classification.
Below is a description of the three stages. Each stage has a different approach to credit management in order to mitigate the increasing credit risk.

Stage 1: consists of the regular performing borrowers. Borrowers classified in this stage are managed by the individual relationship managers or relationship officers and the regular revision policy applies. The management of these cases is regular in terms of frequency and intensity. These loans can be in arrears between 1 and 60 days.

Stage 2: consists of underperforming borrowers (that is, there has been a significant increase in their credit risk since the time they were originally recognized). Borrowers classified in this stage are in arrears between 61 to 89 days. The management of borrowers classified as stage 2 is still done by the individual relationship managers or relationship officers where the regular revision policy applies. However, the management of these loans is more intensive in order to mitigate the risk of default.

Stage 3: consists of non-performing borrowers and are therefore impaired. Borrowers in this stage are 90 or more days past due. Depending on the prospects of the client, the management of these loans will be stepped up further. If there is little or no short-term perspective for gaining a performing status again, such loans are transferred to the Financial restructuring and recovery department. This department assesses whether restructuring the facility (or facilities in the case client has more than one) could help to get the loans back on track. If this is not the case, the liquidation process of the pledged assets is started.

Favorable changes in credit risk are handled in the same way as unfavorable changes, so that a decrease in the days past due beyond the specified classification criterion would entail a transfer back to a lower stage.

The table below presents the calculation approach, the provision allowance and the basis for interest income calculation pertaining to the different stages.

calibrate future PD-calculations, where PD-ranges will be mapped to the individual internal ratings. Furthermore, Hakrin Bank uses the 12-month PD as a proxy for the lifetime PD for corporate loans when calculating lifetime expected credit losses. We consider a deterioration in the 12-month PD to be appropriately representative of the lifetime PD deterioration. This will foster a better differentiation of credit quality, and therefore a more accurate levelling of loan loss provisions.

Loss Given Default

Loss Given Default (LGD) is the amount the bank is expected to lose if the counterparty were to default. The LGD is determined by the formula: 1 – the value of the received covers divided by the total exposure to the counterparty (expressed as a percentage).

	Stage 1 Performing Loans	Stage 2 Underperforming Loans	Stage 3 Non-performing Loans/Default
Criterion for classification Retail Banking	0 to 29 days past due	30 to 59 days past due	60 or more days past due
Criterion for classification Business Banking	0 to 59 days past due	60 to 89 days past due	90 or more days past due
Calculation approach	Portfolio approach	Individual client approach	Individual client approach
Balance sheet allowance	12 month Expected Credit Losses	Lifetime expected credit losses	Lifetime expected credit losses
Basis for calulation of interest income	Gross carrying amount of loan	Gross carrying amount of loan	Net carrying amount of loan

Calculation ECL

After being classified according to the three-stage model, the Expected Credit Losses (ECL) are calculated based on the PD (Probability of Default), LGD (Loss Given Default) and EAD (Exposure at Default) of the facility.

Definition of default

A default is deemed to have occurred when the counterparty is past due by more than 90 days on any material financial credit obligation to the bank.

Probability of default

The Probability of Default (PD) indicates the likelihood that a counterparty or exposure will default within a one-year time horizon. To determine the PD, currently the historical default rate is used as a proxy, which is calculated based on historical data analysis. Due to limitations in the availability of historical data, Hakrin Bank has currently assigned fixed PD-levels to the individual credit quality stages (1,2,3). These PD-levels were calculated by an outside independent consultancy (BDO Suriname), based on Hakrin Bank's historical data over the last 3 years, ending 2020. As we collect more data, we will be able to more accurately

Exposure at default

Exposure at Default (EAD) is the expected exposure at the time a counterparty defaults. The full amount of the limits is considered to be part of the exposure in case of undrawn limits.

Balances due from banks and investments in bonds (held at amortized cost)

The Hakrin Bank has deposits with local and foreign banks and invests some of its funds in bonds. These investments are subject to credit risk. This risk is managed through our investment policy, which outlines the specific criteria for investing with these counterparties. The main policy for assessing an increase in credit risk with regards to these investments is through external credit ratings provided by the leading rating agencies (S&P, Moody's, Fitch). For local counterparties with no available external credit rating, an internal assessment is made on a case by case basis based on their financial performance. Furthermore, size constraints for the allowable investments have been established for both local and foreign counterparties based on their (perceived) credit worthiness and to limit concentration risk within the investment portfolio. Permitted investments with counterparties, are those with a minimal credit rating of (single) A.

1.4.5.5 Credit portfolio

The following table presents the financial assets in Hakrin Bank's portfolio that are subject to credit risk:

Credit risk exposure SRD x 1,000	**2020**			**2019**		
	Gross carrying amount	ECL	ECL (%)	Gross carrying amount	ECL	ECL (%)
Cash and cash equivalents	623,240			291,418		
Amounts due from banks	2,730,801			1,708,085		
Residential mortgages	159,628	1,121	0.70%	149,411	2,382	1.59%
Consumer loans	80,537	4,484	5.57%	107,327	5,790	5.39%
Corporate loans	2,258,077	65,229	2.89%	1,418,132	86,116	6.07%
Other loans, bonds and advances to customers	711,374	55,505	7.80%	627,603	16,383	2.61%
Total	**6,563,660**	**126,340**	**1.92%**	**4,301,976**	**110,671**	**2.57%**

The tables below present the maximum exposure of the retail- and business banking portfolio classified according to the stage of credit risk. Additionally, the amount of available collateral pertaining to each stage has been recorded.

	Business Banking					
SRD x 1,000	**2020**			**2019**		
	Maximum exposure	Collateral	Net exposure	Maximum exposure	Collateral	Net exposure
Stage 1	1,749,767	5,463,861	(3,714,094)	943,282	2,425,317	(1,482,035)
Stage 2	9,854	71,949	(62,095)	48,478	121,581	(73,104)
Stage 3	531,502	460,812	(524,395)	436,905	674,423	(237,518)
Total	**2,291,123**	**6,591,707**	**(4,300,584)**	**1,428,664**	**3,221,321**	**(1,792,657)**

	Retail Banking					
SRD x 1,000	**2020**			**2019**		
	Maximum exposure	Collateral	Net exposure	Maximum exposure	Collateral	Net exposure
Stage 1	216,517	380,450	(163,933)	245,845	381,551	(135,706)
Stage 2	18,839	24,803	(5,964)	18,176	22,598	(4,422)
Stage 3	6,168	6,371	(203)	10,509	10,942	(10,942)
Total	**241,524**	**411,624**	**(170,100)**	**274,530**	**415,093**	**(140,561)**

The tables below present the credit portfolio composition of the retail- and business banking portfolio classified according to the stage of credit risk with the Expected Credit Losses pertaining to each stage.

	Business Banking					
SRD x 1,000	**2020**			**2019**		
	Gross carrying amount	ECL	ECL %	Gross carrying amount	ECL	ECL %
Stage 1	1,749,767	611	0.03%	943,282	330	0.04%
Stage 2	9,854	21	0.2%	48,477	4,018	8.3%
Stage 3	531,502	64,613	12.2%	436,905	81,767	18.7%
Total	**2,291,123**	**65,244**	**2.8%**	**1,428,664**	**86,116**	**6.0%**

	Retail Banking					
SRD x 1,000	**2020**			**2019**		
	Gross carrying amount	ECL	ECL %	Gross carrying amount	ECL	ECL %
Stage 1	216,517	127	0.06%	245,845	138	0.06%
Stage 2	18,839	1,655	8.8%	18,176	1,518	8.4%
Stage 3	6,168	3,822	62.0%	10,509	6,515	62.0%
Total	**241,524**	**5,606**	**2.3%**	**274,530**	**8,173**	**3.0%**

The table below presents an overall view of the Expected Credit Losses for all segments for which loss allowances have been recognized.

SRD x 1,000	**2020**			**2019**		
	Gross carrying amount	ECL	ECL %	Gross carrying amount	ECL	ECL %
Business Banking	2,647,090	95,070	3.6%	1,700,772	112,603	6.6%
Retail Banking	241,524	5,604	2.3%	274,530	8,173	3.0%
Government	1,053,425	115,431	11.0%	825,950	40,481	4.9%
Total	**3,942,039**	**216,105**	**5.5%**	**2,801,254**	**161,255**	**5.8%**

Collateral and other credit enhancement

In order to mitigate the credit risk associated with an exposure and to reduce the losses incurred subsequent to a default by a counterparty, Hakrin Bank uses various credit risk mitigation techniques and instruments. The table below presents the collateral valuation model Hakrin Bank uses to value pledged assets. In order to mitigate the credit risk associated with an exposure and to reduce the losses incurred subsequent to a default by a counterparty, Hakrin Bank uses various credit risk mitigation techniques and instruments. The table below presents the collateral valuation model Hakrin Bank uses to value pledged assets.

Collateral valuation model	Cash collateral	Real estate collateral	Other collateral
Market value	100% of nominal value	100% of appraisal value	100% of nominal/appraisal value
Execution value	-	80% of appraisal value	-
Collateral value	100% of nominal value	60% of execution value	30% of nominal/appraisal value

In general, Hakrin Bank strives not to extend loans that exceed the collateral value of the pledged assets, however, other factors are also taken into account to determine the repayment capacity of its borrowers (such as company operational cash flows and prospects).

In the case a borrower defaults on his financial obligations, Hakrin Bank has the right to liquidate the pledged assets. The proceeds gathered from this liquidation can be applied towards full or partial compensation of the borrowers' outstanding exposure. In the case there is a third-party obligation, Hakrin Bank has the right to claim from that third party an amount if the customer fails on its obligations. The most common examples are guarantees (such as parent guarantees) or third-party pledged mortgages.

1.4.6 Liquidity and funding risk

Liquidity risk is the risk that Hakrin Bank will be unable to meet its liabilities/obligations as they come due, without incurring higher than expected costs. The principal objective of our liquidity management is to ensure that the funding of our activities is done in the most cost-effective way, maintaining adequate levels of liquidity, particularly during periods of adverse conditions, and complying with Central Bank of Suriname requirements.

Liquidity risk is governed in line with the principles of the three lines of defense model. The Treasury Department is in charge of liquidity management and therefore constitutes the first line of defense. The Treasury Department monitors the liquidity on a daily basis using a combination of risk indicators and risk triggers and adhering to the bank's liquidity risk policy.

1.4.6.1 Operational liquidity risk

The objective of Hakrin Bank's operational liquidity risk management is to ensure that the bank has sufficient liquidity at all times to handle customer transactions and changes in liquidity. Operational liquidity management is conducted by the Treasury department, based on estimated funding requirements. To ensure that the liquidity positions of the different currencies remain within the tolerances derived from our risk appetite, limits have been formulated for the minimum required liquidity per currency and for different time intervals. Based on these risk limits and expected withdrawals, a liquidity coverage ratio (LCR) is calculated for each currency to assess the bank's short-term resilience to meet its obligations. The table below presents the LCR at year-end in the respective currencies.

LCR	Limit (daily)	2020 (12 month rolling average)	2019 (12 month rolling average)
SRD	100%	186%	151%
USD	100%	553%	638%
EUR	100%	722%	908%

1.4.6.2 Maturity analysis

Below is a maturity analysis of Hakrin Bank’s financial liabilities over 2020 and 2019.

Maturity analysis of financial liabilities 2020 SRD x 1,000	0-1 months	1-3 months	3-12 months	1-5 years	5-10 years	>10 years	On demand	Not defined	Total
Amounts due to banks		5,000	15,614				89,682		110,295
Due to customers	5,258	35,721	505,924	1,027,211	43,576		5,066,026		6,683,716
Subordinated loans					63,093				63,093
Derivatives			197,934	826				215,113*	413,873
Total	**5,258**	**40,721**	**719,471**	**1,028,037**	**106,669**	**-**	**5,155,708**	**215,113**	**7,270,976**

*These funds relate to the seized funds by the authorities in the Netherlands for which there is no defined maturity as of the current date. When released these funds will be settled between Hakrin Bank and the Central Bank of Suriname.

Maturity analysis of financial liabilities 2019 SRD x 1,000	0-1 months	1-3 months	3-12 months	1-5 years	5-10 years	>10 years	On demand	Not defined	Total
Amounts due to banks	330,000	7,000	10,323				77,636		424,959
Due to customers	15,141	8,987	259,713	332,628	16,294		2,910,943		3,543,706
Subordinated loans									-
Derivatives		4,804	162,712					103,125*	270,641
Total	**345,141**	**20,791**	**432,748**	**332,628**	**16,294**	**-**	**2,988,579**	**103,125**	**4,239,306**

*These funds relate to the seized funds by the authorities in the Netherlands for which there is no defined maturity as of the current date. When released these funds will be settled between Hakrin Bank and the Central Bank of Suriname.

1.4.7 Market risk

Market risk refers to the risk from movements of interest rates, foreign exchange rates and prices (market value) of instruments in the money and capital markets which could negatively affect the earnings and capital of Hakrin Bank. Market risk is further classified as either interest rate risk, foreign currency risk or price risk.

- **Interest rate risk:** The risk of loss resulting from changes in interest rates. As a result of a mismatch of interest rates on assets and liabilities and/or timing differences in the maturity thereof, Hakrin Bank may suffer a loss or a decline in profit/capital.
- **Foreign exchange risk:** The risk of loss resulting from the difference between assumed and actual foreign exchange rates in the case Hakrin Bank has a long or short position (on a net basis) with regard to its assets and liabilities denominated in foreign currencies.
- **Price Risk:** The risk of loss resulting from a decline in the value of assets due to changes in the prices of financial instruments.

The Treasury department, as the first line of defense, is responsible for managing market risk on a daily basis. It does so on the basis of written policies, namely our Investment policy and Foreign Exchange policy. Furthermore, the Treasury department is guided by the Asset and Liability Committee with regards to key decisions to be taken.

1.4.7.1 Interest rate risk

The majority of the financial instruments on our balance sheet are held at fixed interest rates. The interest rate risk related to the financial instruments on our balance that have a variable interest rate, is insignificant. Taking the above into account, and the fact that our interest rate exposure is insignificant, no sensitivity analyses was performed.

1.4.7.2 Foreign exchange risk

Hakrin Bank manages its foreign exchange currency risk by using cross-currency swaps. To ensure that the currency positions remain within the tolerances derived from our risk appetite, risk limits have been formulated for the permitted open currency positions per currency (USD and EUR). Apart from internal formulated limits, we also adhere to the limits dictated by the Central Bank of Suriname (CBvS). The table below presents the NOP's at year-end in the respective currencies.

Net open currency position 2020 SRDx 1,000	EUR	USD	Total NOP	Total NOP in % of Total Equity
	(14,535)	53,668	39,133	7.80%

Sensitivity analysis FX-exposure 2020 SRDx 1,000	Effect on equity	Effect on equity
EUR & USD +10%	-3,558	-0.71%
EUR & USD +15%	-6,090	-1.21%

1.4.7.3 Price Risk

The price risk relating to Hakrin Bank's investment portfolio is managed through its investment policy. The majority of Hakrin Bank's investments are term deposits and fixed rate debt instruments, all with a hold-to-maturity strategy. With this strategy, earnings from these investments remain stable during the term of the investment, while we accept the risk of market value depreciation of the investments. Taking this into account, no sensitivity analyses was performed.

1.4.8 Solvency risk

Solvency risk is the risk of having inadequate capital to fulfil the business objectives, regulatory requirements or market expectations.

In order to maintain a sufficient level of capital and adhere to regulatory requirements, Hakrin Bank is committed to improve its solvency ratio. As part of this commitment, Hakrin Bank issued additional common shares in the end of 2019, resulting in an improvement of the solvency ratio to 11.13% (calculated as per Central Bank of Suriname guidelines) at year-end 2020, which is above the minimum regulatory requirement of 10%. The solvency ratio calculated according to IFRS, improved to 6.46% (year-end 2020) compared to the year before.

BIS ratio (%)	2020	2019
GAAP	11.13	8.58
IFRS	6.46	1.93

2 SEGMENT REPORTING

The segment reporting is in accordance with IFRS 8 Operating Segments. The segments are reported in a manner consistent with internal reporting provided to the Executive Board, which is responsible for allocating resources and assessing performance. Segment assets, liabilities, income and results are measured based on our accounting policies. Segment assets, liabilities, income and results include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Interest income is reported as net interest income because management primarily relies on net interest income as a performance measure, not gross income and expense.

Hakrin Bank N.V. is a modern full-service bank that provides banking services to customers and operates in a customer-oriented way with a primary focus on the business segment and the middle and higher income consumer segment. Hakrin Bank aims to be the preferred bank to customers, with a sublime customer experience and offers a range of products and services, based on in-depth client and sector knowledge. Within Hakrin Bank we distinguish the following segments: Business Banking and Retail Banking. The revenue received on government loans and Treasury Bills in 2020 was 18% of the Hakrin Bank's total net revenue.

Business Banking
Business Banking focuses on small and medium-sized enterprises and (large) corporate clients.

Retail Banking
Retail Banking (NTFM) provides a full range of transparent consumer loan services to individuals.
(Entity) Segment income statement for the year 2020

Loans to sectors (x SRD 1,000)

	2020	in %	2019	in %
Agricultural	143,222	4	75,028	3
Fishery	105,671	3	59,551	2
Forestry	1,031	-	0	-
Mining	154,174	4	139,896	5
Industry	421,114	11	275,662	11
Construction	73,252	2	116,176	4
Electricity, gas and hydro	-	-	13	-
Total production sector	898,464	24	666,326	25
Trade	953,497	27	534,387	21
Transport, depot and communication	65,975	2	11,883	-
Service	371,708	10	267,454	10
House-building	158,723	4	147,653	6
Consumer loans	77,797	2	103,087	4
Others	127,277	3	51,802	2
Total other sectors	1,754,977	48	1,116,266	43
Total private sector	2,653,441	72	1,782,592	68
Business segment	2,289,644	86	1,480,050	83
Retail segment	363,797	14	302,542	17
Government loans	523,810	14	448,910	17
Total commercial loans	3,177,251	86	2,231,502	85
Government bonds	529,694	14	383,950	15
General total	3,706,945	100	5,615,452	100

INCOME	Hakrin Bank (Business Banking)	NTFM (Retail Banking)	HRE	Eliminations	Total
Interest income calculated using the effective interest method	257,920,678	41,517,923	-	(18,914,071)	280,524,530
Interest expense calculated using the effective interest method	115,746,022	18,425,509	490,794	(18,914,071)	115,748,254
Net interest income	**142,174,656**	**23,092,414**	**(490,794)**	**-**	**164,776,276**
Fee and commission income	208,716,705	5,466,782	-	(300,249)	213,883,238
Fee and commission expense	130,127,957	8,294	-	-	130,136,251
Net fee and commission income	**78,588,748**	**5,458,488**	**-**	**(300,249)**	**83,746,987**
Other operating income	14,475,034	-	7,150,863	-	21,625,897
Operating income	**235,238,438**	**28,550,902**	**6,660,069**	**(300,249)**	**270,149,160**
EXPENSES					
Personnel expenses	92,365,361	10,821,246	-	-	103,186,607
General and administrative expenses	67,161,177	3,671,269	157,392	(300,249)	70,689,589
Depreciation of tangible and intangible assets	14,843,084	-	-	-	14,843,084
Operating expenses	**174,369,622**	**14,492,515**	**157,392**	**(300,249)**	**188,719,280**
Impairment charges on financial instruments	37,660,685	(2,532,935)	-	-	35,127,750
Total expenses	**212,030,307**	**11,959,580**	**157,392**	**(300,249)**	**223,847,030**
Profit/(loss) before taxation	23,208,131	16,591,322	6,502,677	-	46,302,130
Income tax expense	8,354,927	5,972,876	2,611,660	-	16,939,463
Profit/(loss) for the period	**14,853,204**	**10,618,446**	**3,891,017**	**-**	**29,362,667**
Profit/(loss) Subsidiaries after taxation	14,509,463				
Consolidated Profit/(loss) for the period	**29,362,667**				

(Entity) Segment income statement for the year 2019

INCOME	Hakrin Bank (Business Banking)	NTFM (Retail Banking)	HRE	Eliminations	Total
Interest income calculated using the effective interest method	245,170,286	47,255,268	-	(20,504,133)	271,921,421
Interest expense calculated using the effective interest method	114,108,916	20,298,489	208,501	(20,504,133)	114,111,773
Net interest income	**131,061,370**	**26,956,779**	**(208,501)**	**-**	**157,809,648**
Fee and commission income	72,976,200	4,487,937	-	(182,658)	77,281,479
Fee and commission expense	9,957,121	5,716	-	-	9,962,837
Net fee and commission income	**63,019,079**	**4,482,221**	**-**	**(182,658)**	**67,318,642**
Other operating income	9,972,582	-	-	-	9,972,582
Operating income	**204,053,031**	**31,439,000**	**(208,501)**	**(182,658)**	**235,100,872**
EXPENSES					
Personnel expenses	80,296,395	11,526,203	-	-	91,822,598
General and administrative expenses	51,976,194	3,687,395	48,712	(182,658)	55,529,643
Depreciation of tangible and intangible assets	13,812,446	-	-	-	13,812,446
Operating expenses	**146,085,035**	**15,213,598**	**48,712**	**(182,658)**	**161,164,687**
Impairment charges on financial instruments	119,757,750	8,094,300	-	-	127,852,050
Total expenses	**265,842,785**	**23,307,898**	**48,712**	**(182,658)**	**289,016,737**
Profit/(loss) before taxation	(61,789,754)	8,131,102	(257,213)	-	(53,915,865)
Income tax expense	-	2,927,197	-	-	2,927,197
Profit/(loss) for the period	**(61,789,754)**	**5,203,905**	**(257,213)**	**-**	**(56,843,062)**
Profit/(loss) Subsidiaries after taxation	4,946,692				
Profit/(loss) for the period	**(56,843,062)**				

Business Banking

The net profit of Business Banking at December 31, 2020 amounted SRD 14,853,204 (2019: -61,789,754). This negative net profit in 2019 is mainly due to the transition from GAAP to IFRS. Net interest income increased by 8.5% to SRD 142,174,656 (2019: SRD 131,061,370) due to the devaluation of the SRD. The 25% increase in the net fee and commission compared with 2019 is mainly caused by a higher fee income being generated from FX trading in foreign exchange. The main cause of the increase in other operating income by SRD 4,502,452 is the increase in results from financial transactions that were driven by the devaluation of the SRD, also the increase in disposal of operating activities, mainly due to an increase as a result of proceeds received from the sale of property and bonds. The increase of operating expenses is mainly caused by the increase of salaries due to Union Labor negotiations. Also an increase of IT costs due to higher maintenance costs for computer and computer hardware, security- related costs, and operational cost due to costs which relates to 'work from home'. Furthermore, the increase in housing, mainly due to an increase in the interior costs, long leases and rental costs. The decrease in impairment is mainly due to an improvement of the loan portfolio.

Retail Banking (NTFM N.V.)

Retail Banking's net profit increased by 104.0% to SRD 10,618,446. This was driven by lower operating expenses and lower impairments compared to 2019. Net interest income decreased by 14.3% to SRD 23,092,414 (2019: SRD 26,956,779). The decrease was due to a decline in consumer loan volumes. Net fee and commission income increased by SRD 976,267 to SRD 5,458,488 due to higher assets management fees. Personnel expenses decreased by SRD 704,957 in 2020 to SRD 10,821,246. This was mainly due to the decrease in the total income. In accordance with the charging basis of Hakrin Bank N.V. to NTFM N.V. dated July 9, 2016, the personnel costs are charged with 23% of the total income on to the Hakrin Bank N.V. General and administrative expenses remain stable at SRD 3,671,269 in 2020 (2019: SRD 3,687,395). The impairment charges on financial instruments relate to a release of SRD 2,532,935 in 2020 compared to an addition of SRD 8,094,300 in 2019. The change in impairment is caused by IFRS, were in contrary to GAAP, provides for a loan portfolio taking into account the value of the collateral.

Assets and liabilities per segment 2020

	Hakrin Bank (Business Banking)	NTFM (Retail Banking)	HRE	Eliminations	Total
ASSETS					
Financial investments at fair value through P&L	70,090,000	-	15,357,176	-	85,447,176
Derivatives	355,967,332	-	-	-	355,967,332
Debt instruments at fair value through OCI	1,225,178,645	-	-	-	1,225,178,645
Residential mortgages	-	151,589,395	-	-	151,589,395
Consumer loans	-	67,662,749	-	-	67,662,749
Loans, bonds and advances at amortized cost	2,761,961,598	-	-	-	2,761,961,598
Other	4,113,034,503	8,297,552	-	(231,516,385)	3,889,815,670
Total assets	**8,526,232,078**	**227,549,696**	**15,357,176**	**(231,516,385)**	**8,537,622,565**
LIABILITIES					
Derivatives	424,195,090	-	-	-	424,195,090
Current accounts	3,291,891,770	-	-	-	3,291,891,770
Demand deposits	1,774,131,423	3,033	-	-	1,774,134,456
Time deposits	1,742,202,526	-	-	-	1,742,202,526
Other due to customers	286,284,719	6,430,623	-	(3,928,639)	288,786,703
Other	1,007,526,550	221,116,040	15,357,176	(227,587,746)	1,016,412,020
Total liabilities	**8,526,232,078**	**227,549,696**	**15,357,176**	**(231,516,385)**	**8,537,622,565**

Assets and liabilities per segment 2019

	Hakrin Bank (Business Banking)	NTFM (Retail Banking)	HRE	Eliminations	Total
ASSETS					
Financial investments at fair value through P&L	125,732,000	-	8,102,559	-	133,834,559
Derivatives	272,108,480	-	-	-	272,108,480
Debt instruments at fair value through OCI	616,939,804	-	-	-	616,939,804
Residential mortgages	-	151,320,585	-	-	151,320,585
Consumer loans	-	99,785,668	-	-	99,785,668
Loans, bonds and advances at amortized cost	1,892,447,785	-	-	-	1,892,447,785
Other	2,584,331,997	9,917,882	-	(264,219,751)	2,330,030,128
Total assets	**5,491,560,066**	**261,024,136**	**8,102,559**	**(264,219,751)**	**5,496,467,009**
LIABILITIES					
Derivatives	298,245,740	-	-	-	298,245,740
Current accounts	1,842,189,484	-	-	-	1,842,189,484
Demand deposits	1,068,750,994	2,909	-	-	1,068,753,903
Time deposits	1,241,061,095	-	-	-	1,241,061,095
Other due to customers	88,511,297	5,924,674	-	(3,188,436)	91,247,535
Other	952,801,456	255,096,551	8,102,559	(261,031,314)	954,969,252
Total liabilities	**5,491,560,066**	**261,024,134**	**8,102,559**	**(264,219,750)**	**5,496,467,009**

3. OVERVIEW OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASE

DECEMBER 31, 2020

	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Financial assets				
Cash and cash equivalents	623,240,250			623,240,250
Derivatives		355,967,332		355,967,332
Financial investments at fair value through P&L		85,447,176		85,447,176
Debt instruments at fair value through OCI			1,225,178,645	1,225,178,645
Amounts due from banks	2,730,801,399			2,730,801,399
Residential mortgages	151,589,395			151,589,395
Consumer loans	67,662,749			67,662,749
Loans, bonds and advances at amortized cost	2,761,961,598			2,761,961,598
Total financial assets	**6,335,255,391**	**441,414,508**	**1,225,178,645**	**8,001,848,544**
Financial liabilities				
Derivatives		424,195,090		424,195,090
Due to banks	110,687,175			110,687,175
Current accounts	3,291,891,770			3,291,891,770
Demand deposits	1,774,134,456			1,774,134,456
Time deposits	1,742,202,526			1,742,202,526
Other due to customers	288,786,703			288,786,703
Subordinated liabilities	63,093,098			63,093,098
Due to related parties	117,187,651			117,187,651
Total financial liabilities	**7,387,983,379**	**424,195,090**	**-**	**7,812,178,469**

December 31, 2020

	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Financial assets				
Cash and cash equivalents	291,418,257			291,418,257
Derivatives		272,108,480		272,108,480
Financial investments at fair value through P&L		133,834,559		133,834,559
Debt instruments at fair value through OCI			616,939,804	616,939,804
Amounts due from banks	1,708,085,809			1,708,085,809
Residential mortgages	151,320,585			151,320,585
Consumer loans	99,785,668			99,785,668
Loans, bonds and advances at amortized cost	1,829,447,785			1,892,447,785
Total financial assets	**4,143,058,104**	**405,943,039**	**616,939,804**	**5,165,940,947**
Financial liabilities				
Derivatives		298,245,740		298,245,740
Amounts due to banks	429,575,655			429,575,655
Current accounts	1,842,189,484			1,842,189,484
Demand deposits	1,068,753,903			1,068,753,903
Time deposits	1,241,061,095			1,241,061,095
Other due to customers	91,247,535			91,247,535
Subordinated liabilities	-			-
Due to related parties	101,902,318			101,902,318
Total financial liabilities	**4,774,729,990**	**298,245,740**	**-**	**5,072,975,730**

4. NET INTEREST INCOME

Interest income and expense on financial instruments is recognized in the income statement on an accrual basis using the effective interest rate method, except for those financial instruments measured at fair value through profit or loss. The effective interest rate method allocates interest, amortization of any discount or premium or other differences, including transaction costs and qualifying fees and commissions, over the expected lives of the assets and liabilities. The effective interest rate is the rate that exactly discounts estimated future cash flows to the net carrying amount of the asset. As a result, this method requires Hakrin Bank to estimate future cash flows, in some cases based on its experience of customer behavior, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities. Interest on loans and advances measured at fair value through profit or loss is also included in net interest income and recognized using the contractual interest rate. Interest income and expense on trading balances is included in net trading income. Interest paid on assets with a negative interest yield is classified as interest expense. Interest received from liabilities with a negative interest yield is classified as interest income.

The net interest income is specified in the following table.

	2020	2019
Interest income from:		
Loans and advances to banks	17,076,295	18,917,070
Loans and advances to customers	204,632,285	217,803,125
Loans and advances to government	20,221,813	3,885,525
Bonds	36,137,955	29,782,356
Other	2,456,182	1,533,345
Total interest income	280,524,530	271,921,421
Interest expenses from:		
Amounts due to banks	1,780,812	2,359,043
Due to customers	111,841,109	111,403,679
Subordinated liabilities	1,627,404	-
Other	498,929	349,051
Total interest expenses	115,748,254	114,111,773
Net interest income	**164,776,276**	**157,809,648**

Net interest income amounted to SRD 164,776,276; an increase of SRD 6,966,628 compared to 2019. This increase is mainly due to an increase in total interest income with SRD 8,603,109 which is caused by a significant increase in the interest income of loans and advances to government and also interest on bonds. These increases are a result of the devaluation of the SRD.

The increase was offset by an increase in total interest expenses with SRD 1,636,481 which was due to interest expenses on the subordinated loans issued in 2020. There were no subordinated loans issued in 2019.

5. NET FEE AND COMMISSION INCOME

Hakrin Bank applies IFRS 15 when recognizing revenue from contracts with customers, all of which is included in the net fee and commission income. After identifying contracts and their performance obligations, revenue is recognized as an amount that reflects the consideration to which the bank expects to be entitled in exchange for transferring promised services to customers. The transaction price is allocated to each performance obligation. Revenue is measured at the fair value of the consideration received, taking into account discounts. The amount of revenue recognized is discounted to the present value of consideration due, if payment extends beyond normal credit terms.

Revenue is recognized when a promised service is transferred to the customer. Fees and commissions are recognized either:

- At a point in time: the fee is a reward for a service provided at a moment in time; or
- Over time (amortized): the fee relates to services on an ongoing basis.

Hakrin Bank engages in transactions where more than one party is involved in providing services to a customer. In the case of these transactions, Hakrin Bank assesses whether it is a principal or an agent in the transaction by evaluating the nature of its promise to the customer.

The bank is a principal if it controls the promised goods or services before they are transferred to a customer. The bank is acting as an agent, of another party, if it provides a service of arranging for another party to transfer goods or services to a customer and, as a result, does not control the specified goods or services. Control of goods and services refers to the ability to direct the use of, and obtain substantially all the remaining benefits from, the goods and services.

If the bank is assessed to be a principal in the transaction, it recognizes revenue in the net amount of the consideration to which it expects to be entitled in exchange for the specified goods or services transferred. If, however, the bank acts as an agent, it recognizes revenue in the amount of the fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party. The fee or commission may be the net amount of consideration that the bank retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

The net fee and commission income is specified in the following table

	2020	2019
Fee and commission income from:		
Securities and custodian services	1,211,518	1,026,393
Payment services	37,434,008	32,625,351
Portfolio management and trust fees	2,709,740	11,833,184
Guarantees and commitment fees	2,109,356	2,385,734
Insurance and investment fees	4,732,429	4,035,879
Commission fees FX trading	152,446,838	17,398,081
Service charges	9,625,701	4,745,679
Administration fees	2,917,430	2,052,818
Other service fees	696,218	1,178,360
Total fee and commission income	**213,883,238**	**77,281,479**
Fee and commission expenses from:		
Payment services	4,291,921	4,958,990
Portfolio management and trust fees	705,268	-
Commission fees FX trading	125,056,744	4,998,131
Other service fees	82,318	5,716
Total fee and commission expenses	130,136,251	9,962,837
Net fee and commission income	**83,746,987**	**67,318,642**

Net fee and commission income increased by SRD 16,428,345 in 2020 compared to 2019. This increase is mainly due to an increase in total fee and commission income by SRD 136,601,759 compared to 2019, mainly due to higher fee income being generated from FX trading in foreign exchange. This increase was partly offset by an increase in total fee and commission expenses with SRD 120,173,414, which was driven by an increase in Commission fees FX trading as a result of commissions paid for FX trading activities.

6. OTHER OPERATING INCOME

Other operating income relates to all other banking activities such as operating lease activities as lessor and results on the disposal of assets. It also includes the change in fair value of derivatives used for risk management purposes that do not meet the requirements for hedge accounting, ineffectiveness of hedging programs, fair value changes relating to assets and liabilities measured at fair value through profit or loss, and changes in the value of derivatives related to such instruments. Dividend income from non-trading equity investments is recognized when entitlement is established. Income from operating lease activities is measured net of depreciation of the related assets.

	2020	2019
Leasing activities	22,560	45,120
Disposal of operating activities	9,958,293	63,168
Result from financial transactions	11,627,368	9,700,720
Other	17,676	163,574
Total other operating income	**21,625,897**	**9,972,582**

Other operating income increased by SRD 11,653,315 to SRD 21,625,897, mainly due an increase in result from financial transactions and disposal of operating activities.
The result from financial transactions increased by SRD 1,926,648 to SRD 11,627,368 in 2020. The increase in result from financial transactions was driven by the devaluation of the SRD.

Disposal of operating activities increased by SRD 9,895,125 to SRD 9,958,293, mainly due to an increase as a result of proceeds received from the sale of property and bonds.

7. PERSONNEL EXPENSES

Salaries and wages, social security charges and other salary-related costs are recognized over the period in which the employees provide the services to which the payments relate. The accounting policies for pensions and other post-retirement benefits are included in Note 26.

	2020	2019
Salaries and wages	84,170,451	71,986,404
Social security charges	4,940,456	5,916,393
Defined contribution plan expenses	10,228,929	8,285,821
Other	3,846,771	5,633,980
Total personnel expenses	**103,186,607**	**91,822,598**

Total personnel expenses for 2020 increased by SRD 11,364,009 to SRD 103,186,607. This increase mainly relates to salaries and wages, which increased by SRD 12,184,047 to SRD 84,170,451 and is caused by an increase of salaries due to Union Labor negotiations. Also, the increase relates to defined contribution plan expenses, which increased by SRD 1,943,108 to SRD 10,228,929, due to salary increases in 2020.

8 GENERAL AND ADMINISTRATIVE EXPENSES

Costs are recognized in the period in which services have been provided.

	2020	2019
Agency staff, contractors and consultancy costs	9,776,289	8,279,264
Staff related costs	1,736,545	1,795,043
Information technology costs	22,101,096	16,273,406
Housing	15,293,382	11,780,692
Postage, telephone and transport	7,540,813	5,839,996
Marketing and public relations costs	3,238,963	2,981,516
Regulatory charges	3,062,052	2,766,366
Mastercard operating costs and fees	7,187,501	5,196,671
Other	752,948	616,689
Total general and administrative expenses	**70,689,589**	**55,529,643**

Total general and administrative expenses increased by SRD 15,159,946 to SRD 70,689,589 in 2020. This increase mainly relates to IT costs which increased by SRD 5,827,690 due to higher maintenance costs for computer and computer hardware, security related costs and operational costs in 2020. Also higher costs due to costs which relates to 'work from home'. Furthermore, the increase relates to Housing which increased by SRD 3,512,690 in 2020, mainly due to increase of the furniture costs, lease and rental costs. The Mastercard operating costs and fees increased by SRD 1,990,830 due to the devaluation of the SRD. Also Agency staff, contractors and consultancy costs increased by SRD 1,497,025, which is mainly due to an increase of audit and consultancy fees in 2020.

9 INCOME TAX EXPENSES, TAX ASSETS AND TAX LIABILITIES

Income tax expense consists of current and deferred tax. Income tax is recognized in the income statement and in the statement of other comprehensive income in the period in which taxable profits arise. Income tax recoverable on tax-allowable losses is recognized as a current tax asset only to the extent that it is regarded as recoverable by offsetting against taxable profits arising in the current period. Current tax is measured using tax rates enacted at the statement of financial position date. Deferred tax is recognized for qualifying temporary differences. Temporary differences represent the difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered.

Reconciliation of the total tax charge

The effective tax rate recorded in the consolidated income statement differs from the fiscal rate that would arise using the statutory tax rate of Suriname. This difference is explained in the table below.

	2020	Effective tax rate	2019	Effective tax rate
Profit/(loss) before taxation	46,302,130		(53,915,865)	
Applicable tax rate	36.0%		36.0%	
Expected income tax expense	16,668,767		-	
Subsidiaries tax effects	270,696		2,927,197	
Actual income tax expenses	**16,939,463**	**36,6%**	**2,927,197**	**5,4%**

Tax assets and liabilities

The most significant temporary differences arise from the revaluation of certain financial assets and liabilities, allowances for loan impairments and investments. The table below provides an overview of the tax assets and tax liabilities.

	December 31, 2020		**December 31, 2019**	
	Assets	Liabilities	Assets	Liabilities
Current tax	-	6,642,020	-	5,573,741
Deferred tax	4,424,223	117,142,396	4,424,223	54,612,771
Total tax assets and liabilities	**4,424,223**	**123,784,416**	**4,424,223**	**60,186,512**

The following table shows an overview of the total income tax payables.

	2020	2019
Actual income tax payable	**16,939,463**	**2,927,197**
Tax effect of items that are adjusted in determining taxable profit:		
non taxable unrealized foreign exchange gains	(2,664,733)	-
Tax depreciation lower than commercial depreciation	820,456	-
	15,095,186	**2,927,197**
Prepaid income tax (SAS)	(13,038,380)	(2,927,197)
Tax payables:		
Income tax (SAS)	14,916	5,282,748
Income tax on gain on sale of discontinued operation	232,801	141,969
General old-age provisions to be paid	4,337,497	149,024
Total income tax expenses	**6,642,020**	**5,573,741**

The significant components and annual movements in deferred tax assets and deferred tax liabilities are shown in the following tables.

	2020	2019
Balance as at 1 January	4,424,223	3,668,790
Income tax receivable prior years	-	755,433
Deferred tax assets	**4,424,223**	**4,424,223**

	2020	2019
Balance as at 1 January	54,612,771	54,271,601
Property & equipment and Intangible assets	61,466,333	(417,098)
Unrealized foreign exchange differences	1,063,292	758,268
Deferred tax liabilities	**117,142,396**	**54,612,771**

Deferred tax assets
Deferred tax assets are recognized to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered. Recognition is based on estimates of sufficient taxable income and the period over which deferred tax assets are recoverable. In the event that actual results differ from these estimates in future periods, changes to the recognition of deferred tax assets could be required and these could impact our financial position and net profit.

Tax credits and unrecognized tax credits
Hakrin Bank does not have any carry-forward tax credits on December 31, 2020.

Tax related to equity
Tax related to each component of other comprehensive income and tax related to equity can be found in the consolidated statement of comprehensive income and the consolidated statement of changes in equity.

Tax on each component of other comprehensive income is as follows:

	2020			2019		
	Before Tax	Tax	After Tax	Before Tax	Tax	After Tax
Remeasurement gains/(losses) on defined contribution plans¹	18,826,124	-	18,826,124	478,517	-	478,517
Gains/(losses) on revaluation of properties	166,886,791	(60,685,347)	106,201,444	(4,887,618)	-	(4,887,618)
(Un)realized gains/(losses) fair value through OCI²	9,070,781	-	9,070,781	2,009,369	-	2,009,369
Total	**194,783,696**	**(60,685,347)**	**134,098,349**	**(2,399,732)**	**-**	**(2,399,733)**

[1] *The remeasurement gains/(losses) on defined contribution plans are recognized in the P&L.*
[2] *The bonds are classified as hold to maturity.*

Income tax consequences on dividend
The Executive Board proposes, subject to approval by the Supervisory Board, not to pay out a final dividend on the ordinary shares. Dividend paid will be subject to a 25% dividend tax.

10. EARNINGS PER SHARE
The following table shows the composition of basic earnings per share.

	2020			2019		
	Profit/(loss) for the period	Number of shares issued	Earnings per share (in SRD)	Profit/(loss) for the period	Number of shares issued	Earnings per share (in SRD)
Basic earnings	29,362,667	642,520	45.70	(56,843,062)	522,998	(108.69)

Hakrin Bank N.V. discloses ordinary shares, which are calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares outstanding. The earnings per share in 2020 amounted to SRD 45.70 (2019: SRD -108,69). In the light of the level of the BIS-ratio, which was lower than the mandatory 10% level of the CBvS, and in line with our capital and dividend policy and in accordance with the solvency guideline of the CBvS, it was proposed not to distribute a dividend for the financial year 2019.

11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are held at amortized cost. This item includes cash on hand and other cash equivalents and available demand deposits with the Central Bank of Suriname. The mandatory reserves at the Central Bank of Suriname are disclosed in Note 16.

	December 31, 2020	December 31, 2019
Assets		
Cash on hand and other cash equivalents	158,356,805	144,830,053
Demand deposits at the Central Bank of Suriname	464,883,445	146,588,204
Total cash and balances at central banks	**623,240,250**	**291,418,257**

Cash and cash equivalents increased by SRD 331,821,993 to SRD 623,240,250 at December 31, 2020. This increase is mainly caused by the devaluation of the SRD and an increase in the demand deposits in foreign currency at the CBvS.

12 DERIVATIVES

Derivatives comprise derivatives held for trading and derivatives held for risk management purposes. Derivatives held for trading are closely related to facilitating the needs of our clients. Hakrin Bank also offers products that are traded on the financial markets to institutional and individual clients.

Derivative assets and liabilities subject to master netting arrangements are presented net only when they satisfy the eligibility requirements for netting under IAS 32. Hakrin Bank did not have any netted derivative positions in the statement of financial position in either 2020 or 2019.

From a risk perspective, the gross amount of trading assets must be associated with the gross amount of trading liabilities, which are presented separately in the statement of financial position.

	December 31, 2020	December 31, 2019
Derivative assets	355,967,332	272,108,480
Derivative liabilities	424,195,090	298,245,740

The derivative assets increased by SRD 83,858,852 to SRD 355,967,332 at December 31, 2020 and the derivatives liabilities increased by SRD 125,949,350 to SRD 424,195,090 at December 31, 2020. The increase in derivative assets is mainly due to the devaluation of the SRD and the increase in derivative liabilities is due to the devaluation of the SRD and due to impairment.

	2020	
	Derivative Assets	Derivative Liabilities
Balance as at 1 January	272,108,480	298,245,740
Investments	53,715,176	53,715,176
Divestments	(102,508,232)	(102,508,232)
Foreign exchange differences	132,651,908	144,915,976
Impairment	-	29,826,430
Balance as at 31 December	**355,967,332**	**424,195,090**

	2019	
	Derivative assets	Derivative liabilities
Balance as at 1 January	298,438,800	300,932,632
Investments	72,339,480	72,339,480
Divestments	(96,989,800)	(96,989,800)
Foreign exchange rate differences	(1,680,000)	(4,524,572)
Impairment	-	26,488,000
Balance as at 31 December	**272,108,480**	**298,245,740**

The maturities of the derivatives assets and liabilities are shown in the following tables.

2020		2019	
MATURITIES	Fair value	**MATURITIES**	Fair value
6 months	USD 3,000,000	2 months	USD 315,000
12 months	USD 11,120,000	2 months	EUR 300,000
24 months	EUR 48,000	12 months	USD 22,000,000
not applicable[1]	EUR 12,500,000	not applicable[1]	EUR 12,500,000

[1] These derivatives will be settled between de Hakrin Bank and the CBvS when the seized funds will be released by the authorities in the Netherlands.

The derivative assets and liabilities are classified as fair value level 3 (unobservable inputs).

13 OVERVIEW OF THE MANDATORY RESERVES

	Note	December 31, 2020	December 31, 2019
Mandatory reserves at Foreign Banks:			
Deposits	14	70,090,000	125,732,000
Corporate bonds	15	119,853,900	141,633,400
Government bonds	15	203,261,000	73,960,000
Nostro accounts	16	317,623,629	62,843,372
Total mandatory reserves at foreign banks		**710,828,529**	**404,168,772**
Mandatory reserves at the Central Bank of Suriname:			
Deposits		386,034,212	448,654,774
Ring-fenced funds[1]		1,097,846,800	574,512,800
Total mandatory reserves at the Central Bank of Suriname	**16**	**386,034,212**	**448,654,774**
Total mandatory reserve deposits		**1,097,846,800**	**574,512,800**

The required mandatory reserves ratio's by the Central Bank of Suriname:
(the required mandatory reserves 'ring-fenced funds' are included)

CURRENCY	2020	2019
SRD	39%	35%
USD	50%	50%
EUR	50%	50%

The required mandatory reserves 'ring-fenced funds' ratio's by the Central Bank of Suriname:

CURRENCY	2020	2019
USD	25%	Not applicable
EUR	35%	Not applicable

The SRD mandatory reserve percentage was increased by four percent (from 35% to 39%) on December 30, 2020.

Mandatory reserve deposits are held at the Central Bank of Suriname and foreign banks in accordance with statutory requirements. These deposits are not available to finance Hakrin Bank's day-to-day operations.

These Funds are "ringfenced" which means that these funds are deposited in a separate account with a correspondent bank by the Central Bank of Suriname.

The ringfenced mandatory reserves at the Central Bank of Suriname comprises of:

- Bonds (Wells Fargo and Raymond James)
- Cash
- Gold

14 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH P&L

Financial investments include instruments measured at fair value through other comprehensive income (FVOCI) and instruments measured at fair value through profit or loss (FVTPL).

Financial instruments measured at fair value through profit and loss
Financial investments can be designated at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch). Hakrin Bank has the following financial instruments that are classified as FVTPL:

- Mandatory reserve deposits (Financial investment)
- Investment in Real Estate (Financial investment)

(IN SRD)	December 31, 2020	December 31, 2019
Term deposits at foreign banks[1]	70,090,000	125,732,000
Real estate investments	15,357,176	8,102,559
Total Financial investments at FVTPL	**85,447,176**	**133,834,559**

[1] *Mandatory reserves*

Financial investments decreased by SRD 48,387,383 to SRD 85,447,176 at December 31, 2020. The decrease in financial investments was mainly due to transferred mandatory reserves to the so-called ringfenced accounts, which are managed by the Central Bank of Suriname.

The maturities, principal amount and average interest rates of the Mandatory reserve deposits are disclosed in the tables below.

	2020			
MATURITIES TIME DEPOSITS	Principal amount		Average interest rate	
	USD	EUR	USD	EUR
12 months	3,000,000	-	0.30%	-
Call option	2,000,000	-	0.06%	-

MATURITIES TIME DEPOSITS	2019			
	Principal amount		Average interest rate	
	USD	EUR	USD	EUR
9 months	2,500,000	-	2.64%	-
10months	2,500,000	-	2.65%	-
12 months	10,000,000	-	2.71%	-
Call option	2,000,000	-	0.06%	-

The mandatory reserve deposits at foreign banks are held at the fair value level 1.

The overall mandatory reserves are disclosed in note 13.

15 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OCI

A debt instrument is classified as subsequently measured at fair value through other comprehensive income (FVOCI) under IFRS 9 if it meets both of the following criteria:

1. Hold to collect and sell business model test: a business model whose objective is achieved by both holding the financial asset in order to collect contractual cash flows and selling the financial asset.
2. SPPI contractual cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Unrealized gains and losses on FVOCI assets are recognized directly in other comprehensive income, net of applicable taxes. Interest earned, premiums, discounts and qualifying transaction costs of interest-earning FVOCI assets are amortized to income on an effective interest rate basis. When FVOCI debt instruments are sold, collected or impaired, the cumulative gain or loss recognized in other comprehensive income is transferred to other operating income in the income statement. Fair value changes in equity instruments that are irrevocably designated as FVOCI upon initial recognition are recognized in other comprehensive income and not subsequently reclassified to the income statement.

Hakrin Bank has the following financial instruments (Debt instruments) that are classified as FVTOCI:
- Corporate bonds
- US Treasury bills
- Government bonds

(IN SRD)	2020	2019
Debt instruments at fair value through OCI	1,225,178,645	616,939,804

	2020		
	Corporate bonds	Government bonds	Total bonds
Balance as at 1 January	186,538,066	430,401,737	616,939,803
Investments	-	543,992,245	543,992,245
Divestments	(267,996,403)	-	(267,996,403)
Unrealized Gains/(Losses)	1,985,410	7,085,371	9,070,781
Foreign exchange differences	244,834,211	145,777,983	390,612,194
Other	-	(7,513,579)	(7,513,579)
Impairment	-	(59,926,396)	(59,926,396)
Balance as at 31 December	**165,361,284**	**1,059,817,361**	**1,225,178,645**

	2019		
	Corporate bonds	Government bonds	Total bonds
Balance as at 1 January	175,055,981	376,280,934	551,336,915
Investments	63,397,817	75,495,901	138,893,718
Divestments	(26,980,108)	-	(26,980,108)
Unrealized Gains/(Losses)	1,457,500	551,869	2,009,369
Foreign exchange differences	(26,393,124)	10,615,646	(15,777,478)
Other	-	(8,444,331)	(8,444,331)
Impairment	-	(24,098,281)	(24,098,281)
Balance as at 31 December	**186,538,066**	**430,401,738**	**616,939,804**

Debt instruments increased by SRD 608,238,841 to SRD 1,225,178,645 at December 31, 2020. This increase was mainly a result of the increase in Treasury Bills and also the devaluation of the SRD.

The maturities, face values and average interest rates are included in the tables below.

CORPORATE BONDS:

2020			2019		
Maturities	Face value	Average interest rate	Maturities	Face value	Average interest rate
29 months	USD 2,000,000	3.63%	21 months	USD 1,000,000	2.25%
35 months	USD 300,000	2.50%	29 months	USD 3,000,000	3.33%
36 months	USD 3,400,000	2.63%	30 months	USD 1,000,000	2.70%
38 months	USD 2,000,000	2.03%	31 months	USD 1,000,000	2.25%
49 months	USD 750,000	1.85%	32 months	USD 1,750,000	2.00%
60 months	USD 100,000	1.88%	33 months	USD 1,000,000	2.00%
			34 months	USD 3,250,000	3.06%
			35 months	USD 300,000	2.50%
			36 months	USD 3,650,000	2.54%
			38 months	USD 2,000,000	2.03%
			45 months	USD 100,000	1.92%
			49 months	USD 750,000	1.85%
			56 months	USD 100,000	3.28%
			60 months	USD 100,000	1.88%

Government bonds:

2020			2019		
Maturities	Face value	Average interest rate	Maturities	Face value	Average interest rate
Zero coupons	USD 30,000,000	0.00%	12 months	USD 10,003,659	2.50%
6 months	USD 10,000,000	3.56%	18 months	USD 5,000,000	4.50%
12 months	USD 10,003,659	2.00%	19 months	USD 2,500,000	2.75%
24 months	USD 6,000,000	2.00%	24 months	USD 6,000,000	3.00%
25 months	USD 2,500,000	2.25%	25 months	USD 2,500,000	2.25%
28 months	USD 2,500,000	2.63%	28 months	USD 2,500,000	2.63%
32 months	USD 2,500,000	2.88%	32 months	USD 2,500,000	2.88%
12 months	SRD 201,197,993	9.00%	12 months	SRD 199,692,046	10.29%

The bond credit ratings are shown in the tables below:

Corporate bonds:

2020		2019	
Face value	Rating	Face value	Rating
USD 1,300,000	AAA	USD 3,050,000	AAA
USD 1,100,000	AA1	USD 2,100,000	AA1
USD 100,000	AA2	USD 850,000	AA2
USD 500,000	A3	USD 1,100,000	AA3
USD 2,000,000	A2	USD 2,100,000	A3
USD 3,550,000	A1	USD 2,500,000	A2
		USD 7,300,000	A1

GOVERNMENT BONDS:

2020			2019		
	Face value	Rating		Face value	Rating
USD	42,500,000	AAA	USD	10,000	AAA
USD	21,003,659	Not applicable	USD	21,003,659	Not applicable
SRD	201,197,993	Not applicable	SRD	199,692,046	Not applicable

The overall mandatory reserves are disclosed in note 13.

16 AMOUNTS DUE FROM BANKS

Amounts due from banks and loans and advances to customers are held in a ‘hold to collect’ business model. Reference is made to Note 1 Accounting policies in the consolidated annual financial statements and to the Credit Risk Management section (Accounting policy for measuring allowances for credit losses).

	December 31, 2020	December 31, 2019
Interest-bearing deposits	312,555,500	143,940,000
Nostro accounts	472,555,735	395,393,212
Mandatory reserve nostro accounts	317,623,629	62,843,372
Mandatory reserve deposits at the Central Bank of Suriname[1]	1,483,881,012	1,023,167,574
Other	144,185,523	82,741,651
Total amounts due from banks	**2,730,801,399**	**1,708,085,809**

[1] The mandatory reserve deposits at the Central Bank of Suriname are specified in note 13.

Amounts due from banks increased by SRD 1,022,715,590 to SRD 2,730,801,399 at December 31, 2020. This increase was mainly a result of the devaluation of the SRD.

The following tables shows the change overview of the Interest-bearing deposits

2020

	Local banks	Foreign banks	Total deposits
Balance as at 1 January	**106,960,000**	**36,980,000**	**143,940,000**
Investments	-	79,034,000	79,034,000
Divestments	(4,125,000)	(36,980,000)	(41,105,000)
Foreign exchange differences	97,576,500	33,110,000	130,686,500
Balance as at 31 December	**200,411,500**	**112,144,000**	**312,555,500**

2019

	Local banks	Foreign banks	Total deposits
Balance as at 1 January	**107,704,000**	**-**	**107,704,000**
Investments	-	36,980,000	36,980,000
Divestments	-	-	-
Foreign exchange differences	(744,000)	-	(744,000)
Balance as at 31 December	**106,960,000**	**36,980,000**	**143,940,000**

The maturities, principal amount and average interest rates of the interest-bearing deposits are disclosed in the tables below.

2020

Maturities time deposits	Principal amount		Average interest rate	
	USD	EUR	USD	EUR
3 months	-	3,500,000	-	4.00%
12 months	3,000,000	-	0.24%	-
8 months	10,000,000	-	4.00%	-
Revolving credit	5,000,000	-	N/A	-

2019

Maturities time deposits	Principal amount		Average interest rate	
	USD	EUR	USD	EUR
3 months	-	-	-	4.00%
8 months	10,000,000	4,000,000	4.00%	-

The main result of the increase of the interest-bearing deposits is due to the devaluation of the SRD and due to the investment in revolving credit of USD 5 million. The time deposits (interest-bearing deposits) are held at local (SPSB Bank) and foreign banks (ABN AMRO Bank).

The mandatory reserve nostro accounts are specified in the following table.

(IN SRD)	December 31, 2020	December 31, 2019
USD mandatory reserve nostro account	286,153,400	60,175,436
EUR mandatory reserve nostro account	31,470,229	2,667,936
Total mandatory reserve nostro account	**317,623,629**	**62,843,372**

The increase of the mandatory reserve nostro accounts at December 31, 2020 is due to the devaluation of the SRD.

17 LOANS, BONDS AND ADVANCES TO CUSTOMERS

Loans and advances to customers

The accounting policy for loans and advances to customers is included in loans and advances to banks (Note 16). Reference is made to Note 1 Accounting policies in the Consolidated Annual Financial Statements and to the Credit Risk Management section (Accounting policy for measuring allowances for credit losses). Loans and advances where the contractual cash flows are solely payments of principal and interest (SPPI) are measured at amortized cost, i.e. fair value at initial recognition, adjusted for repayment and amortization of coupon, fees and expenses to represent the effective interest rate of the asset. Loans and advances that do not pass the SPPI test are measured at fair value through profit or loss.

Bonds

An investment is measured at amortized cost less any impairment losses if it is held as part of a portfolio with an underlying business model to collect contractual cash flows until maturity (hold to collect (HTC)). The cash flows of the investment shall solely consist of interest payments and principal repayments (Solely Payments of Principal and Interest, or SPPI).

	December 31, 2020	December 31, 2019
Residential mortgages, gross	159,628,816	149,411,485
Effective interest adjustment	(6,918,172)	4,291,601
Less: loan impairment allowances	1,121,249	2,382,501
Residential mortgages	**151,589,395**	**151,320,585**
Consumer loans, gross	80,537,311	107,327,225
Effective interest adjustment	(8,390,217)	(1,751,198)
Less: loan impairment allowances	4,484,345	5,790,359
Consumer loans	**67,662,749**	**99,785,668**
Corporate loans, gross	2,258,077,788	1,418,132,289
Effective interest adjustment	(86,755,671)	(50,788,776)
Less: loan impairment allowances	65,229,729	86,116,266
Corporate loans	**2,106,092,388**	**1,281,227,247**
Government loans	523,810,323	442,081,187
Bonds	35,760,502	10,129,168
Other loans	34,655,221	27,047,613
Other advances	117,148,497	148,345,781
Other loans, bonds and advances to customers, gross	711,374,543	627,603,749
Less: loan impairment allowances	55,505,333	16,383,211
Other loans, bonds and advances to customers	655,869,210	611,220,538
Loans, bonds and advances to customers	2,761,961,598	1,892,447,785
Total loans, bonds and advances to customers	**2,981,213,742**	**2,143,554,038**

Loans, bonds and advances to customers increased by SRD 837,659,704 to SRD 2,981,213,742 in 2020. This was mainly due to a significant increase in both Corporate Loans and Other loans, bonds and advances to customers. The increase in Corporate Loans by SRD 824,865,141 to SRD 2,106,092,388 is predominantly due to a larger than usual increase in the Trade-, Industry-, and Service sector and due to the devaluation of the SRD. An overall view of the loans to specific sectors is disclosed in note 2.

Furthermore, the increase relates to government loans, bonds, other loans and advances to customers which increased by SRD 44,648,672 to SRD 655,869,210, primarily due to the increase in loans granted to Small and Medium-size Enterprises.

In 2020 Consumer loans decreased by SRD 32,122,919 to SRD 67,662,749, due to the lower demand of personal loans, such as car loans, as a result of higher prices in local currency due to the devaluation.

18 BANK STRUCTURE

Subsidiaries

Hakrin Bank's subsidiaries are those entities which it directly or indirectly controls. Control over an entity is evidenced by Hakrin Bank's ability to exercise its power in order to affect the variable returns that it is exposed to through its involvement in the entity. The existence and effect of voting rights are taken into account when assessing whether control exists. The assessment of control is based on consideration of all facts and circumstances. The bank reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control (power, exposure to variability in returns, and a link between the two). The financial statements of subsidiaries are included in the consolidated annual financial statements from the date on which control commences until the date on which control ceases.

Associates

Associates are those entities in which Hakrin Bank has significant influence on, but no control or joint control over, the operating and financial policies. Significant influence is generally presumed when Hakrin Bank holds between 20% and 50% of the shares.

Investments in associates, including strategic investments, are accounted for using the equity method. Under this method, the investment is initially recorded at cost and subsequently increased (or decreased) for post-acquisition net income (or loss), other movements impacting on the equity of the investee and any adjustments required for impairment. Hakrin Bank's share of the profit or loss of the investee is recognized in Share of result in equity accounted investments. If Hakrin Bank's share of losses exceeds the carrying amount of the investment, the carrying amount is reduced to zero, including any other unsecured receivables, and recognition of further losses is discontinued except if Hakrin Bank has incurred obligations or made payments on behalf of the investee.

Palm Village (joint operations between HRE and IMS)

The Investerings Maatschappij Suriname N.V. (IMS) and the Hakrin Bank Real Estate N.V. (HRE) have decided on the basis of their respective objectives, to jointly develop a real estate project. This project regards the purchase and re-sale of sixty building plots, located in a residential area called Palm Village located in District Commewijne.

IMS and HRE have started a collaboration as partners for an undetermined time, specifically for executing a real estate project, called Palm Island, in the District of Commewijne. This collaboration entails in the first place a mutual acquisition, marketing and sales activities pertaining to the above-mentioned building plots.

All the building plots of Palm Village are set up in foundations. In accordance with the IFRS 11, foundations can be classified as joint operation:

- If the output of the foundation is fully absorbed by the partners.
- If through additional (legal) provisions the direct ownership of the assets can still be obtained.

Because both HRE and IMS have full and equal rights to the output of the foundations, the participation of HRE in Palm Village is therefore classified as a joint operation. Joint operations in the form of mutual activities and assets, are classified in accordance with IFRS as: direct recognition of assets and liabilities in the consolidated and individual financial statements (practically comparable to proportional consolidation).

The participation of HRE in Palm Village is accounted for as "Investment Property", which relates to HRE's share in the building plots, based on an external Appraiser's report. The parcels are valued in accordance with the fair value model of IAS 40 "Investment Property".

The building plots of Palm Village are based on the fair value parameters which are directly and indirectly observable in the market. (level 2 fair value hierarchy).

IFRS 13 requires extensive explanation for real estate investments recognized at fair market value. When an instrument is accounted for at fair value, its value needs to be appraised for each reporting period.

The credit which the Hakrin Bank N.V. has provided to HRE for financing its participation in the investment, is recorded by HRE under the account "Equity accounted investments". The processing of this credit, which is granted at arm's length basis, is referred to in IFRS 9. The Hakrin Bank's policy for clients' receivables is: Hold to collect and value on basis of amortized cost, determining the effective interest rate and amortization of commission revenues.

Composition of Hakrin Bank

The following table provides an overview of the investments in subsidiaries and associates.

Impairments on equity accounted investments

There are no impairments on equity accounted investments in 2020 and 2019.

19 PROPERTY AND EQUIPMENT

Property and equipment is stated at cost less accumulated depreciation and any impairment amount. At each statement of financial position date, an assessment is performed to determine whether there is any indication of impairment. Subsequent costs are capitalized if these result in an enhancement to the asset. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property and equipment, and of major components that are accounted for separately. Hakrin Bank generally uses the following useful lives in calculating depreciation:

- Land: not depreciated;
- Buildings: 4- 5%;
- Leasehold improvements: 5 years;
- Equipment: 25%;
- Installations (durable): 25%;
- Computer installations: 20 - 33.3%.

Impairment losses are recognized in the income statement as a component of depreciation and amortization expense. Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

Depreciation rates and residual values are reviewed periodically to take into account any change in circumstances. Capitalized leasehold improvements are depreciated in a manner that takes into account the term and renewal conditions of the related lease.

Leases

Reference is made to Note 1 Accounting policies in the consolidated annual financial statements, IFRS 16 Leases.

	2020		2019	
	Carrying amount	**Equity interest**	**Carrying amount**	**Equity interest**
Subsidiaries:				
Nationale Trust- en Financierings Maatschappij N.V.	216,894,761	100%	254,852,462	100%
Hakrin Bank Real Estate N.V.	10,651,022	100%	6,711,345	100%
Associates:				
Banking Network Suriname N.V.	1,411,550	25.00%	1,411,550	25.00%
De Surinaamsche Bank N.V.	60,982,731	17.96%	60,982,731	17.96%

Accounting policy for software and other intangible assets

The accounting policy for software and other intangible assets is determined by IAS 38 Intangible assets. Software is amortized over a period of three years, unless it is classified as core application software, which is depreciated over its estimated useful life, set at a maximum of seven years. Only the development phase is capitalized for own-developed software.

	December 31, 2020	December 31, 2019
Land and buildings held for own use	286,901,566	143,760,360
Leasehold improvements	43,462,063	35,681,999
Equipment	57,159,919	21,229,204
Right of use assets	2,180,095	4,215,425
Total property and equipment	**389,703,643**	**204,886,988**

Total property and equipment increased by SRD 184,816,655 to SRD 389,703,643 at December 31, 2020. This increase is mainly caused by the exchange rate increase which is derived from the exchange of the property and equipment at a higher rate, resulting from the devaluation of the SRD agains the USD.

	December 31, 2020	December 31, 2019
Purchased software	29,384,773	3,497,134
Internally developed software	9,677,142	4,425,110
Total software and other intangible assets	**39,061,915**	**7,922,244**

Total software and other intangible assets increased by SRD 31,139,671 to SRD 39,061,915 at December 31, 2020. The increase is mainly due to revaluation of the Surinamese dollar, purchased software and to the adoption of IAS 16.

INTERNALLY DEVELOPED SOFTWARE

	2020					
	Land and buildings held for own use	Leasehold improvements	Equipment	Right of use assets	Total property and equipment	Software and other intangible assets
Acquisition costs as at 1 January	**212,011,303**	**35,681,999**	**51,098,659**	**4,215,425**	**303,007,385**	**4,425,110**
Revaluations	141,490,450	-	27,079,959	-	168,570,409	-
Investments	5,663,438	-	19,681,157	-	25,344,595	-
Divestments	-	-	-	-	-	-
Other	-	7,780,064	-	(2,035,330)	5,744,734	5,252,032
Acquisition costs as at 31 December	359,165,190	43,462,063	97,859,775	2,180,095	502,667,123	9,677,142
Accumulated depreciation/ amortization as at 1 January	68,250,943	-	29,869,460	-	98,120,403	-
Depreciation	4,012,682	-	10,830,396	-	14,843,077	-
Accumulated depreciation/ amortization as at 31 December	72,263,624	-	40,699,856	-	112,963,480	-
Book value as at 31 December	**286,901,566**	**43,462,063**	**57,159,919**	**2,180,095**	**389,703,643**	**9,677,142**

	2019					
	Land and buildings held for own use	Leasehold improvements	Equipment	Right of use assets	Total property and equipment	Software and other intangible assets
Acquisition costs as at 1 January	205,656,461	-	39,570,033	-	245,226,494	-
Revaluations	379,113	-	2,749,742	-	3,128,855	-
Investments	5,975,729	-	8,778,884	-	14,754,613	-
Divestments	-	-	-	-	-	-
Other	-	35,681,999	-	4,215,425	39,897,424	4,425,110
Acquisition costs as at 31 December	**212,011,303**	**35,681,999**	**51,098,659**	**4,215,425**	**303,007,386**	**4,425,110**
Accumulated depreciation as at 1 January	**64.268,373**	**-**	**20,039,582**	**-**	**84,307,955**	**-**
Depreciation	3,982,570	-	9,829,873	-	13,812,443	-
Accumulated depreciation as at 31 December	**68,250,943**	**-**	**29,869,455**	**-**	**98,120,398**	**-**

Leases

Right of use assets includes SRD 2.2 million related to leases of ATM locations and buildings. The ATM locations are being used to support ATM's operations. The remaining buildings that Hakrin Bank leases are being used as temporarily office space and for document archiving purposes. The right of use assets decreased from SRD 4.2 million to SRD 2.2 million, which is mainly due to termination of lease contracts regarding temporarily office space.

20 ASSETS HELD FOR SALE

Assets are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction planned to occur within 12 months, rather than through continuing use. Assets held for sale are not depreciated and are measured at the lower of their carrying amount and fair value, less costs to sell. Assets and liabilities of a business held for sale are presented separately in the consolidated statement of financial position.

	2020	2019
Acquisition costs as at 1 January	**1,443,978**	**1,102,916**
Revaluations	-	341,062
Investments	-	-
Divestments	(1,443,978)	-
Book Value as at 31 December	**-**	**1,443,978**

The assets "held for sale" in 2019 relate to two properties at the Indira Gandhiweg, which were sold for a total amount of approximately SRD 1.5 million in 2020. The company has decided not to invest in these properties. These assets have been sold for the book value.

21 OTHER ASSETS

Other assets include the accrual of interest income, fee and commission income and other operating income that cannot be accounted for under another asset in the statement of financial position.

	December 31, 2020	December 31, 2019
Accrued other income	30,846,526	27,914,624
Prepaid expenses	9,413,753	9,148,296
FX trading and other receivables	32,492,027	13,423,851
Other	6,499,568	6,889,821
Total other assets	**79,251,874**	**57,376,592**

Other assets increased with SRD 21,875,282 to SRD 79,251,874 at December 31, 2020. This increase is the result of an increase in FX trading and other receivables of SRD 19,068,176, and an increase in accrued other income of SRD 2,931,902.

The increase of FX trading and other receivables is due to the devaluation of the SRD. The increase in accrued other income is due to higher interest income of deposits at foreign banks, deposits at local banks and treasury bills.

22 AMOUNTS DUE TO BANKS

Amounts due to banks and customers are held at amortized cost. That is, at fair value upon initial recognition, adjusted for repayment and amortization of coupon, fees and expenses to represent the effective interest rate of the instrument.

	December 31, 2020	December 31, 2019
Deposits from banks:		
Current accounts	84,572,345	71,074,050
Demand deposits	5,110,523	6,562,028
Time deposits	20,789,962	351,767,510
Other	214,345	172,067
Total due to banks	**110,687,175**	**429,575,655**

Amounts due to banks decreased with SRD 318,888,480 to SRD 110,687,175 at December 31, 2020, mainly due to a decrease in time deposits (SRD 330,977,548) and demand deposits (SRD 1,451,505), partly offset by an increase in current accounts (SRD 13,498,295). The decrease in time deposits is mainly due to matured deposits with the Central Bank of Suriname which were not prolonged. The increase in current accounts is mainly due to periodic current account balances with credit institutions.

The maturities and average interest rates of the time deposits are included in de following table.

2020

Maturities time deposits	Principal amount			Average interest rate		
	SRD	USD	EUR	SRD	USD	EUR
3 months	5,000,000	-	-	5.0%	-	-
12 months	-	500,000	500,000	-	2.7%	1.1%

2019

Maturities time deposits	Principal amount			Average interest rate		
	SRD	USD	EUR	SRD	USD	EUR
1 month	-	-	40,000,000	-	-	0.5%
3 months	7,000,000	-	-	8.5%	-	-
12 months	2,500,000	500,000	500,000	11.3%	2.7%	1.1%

23 DUE TO CUSTOMERS

Amounts due to customers are held at amortized cost. That is, at fair value upon initial recognition, adjusted for repayment and amortization of coupon, fees and expenses to represent the effective interest rate of the instrument.

	December 31, 2020	December 31, 2019
Current accounts	3,291,891,770	1,842,189,484
Demand deposits	1,774,134,456	1,068,753,903
Time deposits	1,742,202,526	1,241,061,095
Other due to customers	288,786,703	91,247,535
Total due to customers	**7,097,015,455**	**4,243,252,017**

Due to customers increased with SRD 2,853,763,438 to SRD 7,097,015,455 at December 31, 2020 mainly as a result of an increase in current accounts (SRD 1,449,702,286), demand deposits (SRD 705,380,553), time deposits (SRD 501,141,431) and other due to customers (SRD 197,539,168).

The main drivers for this increase were the devaluation of the SRD and due to an increase in deposits of clients. The maturities, principal amounts and average interest rates are included in the table below.

2020

Maturities time deposits	Principal amount			Average interest rate		
	SRD	USD	EUR	SRD	USD	EUR
1 months	5,258,750	-	-	9.0%	-	
3 months	4,277,084	29,913,010	1,531,601	10.0%	2.3%	0.6%
6 months	10,255,500	3,216,430	4,448,527	9.5%	1.9%	1.5%
9 months	5,161,230	-	55,929	10.8%	-	2.3%
12 months	149,677,831	303,787,051	29,321,907	10.1%	2.2%	1.0%
24 months	122,673,904	67,147,038	5,595,766	10.9%	2.4%	0.8%
36 months	120,841,323	629,330,590	27,760,669	11.3%	2.4%	1.1%
48 months	18,276,000	-	-	11.2%	-	-
60 months	35,586,500	-	-	11.8%	-	-
72 months	13,254,000	-	-	14.0%	-	-
84 months	30,322,128	-	-	12.8%	-	-

2019

Maturities time deposits	Principal amount			Average interest rate		
	SRD	USD	EUR	SRD	USD	EUR
1 months	15,052,283	-	89,000	8.6%	-	0.2%
3 months	5,680,800	3,222,400	84,700	8.5%	0.5%	0.4%
6 months	36,975,150	460,400	43,250	9.5%	0.6%	0.6%
9 months	25,238,480	-	2,287,410	10.5%	-	0.9%
12 months	175,248,966	19,105,552	353,965	11.1%	2.2%	1.0%
24 months	75,723,219	5,903,932	1,748,148	12.3%	2.3%	1.3%
36 months	124,276,183	47,389,064	40,000,000	13.3%	3.1%	0.5%
48 months	12,976,000	-	-	14.0%	-	-
60 months	24,611,500	-	-	14.4%	-	-
72 months	3,054,000	-	-	15.3%	-	-
84 months	13,240,528	-	-	15.6%	-	-

24 SUBORDINATED LIABILITIES

Subordinated liabilities are recorded at amortized cost using the effective interest rate method.

Hakrin Bank applies IAS 32 Financial Instruments: Presentation to determine whether funding is a financial liability or equity. Issued financial instruments or their components are classified as financial liabilities where the substance of the contractual arrangement results in Hakrin Bank having a present obligation to deliver either cash or another financial asset or to satisfy the obligation other than by the exchange of a fixed number of equity shares. Issued liabilities qualify as subordinated debt if claims by the holders are subordinated to all other current and future liabilities of Hakrin Bank and its subsidiaries.

The following table shows the outstanding subordinated liabilities.

	2020	2019
Subordinated liabilities	63,093,098	-

	2020 Carrying amount	2019 Carrying amount
Balance as at 1 January	**-**	**-**
Cash flows		
Issuance	43,215,000	-
Redemption	-	-
Non-cash changes		
Foreign exchange differences	19,866,000	-
Other	12,098	-
Balance as at 31 December	**63,093,098**	**-**

- There were no subordinated loans issued in 2019.
- Two subordinated loans were issued in 2020.

The terms of the subordinated loans are 10 years with an average interest rate of 7% per year. The interest payment is semi-annual. In the first five years, only interest will be paid. At the end of the first five-year period, a 10% of the principal amount will be paid on every semi-annual payment of interest.

The subordinated loans (USD 4.5 million) are intended to strengthen the Tier 2 capital of Hakrin Bank.

25 RELATED PARTIES

Parties related to Hakrin Bank N.V. include subsidiaries and associates, Hakrin Bank Pension Fund and Hakrin Bank Provision Fund, the Executive Board and senior management and the Supervisory Board. As part of its business operations, Hakrin Bank N.V. frequently enters into transactions with related parties. Loans and advances to the Supervisory Board, the Executive Board and senior managers, consist mainly of residential mortgages granted under standard personnel conditions.

Amounts owed to related parties covers all deposits (current accounts, savings accounts and term deposits) of the related parties. Reference is made to note 23 of the consolidated financial statements. Amounts owed by related parties covers all loans provided to the related parties. Reference is made to note 17 of the consolidated financial statements.

The interest income and expense amounts that relates to Amounts owed to related parties and Amounts owed by related parties are included in note 4 of the consolidated financial statements.

The related party information for this financial year is as follows:

	2020	2019
Subsidiary (NTFM N.V.)	3,928,639	3,188,436
Hakrin Bank Pension Fund	107,432,755	95,668,017
Hakrin Bank Provision Fund	5,826,257	3,045,865
Total due to related parties	**117,187,651**	**101,902,318**

Shareholders

The following shareholders owns more than 5% shares in Hakrin Bank N.V.:

- Assuria Beleggingsmaatschappij N.V.: 12.03%
- Fatum schadeverzekering N.V.: 9.02%
- Stichting Pensioenfonds Hakrin Bank N.V.: 6.01%
- Staatsolie Maatschappij Suriname N.V.: 5.10%

The Government also owns more than 5% shares in Hakrin Bank N.V. and due to the emission held in December 2019, their interest in shares decreased from 51.0% to 41.5%. No dividend was paid to shareholders in 2019 by Hakrin Bank N.V.

As per December 31, 2020 the total amount owed to and owed by the following shareholders is:

Shareholder	Amount owed to Shareholders		Amount owed to Shareholders	
Shareholders (more than 5% shares):	**2020**	**2019**	**2020**	**2019**
Assuria Beleggingsmaatschappij N.V.	-	-	127,379,626	120,126,525
Fatum Schadeverzekering N.V.	-	-	3,101,191	23,024,930
Stichting Pensioenfonds Hakrin Bank N.V.	-	-	107,432,755	95,668,017
Staatsolie Maatschappij Suriname N.V.	35,760,502	10,129,168	21,852,566	565,678
Government	523,810,323	442,081,187	-	-

Subsidiaries

The 100% subsidiary's, the Nationale Trust en Financierings Maatschappij N.V. (NTFM), main activities are asset management and investment advice. Funds are provided by Hakrin Bank N.V. through a loan and are used for consumer and mortgage loans. Hakrin Bank N.V. provides funds to NTFM for mortgage loans to staff, other personal clients based on their income (e.g. 7% cash reserve mortgage loans). The interest rate charged to these customers is usually below the market rate except the 7% cash reserve mortgage loans, which is provided by the other banks in Suriname as well. Hakrin Bank Real Estate N.V. (HRE), a 100% subsidiary of Hakrin Bank N.V. operates in buying, selling and/or exploitation of real estate.

Subsidiaries:	Amount owed by Subsidiaries		Amount owed to Subsidiaries	
	2020	**2019**	**2020**	**2019**
Hakrin Bank Real Estate N.V.	7,335,247	522,716	-	-
Nationale Trust- en Financieringsmaatschappij N.V.	189,039,644	233,107,977	3,928,639	3,188,436

Associates
Hakrin Bank N.V. has 25% investments in Banking Network Suriname N.V. (BNETS). Loans granted to this associate are intended for investment purposes in hardware. Over financial year 2019 a dividend of SRD 80,952 was paid by BNETS to Hakrin Bank N.V. Hakrin Bank N.V. also have 17.96% shares in DSB.

Associates:	Amount owed by Associates		Amount owed to Associates	
	2020	**2019**	**2020**	**2019**
De Surinaamsche Bank N.V.	62,953,513	24,030,822	-	20,390,963
Banking Network Suriname N.V.	7,484,263	1,507,166	1,098,265	47,866

Key Management
At December 31, 2020 key management consists of Rafiek Sheorajpanday (CEO), Magalie Loswijk-Keerveld (CFOO), and the senior managers Dennis Sitaram, Ricky Rusland and Ronny Mangala. At December 31, 2019 key management consisted of Rafiek Sheorajpanday (CEO), Magalie Loswijk-Keerveld (CFO), and the senior managers Roy Liesdek, Dennis Sitaram and Henk-John Guicherit.

Associates:	Amount owed by Key management		Amount owed to Key management	
	2020	**2019**	**2020**	**2019**
Key management	2,297,551	1,578,325	1,400,586	2,874,798

Furthermore, the total Short term key management benefits as per December 31, 2020 are SRD 6,758,391 (reference is made to note 7 of the consolidated financial statements). As per December 31, 2019 the total Short term key management benefits were SRD 5,065,847. The post-retirement benefits and jubilee benefit plan for employees regards provisions for health care as well as other post employee benefits such as bonus to pensioners and funeral expenses for pensioners. Refer to Note 26 in the consolidated financial for the post-employment benefits.

Supervisory Board
At December 31, 2020 and December 31, 2019 the Supervisory Board consisted of Coenraad Valk, Chantal Doekhie, Humphrey Schurman, Marita Lautan-Wijnerman, Patrick Peneux en Maurice Roemer.

In both 2020 and 2019 Hakrin Bank N.V. did not owe amounts to the Supervisory Board. Also the Supervisory Board did not owe amounts to the Hakrin Bank N.V.

26 POST-RETIREMENT BENEFITS AND JUBILEE BENEFIT PLAN FOR EMPLOYEES

The valuations are based on the methodologies prescribed in IAS 19 to determine: net defined contribution liability (asset), the remeasurements and the service cost and net interest on the net defined liability of the following plans:
26.1. the medical plan for retirees;
26.2. the gratuity plan for retirees;
26.3. the supplement pension arrangement for retirees;
26.4. the funeral grant plan for retirees;
26.5. the gratuity plan at retirement;
26.6. the jubilee benefit plan for employees.

Actuarial and investment risk are on account of the participants in the plan.

The Hakrin Bank has a defined pension contribution plan. In 2014 the General Pension Law (WAP 2014) came into effect which obliged employers to implement a defined benefit pension plan. Actual practice showed different interpretations which gave rise to significant differences in pension entitlements to be granted under the plan. On the basis of the WAP 2014, different interpretations of pension base and indexation are possible. The practical implementation of the WAP2014 is not in compliance with the Law, because indexation has not taken place at least once every three years. In 2016, the government publicly announced an evaluation of the WAP 2014 and in April 2018, a committee was appointed to evaluate the WAP 2014. However, the committee's findings have not been made public and no further measures appear to have been taken. Due to the lack of clarity and ambiguity and because of the specific circumstances, it could be argued that the Hakrin Bank may have a potential obligation or a financial exposure as a result of the enactment of the WAP 2014, but that this obligation or exposure cannot be reasonably quantified or estimated.

Post-retirement benefits and jubilee benefits
Hakrin Bank provides post-retirement benefits to all Hakrin Bank retirees. Entitlement to these benefits is usually conditional on the employee remaining in service up to their retirement date and the completion of a minimum service period.

Post-retirement benefits and jubilee benefit plan for employee
Amounts recognized in the income statement for post-retirement benefits and other employee benefits.

	2020			2019		
	Post-retirement benefits	Other employee benefits	Total	Post-retirement benefits	Other employee benefits	Total
Current service cost	1,883,962	692,939	2,576,901	1,754,161	486,615	2,240,776
Interest cost	3,343,880	616,480	3,960,360	3,254,756	495,748	3,750,504
Interest income	-	-	-	-	-	-
Other	(807,378)	-	(807,378)	(2,329,036)	1,277,522	(1,051,514)
Total post retirement employee benefits and other employee benefits	**4,420,464**	**1,309,419**	**5,729,883**	**2,679,881**	**2,259,885**	**4,939,766**

Total pension and other employee benefit expenses increased with SRD 790,117 to SRD 5,729,883 in 2020 (2019: SRD 4,939,766), mainly due to an increase in current service cost and interest cost.

Change in fair value of plan assets

	2020			2019		
	Post-retirement benefits	Other employee benefits	Total	Post-retirement benefits	Other employee benefits	Total
Defined contribution obligation as at 1 January	45,536,217	8,481,650	54,017,867	41,674,668	6,528,314	48,202,982
Current service cost	1,883,962	692,939	2,576,901	1,754,161	486,615	2,240,776
Past service cost	-	-	-	-	1,277,522	1,277,522
Interest cost	3,343,881	616,480	3,960,361	3,254,756	495,748	3,750,504
Benefits	(1,988,824)	(546,124)	(2,534,948)	(1,845,621)	(705,699)	(2,551,320)
Gains/(losses)	(2,000,983)	1,864,278	(136,705)	(576,016)	399,152	(176,864)
Remeasurements (actuarial gains/losses) to P&L	1,864,276	-	1,864,276	399,150	-	399,150
Remeasurements (actuarial gains/losses) to OCI	19,701,242	-	19,701,242	875,119		875,119
Defined contribution obligation as at 31 December	**68,339,771**	**11,109,223**	**79,448,994**	**45,536,217**	**8,481,652**	**54,017,869**

1. Change in fair value of plan assets of the medical plan for retirees:

	2020	2019
Defined contribution obligation as at 1 January	29,748,686	27,016,248
Current service cost	1,221,684	1,136,487
Past service cost	-	-
Interest cost	2,189,868	2,124,785
Benefits	(1,258,566)	(987,692)
Remeasurements (actuarial gains/losses) to OCI	17,155,989	458,858
Defined contribution obligation as at 31 December	**49,057,661**	**29,748,686**

2. Change in fair value of plan assets of the gratuity plan for retirees:

	2020	2019
Defined contribution obligation as at 1 January	10,156,202	9,611,110
Current service cost	380,149	373,102
Past service cost	-	-
Interest cost	743,703	752,308
Benefits	(525,952)	(422,982)
Remeasurements (actuarial gains/losses) to OCI	1,194,614	(157,336)
Defined contribution obligation as at 31 December	**11,948,716**	**10,156,202**

3. Change in fair value of plan assets of the supplement pension arrangement for retirees:

	2020	2019
Defined contribution obligation as at 1 January	287,629	312,773
Current service cost	-	-
Past service cost	-	-
Interest cost	18,892	22,110
Benefits	(72,804)	(72,804)
Remeasurements (actuarial gains/losses) to OCI	38,352	25,551
Defined contribution obligation as at 31 December	**272,069**	**287,630**

4. Change in fair value of plan assets of the funeral grant plan for retirees:

	2020	2019
Defined contribution obligation as at 1 January	1,911,607	1,394,512
Current service cost	55,227	41,552
Past service cost	-	-
Interest cost	141,151	109,970
Benefits	(29,505)	-
Remeasurements (actuarial gains/losses) to OCI	577,238	365,573
Defined contribution obligation as at 31 December	**2,655,718**	**1,911,607**

5. Change in fair value of plan assets of the gratuity at retirement plan:

	2020	2019
Defined contribution obligation as at 1 January	3,432,094	3,340,027
Current service cost	226,902	203,020
Past service cost	-	-
Interest cost	250,267	245,583
Benefits	(238,704)	(539,010)
Remeasurements (actuarial gains/losses) to OCI	735,049	182,474
Defined contribution obligation as at 31 December	**4,405,608**	**3,432,094**

6. Change in fair value of plan assets of the jubilee benefit plan for employees:

	2020	2019
Defined contribution obligation as at 1 January	8,481,650	6,528,314
Current service cost	692,939	486,615
Past service cost	-	1,277,522
Interest cost	616,480	495,748
Benefits	(546,125)	(705,701)
Remeasurements (actuarial gains/losses) to OCI	1,864,276	399,150
Defined contribution obligation as at 31 December	**11,109,220**	**8,481,648**

27 OTHER LIABILITIES

The following table shows the components of accrued expenses and other liabilities.

	December 31, 2020	December 31, 2019
Accrued other expenses	19,826,911	14,414,189
Lease liabilities	2,180,095	4,215,425
Sundry liabilities and other payables	26,122,029	10,124,750
Total other liabilities	**48,129,035**	**28,754,364**

Other liabilities increased with SRD 19,374,671 to SRD 48,129,035 at December 31, 2020 which is mainly due to an increase in sundry liabilities and other payables. The increase in sundry liabilities and other payables is mainly due to settlements with local banks and clients, and due to an increase in the provision for staff leave.

28 EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

Share capital and other components of equity

Accumulated other comprehensive income

Under IFRS 9, the fair value reserve includes the gains and losses, net of tax, resulting from a change in the fair value of debt instruments measured at FVOCI. When the instruments are sold or otherwise disposed of, the related cumulative gain or loss recognized in equity is recycled to the income statement.

Other reserves

Other reserves mainly comprise retained earnings and profit for the period.

Dividends

Dividends on ordinary shares and preference shares classified as equity are recognized as a distribution of equity in the period in which they are approved by shareholders.

Capital securities

The subordinated loans are classified as Tier 2 capital.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Accumulated other comprehensive income	Profit/(loss)	Total Equity
Balance as at 31 December 2018	78,450	13,406,485	220,376,215	82,823,386	30,533,642	347,218,178
Other comprehensive income	-	-	(27,687,339)	36,437,344	-	8,750,004
Hyperinflation adjustment		39,672,678	(39,672,678)	-	-	-
Balance as at 01 January 2019	**78,450**	**53,079,163**	**153,016,198**	**119,260,730**	**30,533,642**	**355,968,183**
Approppiation of result of previous year	-	-	30,533,642	-	(30,533,642)	-
Result of the year	-	-	-	-	(56,843,062)	(56,843,062)
Other comprehensive income	-	-	(8,902,972)	(2,399,733)	-	(11,302,705)
Balance as at 31 December 2019	**78,450**	**53,079,163**	**174,646,868**	**116,860,997**	**(56,843,062)**	**287,822,416**
Approppiation of result of previous year	-	-	(56,843,062)	-	56,843,062	-
Result of the year	-	-	-	-	29,362,667	29,362,667
Other comprehensive income	-	-	1,683,618	134,098,349	-	135,781,967
Share issue	17,928	48,785,912	-	-	-	48,803,840
Balance as at 31 December 2020	**96,378**	**101,865,075**	**119,487,424**	**250,959,346**	**29,362,667**	**501,770,890**

The following table shows the equity of the Hakrin Bank and the outstanding and issued share capital

	December 31, 2020	December 31, 2019
Number of authorized shares	1,600,000	1,600,000
Authorized share capital	SRD 240,000	SRD 240,000
Number of unissued shares	957,480	1,077,002
Unissued share capital	SRD 143,622	SRD 161,550
Number of shares issued	642,520	522,998
Issued share capital	SRD 96,378	SRD 78,450
Par Value	SRD 0.15	SRD 0.15

29 COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

Loan commitments that allow for draw-down of a loan within the timeframe generally established by regulation or convention in the marketplace are not recognized as derivative financial instruments. Acceptances comprise undertakings by Hakrin Bank to pay bills of exchange drawn on clients. Hakrin Bank expects most acceptances to be settled simultaneously with the reimbursement from clients. Acceptances are not recognized in the statement of financial position and are disclosed as commitments.

Financial guarantee contracts

A financial guarantee contract requires the issuer to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due under the original or modified terms of a debt instrument. Initial recognition of financial guarantee contracts is at their fair value. Subsequent measurement is at the higher of the amount of the expected credit loss and the amount initially recognized less, when appropriate, the cumulative amount of income recognized in the income statement.

Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured.

Committed credit facilities

Commitments to provide credit take the form of approved but undrawn loans, revolving and underwriting facilities. New loan offers have a commitment period that does not extend beyond the normal underwriting and settlement period.

Guarantees and other commitments

Hakrin Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These transactions have fixed limits and generally extend for periods of up to 5 years. Expirations are not concentrated in any particular period. Hakrin Bank also provides guarantees by acting as a settlement agent in securities borrowing and lending transactions.

Many of the contingent liabilities and commitments are expected to expire without being paid out in whole or in part. This means that the amounts stated do not represent expected future cash flows. Additionally, guarantees and letters of credit are supported by varying levels of collateral.

The committed credit facilities, guarantees and other commitments are summarized in the following table. The amounts stated in the table for commitments assume that amounts are fully paid out. The amounts shown in the table for guarantees and letters of credit represent the maximum amount Hakrin Bank is exposed to if the contract parties completely fail to perform as contracted.

Payments due by period

	Less than one year	Between one and three years	Between three and five years	After five years	Total
December 31, 2020					
Committed credit facilities	6,854,212	67,881,395	2,581,640	25,599,855	102,917,102
Guarantees and other commitments:					
Guarantees granted	-	-	-	-	-
Irrevocable letters of credit	1,839,593	-	-	-	1,839,593
Recourse risks arising from discounted bills	-	-	-	-	-
Total guarantees and other commitments	**1,839,593**	**-**	**-**	**-**	**1,839,593**
Total	**8,693,805**	**67,881,395**	**2,581,640**	**25,599,855**	**104,756,695**

Payments due by period

	Less than one year	Between one and three years	Between three and five years	After five years	Total
December 31, 2019	-	-	-	102,515,051	102,515,051
Committed credit facilities					
Guarantees and other commitments: Guarantees granted	-	-	-	-	-
Irrevocable letters of credit	2,316,983	-	-	-	2,316,983
Recourse risks arising from discounted bills	-	-	-	-	-
Total guarantees and other commitments	**2,316,983**	**-**	**-**	**-**	**2,316,983**
Total	**2,316,983**	**-**	**-**	**102,515,051**	**104,832,034**

Total guarantees and other commitments decreased by SRD 75,339 to SRD 104,756,695 in 2020. This was mainly due to a decrease of SRD 477,390 in irrevocable letters of credit in 2020, which relates to less irrevocable letters of credit granted to commercial clients.

Individual or class action complaints and litigation

A number of proceedings and claims have been initiated against Hakrin Bank. For none of these proceedings and claims provisions have been made by the Hakrin Bank. There can be no assurance that additional proceedings will not be brought or that amounts demanded in claims brought to date will not rise. Current proceedings are pending and their outcome, as well as the outcome of any threatened proceedings, is uncertain, as is the timing of reaching any finality on these legal claims and proceedings. Although the consequences could potentially affect Hakrin Bank's reputation and results of operations, it is not possible to reliably estimate or quantify Hakrin Bank's exposure at balance sheet date. Our lawyers do not expect these legal claims and proceedings to be successful.

30 EVENTS AFTER THE REPORTING DATE

Development BIS Ratio

Although equity increased by SRD 287,8 million to SRD 501,8 million in 2020, the BIS ratio in conformity to the IFRS is 6,46% in 2020 (1.9% in 2019), which is below the CBvS minimum required level of 10%. To strengthen the solvency, our bank issued 250.000 new shares and took out a subordinated long-term loan. Its intended effect has been largely negated by the devaluation of the SRD against the USD and the impact of the COVID-19 pandemic on the results of the Hakrin Bank. In consultation with the Supervisory Board, we will determine what measures to take to further strengthen the BIS ratio.

Surinaamse Luchtvaart Maatschappij/Surinam Airways (SLM)

Recent developments at Surinam Airways demonstrated continued financial problems that are related to the continuity of SLM. Hakrin Bank actively monitors counter parties, to identify possible changes in credit quality and thereby potential losses. As a result a significant increase in credit risk for potential non-performing for this unsecured exposure has been identified. In accordance with IFRS 9 and based on Hakrin Bank's credit risk measurement process, the Bank performed an impairment assessment to calculate the expected credit loss for SLM. Based on the Hakrin Bank credit rating model a provision has been formed for this exposure. Management considers the provision for SLM arising from this exposure sufficient to absorb eventual loan losses. Management has determined that this event after the reporting date is an adjusting subsequent event.

RCR Healthcentre N.V.

RCR Healthcentre N.V. has filed a lawsuit against the Academic Hospital Paramaribo (AZP) and the Hakrin Bank N.V. regarding the legality of the auction of the mortgage on the real estate on February 1, 2019. We are confident in a positive outcome of this lawsuit and do not expect that this will have a negative financial impact on Hakrin Bank N.V.

Foreign exchange rate

On September 22, 2020, the Surinamese Dollar (SRD) was depreciated by the CBvS from SRD 7.396 to SRD 14.018 for the USD. Effective June 7, 2021, the Central Bank of Suriname implemented a flexible exchange rate to replace a floating exchange rate. At the date of this report the exchange rate has risen further to SRD 23,708 for the USD and SRD 23,096 for the EUR, which is significantly higher than the exchange rate at balance sheet date being (USD 1= SRD 14.018 and EUR 1 = SRD 17.209).

Credit rating of Suriname

A restricted default (RD) was given to Suriname by Fitch rating agency on July 13, 2020. This rating was rather quickly upgraded to a CC rating on July 16, 2020. Standard & Poor (S&P) awarded the Republic of Suriname a CCC rating with a stable outlook. In March 2021, the Surinamese government requested consent for a further moratorium of repayment of the international bonds, which resulted in a credit downgrade to Restricted Default (RD) by Fitch on April 1, 2021. This credit downgrade made it more challenging for Hakrin Bank to have access to international correspondent banks.

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COMPANY INCOME STATEMENT

	Note	2020	2019
INCOME			
Interest income calculated using the effective interest method		257,920,678	245,170,286
Interest expense calculated using the effective interest method		115,746,022	114,108,916
Net interest income	**2**	**142,174,656**	**131,061,370**
Fee and commission income		208,716,705	72,976,200
Fee and commission expense		130,127,957	9,957,121
Net fee and commission income	**3**	**78,588,748**	**63,019,079**
Other operating income	4	14,475,034	9,972,582
Operating income		**235,238,438**	**204,053,031**
EXPENSES			
Personnel expenses	5	92,365,361	80,296,395
General and administrative expenses	6	67,161,177	51,976,194
Depreciation of tangible and intangible assets		14,843,084	13,812,446
Operating expenses		**174,369,622**	**146,085,035**
Impairment charges on financial instruments		37,660,685	119,757,750
Total expenses		**212,030,307**	**265,842,785**
Profit/(loss) before taxation		23,208,131	(61,789,754)
Income tax expense		8,354,927	-
Profit/(loss) for the period		**14,853,204**	**(61,789,754)**
Profit/(loss) Subsidiaries after taxation		14,509,463	4,946,692
Consolidated Profit/(Loss) for the period		**29,362,667**	**(56,843,062)**
Attributable to:			
Owners of the parent company		29,362,667	(56,843,062)
Earnings per share (in SRD)		**46**	**(109)**

Paramaribo, July 25, 2022

Supervisory Board:	
Mr. H. Schurman	Chair
M. Parsan MBA	Member
Drs. G. Liauw Kie Fa RA	Member
S. Debipersad MSc.	Member

Board of Directors:	
Drs. R. P. V. Sheorajpanday	Chief Executive Officer/ Acting Chief Commercial Officer
Drs. M. M. Loswijk-Keerveld RA	Chief Financial and Operations Officer

COMPANY STATEMENT OF FINANCIAL POSITION

Before proposed appropriation of result.

	Note	December 31, 2020	December 31, 2019
ASSETS			
Cash and cash equivalents	8	623,240,250	291,418,257
Derivatives	9	355,967,332	272,108,480
Financial investments at fair value through P&L	10	70,090,000	125,732,000
Debt instruments at fair value through OCI	11	1,225,178,645	616,939,804
Amounts due from banks	12	2,730,801,399	1,708,085,809
Loans, bonds and advances at amortized cost	13	2,761,961,598	1,892,447,785
Equity accounted investments		289,940,063	323,934,296
Property and equipment	14	389,703,643	204,886,988
Assets held for sale	15	-	1,443,978
Tax assets	7	2,468,804	2,468,804
Other assets	16	76,880,344	52,093,865
TOTAL ASSETS		**8,526,232,078**	**5,491,560,066**
LIABILITIES			
Derivatives	9	424,195,090	298,245,740
Amounts due to banks	17	110,686,940	429,575,655
Current accounts	18	3,291,891,770	1,842,189,484
Demand deposits	18	1,774,131,423	1,068,750,994
Time deposits	18	1,742,202,526	1,241,061,095
Other due to customers	18	286,284,719	88,511,297
Subordinated liabilities	19	63,093,098	-
Due to related parties	20	117,187,651	101,902,318
Provisions	21	51,759,755	47,279,440
Tax liabilities	7	116,734,234	58,233,638
Other liabilities	22	46,293,982	27,987,989
TOTAL LIABILITIES		**8,024,461,188**	**5,203,737,650**
EQUITY			
Share capital		96,378	78,450
Share premium		101,865,075	53,079,163
Other reserves		119,487,424	174,646,868
Accumulated other comprehensive income		250,959,346	116,860,997
Profit/(loss) for the period		29,362,667	(56,843,062)
TOTAL EQUITY	**23**	**501,770,890**	**287,822,416**
TOTAL LIABILITIES AND EQUITY		**8,526,232,078**	**5,491,560,066**
Committed credit facilities	24	102,917,102	102,515,051
Guarantees and other commitments	24	1,839,593	2,316,983

Paramaribo, July 25, 2022

Supervisory Board:

Mr. H. Schurman	Chair
M. Parsan MBA	Member
Drs. G. Liauw Kie Fa RA	Member
S. Debipersad MSc.	Member

Board of Directors:

Drs. R. P. V. Sheorajpanday	Chief Executive Officer/ Acting Chief Commercial Officer
Drs. M. M. Loswijk-Keerveld RA	Chief Financial and Operations Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Accumulated other comprehensive income	Profit/(loss) for the period	TOTAL EQUITY
Balance as at January 01, 2019	78,450	53,079,163	153,016,198	119,260,730	30,533,642	355,968,183
Approppriation of result of previous year	-	-	30,533,642	-	(30,533,642)	-
Result of the year	-	-	-	-	(56,843,062)	(56,843,062)
Other comprehensive income	-	-	(8,902,972)	(2,399,733)	-	(11,302,705)
Balance as at December 31, 2019	78,450	53,079,163	174,646,868	116,860,997	(56,843,062)	287,822,416
Approppriation of result of previous year	-	-	(56,843,062)	-	56,843,062	-
Result of the year	-	-	-	-	29,362,667	29,362,667
Other comprehensive income	-	-	1,683,618	134,098,349	-	135,781,967
Share issue	17,928	48,785,912	-	-	-	48,803,840
Balance as at December 31, 2020	**96,378**	**101,865,075**	**119,487,424**	**250,959,346**	**29,362,667**	**501,770,890**

Paramaribo, July 25, 2022

Supervisory Board:

Mr. H. Schurman	Chair
M. Parsan MBA	Member
Drs. G. Liauw Kie Fa RA	Member
S. Debipersad MSc.	Member

Board of Directors:

Drs. R. P. V. Sheorajpanday	Chief Executive Officer/ Acting Chief Commercial Officer
Drs. M. M. Loswijk-Keerveld RA	Chief Financial and Operations Officer

1 ACCOUNTING POLICIES

The accounting policies are disclosed in note 1 of the consolidated annual financial statements.

2 NET INTEREST INCOME

The accounting policy of the net interest income is disclosed in note 4 of the consolidated annual financial statements.

The net interest income is specified in the following table.

	2020	2019
Interest income from:		
Loans and advances to banks	17,076,295	18,917,070
Loans and advances to customers	182,028,433	191,051,988
Loans and advances to government	20,221,813	3,885,525
Bonds	36,137,955	29,782,356
Other	2,456,182	1,533,347
Total interest income	**257,920,678**	**245,170,286**
Interest expenses from:		
Amounts due to banks	1,780,812	2,359,043
Due to customers	111,838,877	111,400,822
Subordinated liabilities	1,627,404	-
Other	498,929	349,051
Total interest expenses	**115,746,022**	**114,108,916**
Net interest income	**142,174,656**	**131,061,370**

Net interest income amounted to SRD 142,174,656, an increase of SRD 11,113,286 compared to 2019. This increase is mainly due to the total interest income, which increased with SRD 12,750,392 to SRD 257,920,678 in 2020, caused by a significant increase in the interest income of loans and advances to government and interest on bonds. These increases are a result of the devaluation of the SRD. The increase in the total net interest income was offset by the increase in the total interest expenses in 2020 of SRD 1,637,106 to SRD 115,746,022. This increase is due to interest expenses on the subordinated loans issued in 2020. There were no subordinated loans issued in 2019.

3 NET FEE AND COMMISSION INCOME

The accounting policy for the net fee and commission income is disclosed in note 5 of the consolidate annual financial statements.

The net fee and commission income is specified in the following table.

	2020	2019
Fee and commission income from:		
Securities and custodian services	1,211,518	1,026,393
Payment services	37,434,008	32,625,351
Portfolio management and trust fees	-	9,963,781
Guarantees and commitment fees	2,109,356	2,385,734
Insurance and investment fees	3,526,885	2,703,772
Commission fees FX trading	152,446,838	17,398,081
Service charges	9,625,701	4,745,679
Administration fees	1,410,226	858,660
Other service fees	952,173	1,268,749
Total fee and commission income	**208,716,705**	**72,976,200**
Fee and commission expenses from:		
Payment services	4,291,921	4,958,990
Portfolio management and trust fees	705,268	-
Commission fees FX trading	125,056,744	4,998,131
Other service fees	74,024	-
Total fee and commission expenses	130,127,957	9,957,121
Net fee and commission income	**78,588,748**	**63,019,079**

Net fee and commission income increased with SRD 15,569,669 in 2020 compared to 2019. This increase is mainly due to total fee and commission income, which increased with SRD 135,740,505 compared to 2019, mainly due to higher commission fee income being generated from a higher volume of Foreign Exchange (FX) trading transactions. Also total fee and commission expenses increased with SRD 120,170,836 to SRD 130,127,957 in 2020. This increase was driven by an increase in commission fees FX trading as a result of commissions paid for FX trading activities.

4 OTHER OPERATING INCOME

The accounting policy for other operating income is disclosed in note 6 of the consolidated annual financial statements. The sub item 'other' of the consolidated other operating income includes financial figures of the revaluation (2020: SRD 1,908,079; 2019: no transactions) of the investment property (Palm Village) of the subsidiary 'Hakrin Bank Real Estate'. The other sub items are disclosed in note 6 of the consolidated annual financial statements.

5 PERSONNEL EXPENSES

The accounting policy for personnel expenses is disclosed in note 7 of the consolidated annual financial statements. The 'salaries and wages' is the only sub item of the consolidated personnel expenses that includes financial figures of the subsidiaries (2020: SRD 10,821,246; 2019: SRD 11,526,203). The other sub items are disclosed in note 7 of the consolidated annual financial statements.

6 GENERAL AND ADMINISTRATIVE EXPENSES

The accounting policy for general and administrative expenses is disclosed in note 8 of the consolidated annual financial statements. The sub items agency staff, contractors and consultancy costs and other of the consolidated general administrative expenses includes financial figures of the subsidiaries. The change in 2020 compared to 2019 is minor. The other sub items of general and administrative expenses are disclosed in note 8 of the consolidated annual financial statements.

7 TAX

The accounting policy and figures for tax assets and liabilities are disclosed in note 9 of the consolidated annual financial statements.

8 CASH AND CASH EQUIVALENTS

The accounting policy and figures for cash and cash equivalents is disclosed in note 11 of the consolidated annual financial statements.

9 DERIVATIVES

The accounting policy and figures for derivatives assets and liabilities is disclosed in note 12 of the consolidated annual financial statements.

10 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH P&L

The accounting policy and figures for financial investments at fair value through P&L is disclosed in note 14 of the consolidated annual financial statements.

11 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OCI

The accounting policy and figures for debt instruments at fair value through OCI is disclosed in note 15 of the consolidated annual financial statements.

12 AMOUNTS DUE FROM BANKS

The accounting policy and figures for amounts due from banks is disclosed in note 16 of the consolidated annual financial statements.

13 LOANS, BONDS AND ADVANCES TO CUSTOMERS

The accounting policy and figures for loans, bonds and advances to customers are disclosed in note 17 of the consolidated annual financial statements.

14 PROPERTY AND EQUIPMENT

The accounting policy and figures for property and equipment are disclosed in note 19 of the consolidated annual financial statements.

15 ASSETS HELD FOR SALE

The accounting policy and figures for assets held for sale are disclosed in note 20 of the consolidated annual financial statements.

16 OTHER ASSETS

The accounting policy for other assets is disclosed in note 21 of the consolidated annual financial statements.

	December 31, 2020	December 31, 2019
Accrued other income	30,846,526	27,914,624
Prepaid expenses	9,413,753	9,148,296
FX trading and other receivables	32,492,027	13,423,851
Other	4,128,038	1,607,094
Total other assets	**76,880,344**	**52,093,865**

Other assets increased with SRD 24,786,479 to SRD 76,880,344 at December 31, 2020. The increase of FX trading and other receivables is due to the devaluation of the SRD. The increase in accrued other income is due to higher interest income of deposits at foreign banks, deposits at local banks and treasury bills.

17 AMOUNTS DUE TO BANKS

The accounting policy and figures for Amounts due to banks are disclosed in note 22 of the consolidated annual financial statements.

18 DUE TO CUSTOMERS

The accounting policy for due to customers is disclosed in note 23 of the consolidated annual financial statements.

	December 31, 2020	December 31, 2019
Current accounts	3,291,891,770	1,842,189,484
Demand deposits	1,774,131,423	1,068,750,994
Time deposits	1,742,202,526	1,241,061,095
Other due to customers	286,284,719	88,511,297
Total due to customers	**7,094,510,438**	**4,240,512,870**

Due to customers increased with SRD 2,853,997,568 to SRD 7,094,510,438 at December 31, 2020 mainly as a result of an increase in current accounts (SRD 1,449,702,286), demand deposits (SRD 705,380,429), time deposits (SRD 501,141,431) and other due to customers (SRD 197,773,422). The main drivers for this increase were the devaluation of the SRD and the increase in deposits of clients.

19 SUBORDINATED LIABILITIES

The accounting policy and figures for subordinated liabilities are disclosed in note 24 of the consolidated annual financial statements.

20 RELATED PARTIES

The accounting policy and figures for related parties are disclosed in note 25 of the consolidated annual financial statements.

21 POST RETIREMENT BENEFITS AND JUBILEE BENEFIT PLAN FOR EMPLOYEE

The accounting policy and figures for post-retirement benefits and jubilee benefit plan for employees are disclosed in note 26 of the consolidated annual financial statements.

22 OTHER LIABILITIES

The following table shows the components of accrued expenses and other liabilities.

	December 31, 2020	December 31, 2019
Accrued other expenses	19,826,911	14,414,189
Lease liabilities	2,180,095	4,215,425
Sundry liabilities and other payables	24,286,976	9,358,375
Total other liabilities	**46,293,982**	**27,987,989**

Other liabilities increased by SRD 18,305,993 to SRD 46,293,982 at December 31, 2020 which is mainly due to an increase in sundry liabilities and other payables. The increase in sundry liabilities and other payables is mainly due to settlements with local banks and clients, and due to an increase in the provision for staff leave.

23 EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

The accounting policy for equity attributable to owners of the parent company is disclosed in note 28 of the consolidated annual financial statements. The company change in equity is disclosed in the company annual financial statements.

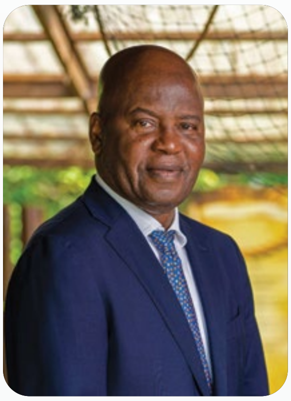
24 COMMITMENTS AND CONTINGENT LIABILITIES

The accounting policy and figures for commitments and contingent liabilities are disclosed in note 29 of the consolidated annual financial statements.

OTHER INFORMATION

CURRICULA VITAE AND ANCILLARY POSITIONS OF THE MEMBERS OF THE SUPERVISORY BOARD

SUPERVISORY BOARD



Mr. H. R. (Humphrey) Schurman | Board Member

Mr. Humphrey R. Schurman, completed his studies in 1978 at the faculty of Law at the University of Suriname and was sworn in as a lawyer on August 13, 1984. In 1988, he started his law firm – Schurman Lawyers. He was involved in the establishment of the GLIS, played a role in the "revision of the Criminal Law Code of Suriname" and in the strengthening of providing legal information to the National Assembly, namely through digitalizing existing laws. In the period of 1986 through 2015, Mr. Schurman was a board member at Telesur. Since 2016, he has held the position of board member at the Hakrin Bank and since 2020 has served as Chairman of the Board of Directors.

As a representative of the VSB (Association of Suriname Businesses), Mr. Schurman participated in various top conferences regarding collaboration within the Caricom and other world-trade-organizations. Schurman Law Firm expanded with a department in Intellectual Property, which has now resulted in the establishment of the Foundation of Intellectual Property. In addition to his law practice, Mr. Schurman is also involved in environmental management and –protection. He is the founder of the Foundation Milieu Watch Suriname and is active in a number of environmental projects. He also functions as a board member of various foundations and organizations such as the Foundation of St. Vincentius Hospital, the Suriname Lawyers' Organization, Foundation of Suriname Crematorium, and the Foundation of Projects Youth and Nature. For a number of years, he has been active as a Lawyer in the Oil- and Gas Industry.

Drs. G (Gerry) Liauw Kie Fa CA RA CIA CISA | Board Member Commissaris

Mr. Gerry Liauw Kie Fa completed his doctoral studies in business economics at the Anton de Kom University in 1999. In 2007, he completed his post-doctoral studies as Registered Accountant at the Vrije Universiteit of Amsterdam. In the following years he obtained certification as a Certified Information Systems Auditor, Certified Internal Auditor and Chartered Accountant. He possesses more than 25 years of local and international experience in finance, auditing and accountancy. His experience in the "Big 4" ranges from stock market listed as well as non-stock market listed companies, in the areas of trade, manufacturing and services, including the financial sector.

In 2014, he started to work at Assuria N.V. as Group Financial Controller and has since 2020 worked in Management as the Chief Financial Controller. On September 2, 2021, Mr. Liauw Kie Fa was appointed as board member at the Hakrin Bank and also as Chairman of the Audit Committee.

SUPERVISORY BOARD

Mr. M. V. Parsan (Manoj) MBA | Board Member

Mr. Manoj V. Parsan completed his studies in 2008 at the Maastricht School of Management and obtained a degree of Master in Business Administration (MBA). Since 2003, he has been employed at FATUM Schadeverzekering N.V. and from 2013 to date has held a position in Management. The specific focal areas which fall under his responsibility are: Finance and Reporting, Information Communication and Technology (ICT), Investments as well as Quality Management.

From 2018 on, Mr. Parsan has held the position of member of the Board of Directors of Torarica Holding N.V. and is also part of the daily management of the Suriname Association of Businesses (VSB) and the Suriname Association of Insurance Companies (SURVAM).

On September 2, 2021 he was appointed board member of the Hakrin Bank and Chairman of the Remuneration- and Nomination Committee.

Drs. S. A. A.(Steven) Debipersad MSc | Board Member

Drs. Steven A. A. Debipersad completed his studies in 2003 at the Faculty of Medicine at the University of Utrecht. In 2004, he completed his degree in Bachelor of Science in Economics. After a number of years of being active at Bloodbank Sanquin and at the Arbo Unie in Utrecht, he launched his own consultancy firm in Paramaribo. In 2013, Debipersad obtained the degree of Master of Science in Macro-Economic Analysis and Policy at the Institute of Graduate Studies and Research (IGSR). From that moment on, he has assisted with macro modeling at both the IGRS and the Planning Bureau. In 2015, he joined the Anton de Kom University of Suriname, part-time at first and full-time since 2017. Today Mr. Debipersad is one of the Coordinators of the Research Methods Master's Program.

He has given public presentations at various times. In December 2016, he spoke at the seminar Foreign Currency Markets of the Central Bank of Suriname. In August 2017 he presented at the Round Table Conference of Productivity and Economic Growth of the Ministry of Trade and Industry, and in October 2018 at the Association of Economists in Suriname (VES) on the occasion of their birthday. Most recently he gave a presentation in November 2019, at the seminar of Monetary Policy and Financial Market Development of the CBvS.

In the months of September and October 2019 and February 2020, Mr. Debipersad was involved in training courses in his area of specialization in monetary and fiscal policy, provided by the VES to journalists and political representatives.

On September 2, 2021, Mr. Debipersad was appointed member of the Board of Directors of the Hakrin Bank N.V. and also as Chairman of the Risk- and Compliance Committee.

OTHER INFORMATION

CURRICULA VITAE AND ANCILLARY POSITIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS HAKRIN BANK.

BOARD OF DIRECTORS HAKRIN BANK

Drs. R. P. V. (Rafiek) Sheorajpanday | Chief Executive Officer

Rafiek Sheorajpanday studied Business Management at the Erasmus University Rotterdam where he specialized in Financial Management. Since the start of his employment in 2000, he has held various financial positions within the bank.

On January 1, 2012, he was appointed Deputy Director of Financial Affairs. In May 2015, he was appointed Chief Financial Officer and in April 2018 he took up the position of Chief Commercial Officer. He officially became Chief Executive Officer in June 2019, having served as Acting Chief Executive Officer since October 2018. He is also a member of the board of the Suriname Bankers Association (SBV) and the Suriname Employers Organisation (VSB).

Drs. M. M. (Magalie) Keerveld RA | Chief Financial and Operations Officer

Magalie Keerveld studied Business Economics at the Vrije Universiteit van Amsterdam with a specialization in Accountancy. After her doctoral programme, she completed a post-doctoral studies as Certified Accountant at the Vrije Universiteit van Amsterdam. From 2000 to 2004, she was employed at Ernst & Young and from 2004 until 2012, she worked at the ING Bank as Internal Auditor and Financial Controller, respectively. Since her appointment in July 2012, she has held the positions of Head of the Internal Audit Department and Senior Finance Manager at the Hakrin Bank. Per June 2017 she was appointed Deputy Director of Financial Affairs.

In April 2018, she was appointed Chief Financial Officer and subsequently in September 2020, appointed Chief Financial Operations Officer. She is also a board member of BNETS N.V. and Chairman of the Board of the Directors' Pension Fund Hakrin Bank N.V.

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Drukkerij Leo Victor
Druk

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