

TRUSTBANK  
AMANAH

Contributing in a sustainable  
and continuous way.

ANNUAL  
REPORT 2022

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## ◆ TRUSTBANK AMANAH PROFILE

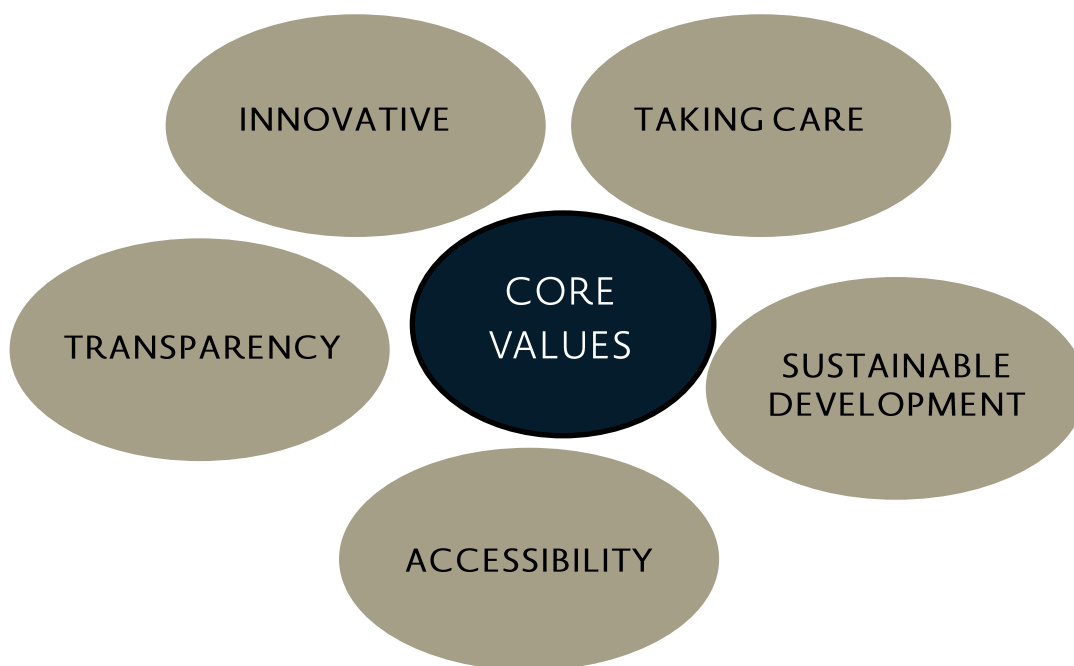
Trustbank (“the bank”) established in 1989 started as a relatively small bank and has achieved significant growth in recent years. The bank is a dynamic institution with expertise in the areas of savings, loans, investments and asset management. Trustbank operated as a savings and loan bank with a license from the Central Bank of Suriname, known as a secondary bank.

In 2015 the bank has opted at a strategic level for a new business model, Islamic Banking, to enrich the banking landscape in Suriname, the Caribbean and Latin America. The conversion process has started and lasted two years. In 2017 the bank converted from a secondary conventional bank to a primary Islamic Bank. Hereby we aim to stimulate the economic growth of micro, small and medium-sized enterprises. This can contribute to promoting the social development and financial well-being of the entire Surinamese community. We also want to improve our services and expand our range by offering this alternative form of banking.

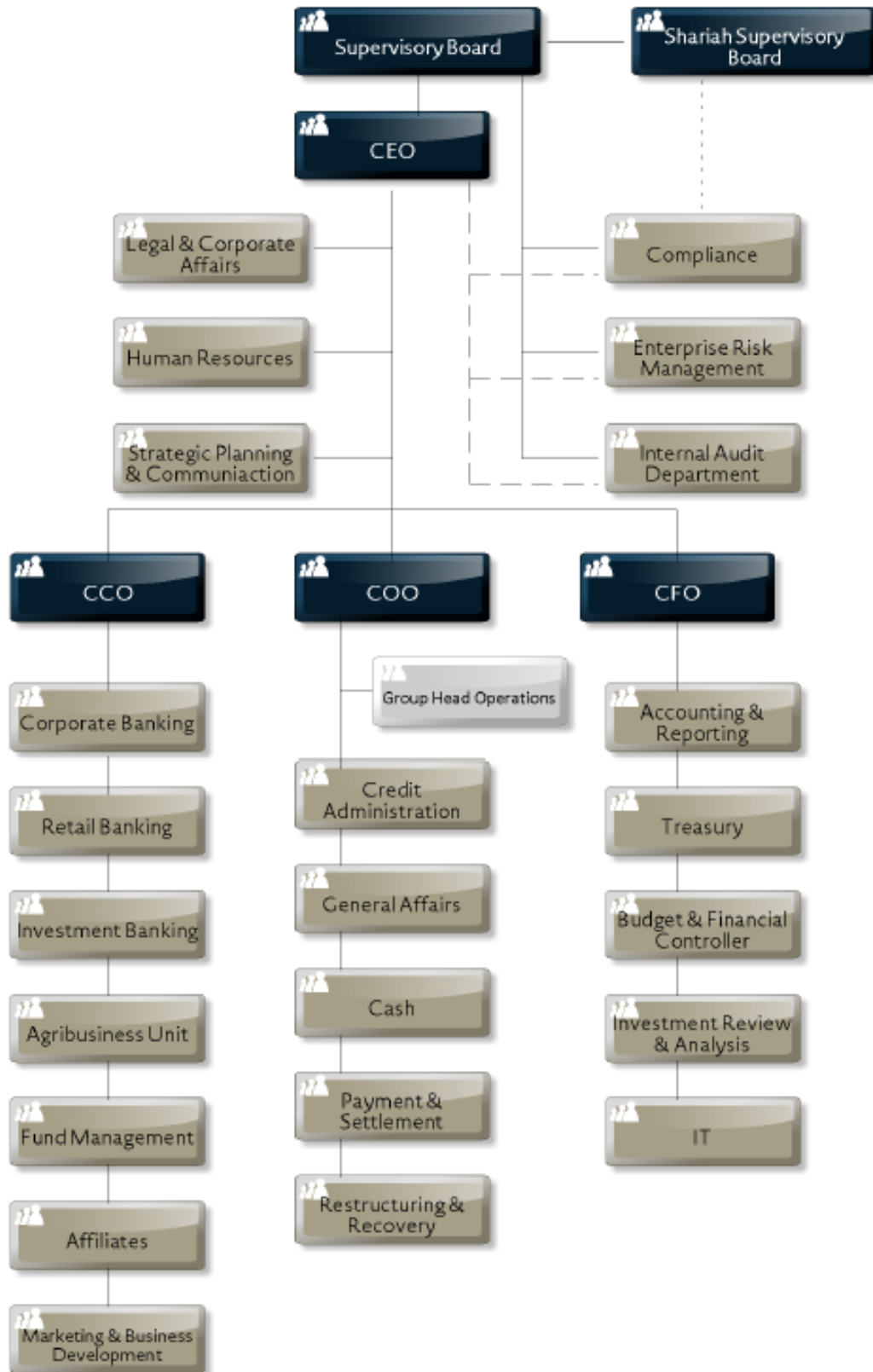
### MISSION, VISION AND CORE VALUES

**OUR MISSION :** Caring for the financial welfare of all.

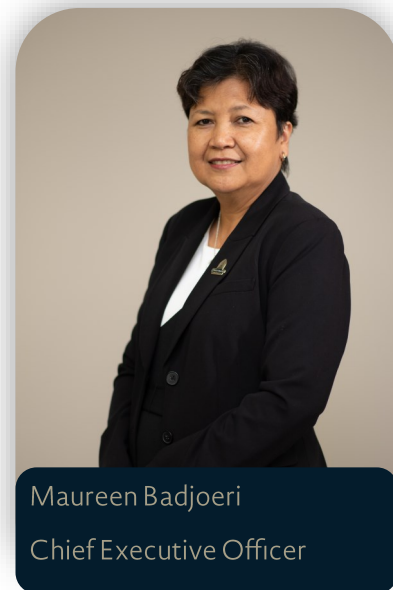
**OUR VISION :** Sustainable financial growth through ethical banking



# ORGANIZATIONAL CHART



## ◆ REPORT OF THE EXECUTIVE BOARD OF DIRECTORS



"Let's build a brighter future together"

### Introduction

The Executive Board of Directors takes great pleasure in presenting the Executive Directors' Report of Trustbank Amanah (referred to as 'the Bank' or 'TBA'), accompanied by the audited Annual Financial Statements for the fiscal year ending on December 31, 2022.

### *Principle Activities*

The Bank functions primarily as a fully licensed by Central Bank of Suriname and operational Schedule Bank, adhering to Islamic Principles. As of December 31, 2022, the Bank operated through four strategically located branches, three of which were full-service branches. Our comprehensive range of financial solutions includes Investment Banking, Corporate Banking, Small Medium Enterprises (SME) & Agri Financings, Retail Banking, Treasury services, digital delivery channels, Cash Management, and Employee Banking Services.

### Overview on Economy

The current global economic landscape is characterized by a widespread and more pronounced deceleration, surpassing initial expectations, coupled with elevated levels of inflation not witnessed in several decades. The prevailing cost-of-living crisis, tightening financial conditions across most regions, the Russia-Ukraine conflict, global output contraction, supply chain disruptions, and the effects of climate change collectively exert significant influence on both the global and domestic economic outlooks. Consequently, global growth is projected to decline to 2.9% in 2023, falling below the historical average of 3.8%.

The successful implementation of Suriname's macroeconomic stabilization program is essential for its near-term prospects. In the first half of 2022, the country started seeing a moderate economic recovery with a 1.9 percent per year GDP growth. The situation however changed in the second half of the year, partially due to external factors such as the war in Ukraine. As a result, the country experienced a high currency depreciation and soaring inflation (52.4 per cent by year end).

The government's ability to function and address the challenges faced by the most impoverished Surinamese people will rely on fiscal adjustments within the context of the macroeconomic stabilization program. The discovery of several offshore oil deposits in 2020 could result in positive long-term growth and fiscal prospects for Suriname although production is not expected to start until 2027 at the earliest.

### Industry Outlook

The banking sector in Suriname experienced a positive trajectory in 2022, with a total of nine banks operating in the country. The Risk Weighted Assets (RWA) of the banking sector showed an upward trend, increasing from 13.9 % in January 2022 to 15.5 % as of December 2022. This indicates the growth and expansion of the banking industry in Suriname.

In terms of performance indicators, the return on equity (ROE) for the overall banking sector was reported at 48.1%. This metric measures the profitability of banks in relation to shareholders' equity, reflecting the ability of banks to generate returns for their investors. Additionally, the return on assets (ROA) stood at 3.3%, which indicates the efficiency and profitability of banks in utilizing their assets to generate earnings.

These figures signify the stability and resilience of the banking sector in Suriname, as banks continue to manage their risks, optimize their operations, and deliver value to their shareholders. The positive performance indicators reflect the sound financial position and prudent management practices adopted by banks operating in the country.

As the banking sector in Suriname continues to evolve, it remains focused on providing a wide range of financial services, supporting economic growth, and contributing to the overall development of the country.

(Data Source: Central Bank of Suriname – Banking System Soundness Indicators)

### Financial Performance

| SRD Amount in '000  |      | December 31, 2022<br>Audited | December 31, 2021<br>Restated | December 31, 2020<br>Restated |
|---|------|------------------------------|-------------------------------|-------------------------------|
| <b>RESULTS</b>  |      |                              |                               |                               |
| Net Profit  | 51%  | 30,688                       | 20,312                        | 31,129                        |
| Commission Income   | -24% | 769                          | 1,011                         | 998                           |
| Other Income  | -15% | 14,911                       | 17,561                        | 23,519                        |
| Total Income  | 34%  | 46,823                       | 34,901                        | 54,090                        |
| Expenses  | -10% | 61,013                       | 67,924                        | 56,238                        |
| Expected Credit Loss                                      | -83% | (3,474)                      | (20,874)                      | (858)                         |
| Profit (Loss) for the Year                                | -54% | (5,046)                      | (11,090)                      | 8,676                         |
| Net Earnings before tax,<br>depreciation and Amortisation | 62%  | 5,218                        | 3,227                         | 13,738                        |

## **Reason for Negative result in 2022**

During the year 2022, our bank experienced a positive turnaround by recovering from previous losses. This improvement became evident on a month-on-month basis after July 2022. Additionally, our bank's Earnings Before Taxes, Depreciation, and Amortization (EBITDA) turned positive, reaching SRD 5.2 million.

However, throughout 2022, our bank faced a decrease in its financing portfolio due to capital adequacy ratios not being met. This issue was subsequently resolved after the balance sheet date when the bank obtained approval from the Central Bank of Suriname (CBvS). This approval allowed us to add the capital, which was held in an advance account, thereby addressing the capital adequacy requirements. A notable decline in financing portfolio had detrimental impact on our financial performance, resulting in a reduction of approximately SRD 40 million in financing income.

Following the balance sheet date, all the bank's regulatory ratios are now in line with the required standards. This positive development enabled the bank to resume its financing activities and contributed to the bank's growth and improved results during the year 2023.

Overall, we are pleased to report that our bank successfully recovered from previous losses in 2022, achieved profitability on a month-on-month basis, and resolved the capital adequacy issue with the approval from the CBvS. With the regulatory ratios back in line and renewed financing activities, our bank's growth and positive results in 2023 reflect our commitment to financial stability and success.

### **Gross Profit:**

Our Gross profit has shown a commendable growth of 34% from SRD 20,312,000 in 2021 to SRD 30,688,000 in 2022. This signifies our commitment to achieving sustainable profitability and creating value for our stakeholders.

### **Commission Income:**

However, our commission income experienced a decline of 31%, decreasing from SRD 1,011,000 in 2021 to SRD 769,000 in 2022. This decline can be attributed to various factors affecting our commission-based activities.

### **Other Income:**

Similarly, our other income has decreased by 18%, amounting to SRD 14,911,000 in 2022 compared to SRD 17,561,000 in 2021. This decline indicates a decrease in earnings from sources other than commissions, such as fees and investments.

### **Total Income:**

Despite the decline in commission and other income, our total income has shown a growth of 25%, reaching SRD 46,823,000 in 2022 compared to SRD 34,901,000 in 2021. This growth reflects our efforts to diversify revenue streams and enhance overall income generation.

### **Expenses:**

Our expenses have decreased by 11% from SRD 67,924,000 in 2021 to SRD 61,013,000 in 2022. This reduction in expenses demonstrates our commitment to cost management and operational efficiency.

### **Expected Credit Loss:**

An interesting development is the significant decrease in expected credit loss, with a percentage change of -501%. This indicates the improvement in our credit quality and risk management practices, resulting in a more robust financing portfolio.

### **Profit (Loss) for the Year:**

Unfortunately, we have reported a loss for the year, with a percentage change of -120%. This loss amounted to SRD (5,046,000) in 2022 compared to a loss of SRD 11,090,000 in 2021. This emphasizes the challenges we faced during the year, mainly due to decline and financing portfolio.

### **Net Earnings before tax, depreciation, and Amortization:**

Despite the reported loss, it is important to note that our net earnings before tax, depreciation, and amortization have shown a significant improvement, with a percentage change of 939%. This highlights our efforts in enhancing operational performance and efficiency in our core business activities.



## Balance Sheet Analysis

| SRD Amount in '000  |             | December 31, 2022<br>Audited | December 31, 2021<br>Restated | December 31, 2020<br>Restated |
|---|-------------|------------------------------|-------------------------------|-------------------------------|
| <b>BALANCE SHEET</b>  |             |                              |                               |                               |
| Cash & Cash equivalents                                       | -25%        | 436,954                      | 584,817                       | 302,824                       |
| Due from banks  | 93%         | 69,741                       | 36,121                        | 44,856                        |
| Financings and advances to customers                          | -34%        | 172,149                      | 262,453                       | 328,862                       |
| Financial assets  | -34%        | 33                           | 50                            | 53                            |
| Investments   | -26%        | 247,179                      | 336,235                       | 386,871                       |
| Other assets  | 24%         | 143,344                      | 115,633                       | 89,530                        |
| <b>Total Assets</b>   | <b>-20%</b> | <b>1,069,400</b>             | <b>1,335,309</b>              | <b>1,152,996</b>              |
| Customers' current, saving and deposits accounts              | -29%        | 837,048                      | 1,182,895                     | 1,013,877                     |
| Advance against Share capital                                 | 13%         | 39,481                       | 34,852                        | -                             |
| Other liabilities   | 90%         | 163,894                      | 86,338                        | 102,314                       |
| Shareholders' Equity  | -7%         | 28,977                       | 31,224                        | 36,805                        |
| <b>Total Liabilities and Shareholders' Equity</b>             | <b>-20%</b> | <b>1,069,400</b>             | <b>1,335,309</b>              | <b>1,152,996</b>              |
| <b>Key Ratios</b>   |             |                              |                               |                               |
| Return on Equity  |             | -17.41%                      | -35.52%                       | 23.57%                        |
| Return on Assets  |             | -0.47%                       | -0.83%                        | 0.75%                         |
| Financing Expected Credit Loss Ratio                          |             | 2.02%                        | 2.03%                         | 5.93%                         |
| Non Performing Ratio (by Central Bank of Suriname guidelines) |             | 1.46%                        | 1.85%                         | 9.74%                         |
| Financing to Deposit Ratio                                    |             | 21%                          | 22%                           | 32%                           |
| Cost to Income Ratio  |             | 123%                         | 195%                          | 104%                          |
| Capital to Assets Ratio                                       |             | 3%                           | 2%                            | 3%                            |
| Solvency Ratio  |             | 10.98%                       | 11.44%                        | 1.95%                         |

**Cash & Cash Equivalents:**

Our cash and cash equivalents have experienced a decline of 34%, amounting to SRD 436,954,000 in 2022 compared to SRD 584,817,000 in 2021. This reduction is mainly because of change in our strategy and manage liquidity more efficiently.

**Due from Banks:**

However, due from banks has increased by 48% from SRD 36,121,000 in 2021 to SRD 69,741,000 in 2022. This reflects our strategic investments in Open Market Operations for SRD placements with CBvS.

**Financings and Advances to Customers:**

Our financings and advances to customers have decreased by 52%, reaching SRD 172,149,000 in 2022 compared to SRD 262,453,000 in 2021. This decline indicates a more cautious lending approach and focus more on recovery and quality of the credit portfolio.

**Investments:**

Furthermore, our investments have shown a decline of 36%, amounting to SRD 247,179,000 in 2022 compared to SRD 336,235,000 in 2021. This reflects our strategy to reallocate investment portfolios based on market conditions and risk considerations.

**Other Assets:**

Similarly, other assets have decreased by 6%, reaching SRD 143,344,000 in 2022 compared to SRD 115,633,000 in 2021. This decline may be attributed to the revaluation of certain assets or changes in the composition of our asset base.

**Customers' Current, Saving, and Deposits Accounts:**

Our customers' current, saving, and deposits accounts have experienced a decline of 41%, amounting to SRD 837,048,000 in 2022 compared to SRD 1,182,895,000 in 2021. This reduction may be influenced by factors such as changes in economic conditions.

**Other Liabilities:**

However, other liabilities have increased by 47%, reaching SRD 163,894,000 in 2022 compared to SRD 86,338,000 in 2021. This growth may be attributed to various obligations and liabilities incurred during the year.

**Shareholders' Equity:**

Our shareholders' equity has shown a decline of 8%, amounting to SRD 28,977,000 in 2022 compared to SRD 31,224,000 in 2021. This change may be influenced by factors such as retained earnings or changes in the capital structure.

**Total Liabilities and Shareholders' Equity:**

In conclusion, the total liabilities and shareholders' equity have decreased by 25%, reaching SRD 1,069,400,000 in 2022 compared to SRD 1,335,309,000 in 2021. This change reflects the dynamics of our balance sheet and the adjustments made during the year.

We recognize the challenges and opportunities that lie ahead for our bank in the dynamic economic environment. We remain committed to navigating through these conditions, leveraging our strengths, and implementing strategic initiatives to enhance our financial performance and deliver value to our stakeholders.

## Compliance

The Bank has cultivated a robust compliance culture that upholds high standards of ethics, integrity, and honesty throughout the organization. This commitment to compliance starts at the top and permeates down the hierarchy, ensuring consistent and effective implementation of regulatory requirements, standards, practices, and other laws in both letter and spirit.

The Compliance function of the Bank plays a pivotal role in maintaining adherence to applicable laws and regulations, as well as overseeing compliance risk at the entity level to safeguard the interests of stakeholders. It diligently ensures compliance with all regulatory requirements, including Anti-Money Laundering (AML), Combatting the Financing of Terrorism (CFT), Countering Proliferation Financing, and Trade Based Money Laundering (TBML) frameworks.

To address these risks, the Bank has established specialized and dedicated desks that specifically manage AML, CFT, and TBML risks. Additionally, the Bank has engaged reputable service providers to mitigate the risks associated with onboarding prohibited individuals, employing regulatory technologies (RegTech) to comply with local and international sanction regimes, and conducting ongoing monitoring of customers.

The Compliance function of the Bank also carries out timely reporting to meet the requirements of the Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS). Furthermore, it is entrusted with reviewing and approving high-risk accounts, providing guidance to segments and branches on AML/CFT matters, issuing advisories on local and international sanctions, and conducting comprehensive training sessions regularly throughout the bank to ensure awareness and compliance with regulatory requirements.

## Risk Management

The primary goal of risk management is to effectively handle uncertainties that arise during regular business operations. It is a crucial aspect of banking, enabling the Bank to manage risks at the entity level in order to maximize risk-adjusted returns while operating within defined risk parameters. The Risk Management department, led by the Risk Manager, reports to the Board Risk Management Committee and encompasses the following functions:

- **Credit Risk Management:** This function ensures that credit risk activities align with the approved policies of the Board of Supervisors, regulatory requirements, the Bank's risk appetite, and industry best practices.
- **Enterprise Risk Management:** This function oversees the management of various risks across the entire organization, focusing on strategic, operational, financial, and compliance risks.
- **Operational Risk & Internal Control:** This function is responsible for identifying and managing operational risks, enhancing control mechanisms, and reporting on loss data. It continually works towards improving the operational risk management framework through risk assessment and mitigation.
- **Information Security:** The Bank has established an extensive Information Security program and governance structure to safeguard its information and technology-based assets. This includes protecting sensitive data entrusted by customers, partners, and staff, thereby mitigating risks associated with data breaches and maintaining a competitive edge.
- **Recovery and Collection:** This function focuses on recovering loans and managing collections efficiently, thereby minimizing credit-related risks.

Specialized committees, comprising experienced members of senior management, operate within the overall strategy set by the Board of Supervisors to ensure risks remain within acceptable levels. Two notable committees are:

- **Executive Board Credit Committee (EB):** This committee ensures that credit risk activities adhere to the approved policies, regulatory requirements, the Bank's risk appetite, and industry best practices.
- **Asset Liability Committee (ALCO):** ALCO oversees market, liquidity, and country risk exposures, reviews the maturity profile of assets and liabilities, sets pricing, and makes decisions regarding sound liquidity management, particularly concerning long-term assets and quality acquisitions.

Risk management tools such as stress testing, sensitivity measures, and comprehensive risk analysis aid in monitoring and managing market risk. The Bank maintains assets' quality through robust financing policies and procedures, a well-delegated financing approval matrix, sufficient collateral coverage, proper documentation, and periodic reviews. Value at risk calculations are employed to assess market risk, while liquidity management is achieved through cash flow matching, meeting regulatory reserve requirements, and maintaining adequate liquid assets. Various liquidity ratios are closely monitored to evaluate potential liquidity risks.

The Bank continuously strives to enhance its operational risk management framework by implementing loss data reporting, self-assessment of risk and control, expanded coverage of key risk indicators, and documentation and improvement of processes. An internal operational risk awareness program is in place to build capacity and foster a risk-conscious culture among staff through training and on-the-job awareness.

In conclusion, the Bank places great importance on managing risks effectively in order to protect its critical assets, ensure regulatory compliance, and promote a risk-aware environment throughout the organization.

### Capital Plan

The Bank recognizes capital planning as a crucial element for operating successfully in a challenging economic landscape, ensuring compliance with stringent regulatory requirements, and mitigating external risks. The Bank firmly believes that establishing a robust capital plan is essential for determining an appropriate level of capital that aligns with its strategic business plan, while also providing the capacity to withstand any adverse events or stressful scenarios.

To this end, the Bank has formulated a comprehensive capital plan that aims to maintain compliance with the Minimum Capital Requirement (MCR) framework specified by the Central Bank of Suriname (CBvS) over the long term. This proactive approach to capital planning demonstrates the Bank's commitment to prudence and resilience in the face of potential risks and uncertainties.

By adhering to the capital plan, the Bank ensures that it has adequate capital buffers in place to meet regulatory standards, absorb potential losses, and support the Bank's growth objectives. The plan takes into account various factors, including the Bank's risk appetite, projected business activities, and potential external market conditions.

The Bank's capital plan serves as a strategic roadmap, providing a framework for effective capital management and allocation. It enables the Bank to optimize its capital structure, balance risk and return considerations, and maintain a healthy capital position that supports the Bank's sustainable growth and stability.

In conclusion, the Bank's strong emphasis on capital planning reflects its commitment to operating prudently, complying with regulatory requirements, and safeguarding the Bank's long-term viability. Through a well-defined capital plan, the Bank ensures that it remains resilient in a dynamic economic environment and is well-prepared to navigate potential challenges and capitalize on growth opportunities.

### Training of Supervisory Board and Executive Board.

In 2022, the Bank organized a specialized training program for the Supervisory Board and Executive Board members focused on enhancing their understanding and adherence to Islamic Finance principles. This program was conducted in collaboration with the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), a prominent institution in the field of Islamic finance.

The training program featured industry-leading trainers who provided in-depth knowledge and insights into the principles and practices of Islamic finance. AAOIFI, known for its expertise and global recognition in setting standards for Islamic finance, ensured the delivery of comprehensive and high-quality training to the participants.

The objective of this training program was to equip the Supervisory Board and Executive Board members with the necessary knowledge and tools to effectively navigate the intricacies of Islamic finance. By deepening their understanding of Islamic finance principles, the participants gained valuable insights into the unique aspects of this specialized financial system.



Through the training, the Bank aimed to strengthen its compliance with Islamic finance principles and promote best practices within the organization. The knowledge acquired by the Supervisory Board and Executive Board members in this program would enable them to make informed decisions and provide strategic guidance in line with the principles of Islamic finance.

Overall, the training program conducted in collaboration with AAOIFI represented the Bank's commitment to enhancing its capabilities in the field of Islamic finance. By investing in the knowledge and expertise of its key decision-makers, the Bank aimed to align its operations with the principles of Islamic finance and provide exemplary services to its customers within the framework of Islamic financial principles.

### **Auditors**

The existing auditors, Tjong A Hung Accountants and Consultants, have reached their retirement and are eligible for re-appointment as the statutory auditors of the Bank for the upcoming year, provided they are appointed. In accordance with the requirements of the Code of Corporate Governance, the Audit Committee has recommended the re-appointment of Tjong A Hung Accountants and Consultants as the Bank's statutory auditors for the fiscal year ending December 31, 2023.

The final appointment of Tjong A Hung Accountants and Consultants as the Bank's statutory auditors for the mentioned period will be subject to Supervisory Board approval.

The recommendation from the Audit Committee reflects their confidence in the auditors' competence, expertise, and adherence to professional standards. The re-appointment of Tjong A Hung Accountants and Consultants would ensure continuity in the audit process and maintain a strong working relationship between the auditors and the Bank.

### **Acknowledgments**

We would like to extend our heartfelt appreciation to our esteemed customers, business partners, and shareholders for their unwavering support, trust, and loyalty. It is through your continued patronage and confidence in our services that we have been able to thrive and achieve our goals in 2022.

We also wish to recognize the exceptional dedication, commitment, and hard work exhibited by our managers and employees. Their relentless efforts and unwavering focus on excellence have played a pivotal role in the Bank's accomplishments throughout the year. Their contributions, professionalism, and teamwork have been instrumental in our successful path of recovery and growth.

Furthermore, we express our sincere gratitude to the Supervisory Board and Shariah Supervisory Board for their invaluable guidance and oversight. Their expertise, wisdom, and regular counsel have been crucial in shaping our strategic direction and ensuring adherence to regulatory requirements and ethical standards.

Together, with the support and contributions of our valued customers, business partners, shareholders, managers, employees, and board members, we have been able to overcome challenges and seize opportunities. We are deeply grateful for the collaborative efforts that have driven our achievements, and we remain committed to delivering excellence, fostering trust, and creating value for all our stakeholders.

Once again, we express our heartfelt gratitude to each and every one of you for being an integral part of our journey and for your continued belief in our Bank. We look forward to further strengthening our relationships and achieving mutual success in the future.

Paramaribo, 27 July, 2023

Finatrust, de Trustbank N.V. doing business as Trustbank Amanah

CEO Maureen Badjoeri

CFO Faizan Ahmed

Group Head Operations Eduard Kidjo

## EXECUTIVE BOARD OF DIRECTORS

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### Maureen Badjoeri, Chief Executive Officer

#### Previous positions

- 2004 : Chief Executive Officer - Finatrust, de Trustbank N.V.
- 1997 : Deputy Director - Finatrust, de Trustbank N.V.
- 1996 : Manager Legal Affairs - Finatrust, de Trustbank N.V.
- 1992 : Lawyer - Ministry of Justice & Police



### Faizan Ahmed, Chief Financial Officer

#### Previous positions

- 2016 – 2021: Islamic Bank of Afghanistan (Azizi Group UAE) - Chief Financial Officer
- 2010 - 2016 : HBL - Islamic Banking - Deputy General Manager & Head Product Development & Operations.
- 2007 - 2010 : Ernst & Young, Chartered Accountants - Islamic Financial Services Group Manager

#### Previous experience

2005 - 2007: Al-Baraka Islamic Bank (Member of Al-Baraka Banking Group, Bahrain)  
Shariah Coordinator

*Reported to Shariah Advisor and Shariah Board Bahrain*

2001 - 2005: Ernst & Young Ford Rhodes, Chartered Accountants (A Member of Ernst & Young) – AABS Supervising Senior.



### Eduard Kidjo, Group Head Operations

#### Previous positions

- 2007 : Chief Financial Officer, Trustbank Amanah
- 2005 : Account Manager Finatrust, de Trustbank N.V.  
Head Credit Department – Finatrust, de Trustbank N.V.
- 2004: Accountmanager - FinaBank N.V.  
Head Credit Department – Finatrust, de Trustbank N.V.
- 2003 : Coordinator Customs and Logistics for equipment - CKC Surmac N.V.
- 1996 : Head Marketing & Sales Support – CKC Surmac N.V.
- 1994 : Management Trainee Sales dept. - Surinaamse Machinehandel N.V.  
(CKC Surmac N.V.)



## TEAM OF EXECUTIVES



From left to right

1. Aniel Ghurahoo  
Retail Banking Manager

2. Jozua Wongsotaroeno  
Cash Coordinator

3. Graciella Boëtius  
Head of Treasury

4. Ranushka Garib  
Internal Audit Manager

5. Sherryl Ilahi  
Corporate Banking Manager

6. Meta Toewar  
Accounting & Reporting Manager

7. Cherryl Moentari  
Communication Coordinator

8. Agnes Martowiriono  
Legal Manager

9. Faisa Hoesenie  
Compliance Manager

10. Shehnaz Ramdhiansing  
Restructuring & Recovery Coordinator

11. Martinus Martodikromo  
Senior Budget & Financial Control Officer

12. Clarence Tokromo  
Head Agri Business & Institutional Relations

## IMPORTANT ACTIONS IN 2022

In April 2022, the Surinamese government promulgated the National Development Fund for Agribusiness (NOFA) to promote and strengthen Agribusiness, the competitive position and earning capacity of agricultural companies in Suriname. The NOFA offers entrepreneurs in the agricultural sector the opportunity to increase production and expand capacities through financing from the fund. Trustbank Amanah was elected as fund manager after a tender held by the Ministry of Agriculture, Animal Husbandry and Fisheries, in which banks in Suriname could participate. A board has been composed for this fund consisting of representatives of the Ministry of Finance, the Ministry of Agriculture, Animal Husbandry and Fisheries and the Ministry of Regional Development and Sport. The board has a supervisory role of applications and serves as intermediary between the Ministry of Agriculture, Animal Husbandry and Fisheries and the fund manager.



CEO Maureen Badjoeri, President of the Republic of Suriname H.E. Chandrikapersad Santokhi, Chairman Radj Kirpal, Minister of Agriculture, Animal Husbandry and Fisheries Parmanand Sewdien.

After thorough preparation, the launch of NOFA took place on August 4, 2022, where the President of the Republic of Suriname H.E. Chandrikapersad Santokhi and the Minister of Agriculture, Animal Husbandry and Fisheries mister Parmanand Sewdien were present for the speeches and served as witnesses at the signing of the fund management agreement between Trustbank Amanah CEO Maureen Badjoeri and NOFA chairman Radj Kirpal. Immediately afterwards the fund manager started working with the board to process applications. Exactly after 3 months, November 4, 2022, the first approved applications were issued.



CEO Maureen Badjoeri, NOFA board Chairman Radj Kirpal, Minister of Agriculture, Animal Husbandry and Fisheries Parmanand Sewdien and agribusiness entrepreneurs.



## IMPORTANT ACTIONS IN 2022

### Trustbank Amanah participation in AAOIFI-IsDB 17th Annual Islamic Banking and Finance Conference.

The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) together with the Islamic Development Bank Group (IsDB), represented by IsDB Institute (IsDBI), organized the AAOIFI-IsDB 17th Annual Islamic Banking and Finance Conference in the Kingdom of Bahrein on 27 -28 November 2022 with the theme “Economic Resilience and Governance in Disruptive Times”.

The annual conference is considered as one of the most important gatherings in the Islamic finance industry for which Shari’ah scholars, policymakers, and decision-makers come together on one platform for deliberations on pressing topics in the Islamic finance industry globally.

Trustbank Amanah Executive Board of Directors participated at the conference and has been able to broaden the network for the benefit of Trustbank Amanah. This discusses possibilities for international collaborations in order to be able to deepen and further development of Islamic Banking in our country.



## ◆ CORPORATE GOVERNANCE

Corporate Governance is defined as the system of rules, practices, and processes by which a financial institution is directed and controlled in its action. Shariah Corporate Governance of a financial institution refers to how the financial institution should be managed in accordance with the principles of Shariah. The basic principle of corporate governance of accountability, transparency, fairness, integrity, efficient risk management, good entrepreneurship as well as good supervision are essential conditions for placing trust and confidence in Trustbank Amanah in relation to the regulators, stakeholders, associates, customers, staff, and the public as a whole.

The Executive Board and the Supervisory Board of Trustbank Amanah are responsible for the balanced consideration of the interests of all parties involved in the bank, such as its customers, shareholders and staff, and other relevant stakeholders and market participants, including the social aspects of entrepreneurship relevant to the bank. This takes into account the continuity of the bank, the social environment in which the bank functions and laws and regulations that apply to the bank.

Trustbank Amanah's Corporate Governance Code contains principles and best practice provisions that regulate the relationships between the Executive Board, the Board Risk Management Committee, the Shariah Supervisory board, the Supervisory Board, and the General Meeting of Shareholders.

The current mix of skills and experience of the members of the Supervisory Board consists of Islamic banking, risk, compliance, legal, human resource, administrative and commercial.

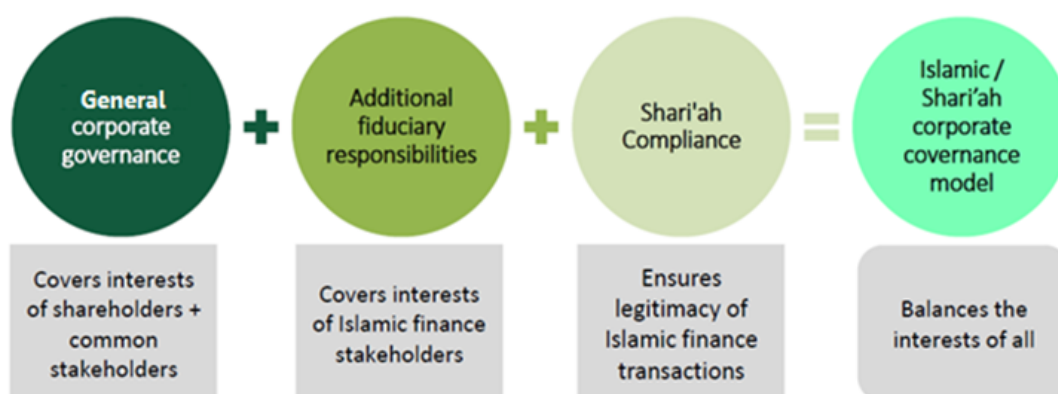
The Committee of the Supervisory Board discuss quarterly reports obtained from the Audit, Risk and Compliance department. The Committee shall meet regularly, at least once in a quarter, to carry out their responsibilities. Additional meetings may be called upon as and when required.

The Shariah Supervisory Board currently comprise of three distinguished scholars in Islamic banking, headed by the Chairman with two Members.

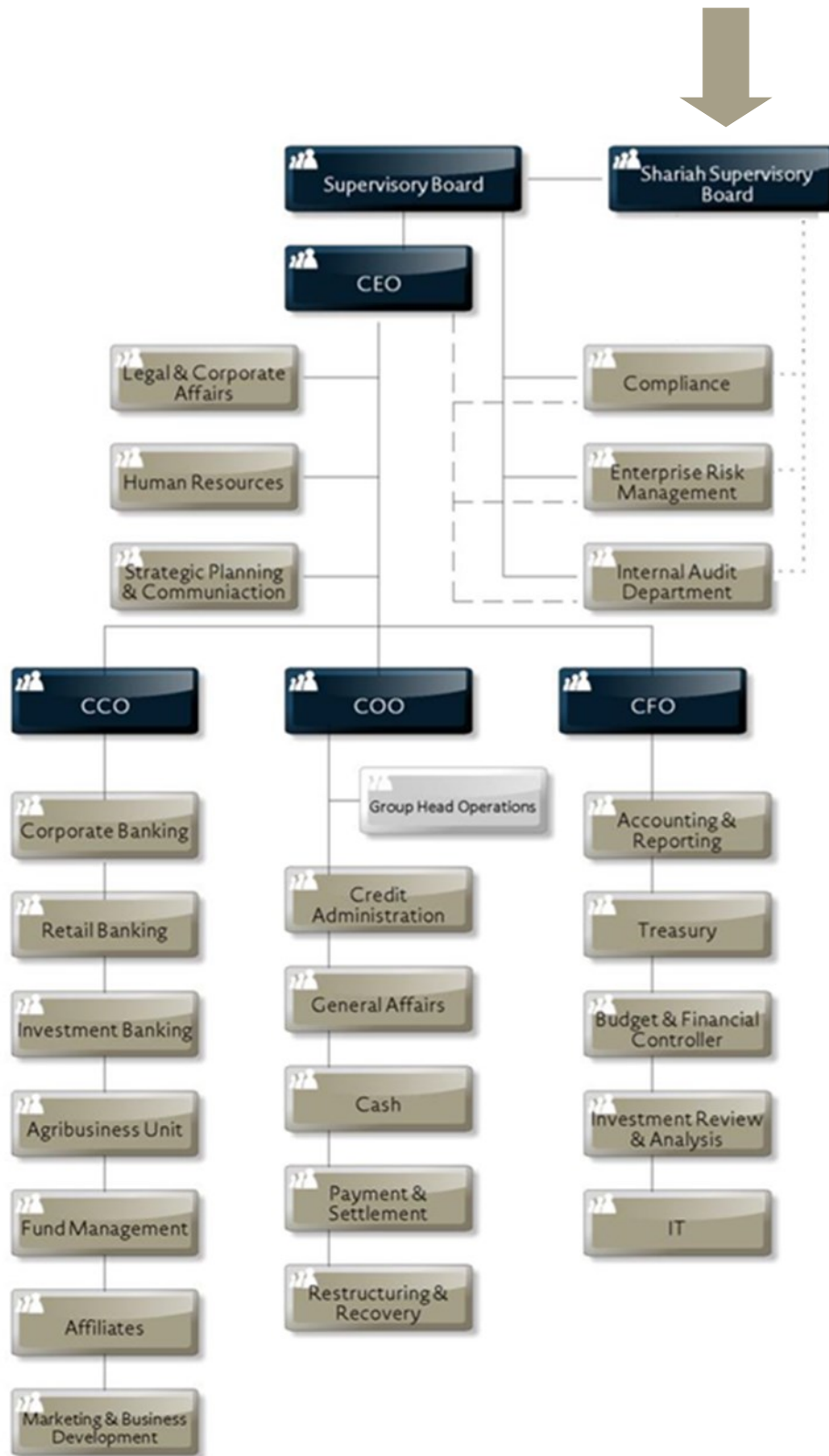
Trustbank Amanah as an Islamic Bank distinguishes itself from other financial institutions in terms of Shariah Corporate Governance as follows:

### THE COMPONENT OF THE SHARI'AH GOVERNANCE

**Following are the components of the Shari'ah governance model:**



ORGANIZATIONAL STRUCTURE OF TRUSTBANK AMANAH IN RELATION TO SHARIAH SUPERVISORY BOARD



Note : ..... Shariah related reporting

Note : -----Administrative reporting

## THE MAIN ROLES AND RESPONSIBILITIES OF SHARIAH SUPERVISORY BOARD

### Legitimacy – compliance with fundamental objectives

- Gives legitimacy to Islamic banking / finance practices by ensuring compliance with Shari’ah principles and rules

### Fiduciary responsibility

- Safeguarding the interest of stakeholders

### Public confidence and reputation

- Boosts confidence of public at large when banking activities and practices are Shari’ah compliant

### Shari’ah Risk mitigation

- When the activities are Shari’ah non-compliant, the Banks are exposed to Fiduciary and Reputation Risks

## SCOPE OF ELEMENTS OF SHARIAH GOVERNANCE

|  |  |
|--|--|
| Shari’ah Supervisory Board (preventive / design)                 | Fatwas and rulings<br>Product approvals<br>Shari’ah review and SSB report  |
| Internal Shari’ah audit (detective)                              | Primary focus is on execution, not design<br>Reports are made to the audit committee / EBoD<br>Independent department or part of internal audit department               |
| Shari’ah compliance function and department (preventive)         | Facilitation and support to the management in Shari’ah compliance<br>Link between management and SSB and secretariat of the SSB<br>Enforcement of Shari’ah audit reports |
| External Shari’ah audit (detective)                              | Primary focus is on execution, not design<br>Reports stakeholders<br>Independent exercise  |
| Responsibilities of those charged with governance and management | To be integrated with other functions<br>In their respective areas of responsibility and authority   |
| Shari’ah non-compliance risk management function                 | Shari’ah Risk shall be introduced  |
| Shari’ah compliance and fiduciary rating                         | Effective concept for stakeholder benefit  |

\*Source: AAOIFI

## ◆ STATEMENT OF SHARIAH SUPERVISORY BOARD

Assalamu alaykum wa Rahmatullahi wa Barakatuh

In compliance with the letter of appointment, we submit the following report:

We have reviewed the principles and the contracts relating to the transactions and applications introduced by Trustbank Amanah during the period ended 31<sup>st</sup> December 2022.

We have also conducted our review to form an opinion as to whether Trustbank Amanah has complied with Shariah Rules and Principles. In addition to the specific fatwas, rulings and guidelines issued by us.

Trustbank Amanah management is responsible for ensuring that the financial institution conducts its business in accordance with Shariah rules and Principles. It is our responsibility to form an independent opinion based on our review of the operations of Trustbank Amanah and to report to you.

We conducted our review which included examining on a test basis relevant documentation and procedures adopted by Trustbank Amanah. We planned and performed our review to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that Trustbank Amanah has not violated Shariah Rules and Principles.

In our opinion:

- A) The contracts, transactions and dealings entered into by Trustbank Amanah during the year ended 31<sup>st</sup> December 2022 that we have reviewed are in compliance with the Shariah Rules and Principles;
- B) The allocation of profit and charging of losses relating to investment accounts conform to the basis approved by us in accordance with Shariah Rules and Principles;

We, the members of the Shariah Supervisory Board of Trustbank Amanah, do hereby confirm that the operations of the Bank for the financial year ended 31<sup>st</sup> December 2022 have been conducted in conformity with Shariah principles.

Paramaribo, July 27, 2023

On behalf of the Shariah Supervisory Board

Assoc. Prof. Dr Said Bouheraoua

Chairman



Assoc. Prof. Dr. Said Bouheraoua

Chairman

Currently a Senior Researcher and Director of Research Developments and Innovation at the International Shari'ah Research Academy for Islamic Finance – INCEIF University. He obtained his Ph.D. in Islamic Law from the International Islamic University Malaysia (IIUM) year 2002. He is the editor-in-chief of ISRA International Journal of Islamic Finance. He is the Chairman of Shariah Committee of MUFG, Member of Shariah Committee of the Central Bank of the Sultanate of Oman from January 2015 to present, Chairman of Shariah Committee of the Sun Trust Bank Nigeria, Chairman of Shariah Committee of MLRe Retakafu, Shariah member of ISRA Consultancy institute and a registered Shariah Adviser with Securities Commission Malaysia. Dr Said has published six books, eight chapters in books and several articles in refereed journals. He has also presented several papers in international conferences including the International Fiqh Academy of the OIC and Islamic Fiqh Academy of Muslim World League. He conducted several trainings in Islamic banking and finance in Malaysia and abroad.



### Ust. Stanley Soeropawiro MSc. Member

Reappointment in: 2020

Current job: Head of Religious Affairs, Ministry of Home Affairs, since 1997

Work experience: Shari'ah Advisor from 2015, member Shari'ah Supervisory Board from 2017

Study: Bachelor's Degree in Shari'ah, Master's Degree in

Education and Research for Sustainable Development,

Certified Shari'ah Adviser and Auditor (AAOIFI)



### Hendrik Kramawitana MBA Member

Current : Newmont Suriname LLC, position of Supervisor Internal Audit

2017 – 2018 : Newmont Suriname LLC, position of Contractor Project Accountant for phase2

2006 – 2017 : Marsam Trading N.V, General Manager

2004 – 2007 : Freelance Project Manager, construction projects, Budget, Design & Buold of one Turnkey HACCP Compliant Fish Factory

1996 – 1997 : Freelance Project Manager and Developer. Texaco Caribbean Inc.- Suriname, position of Accountant, Financial Analyst and Marketing Representative

1993 – 1995 : Controller, Golden Star Resources Ltd.

1991 – 1993 : Auditing Supervisor, Accounting Firm Tjong A Hung (Partner Firm for Cooper & Lybrand), Chartered Accountant.

## ◆ STATEMENT OF THE SUPERVISORY BOARD

The year 2022 has once again been very challenging for Trustbank Amanah, but has also brought opportunities and possibilities. Deteriorating macroeconomic developments, including the depreciation of the local currency and high inflation, have put heavy pressure on business operations and led to losses in the bank's operational operations.

In the second half of 2021, Trustbank Amanah was able to increase the Tier 1 capital and the solvency ratio by means of a share issue. Through a Private Placement Memorandum (PPM), sufficient share capital has been raised from local investors.

Our thanks go to the investors, who have shown faith and confidence in our strategy as expressed in the PPM and have been willing to deposit capital. Together with the Management Board and total staff, we managed to bring about an operational turnaround from August 2022, whereby the losses were reduced. We have also entered into a strategic partnership with the Ministry of Agriculture, Livestock and Fisheries, the IsDB, Akhuwat Foundation and FAO.

At the shareholders' meeting of 13 September 2022, it was decided that Mr. Eduard Kidjo will step down as Chief Financial Officer with effect from 1 October 2022 and hold the position of Group Head Operations. Mr. Faizan Ahmed has been appointed Chief Financial Officer, who has contributed to the Financial Statement 2020 and Financial Statement 2021 in accordance with IFRS. His expertise as a Finance & Banking Professional and 20 years of extensive experience with renowned financial institutions in Islamic and commercial banking is an added value for Trustbank Amanah. As an Islamic Banker, Mr. Ahmed has trained our staff and staff in Investment Banking, including Sukuk. The Investment Banking Manual was also co-established by him. To the international investors, he will serve as a counterpart of Trustbank Amanah.

The composition of the Management Board of Trustbank Amanah is as follows:

|                  |   |                         |
|------------------|---|-------------------------|
| Maureen Badjoeri | - | Chief Executive Officer |
| Faizan Ahmed     | - | Chief Financial Officer |

### **Prae-advice**

The financial statements 2022 have been compiled in accordance with IFRS standards (International Financial Reporting Standards).

We have had the balance sheet as of 31 December 2022, the profit and loss account 2022 with the explanatory notes, examined by the external auditor Tjong A Hung Accountants. We advise you to adopt the present financial statements as presented for consideration by the Executive Board together with the auditor's report. This determination is intended to discharge the Executive Board for the Management Board and the Supervisory Board for the supervision carried out.

The loss after tax for the financial year 2022 amounts to SRD. 5.045.801, =.

### **Acknowledgements**

The Supervisory Board thanks the Executive Board, staff and other employees for their commitment and dedication in the past reporting year 2022. Together with all shareholders, Supervisory Board, Shariah Supervisory Board, Management, and staff we will continue to work together on the sustainable continuation of Trustbank Amanah.

Trustbank Amanah will with the contribution and cooperation of all its stakeholders continue the banking business profitably and strive to maximize profits.

Paramaribo, 27 July, 2023

On behalf of Supervisory Board  
James Rasam  
Chairman

## SUPERVISORY BOARD



Chairman, James Rasam MD

2015–2017: Project Director Conversie traject Trustbank Amanah  
 2008 :Member of the Management Board (Physicians' Association, Suriname) Ex- Commissaris van de RvC van de Finabank N.V. benoemd in 2013  
 1999 :General Practitioner and Health Care Entrepreneur, Owner CEO (Intermed Group of Companies, Suriname)  
 1997 :Doctor, Medical Manager and Acting Head Emergency Room (University Hospital, Paramaribo, Suriname)  
 1996 :General Practitioner in Nieuw Amsterdam, Commewijne (Regional Health Care Service, Suriname)  
 1993 :Corporate and Occupational Health Physician Region Delft and Region Rijswijk (GAKGMD, the Netherlands)  
 Huisarts en Zorgondernemer, directeur en mede-eigenaar van INTERMED GROUP OF COMPANIES vanaf 01 juli 1999



Member Soekartini Ardjosoediro LL.M

2013 : Chair Supervisory Board (Finatrust, de Trustbank N.V.)  
 2009 : COO (Finatrust, de Trustbank N.V.)  
 2007 : Member of Management (Finatrust, de Trustbank N.V.)  
 2000 : Legal and Compliance officer (Finatrust, de Trustbank N.V.)  
 1996 : CEO (Pro Justitia N.V.: Agency for Justice)  
 1993 : Legal advisor (Ministry of Justice and Police, Department of Legislative and Legal Advice Agency)



Member, Ing. Harold Abas

2014 : Member of the Supervisory Board (Finatrust, de Trustbank N.V.)  
 1996 : Member of the Supervisory Board (Bruynzeel Suriname N.V.)  
 1996 : Member of the Supervisory Board (Staatsolie Maatschappij Suriname N.V.)  
 1989 : Supervisor (N.V. Lincoln Bouw- & Schilderbedrijf)  
 1986 : Supervisor (Misel B.V., Netherlands)



Member, Melissa Schmeltz–Soerowintono

2018: ENTERTAINMENT GROUP OF THE GUYANA -HR Manager  
 2007: SURICHANGE BANK N.V. afdeling Global Transactional Service (GTS), 2008 — afdeling BKH, 2009 - afdeling Human Resources — Assistent HR, Hoofd Human Resources  
 2006: FOUR POINTS N.V. trainee  
 2003: DE SURINAAMSCHE BANK N.V. Customer Administration, thans BOPU (Back Office Products Unit) sekties Processing en Call Center.



Member, Ing. Sven Sjawu

2007 : Drinking Water Advisor (Social projects)  
 2008 : Director (N.V. Surinaamsche Waterleiding Maatschappij)  
 2002 : Interim Director (Parabron)  
 2003 : Chairman of Pension Fund (N.V. Surinaamsche Waterleiding Maatschappij)  
 2004 : Interim Director (N.V. Surinaamsche Waterleiding Maatschappij, Suriname)  
 1997 : Engineer Process Technology (N.V. Surinaamsche Waterleiding Maatschappij)  
 ♦ Project Leader PARWAT (N.V. Surinaamsche Waterleiding Maatschappij)  
 ♦ Project Leader and Manager of Initiation and Construction of Parabron (N.V. Surinaamsche Waterleiding Maatschappij)  
 ♦ Head of Operations (N.V. Surinaamsche Waterleiding Maatschappij)  
 ♦ Department Head Central Branch (N.V. Surinaamsche Waterleiding Maatschappij)



## DEVELOPMENT AFTER REPORTING PERIOD

### FIBA AML Conference 2023

Financial & International Business Association (FIBA) AML conference was held on 13 to 15 March 2023 in Miami, Florida. The Premier Financial Crimes Conference brings together industry leaders from the private and public sectors to discuss key issues and share insights on regulatory expectations and best practices.

The conference is to ensure that regulated entities have at their disposal the information necessary to operate safely in the constantly evolving BSA/AML/OFAC compliance environment. Trustbank Amanah participated in the conference in order to gain the necessary knowledge.

### 2023 IsDB Group Annual Meetings

From 10 to 13 May 2023 the IsDB Group Annual Meetings was held in Jeddah, in the King Abdullah Congress Center. The annual meetings bring together delegations from the Group's 57 Member countries in addition to observers from international and regional organizations to discuss development issues and institutional matters.

Trustbank Amanah attended the 2023 IsDB Group Annual Meetings in order to discuss development issues and institutional matters with representatives from delegates.



## DEVELOPMENT AFTER REPORTING PERIOD

### Financial inclusion

In addition to our existing 4 branches, we worked on broader accessibility by setting up information units in various districts where both entrepreneurs and individuals for obtaining information or submit applications. The information units are set up in collaboration with local organizations, cooperatives, government administrative offices.

This intensifies the Public Private Partnership in the interest of the Surinamese community and strengthening financial inclusion. We have already established an information unit in the district Saramacca in the building of the district commissioner's office.

Furthermore, we already have a collaboration with the community of Apoera in the district Sipaliwini to assist with opening current account for residents there via the online onboarding platform "MIJN AANVRAAG".



### Increase awareness

To increase the awareness of Trustbank Amanah, we participated in the Construction, Housing and Household Fair 2023 and Agricultural Fair 2023. During the fairs, the staff of Trustbank Amanah provided visitors with the necessary information regarding our products and services. At the Agricultural Fair, the focus was on NOFA financing, where entrepreneurs in the agricultural sector could obtain one-on-one information.





## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 2022

|   | 31.12.2022 |               | 31.12.2021 - restated |               |
|---|------------|---------------|-----------------------|---------------|
|   | SRD        | SRD           | SRD                   | SRD           |
| <b><u>ASSETS</u></b>                                  |            |               |                       |               |
| Cash and cash equivalents                             |            | 436,954,345   |                       | 584,817,703   |
| Due from banks  |            | 69,740,844    |                       | 36,120,842    |
| Financings and advances to customers                  |            | 172,149,042   |                       | 262,452,788   |
| Financial assets at Fair value through profit or loss |            | 33,995        |                       | 50,941        |
| Investments   |            | 247,178,891   |                       | 336,234,521   |
| Right of Use (Assets)                                 |            | 12,318,602    |                       | 11,770,451    |
| Plant, property and equipment                         |            | 36,109,792    |                       | 40,405,974    |
| Intangible assets                                     |            | 22,522,419    |                       | 27,268,190    |
| Other assets  |            | 64,242,113    |                       | 30,838,001    |
| Deferred tax assets                                   |            | 8,149,588     |                       | 5,350,148     |
|   |            | 1,069,399,631 |                       | 1,335,309,559 |
| <b><u>LIABILITIES</u></b>                             |            |               |                       |               |
| Customers' current, savings and deposit accounts      |            | 837,048,786   |                       | 1,182,895,942 |
| Lease liability                                       |            | 12,751,623    |                       | 12,593,623    |
| Advance against share capital                         |            | 39,481,740    |                       | 34,851,772    |
| Other liabilities                                     |            | 135,831,005   |                       | 60,575,454    |
| Deferred tax liabilities                              |            | 15,308,950    |                       | 13,168,880    |
| <b><u>Shareholders' equity</u></b>                    |            |               |                       |               |
| Share capital   | 1,909,250  |               | 1,909,250             |               |
| Reserves and retained earnings                        | 32,114,078 |               | 40,404,611            |               |
| Profit (loss) for the period                          | -5,045,801 |               | -11,089,973           |               |
|   |            | 28,977,527    |                       | 31,223,888    |
|   |            | 1,069,399,631 |                       | 1,335,309,559 |

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

|   | 2022       |            | 2021-restated |             |
|---|------------|------------|---------------|-------------|
|   | SRD        | SRD        | SRD           | SRD         |
| <b>Income</b>                             |            |            |               |             |
| Profit income                             | 51,075,856 |            | 89,935,898    |             |
| Profit expenses                           | 20,387,608 |            | 69,623,649    |             |
| Net profit result                         |            | 30,688,248 |               | 20,312,249  |
| Commission income                         | 769,740    |            | 1,011,103     |             |
| Other income                              | 14,911,441 |            | 17,561,089    |             |
| Transaction and translation result        | 454,514    |            | -3,982,875    |             |
|   |            | 16,135,695 |               | 14,589,317  |
|   |            | 46,823,943 |               | 34,901,566  |
| <b>Expenses</b>                           |            |            |               |             |
| Personnel expenses                        | 14,389,894 |            | 18,081,449    |             |
| Other operating expenses                  | 34,509,085 |            | 38,081,272    |             |
| Depreciation expenses                     | 6,270,062  |            | 7,385,195     |             |
| Amortisation Intangible assets            | 4,653,685  |            | 3,016,922     |             |
| Change in provision from financial assets | -3,474,703 |            | -20,874,837   |             |
| Lease expenses                            | 1,191,315  |            | 1,359,847     |             |
|   |            | 57,539,338 |               | 47,049,848  |
| (Gain)/Loss on net monetary position      |            | -5,010,224 |               | -4,972,640  |
| <b>Profit (loss) before tax</b>           |            | -5,705,171 |               | -7,175,642  |
| Income tax expenses - current             |            | 2,799,440  |               | -3,914,331  |
| Income tax expenses - deferred            |            | -2,140,070 |               | -           |
| <b>Profit (loss) for the period</b>       |            | -5,045,801 |               | -11,089,973 |

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

|  | Share capital | Reserves and<br>retained earnings | Revaluation<br>reserve | Profit (loss)<br>for the period | Total<br>equity |
|--|---------------|-----------------------------------|------------------------|---------------------------------|-----------------|
|  | -----SRD----- |                                   |                        |                                 |                 |
| <i>Closing balance as previously reported at December 31, 2021</i> | 1,234,926     | 35,570,564                        | -                      | (7,173,111)                     | 29,632,379      |
| Appropriation loss 2021  | -             | (7,173,111)                       | -                      | 7,173,111                       | -               |
| Hyperinflation Restatements  | 674,324       | 12,007,158                        | -                      | (11,089,973)                    | 1,591,509       |
| <i>Restated closing balance at December 31, 2021</i>               | 1,909,250     | 40,404,611                        | -                      | (11,089,973)                    | 31,223,888      |
|  | -             | (11,089,973)                      | -                      | 11,089,973                      | -               |
| Appropriation loss 2021  | -             | -                                 | -                      | (5,045,801)                     | (5,045,801)     |
| Loss 2022  | -             | -                                 | -                      | (5,045,801)                     | (5,045,801)     |
| Hyperinflation Restatements  | -             | 2,799,440                         | -                      | -                               | 2,799,440       |
| <i>Closing balance at December 31, 2022</i>                        | 1,909,250     | 32,114,078                        | -                      | (5,045,801)                     | 28,977,527      |

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

|  | 2022         |              |
|--|--------------|--------------|
|  | SRD          | SRD          |
| <b>Cash flows from operating activities</b>                  |              |              |
| Profit (loss) for the period                                 |              | -5,045,801   |
| Adjusted for:  |              |              |
| - depreciation plant, property and equipment                 | 5,208,634    |              |
| - depreciation lease   | 4,853,620    |              |
| - depreciation intangible assets                             | 3,697,871    |              |
| - Change in provision from financial assets (loans)          | -3,934,401   |              |
| - Change in provision from financial assets (investments)    | 619,496      |              |
|  | 10,445,221   |              |
|  |              | 5,399,420    |
| <b>Net cash flow from/ (used in) operating activities</b>    |              |              |
| Changes in:  |              |              |
| Loans and advances to customers                              | 94,238,147   |              |
| Other assets   | -33,404,112  |              |
| Due to customers   | -345,847,156 |              |
| Deferred tax liabilities                                     | 4,939,510    |              |
| Lease liabilities  | 157,999      |              |
| Other liabilities  | 75,255,551   |              |
|  | -204,660,060 |              |
|  |              | -199,260,640 |
| <b>Cash flows from investing activities</b>                  |              |              |
| Plant, property and equipment                                | -912,452     |              |
| Plant, property and equipment- disposals                     | -            |              |
| Advance against share capital                                | 4,629,968    |              |
| Right of use revaluation                                     | -3,976,046   |              |
| Changes in Equity  | 9,047,096    |              |
| Revaluation lease  | -            |              |
| Intangible assets  | -12,843,858  |              |
| Investments  | 89,055,630   |              |
| Financial assets at fair value through profit or loss        | 16,946       |              |
|  | 85,017,284   |              |
| <b>Net cash flows</b>  |              | -114,243,357 |
| Beginning balance cash and cash equivalents and due to banks |              | 620,938,545  |
| Ending balance cash and cash equivalents and due to banks    |              | 506,695,189  |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 1 STATUS AND NATURE OF OPERATIONS

- 1.1 Finatrust, the Trustbank N.V. (the Bank/ TBA/ TrustBank) is located at Dr. Sophie Redmondstraat number 93. The company was incorporated on August 30, 1989. Following an amendment to the articles of association in 2014, the company's objectives are:
- a. to manage movable and immovable property, securities and assets or assets;
  - b. the granting of all forms of credit with the exception of overdrafts, whether or not with own- or third-party funds, obtaining cash on demand, including savings and term deposits and the related services in the own national currency as in foreign exchange transactions;
  - c. acting as administrator, trustee or executor of will, broker, as well as any form of representation both at home and abroad;
  - d. to provide all financial services permitted by law;
  - e. establishing, co-establishing or participating in as well as conducting the management of other companies regardless of the purpose of that company.

#### Conversion to Islamic Banking

The Trustbank took the strategic decision in 2015 to convert from conventional to Islamic bank. The conversion process took 2 years. On December 4, 2017, the Trustbank obtained a license from the Central Bank of Suriname to operate as a primary bank on the basis of Islamic principles. After obtaining its license from the Central Bank of Suriname, the launch of the first full-fledged Islamic Bank in Suriname and the region, Trustbank Amanah, took place on December 7, 2017 as well as its name change from Finatrust, the Trustbank N.V. to Trustbank Amanah.

The financial statements as per December 31, 2022 were approved by the Supervisory Board on \_\_\_\_\_, 2023.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB). The principal accounting policies adopted in the preparation of the financial statements as set out below have been consistently applied to all the years presented, unless otherwise stated. The financial statements cover the period January 1, 2022 until December 31, 2022.

#### 2.2 APPLICATION OF NEW, REVISED, EFFECTIVE AND NOT YET EFFECTIVE IFRS

##### Application of new and revised standards

Below a summary of the new and revised IFRS standards effective for the reporting period ending December 31, 2022 and adopted by Trustbank with an assessment of the impact on the Bank.

Several amendments and interpretations apply for the first time in 2022, but do not have any impact on the financial statements of the Bank. These are also described in more detail below. The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.



## **New and amended standards and interpretations**

### **Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach.” The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Bank is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

### **IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities**

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities modified or exchanged on or after the annual reporting period in which it first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted. The Bank will apply the amendments to financial liabilities modified or exchanged on or after the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Bank.

### **Property, Plant and Equipment: Proceeds before intended use –Amendments to IAS 16**

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022, and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The Bank is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

## **STANDARDS ISSUED BUT NOT YET EFFECTIVE**

### **Amendments to IAS 1 and IAS 8 Definition of Material (effective January 2023)**

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Bank.

### **Classification of Liabilities as Current or Non-current – Amendment to IAS 1 (effective January 2024)**

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The amendments are not expected to have a significant impact on the Bank's financial statements.

### **Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (effective January 2023)**

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by (i) replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and (ii) adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Bank is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

### **Definition of Accounting Estimates – Amendments to IAS 8 (effective January 2023)**

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Bank is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

### **Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 (effective January 2023)**

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Bank is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

## IFRS 17 Insurance contracts (effective January 2023)

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaption for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Bank.

### 2.3 Basis of measurement

These financial statements have been prepared on the historical cost basis except as otherwise disclosed in accounting policies.

### 2.4 Functional and presentation currency

These financial statements are presented in Suriname Dollar ("SRD") which is the bank's functional & national currency. Except or otherwise indicated, the financial information presented in SRD has been rounded to nearest unit.

### 2.5 Foreign Currency and inflation

The Bank's financial statements are presented in Suriname Dollar, which is also the Bank's functional currency as described in note 2.4. Transactions in foreign currencies are initially recorded at the spot exchange rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Suriname Dollar at the spot rate ruling at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Foreign currency gains or losses arising on translation or settlement of monetary items are recognized in profit or loss as 'Foreign currency translation results' or 'Net foreign currency transaction results' under the heading of 'Other income'. The official closing exchange rates as published by the Central Bank of Suriname for the United States Dollar and the Euro are as follows:

#### OFFICIAL CLOSING EXCHANGE RATES

|       | 31-Dec-22 | 31-Dec-21 | 31-Dec-20 |
|-------|-----------|-----------|-----------|
|       | SRD       | SRD       | SRD       |
| 1 USD | 31.77     | 20.89     | 14.02     |
| 1 EUR | 33.23     | 23.72     | 17.22     |

As can be watched from the above-mentioned table there has been a critical depreciation of the exchange rate in 2022.

The consumer price index published by Suriname Bureau of Statistics indicate an increasing CPI from 2020 to 2022.

## CONSUMER PRICE INDEX (CPI)

|                    | 31-Dec-22 | 31-Dec-21 | 31-Dec-20 |
|--------------------|-----------|-----------|-----------|
| CPI                | 572.5     | 370.3     | 230.5     |
| 3 years inflations | 224%      | 169%      | 77%       |

In order to determine whether an economy is hyperinflationary the cumulative inflation based on the CPI index over a period of 3 years needs to amount to more than 100%. As of December 31, 2022, the three-year inflation is at 224% and continues in an upward trend. The Executive Board assessed that SRD is a hyperinflationary currency.

The restatement was applied as if the economy has always been hyperinflationary, using a general price index that reflects the changes in general purchasing power. To apply restatement, a series of indexes were used, as prepared and published on a monthly basis by the Central Bank of Suriname and General Bureau of Statistics. Refer to note 6 for the restating mechanism based on IAS 29.

### 3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial years. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates and judgment will, by definition, rarely equal the related actual results. The material estimates, assumptions and judgments used to measure and classify the carrying amounts of following assets and liabilities have been taken into consideration:

- a) Provision for Financing losses
- b) Provision for income taxes
- c) Useful life of property and equipment and intangible assets
- d) Held to maturity investments

### 4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

#### a. Cash and Cash Equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprise cash in hand, balances and placements with central banks in non-restricted accounts, balances with other banks and financial institutions and sales receivable with an original maturity of three months or less.

#### b. Receivables

##### (i) - Murabaha receivable

Murabaha receivable are stated net of deferred profits, amounts written-off and provision for doubtful debts, if any. Murabaha receivable are sales on deferred payment terms. The Bank arranges a Murabaha transaction by buying a commodity (which represents the object of the Murabaha) and then sells this commodity to Murabeh (beneficiary) after computing a margin of profit over cost. The sale price (cost plus the profit margin) is paid in installments by the Murabeh over the agreed period. (Promise made in the Murabaha to the purchase orderer is not obligatory upon the customer or the Bank considers promise made in the Murabaha to the purchase orderer as obligatory).

**(ii) - Wakala receivable**

Wakala receivable are stated at cost less provision for doubtful amount.

**(iii) - Salam receivable**

Salam receivable is the outstanding amount at the end of the year less any provision for doubtful amount.

**(iv) - Istisna'a receivable**

Istisna'a receivable is the outstanding amount at the end of the year less any provision for doubtful amount.

**c. Ijara Muntahia Bittamleek and Ijara income receivable**

Ijara Muntahia Bittamleek is a lease whereby the legal title of the leased asset passes to the lessee at the end of the Ijarah (lease) term, provided that all Ijarah instalments are settled. Assets acquired for leasing (Ijarah) are stated at cost, less accumulated depreciation. Depreciation is provided on the straight-line method over the period of the lease or useful life, whichever is lower. Ijara income receivable represent outstanding rentals at the end of the year less any provision for doubtful amount.

**d. Investments**

Investments comprise equity-type instruments at fair value through statement of income and through equity and debt-type instruments at amortised cost.

**(i) Debt-type instruments at amortised cost**

Debt-type instruments, which are managed on a contractual yield basis and are not held for trading and has not been designated at fair value through statement of income are classified as debt-type instruments at amortised cost. Such investments are carried at amortised cost, less provision for impairment in value. Amortised cost is calculated by taking into account any premium or discount on acquisition. Any gain or loss on such investment is recognised in the statement of income, when the investment is de-recognised or impaired.

**e. Financial Assets**

The Bank classifies its financial assets in four categories: at fair value through profit or loss, financings and receivables, held to maturity and available for sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

**i) Financial assets at fair value through profit or loss**

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at FVTPL under IFRS 9. Management only designates an instrument at FVTPL upon initial recognition when the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis. Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in the fair value are recorded in profit or loss. Profit earned on instruments designated at FVTPL is accrued in profit income using the Effective Profit rate (EIR), taking into account any discount/ premium and qualifying transaction costs being an integral part of the instrument. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as investment income when the right to the payment has been established.

## ii) Financings and receivables

Financings and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit and loss;
- those that the entity upon initial recognition designates as available for sale; or
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration. Cash and balances with Central Bank of Suriname (CBvS), balances with banks and receivables from financial institution, loan and advances to customers and security deposits and other receivables are classified under this category.

## iii) Held-to-maturity financial assets

Held-to-Maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and that the Bank's management has the positive intention and ability to hold to maturity. If the Bank were to sell other than an insignificant amount of held-to-maturity financial assets before its maturity, the entire category would be reclassified as available for sale.

## iv) Available-for-sale financial assets

Available-for-sale assets are those intended to be held for an indefinite period of time, which may be sold in response to need for liquidity or changes in interest rates, exchange rates or equity prices. Available-for-sale financial assets (AFS) are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investment or (iii) financial assets at fair value through profit or loss.

### Recognition, subsequent measurement and adjustments of fair values of financial assets

Regular-way purchases and sales of financial assets at fair value through profit or loss, held-to-maturity and available for sale are recognized on trade-date the date on which the Bank commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss category are presented in the statements of comprehensive income as a part of other income in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in other comprehensive income, until the financial asset is derecognized or impaired.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gain and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

## Impairment of financial assets

### i) Assets carried at amortized cost except for Financings

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal or interest;
- Cash Flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiations of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration below investment grade level.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credits losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of comprehensive income in impairment charge for credit losses.

### ii) Financings and receivables

These are stated net of general provisions on Financings and advances considered "Standard" and specific provisions for non-performing loans and advances, if any. The outstanding principal of the advances are classified in accordance with the Circulars and Regulations issued by Central Bank of Suriname

#### Standard

These are Financings and advances, which are paying in a current manner and are adequately protected by sound net worth and paying capability of the client or by the collateral, if any supporting it.

#### Watch

These are financings and advances, which are adequately protected by the collateral, if any supporting it, but are potentially weak. Such advances constitute an unwarranted credit risk, but not to the point of requiring a classification of Substandard. further, all financings and advances which are past due by 30 to 60 days for principal or profit payment are classified as Watch. A provision is maintained in the books of account @5% of value of such financings and advances.

## Substandard

These are financings and advances, which are inadequately protected by current sound net worth and paying capacity of the client or by the collateral, if any, supporting it. Further, all financings and advances which are past due by 60 or 180 days for principal or profit payments are also classified as Substandard. For consumer financings the total of outstanding balances that are 60 days overdue but less than 90 days is categorized as substandard. A provision is maintained in the books of account @20% of value of such loans and advances.

## Doubtful

These are financings and advances, which can be classified as Substandard and have added characteristic that these weaknesses make collection or liquidation in full, on the basis of current circumstances and values, highly questionable and improbable. Further, all financings and advances which are past due by 180 to 365 days for principal or profit payments are also classified as Doubtful. For consumer financings the total of outstanding balances that are 90 days overdue but less than 120 days is categorized as doubtful. A provision is maintained in the books of account @50% of value of such loans and advances.

## Loss

These are financings and advances, which are not collectable and or such little value that in continuance as a bankable asset is not warranted. Further, all financings and advances which are past due over 365 days for principal or interest payments are also classified as Loss. A provision is maintained in the books of account @100% of value of such loans and advances and then these loans are charged off and the reserve for losses is reduced immediately upon determination of Loss status. For consumer financings the total of outstanding balances that are 120 days overdue and longer are classified as loss.

### iii) Assets classified as available for sale

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired in the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on those financial assets previously recognized in the statements of comprehensive income is removed from equity and recognized in the statement of comprehensive income. Impairment losses recognized in the statement of comprehensive income on equity instrument are not reversed through the statement of comprehensive income, If in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income, related to an event occurring after the impairment loss was recognized.

### f. Financial Liabilities

The Bank classifies its financial liabilities in following categories;

#### i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified in this category if incurred principally for the purpose of trading or payment in the short term. Derivatives (if any) are also categorized as held for trading unless they are designed as hedges.

#### ii) Other financial liabilities measured at amortized cost

These are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. These are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost; any differences between the proceed (net of transaction costs) and the redemption value is recognized in the income statements.



**g. Impairment of non-financial assets**

Non-financial assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Non-financial assets that are subject to depreciation /amortization are reviewed for impairment whenever events or changes in circumstances indicates that the carrying amount may not be recoverable. An impairment loss or reversal of impairment loss is recognized in the statement of comprehensive income. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. (cash-generating units).

**h. Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment in value except for land which is carried at fair value subsequent to initial recognition. The cost of additions and major improvements are capitalized; maintenance and repairs are charged to the consolidated statement of income as incurred. Gains or losses on disposal are reflected in other operating income. Depreciation is calculated using the straight-line method at rates intended to write-off the cost of the assets over their estimated useful lives. Any subsequent change in fair value of land is recognised in the consolidated statement of changes in owner's equity.

**i. Fair values**

Fair value is the value representing the estimate of the amount of cash or cash equivalent that would be received for an asset sold or the amount of cash or cash equivalent paid for a liability extinguished or transferred in an orderly transaction between a willing buyer and a willing seller at the measurement date. Fair value is determined for each financial asset individually in accordance with the valuation policies set out below:

- (i) For investments that are traded in organised financial markets, fair value is determined by reference to the quoted market bid prices prevailing on the consolidated statement of financial position date.
- (ii) For unquoted investments, fair value is determined by reference to recent significant buy or sells transactions with third parties that are either completed or are in progress. Where no recent significant transactions have been completed or are in progress, fair value is determined by reference to the current market value of similar investments. For others, the fair value is based on the net present value of estimated future cash flows, or other relevant valuation methods.
- (iii) For investments that have fixed or determinable cash flows, fair value is based on the net present value of estimated future cash flows determined by the Group using current profit rates for investments with similar terms and risk characteristics.
- (iv) Investments which cannot be re-measured to fair value using any of the above techniques are carried at cost, less provision for impairment

**j. Equity of investment accountholders**

All equity of investment accountholders are measured by the amount received during the time of contracting. At the end of the financial period equity of investment accountholders is measured at the amount received plus accrued profit and related reserves less amounts settled.

## **k. Revenue recognition**

### **a - Receivables**

Profit from sales transactions (Murabaha) is recognised when the income is both contractually determinable and quantifiable at the commencement of the transaction. Such income is recognised on a time-apportioned basis over the period of the transaction. Where the income from a contract is not contractually determinable or quantifiable, it is recognised when the realisation is reasonably certain or when actually realised. Income related to accounts that are 90 days overdue is excluded from the consolidated statement of income.

### **b- Wakala financing**

Income on Wakala financing is accrued on a time apportioned basis over the period of the contract based on the principal amounts outstanding.

### **c- Ijara Muntahia Bittamleek**

Ijara income is recognised on a time apportioned basis over the Ijara term and is stated net of depreciation. Income related to non-performing Ijara Muntahia Bittamleek accounts that are above 90 days is excluded from the consolidated statement of income.

### **d - Fees and commission income**

Fees and commission income including structuring fees is recognised when earned.

### **e - Income from investments**

Income from investments is recognised when earned.

## **l. Return on equity of investment accountholders (Saving and Term Depositors)**

Investors' share of income is calculated based on the income generated from joint investment accounts. The Bank's "Mudarib profit" is deducted from the investors' share of income before distributing such income. In some cases, equity of investment accountholders withdrawn before maturity and without completing three months are normally not entitled to any income. Equity of investment accountholders held for more than three months and withdrawn before their maturity are entitled to income only after deducting a penalty charge. The basis applied by the Bank in arriving at the investment accountholders share of income is [total investment income less investment pool expenses] divided by [average funds generating income (shareholders and investment accountholders) times average funds of equity of investment accountholders].

## **m. Taxation**

### **Current**

The current income tax is calculated in accordance with the Income Tax Law, 1922. Management periodically evaluates position taken in tax return with respect to situation in which applicable tax regulation is subject to interpretation and establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

### **Deferred**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that the taxable profits will be available against which those deductible temporary can be utilized. Such differences of deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that effect neither the taxable profit nor the accounting profit.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### n. Contingencies and Commitments

Contingencies are possible obligations or assets that arises from past events and whose existence will be confirmed only by occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Bank. Further, the obligation arisen from past events where the liability cannot be determined with reasonable certainty or probability of outflow of resourced cannot be determined are also contingencies. A commitment is a binding contract for the exchange of a specified quantity of resourced at a specific price on a specified future dates or date.

#### o. Earnings prohibited by Shari'a

The Bank is committed to avoid recognising any income generated from non-Islamic sources. Accordingly, all non Islamic income is credited to a charity fund where the Bank uses these funds for social welfare activities.

#### p. Impairment of financial assets

The Bank records an allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, in this section, all referred to as financial instruments. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case the allowance is based on the 12 months expected credit loss (12m ECL).

The Bank identifies whether there has been a significant increase in credit risk in the following manner: Minimum requirement for the increase in credit risk is based on days past due for the loan portfolio and for the other financial instruments the significant increase in credit risk is based on external ratings provided by Moody's;

The 12m ECL is the portion of LTECL's that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after reporting date. Both LTECLs and 12m ECLs are calculated individually for the business portfolio and collectively for the retail portfolio.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

1. Stage 1: When a loan is first recognized, the Bank recognizes an allowance based on 12m ECL's. Stage 1 loans also includes facilities where the credit risk has improved, and the loan has been reclassified from stage 2;

2. Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from stage 3;

3. Stage 3: Loans considered credit impaired, the Bank records an impairment: impairments taken on the retail portfolio are equal to the outstanding amount at reporting date if in default above 90 days, impairments taken on the business portfolio are calculated on an individual basis (based on the IAS 39 principle);

4. POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and financing income is subsequently recognized based on a credit-adjusted EIR. The ECL allowance is only recognized or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

q. **Judgments and estimates**

In the process of applying the Bank's accounting policies, management has used its judgements and made estimates in determining the amounts recognised in the financial statements. The most significant use of judgements and estimates are as follows:

**Impairment and uncollectibility of financial assets**

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the assessment (by the Bank) of the value to it of anticipated future cash flows, is recognised in the statement of income. Specific provisions are created to reduce all impaired financial contracts to their realisable cash equivalent value.

**Going concern**

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

**Classification of investments**

Management decides on acquisition of an investment whether it should be classified as equity-type instrument at fair value through statement of income, equity-type instrument at fair value through equity, debt-type instrument at fair value through statement of income or debt-type instrument at amortised cost.

r. **Offsetting**

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legal or religious enforceable right to set off the recognised amounts and the Bank intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

s. **Shari'a supervisory board**

The Bank's business activities are subject to the supervision of a Shari'a supervisory board consisting of three members appointed by the shareholders.

t. **Trade date accounting**

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Bank commits to purchase or sell the asset.

u. **Non-current assets held for sale**

Non-current assets held for sale signifies those assets taken up by the bank from collaterals held against the written off and doubtful loans and advances. For classifying these assets criteria set forth in the relevant standard has been followed i.e. management is committed to plan to sell, the asset is immediately available for sale, an active programme to locate the buyer has been initiated, the sale is highly probable within 60 months of classification as held for sale, the assets is being actively marketed for sales price reasonable in relation to its fair value and actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

At the time of classification as held for sale. Immediately before the initial classification of the asset as held for sale, the carrying amount of the asset will be measured in accordance with applicable IFRSs. After classification as held for sale, Non-current assets that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

At the time of classification as held for sale; Immediately prior to classifying an asset or disposal group as held for sale, impairment is measured and recognized in accordance with the applicable IFRSs. After classification as held for sale; Calculate any impairment loss based on the difference between the adjusted carrying amounts of the asset and fair value less costs to sell. Any impairment loss that arises by using the measurement principles in IFRS 5 must be recognized in profit or loss.

Subsequent increases in fair value. A gain for any subsequent increase in fair value less costs to sell of an asset can be recognized in the profit or loss to the extent that it is not in excess of the cumulative impairment loss that has been recognized in accordance with the relevant IFRSs.

## 5 FINANCIAL RISK MANAGEMENT

### 5.1 Introduction and overview

The Bank has exposure to the following risks from financial instruments:

- a) credit risk;
- b) liquidity risk;
- c) market risk; and
- d) operational risk

This note presents information about Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

#### **Risk management framework**

The Board of Supervisors have the overall responsibility for the establishment and oversight of the Bank's risk management framework. The Bank has established a separate Risk Management Department headed by the Risk Manager. The Risk Manager is independently and directly reporting to the Board. The Board has established Executive Board, Asset & Liability Committee (ALCO), Credit Committee and Operational Risk Management Committee (ORMC) which are responsible for developing and monitoring Bank's risk management policies in their specified areas. All committees have executive members and report regularly to the Board of Supervisors on their activities.

The Bank does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Bank is exposed are described below.

### 5.2 Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's Islamic financings. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

#### **Management of credit risk**

The Board of Supervisors has delegated responsibility for the oversight of credit risk to its Credit Committee. A separate risk department has been established by the Bank that is responsible for oversight of the Bank's credit risk and is reportable to the Credit Committee. The risk department is headed by Risk Manager. Risk Officer along with credit department staff looks after credit risk matters and conduct portfolio analysis for managing credit risk.

The Bank has established and maintained a sound financing portfolio in terms of well-defined credit policy approved by the Board of Supervisors. The credit evaluation system comprises of credit appraisal, sanctioning and review procedures for the purposes of emphasizing prudence in financing activities and ensuring the high quality of asset portfolio.

### 5.3 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset.

#### Management of liquidity risk

The Board ensures that the Bank has necessary tools and framework to cater the requirements of liquidity risk management and the Bank is capable to confronting uneven liquidity scenarios. The Bank's management is responsible for the implementation of sound policies and procedures keeping in view the strategic direction and risk appetite specified by the Board. Asset & Liability Committee (ALCO) is entrusted with the responsibility of managing the mismatch in maturities to ensure sufficient available cash flow to meet possible withdrawal of deposits, other commitment or challenges associated with sudden changes in market conditions, whilst enabling the Bank to pursue valued business opportunities. For day to day liquidity risk management integration of liquidity scenario will ensure that the Bank is best prepared to respond to an unexpected problem.

## 6 HYPER INFLATION RESTATING MECHANISM - IAS 29

#### Restatement of the Statements of Financial Position:

**Monetary items** (the ones that are already stated in terms of the current measuring unit) are not restated because they are already expressed in terms of monetary unit current at the end of the reporting period. In an inflationary period, an entity holding monetary assets generates purchasing power loss and holding monetary liabilities generates purchasing power gain, provided that assets and liabilities are not linked to an adjustment mechanism that offsets, in some extent, such effects. The net gain or loss on a monetary basis shall be included in the profit or loss for the period.

**Non-monetary** items stated at current cost at the end of the reporting period, are not restated for presentation purposes in the statement of financial position, but the adjustment process must be completed to determine, in terms of constant measurement unit, the income or loss produced by holding these non-monetary items.

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

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

#### Restatement of the statements of comprehensive income:

Income and expenses are restated from the date the items were recorded, except for those income or loss that reflect or included in their determination, the consumption of assets measured at the currency purchasing power from a date prior to that which the consumption was recorded, which is restated using as a basis the acquisition date of assets related to the item, except for gains or losses that derived from indexed assets or liabilities and except for income or losses arising from comparing the two measurements at the currency purchasing power of different dates, for which it requires to identify the compared amounts, to restate them separately and to repeat the comparison with the restatement amounts. The gain or loss for holding monetary assets and liability, is separately disclosed in the statement of income.

#### **Restatement of the statements of changes in shareholder equity:**

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

- a. The components of equity, except earnings, reserves, and unappropriated retained earnings, were restated from the date the components were contributed or otherwise arose. The capital stock disclosed in the statement of changes in shareholders equity is shown in nominal basis and this adjustment is included in "adjustment to shareholders' equity"
- b. Earnings reserves were stated at nominal value at the transition date.
- c. The Reserves and Retained Earnings were determined as a difference between the restated net asset at transition date and the other components of equity, were restatement as mentioned in the abovementioned paragraphs.

After the restatement at the transition date above mentioned all equity's components were restated by applying a general price index from the beginning of the period or date of contribution, if later.

#### **DISCLOSURE OF SUBSEQUENT EVENTS TAKEN PLACE AFTER THE YEAR ENDED DECEMBER 31, 2022**

After the closure of the balance sheet date, which was December 31, 2022, the Bank received approval through letter No. CBvS-2023/15923/TBG dated 31st of January 2023 from the Central Bank of Suriname (CBvS) to transfer the amount raised against Shared Capital and held in Advance Against Share Capital to eligible Tier I capital, thereby strengthening the Bank's Tier I Capital. Following the CBvS's approval, the Bank's Tier I capital as of February 28, 2023, was SRD 57,408,373 (2022: 28,977,527), and the Capital Adequacy Ratio (CAR) stood at 20.35% (2022: 13.27%). Subsequent to the balance sheet date, the Bank is in line with the regulatory Capital

Furthermore, the Bank has decided to appoint Mr. Faizan Ahmed as Chief Finance Officer and Member of the Executive Board. This appointment was submitted to the CBvS for approval, which was received subsequent to the balance sheet date through letter No. CBvS-2023/30513/TBG dated 1st of February 2023.

Additionally, Mr. Eduard Kidjo has been appointed as the Group Head of Operations, responsible for overseeing the overall operations of the Bank.

## INDEPENDENT AUDITOR'S STATEMENT

Finatrust, de Trustbank N.V. trading as Trustbank Amanah

To: The Supervisory Board and the Management of  
Finatrust, de Trustbank N.V. trading as Trustbank Amanah

### Our opinion

The summary financial statements 2022 (hereafter: 'the summary financial statements') of Finatrust, de Trustbank N.V. trading as Trustbank Amanah, established in Paramaribo, which are stated on the pages 27 till 70 of this report, are derived from the audited financial statements 2022 of Finatrust, de Trustbank N.V. trading as Trustbank Amanah.

In our opinion the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements 2022 of Finatrust, de Trustbank N.V. trading as Trustbank Amanah, on the basis described in the related explanatory notes.

### **Summary financial statements**

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS). Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements of Finatrust, de Trustbank N.V. trading as Trustbank Amanah and our auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our auditor's report on those financial statements of July 3, 2023.

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

We expressed an unqualified audit opinion on the audited financial statements 2022 of Finatrust, de Trustbank N.V. trading as Trustbank Amanah in our auditor's report of July 3, 2023.

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

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

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

### **Our responsibility**

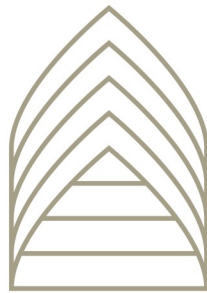
Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which we conducted in accordance with International Standard on Auditing 810 'Engagements to report on summary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

Paramaribo, July 26, 2023

Tjong A Hung Accountants N.V.

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





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