

## RATING RELEASE

October 18, 2023

### **CariCRIS assigns 'good creditworthiness' ratings to Finabank N.V.**

Caribbean Information and Credit Rating Services Limited (CariCRIS) has assigned initial Issuer/Corporate Credit Ratings of *srA+* (Local Currency Rating) and *srA* (Foreign Currency Rating) on the Suriname national scale to Finabank N.V. (Finabank or the Bank). The Suriname national scale ratings indicate that the level of creditworthiness of this obligor adjudged in relation to other obligors in Suriname is **good**.

Finabank's good national scale ratings stem from its strong market position in Suriname, profitable operations with good asset quality and capitalisation, and good risk management practices.

CariCRIS has also assigned a **stable** outlook on the ratings. The stable outlook is premised on CariCRIS' expectation that Finabank will continue to record operating profits, remain well capitalised and maintain adequate liquidity metrics over the next 12 to 15 months.

The ratings of Finabank reflect its strong market position in the Suriname banking sector, with regional expansion initiatives. Additionally, the Bank's good governance structure and risk management practices also support the ratings. The Bank has a history of profitable operations, underpinned by income diversity and good operating efficiency, as well as high asset quality. Moreover, the Bank's ratings reflect its adequate capitalization levels and strong liquidity profile. Constraining the Bank's ratings, however, is its concentration risk, given its significant exposure to the highly speculative Suriname economy, where most of its earnings, assets and funding are domiciled. Finabank's small size and high reliance on wholesale funding also temper its ratings.

## **Rating Sensitivity Factors**

**Factors that could, individually or collectively, lead to an improvement in the ratings and/or outlook include:**

- Improvement in the Government of Suriname's (GOS') credit risk profile, leading to an improved economic and business environment for Finabank
- Retail deposits  $\geq$  40% of funding base
- A greater than 100% increase in Profit After Tax (PAT) sustained for 2 consecutive financial years
- Improvement in Tangible Net Worth (TNW) to total adjusted assets to 12% or above sustained for 2 consecutive financial years

**Factors that could, individually or collectively, lead to a lowering of the ratings and/or outlook include:**

- Deterioration in the GOS' credit risk profile, leading to a worsened economic and business environment for Finabank
- The deterioration of the gross Non-Performing Loans (NPLs) to gross loans ratio to 5% or more, leading to reduced earnings and increased provisioning, thereby affecting profitability
- Cost to income  $\geq$  50% sustained for 2 consecutive financial years
- A greater than 10% decline in total income sustained for 2 consecutive financial years
- The occurrence of any factors that may contribute to the deterioration of the Capital Adequacy Ratio (CAR) below the 10% minimum requirement for the Bank

## **About the company**

Finabank N.V. (Finabank or the Bank), established in 1991, is a 100% privately owned commercial bank based in Paramaribo, Suriname. The Bank was founded by Mr. Tjin Wong Joe and operated as the first private bank in Suriname. In 2011, Finabank transitioned from a family-run business to a corporate organisation operating in the financial services sector. The two largest shareholders as at June 2023 are C. Kersten en Co

N.V.<sup>1</sup> (20% shareholdings; 20% voting and control rights) and Assuria Levensverzekering N.V. (Assuria Life Insurance LLC)<sup>2</sup> (20% shareholdings; 10% voting and control rights). The Bank operates under the laws and regulations of Suriname and is under supervision of the Central Bank of Suriname (CBoS). Finabank provides tailored financial solutions to corporate and private clients in the business, mass retail and high-end retail markets, as well as to Government and financial institutions. The Bank's products and services are distributed through 5 branches: Finabank Centrum, Finabank Zuid, Finabank Noord, Finabank Nickerie and Finabank Wanica, and digital channels.

Finabank's profit after tax (PAT) averaged SR \$97.2 million (or US \$4.1 million) over the last 3 financial years and its total assets<sup>3</sup> stood at SR \$15.4 billion (or US \$403.6 million) as at June 2023. Finabank is the first organisation and first bank in Suriname to be rated by CariCRIS.

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***For more information on the ratings of Finabank N.V., please visit [www.caricris.com](http://www.caricris.com) or contact:***

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<sup>1</sup> C. Kersten en Co. N.V. was founded in 1768 and is one of the most diversified companies in Suriname with 13 operating companies divided over 5 divisions, active in areas including industrial equipment, building and construction, trade, hospitality, car sales, distribution and energy.

<sup>2</sup> Assuria N.V. is a financial group based in Suriname. The Assuria Group reported total assets of US \$431.8 million as at December 2022, with profit after tax for the year of US \$14.5 million. Assuria Levensverzekering N.V. (Assuria Life Insurance LLC) is the largest life insurance company in Suriname.

<sup>3</sup> Total assets adjusted to exclude intangible assets and revaluation reserves