



Fonkoze S.A. &  
Sèvis Finansye  
Fonkoze, S.A.

Annual Report  
2016





**Sèvis Finansye  
Fonkoze**

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FOUNDED in 2004, Sèvis Finansye Fonkoze, S.A. (SFF) is Haiti's leading microfinance organization offering a full range of financial services to Haiti's rural poor.

The name 'Fonkoze' is a Kreyòl acronym for Fondasyon Kole Zèpòl which translates as 'Shoulder to Shoulder Foundation.' The Fonkoze Foundation started Fonkoze's microfinance programs and created SFF to expand their work on a sustainable basis.

SFF and the Fonkoze Foundation are proud to stand shoulder to shoulder with our 200,000 plus clients throughout Haiti.

With a renewed focus on our double bottom line, we are taking steps to become a stronger institution and as they say in Haiti, "Lè ou konn kote ou vle ale, ou gentan fe mwaye chemin an" "when you know where you want to go, you have already gone halfway".

As donors, investors and partners, you are part of this journey as well. Your solidarity gives Fonkoze, our employees and especially our clients the strength they need to survive against all odds. I have faith that we will continue to build a stronger, more inclusive Haiti.

Fr. Joseph Philippe, Pè Fondatè, Fonkoze Family

Photos by Darcy Kiefel (Cover, inside front cover, p.3-6, 11-21)  
[www.kiefelphotography.com](http://www.kiefelphotography.com)

Julienne Julcin, Solidarity Client, Jacmel

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# Sèvis Finansye Fonkoze, S.A.

**S**èvis Finansye Fonkoze, S.A. (SFF), the operating subsidiary of Fonkoze S.A., is a Haitian microfinance company with a double bottom line: we aim to lift families and communities in Haiti out of poverty while operating in a financially self-sustaining manner.

Fonkoze S.A. and SFF are part of a family of organizations which are collectively referred to as **Fonkoze**. In addition to Fonkoze S.A. and SFF, the Fonkoze family includes the following organizations:

**Fondasyon Kole Zepòl** (Fonkoze Foundation) — a Haitian non-profit organization founded in 1994 by Fr. Joseph Philippe and a group of grassroots Haitian organizations with the aim of providing access to financial services and technical assistance to grassroots organizations. The Fonkoze Foundation started Fonkoze’s microfinance programs and created SFF in 2004 to expand their work on a sustainable basis. Today, the Foundation provides development services alongside and in partnership with SFF to strengthen the capacity of underserved communities to access and use effectively the financial services they need to improve their livelihoods and create prosperity.

**Fonkoze USA** — a 501(c)(3) U.S. organization founded in 1997 that raises funds (donations, grants and loans) to provide financial resources to SFF, the Fonkoze Foundation and other Haitian partners. They also raise awareness of the work of their partners and lead communication efforts for the Fonkoze family.

The Fonkoze family of organizations share the following vision and mission:

**Vision:** Fonkoze’s vision is a Haiti where people, standing together, shoulder to shoulder, have pulled themselves out of poverty.

**Mission:** Fonkoze is a family of organizations that work together to provide financial and non-financial services to empower Haitians – primarily women – to lift their families out of poverty.

The Fonkoze family of organizations, together with other stakeholders and partners, work together offering a holistic approach to alleviating poverty in Haiti.

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## CLIENT PROGRESS BY NUMBERS

New Solidarity clients who suffer from food insecurity

**82%**

Number five years later

**20%**

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## SFF’S BUSINESS BY NUMBERS

Number of SFF deposit account holders

**208,473**

Number of loan clients

**64,457**

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# A Message From our Chairs

Dear Friends of Fonkoze,

As Chair of the Board of Fonkoze S.A. and Chair of the Board of Sèvis Finansye Fonkoze, S.A. (“SFF”), we wrote a single letter as it reflects the close collaboration between the Chairs and Boards of the two organizations. We are pleased to present within this report Consolidated Financial Statements for Fonkoze S.A. and its subsidiary SFF for the fiscal year ended September 30, 2016 (“Fiscal 2016”).

Fiscal year 2016 was a year of consolidation in preparation for the growth we are now experiencing. From 2012 through 2015 we significantly reduced operating losses by severe constraint of expense growth and improvement and stabilization of the loan portfolio. SFF operations were substantially restructured. Fiscal 2016 was a year to “catch our breath” and consolidate these gains.

In fiscal 2016, the Company had an Operating Loss of HTG 14.9 million (\$245,176 at average exchange rates). Operating expenses grew 21.6%, in part, as the dollar portion of such expenses rose with the depreciating Haitian Gourde (see below). Essential equipment, repair, IT upgrade and capital spending could no longer be deferred.

The fiscal 2016 audited financial results for Fonkoze S.A. and its subsidiary, SFF, are presented in accordance with International Financial Reporting Standards (“IFRS”). Adoption of IFRS led to the complete write off of the HTG 112.7 million Note (\$1.72 million at year end exchange rates) due from Fondasyon Kole Zepòl (the “Foundation”). In 2016, the Foundation’s balance sheet and financial condition had significantly improved, but uncertainty remains as to the Foundation’s ability to repay the Intercompany Note, in full. We continue to explore alternatives with respect to this related party indebtedness.

Adoption of IFRS, also led to the write off of Deferred Tax Assets of HTG 20.5 million (\$312,648 at year end exchange rates). This write-off does not impair the Company’s ability for tax purposes to offset future profits against tax loss carry forwards.

The depreciation of the Haitian Gourde in fiscal 2016 also led to an Unrealized Foreign Exchange Loss of HTG 71.8 million (\$1.179 million at average exchange rates). In fiscal 2016, the company reduced the mismatch between USD liabilities and USD assets, but at year end a gap remained. Reduction and elimination of this gap is a high priority for our boards and management, and as of the writing hereof, we believe we have effectively eliminated the mismatch.

These factors led to a significant Net Loss in fiscal 2016. This loss should not impair our ability to generate future Operating Profits and Net Profits on our path to sustainability. It should not impair our ability to meet our client’s needs and on-going growth of the loan portfolio and other financial products.

During calendar year 2016, we raised \$1.73 million of equity, and simplified the capital structure with the conversion of all Preferred Shares to Voting Common Shares.

(continued on p. 3)



# A Message from our Chairs

Although this is a report on fiscal 2016, as you know, Hurricane Matthew devastated South-western Haiti in early October, just after the fiscal year ended. Management responded swiftly to meet with clients, assess their needs and as necessary, re-schedule loans and advance additional funds, to enable clients to continue or restart their businesses. Despite this initial setback, in 2017, SFF, nationwide, is experiencing strong growth across its loan portfolio and deposits.

The Fonkoze Family consists of the “bank for the poor” (Fonkoze S.A. and SFF), the Foundation and Fonkoze USA. We provide a unique package of financial and non-financial services enabling people from the very poorest women to more established entrepreneurs to climb out of poverty and better their lives. Within the Fonkoze family are resources, deep and diverse, to assist clients in many meaningful ways. We believe Fonkoze is an important institution that brings stability to Haiti. We are one of the few organizations that reach out to the rural poor throughout the country. We are proud to be part of this unique and special organization.

Thank you for your support in enabling us to make a difference.

Fonkoze Headquarters in Port-au-Prince



## Serving our Clients

In fiscal year 2016 (ending September 30), SFF outperformed its business plan and delivered profits on an operating basis for the first time. The Company continues to offer a full suite of financial services in our 44 branches nationwide, achieving the following results:

**LOANS:** With nearly 64,500 active loan clients (99% women), loans range in size and duration in accordance with client needs and capacity.

- ⇒ \$11.5 million loan portfolio
- ⇒ \$29.5 million disbursed
- ⇒ 125,634 loans disbursed

**SAVINGS:** SFF’s savings clients range from individuals who have never had a savings account before to formal busi-

nesses, schools, churches and NGOs.

- ⇒ 208,473 savings accounts
- ⇒ \$21.4 million in savings
- ⇒ 3,464 daily transactions

**MONEY TRANSFERS:** With remittances making up 23% of Haiti’s Gross Domestic Product SFF’s facilitation of international money transfers — provided through CAM and MoneyGram — is an essential contribution towards the Haitian economy. SFF also facilitates “Mon Cash,” a mobile phone-based domestic money transfer service utilized by our clients.

- ⇒ \$69.7 million in transfers
- ⇒ 277,525 transactions

**CURRENCY EXCHANGE:** Both US Dollars and Haitian Gourdes

are accepted and used widely in Haiti. SFF provides valuable currency exchange services for our clients.

- ⇒ \$78.6 million in total transactions

**PAYROLL MANAGEMENT:** SFF supports organizations — including those based overseas — to complete regular payroll cycles. For example, a charitable institution in the United States that sponsors a school in Haiti will send a lump sum to SFF that is deposited directly in their employees’ savings accounts. In fiscal year 2016, SFF provided payroll services to 27-30 such organizations.



**SONIA PIERRE LOUIS**  
SOLIDARITY CLIENT

*“I borrow from Fonkoze so I can better support my family”*

**Sonia Pierre Louis**  
Jacmel, Sud-Est

Sonia has been a Solidarity client of SFF since 2011. Through loans of around HTG 5,000 (USD 80) delivered through a credit center close to her home Sonia purchases basic food goods (rice, oil, beans, etc.) that she resells at her local market. As the sole provider for her 7 children since her husband took ill last year the profits she makes from her microbusiness are essential to her family's livelihood.

Sonia pictured at a Center meeting





**ELIFAITE NECZIUS**  
BUSINESS DEVELOPMENT

“I feel connected to Fonkoze because Fonkoze serves the people.”

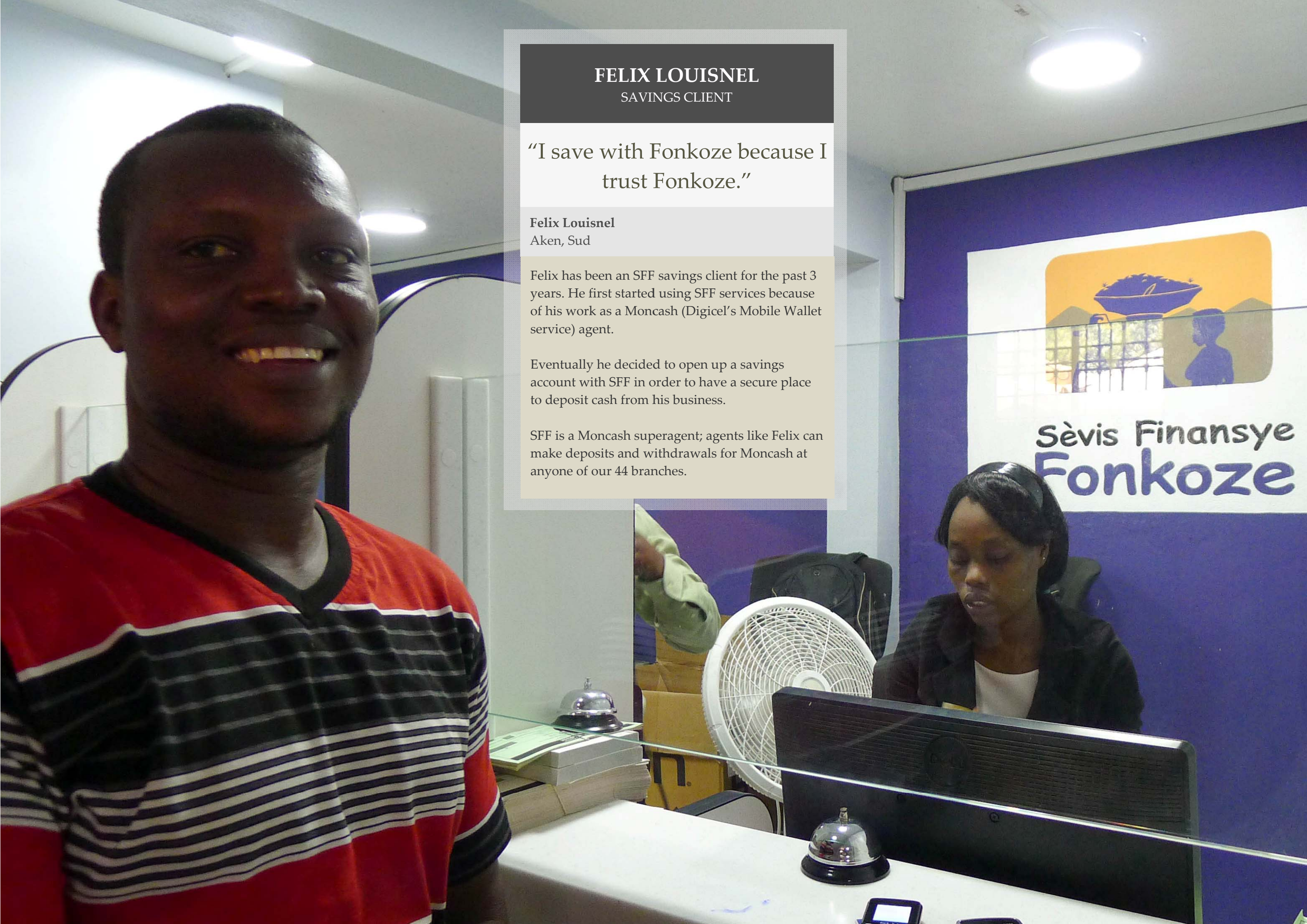
Elifaite Neczius  
Aken, Sud

Elifaite recently took a HTG 150,000 (USD 2,400) loan with Fonkoze for the first time to expand his beachside hotel & restaurant “La Paysanne”.

Although his hotel already has 6 rooms and 4 employees Elifaite dreams of expanding to 20 rooms.

He knows how important access to credit is when growing a business and wants to continue his relationship with Fonkoze. To ensure that he pays his loan on time he has been depositing funds in his savings account everyday.





**FELIX LOUISNEL**  
SAVINGS CLIENT

“I save with Fonkoze because I trust Fonkoze.”

**Felix Louisnel**  
Aken, Sud

Felix has been an SFF savings client for the past 3 years. He first started using SFF services because of his work as a Moncash (Digicel’s Mobile Wallet service) agent.

Eventually he decided to open up a savings account with SFF in order to have a secure place to deposit cash from his business.

SFF is a Moncash superagent; agents like Felix can make deposits and withdrawals for Moncash at anyone of our 44 branches.



# Serving Our Clients

FULL SERVICE MICROFINANCE INSTITUTION  
INDIVIDUAL AND BUSINESS SERVICES



SFF offers a full suite of microfinance services throughout its network of 44 branches. No other institution in Haiti offers as wide a range of services in as many locations.

Through SFF's range of lending products SFF is able to reach the poorest of the economically active poor in the most rural areas.

### Center Based Microcredit

The core of SFF's business is its microcredit delivered through a network of over 2,000 credit centers. In each center, 6 to 10 groups of 5 women meet in their local area and make loan repayments. Through the group women receive the support they need to grow their business and make loan repayments. SFF of-

fers three levels of center-based credit with increasing loan sizes: (1) Ti Kredi; (2) Solidarity Group and; (3) Kredi Individyèl Nan Sant.

**Ti Kredi:** This loan product offers women a small initial loan of just HTG 3,000 (USD 45), shorter repayment periods and additional support from their

loan officer including education and skills training. Once they have finished paying off the first loan they are eligible to graduate to Solidarity Group Credit. During FY2016, more than 887 women entered the Ti Kredi loan program and by the end of that year 10,966 of SFF's active loan clients were graduates of Ti Kredi.

**Solidarity Group Credit** is SFF's core program. Groups of five women organize themselves into solidarity groups that borrow jointly.

With six-month loans starting between HTG 3,000 (USD 45) and HTG 6,000 (USD 90), women can grow within the program until they are borrowing sums as large as HTG 60,000 (USD 925) for six

months. The groups meet twice a month for literacy, business and other educational trainings and to repay loans. In FY2016, a total of 116,416 Solidarity loans were disbursed totaling HTG 1.5 billion (USD 22.2 million).

**Kredi Individual Nan Sant** is an individual loan product that is also delivered to women within a credit center. Introduced in 2015, it allows women to take larger individual loans but still benefit from the support of the community structure provided in the credit center. Many clients graduate to this product from a group loan. We also offer the flexibility for clients with larger businesses to start directly with this product. Loans start at HTG 15,000 and reach up to HTG 100,000.

### MICROCREDIT BY THE NUMBERS

Microcredit loans  
disbursed in FY2016

**125,635**

Average loan size

**HTG 11,995**

Write-off ratio

**4.7%**

SFF Solidarity clients pictured walking to a center meeting





# Our Leadership

## Boards of Directors

### Fonkoze S.A.

Julian Schroeder, Chair  
 Brian Kearney-Grieve, Vice-Chair  
 Daniel Robinson, Secretary (2015-04/16)  
 Deanna Durban, Secretary (June 2016 - Present)  
 Guy Paraison, Director  
 Fr. Joseph Philippe, Director (Chair 10/14 – 06/15)

### Sèvis Finansye Fonkoze, S.A.

Damian Blackburn, Chair  
 Brian Kearney-Grieve, Vice-Chair  
 Mary-Joe Sentner, Secretary  
 Matthew Brown, Director  
 Daniel Dorsainvil, Director  
 Michèle Duvivier Pierre-Louis, Director  
 Fabienne Jolivert, Director  
 Geneviève Michel, Director  
 Guy Paraison, Director  
 Fr. Joseph Philippe, Director  
 Daniel Robinson, Director (06/15 – 03/16)  
 Ben Simmes, Director

### FONKOZE LEADERSHIP BY THE NUMBERS

Female Board Members (across Boards)

**37%**

Female Senior Management Team

**55%**

## Management Team

### Key Staff

Matthew Brown, Chief Executive Officer  
 Dominique Boyer, Chief Operating Officer

Lissa Petit-De, Finance Director  
 Marlise Voltaire, Zonal Director  
 Alexandre Hector, Zonal Director  
 Pelex Flereme, Legal & Compliance Director  
 Marie-Claire Dorcelly, Administration Director

Esthèbe Charles, Internal Control Manager  
 Jean Jackson Platel, IT Manager  
 Christian Telisma, Internal Audit Coordinator

### SFF STAFF BY THE NUMBERS

Number of full time staff members

**840**

Branch Staff

**758**

Of which Loan Officers

**305**

Rural market place near Marigo



Marie Desciline Davanse, Solidarity, Jacmel



**Business Development Loans** are our larger individual loans which provide terms between 6 and 24 months. Business Development loans are divided into five categories depending on size starting at HTG 45,000 (USD 700) and up to HTG 6 million (USD 46,150) or more. The program helps clients become part of the formal economy and creates jobs in rural areas where there is limited employment. Business development loans are provided to both women and men. Typically loans are used for working capital purposes for commerce businesses in a range of sectors including basic foodstuffs, construction materials,

drinks and clothing. In FY2016 a total of 2,466 Business Development loans were disbursed totaling HTG 316.5 million (USD 4.8 million).

### INDIVIDUAL CREDIT BY THE NUMBERS

Loan Portfolio Sept 2016

**HTG 188.1 M**

Disbursed Loans FY2016

**HTG 316.5 M**

### HISTORICAL DATA ON SAVINGS

	FY2013	FY2014	FY2015	FY2016
<b>Passbook Savings</b>				
USD	11,276,089	10,150,123	9,734,705	9,206,211
HTG	650,503,652	639,998,984	680,784,940	755,645,222
Total Savings in HTG	1,143,752,450	1,102,415,259	1,188,368,995	1,358,990,843
<b>Term Deposits</b>				
USD	158,590	192,005	161,232	121,277
HTG	38,877,084	23,104,837	25,734,445	34,713,399
Total Term Deposits in HTG	45,814,289	31,852,143	34,150,355	42,661,505
<b>Total all Deposits in HTG</b>	<b>1,189,566,739</b>	<b>1,134,267,402</b>	<b>1,222,519,350</b>	<b>1,401,652,348</b>

**Savings Services:** SFF offers two types of deposit products.

**Passbook Savings:** Passbook savings accounts function as normal demand deposit accounts. Clients can access their savings at any one of SFF's 44 branches at any time. Clients are given a paper Passbook that is used to record account transactions and acts as a form of identification for other SFF interactions. In a country where there is a low

level of trust in financial institutions, the passbook offers a physical reassurance of clients' assets.

**Term Deposits:** Term Deposits behave like certificates of deposit. Clients deposit amounts of money in HTG or USD into blocked accounts that yield a fixed rate over a specified amount of time (between 3 and 12 months). Term Deposits appeal to clients who want to earn a greater return on their deposits

and are able to give up immediate access to liquidity to do so. Clients use Term Deposits as a form of forced savings, e.g. using Term Deposits that mature just before the school year in order to ensure they have access to cash for school fees and uniforms. Term Deposits are also used by organizations that receive project funding upfront and know they will not need to access the full amount until later in the project cycle.



# Financial Statements

## FONKOZE S.A. and subsidiary Sèvis Finansye Fonkoze, S.A.

### Consolidated Balance Sheets

September 30, 2016 and 2015

(Expressed in Haitian Gourdes)

	2016	2015
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	G 449,999,447	G 267,894,318
Term deposits	196,895,335	61,812,996
Loans	753,235,579	635,500,403
Impairment provision	(12,205,920)	(14,623,728)
Net loans	741,029,659	620,876,675
<b>OTHER CURRENT ASSETS</b>		
Interest receivable on loans	28,678,596	21,758,980
Accounts receivable	35,812,077	35,666,957
Prepaid expenses and supplies	24,326,793	16,995,116
	88,817,466	74,421,053
Total current assets	G 1,476,741,907	G 1,025,005,042
<b>NON - CURRENT ASSETS</b>		
Equity investments	4,174,334	4,174,334
Fixed assets, at cost	352,011,132	280,913,307
Accumulated depreciation	(94,921,681)	(112,762,259)
Fixed assets, net	257,089,451	168,151,048
Note receivable – Related party	21,706,619	161,068,253
Other assets	13,082,830	37,669,023
<b>TOTAL ASSETS</b>	G 1,772,795,141	G 1,396,067,700
<b>CURRENT LIABILITIES</b>		
Deposits	G 1,401,652,348	G 1,222,519,351
Bank line of credit	173,849,826	19,911,464
Subordinated notes- current portion	1,992,319	8,436,527
Other notes payable	93,805,309	86,564,375
Other current liabilities	80,341,545	58,585,370
Total current liabilities	1,751,641,347	1,396,017,087
<b>NON-CURRENT LIABILITIES</b>		
Other notes payable	142,820,752	93,044,263
Long-term subordinated notes	158,800	3,775,059
Other non-current liabilities	452,085	25,725,189
Total non-current liabilities	182,856,255	122,544,521
<b>TOTAL LIABILITIES</b>	G 1,934,497,602	G 1,518,561,598
Authorized Shares & Capital Surplus	463,279,316	359,579,001
Accumulated deficit	(677,041,761)	(484,880,940)
Revaluation reserve— land & buildings	49,251,943	
Accumulated other comprehensive income	2,808,041	2,808,041
	(624,981,777)	(482,072,899)
<b>Total Shareholders' equity</b>	(161,702,461)	(122,493,908)
<b>TOTAL LIABILITIES AND EQUITY</b>	G 1,772,795,141	G 1,396,067,700

The financial statements presented herein are summaries of the Fonkoze S.A. consolidated financial statements and footnotes thereto for FY2016 available to shareholders upon written request.

## FONKOZE S.A. and subsidiary Sèvis Finansye Fonkoze, S.A.

### Consolidated Statements of Operations

September 30, 2016 and 2015

(Expressed in Haitian Gourdes)

	2016	2015
<b>INTEREST INCOME</b>		
Loans	G 336,314,113	G 272,209,778
Other	3,438,840	892,234
Total interest income	339,752,953	273,102,012
<b>INTEREST EXPENSES</b>		
Deposits	5,061,160	3,896,071
Debt	28,169,402	9,887,212
Total interest expense	33,230,562	13,783,283
<b>NET INTEREST INCOME</b>	306,522,391	259,318,729
Provision for loan losses	(32,968,652)	(22,859,040)
Net interest income after provision for loan losses	273,553,739	236,459,689
<b>OTHER OPERATING INCOME</b>		
Income from foreign exchange - Trading	58,110,748	64,613,950
Commissions and penalties on loans	50,380,604	41,311,061
Income from remittance services	19,102,989	15,883,699
Savings accounts fees	15,337,180	15,315,820
Recoveries of loans written off	3,919,807	3,793,294
Other	6,309,438	4,339,112
	153,160,766	145,256,936
<b>Net interest and other income</b>	G 426,714,505	G 381,716,625
<b>OPERATING EXPENSES</b>		
Personnel expenses	258,340,559	222,826,514
Premises and equipment expenses	31,852,135	29,735,775
Depreciation and amortization	25,424,090	17,751,463
Other expenses	126,020,861	92,919,107
Total operating expenses	441,637,645	363,232,859
<b>NET PROFIT (LOSS) FROM OPERATIONS BEFORE OTHER INCOME (EXPENSES) AND INCOME TAXES</b>	G (14,923,140)	G 18,483,766
<b>OTHER INCOME (EXPENSES)</b>		
Unrealized loss on foreign exchange	(71,752,318)	(57,502,696)
Catastrophe insurance premium	-	(9,256,246)
Finance cost— receivable from related party	(4,508,101)	
Grants	35,692,546	35,770,139
Write off of deferred tax asset	(20,490,000)	-
Provision for loss on receivable from related party	(112,728,753)	-
Fair Value loss on assets (lands)	(11,519,159)	-
Other non-operating income	8,068,104	6,091,061
Total other expenses	(177,237,681)	(24,897,742)
Net operating profit (loss) before income taxes	G (192,160,821)	G (6,413,976)
Tax credit	-	-
<b>NET PROFIT (LOSS)</b>	G (192,160,821)	G (6,413,976)
<b>Net profit (loss) per share</b>	G (22.00)	G (1.22)



# Financial Statements

FONKOZE S.A. and subsidiary Sèvis Finansye Fonkoze, S.A.

Consolidated Balance Sheets

September 30, 2016 and 2015

(Expressed in USD)

	2016	2015
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 6,866,362	\$ 5,137,813
Term deposits	3,004,348	1,185,481
Loans	11,493,322	12,187,949
Impairment provision	(186,245)	(280,461)
Net loans	11,307,077	11,907,488
<b>OTHER CURRENT ASSETS</b>		
Interest receivable on loans	437,595	417,305
Accounts receivable	546,441	684,039
Prepaid expenses and supplies	371,193	325,941
	1,355,229	1,427,285
Total current assets	\$ 22,533,016	\$ 19,658,067
<b>NON - CURRENT ASSETS</b>		
Equity investments	63,694	80,058
Fixed assets, at cost	5,371,198	5,387,498
Accumulated depreciation	(1,448,372)	(2,162,612)
Fixed assets, net	3,922,826	3,224,886
Note receivable – Related party	331,213	3,089,049
Other assets	199,626	722,435
<b>TOTAL ASSETS</b>	\$ 27,050,375	\$ 26,774,495
<b>CURRENT LIABILITIES</b>		
Deposits	\$ 21,387,256	\$ 23,446,097
Bank line of credit	2,652,705	381,872
Subordinated notes- current portion	30,400	161,800
Other notes payable	1,431,338	1,660,176
Other current liabilities	1,225,900	1,123,580
Total current liabilities	26,727,599	26,773,525
<b>NON-CURRENT LIABILITIES</b>		
Other notes payable	2,179,245	2,084,450
Long-term subordinated notes	158,800	72,400
Other non-current liabilities	452,085	193,371
Total non-current liabilities	2,790,130	2,350,221
<b>TOTAL LIABILITIES</b>	\$ 29,517,729	\$ 29,123,746
Authorized Shares & Capital Surplus	7,068,994	6,896,188
Accumulated deficit	(10,330,711)	(9,299,293)
Revaluation reserve— land & buildings	751,516	-
Accumulated other comprehensive income	42,847	53,854
	(9,536,348)	(9,245,439)
<b>Total Shareholders' equity</b>	(2,467,354)	(2,349,251)
<b>TOTAL LIABILITIES AND EQUITY</b>	\$ 27,050,375	\$ 26,774,495

FONKOZE S.A. and subsidiary Sèvis Finansye Fonkoze, S.A.

Consolidated Statements of Operations

September 30, 2016 and 2015

(Expressed in USD)

	2016	2015
<b>INTEREST INCOME</b>		
Loans	\$ 5,525,393	\$ 6,415,195
Other	56,498	18,257
Total interest income	5,581,891	6,433,452
<b>INTEREST EXPENSES</b>		
Deposits	83,151	79,721
Debt	462,803	202,310
Total interest expense	545,954	282,031
<b>NET INTEREST INCOME</b>	5,035,937	6,151,421
Provision for loan losses	(541,651)	(467,737)
Net interest income after provision for loan losses	4,494,286	5,683,684
<b>OTHER OPERATING INCOME</b>		
Income from foreign exchange - Trading	954,717	1,322,117
Commissions and penalties on loans	827,716	845,298
Income from remittance services	313,848	325,009
Savings accounts fees	251,979	313,389
Recoveries of loans written off	64,399	77,618
Other	88,786	88,786
	2,516,318	2,126,919
<b>Net interest and other income</b>	\$ 7,010,604	\$ 7,825,304
<b>OPERATING EXPENSES</b>		
Personnel expenses	4,244,345	4,559,427
Premises and equipment expenses	523,307	608,447
Depreciation and amortization	417,699	363,227
Other expenses	2,070,430	1,901,291
Total operating expenses	7,255,781	7,432,392
<b>NET PROFIT (LOSS) FROM OPERATIONS BEFORE OTHER INCOME (EXPENSES) AND INCOME TAXES</b>	\$ (245,177)	\$ 378,210
<b>OTHER INCOME (EXPENSES)</b>		
Unrealized loss on foreign exchange	(1,178,837)	(1,176,608)
Finance cost—receivable from related party	(74,065)	202,130
Catastrophe insurance premium	-	(189,399)
Write off of deferred tax asset	(336,636)	-
Provision for loss on receivable from related party	(1,852,050)	-
Grants	586,402	731,921
Fair Value loss on assets (lands)	(189,251)	-
Other non-operating income	132,553	124,634
Total other expenses	(2,911,884)	(509,452)
Net operating profit (loss) before income taxes	\$ (3,157,061)	\$ (131,242)
Tax credit	-	-
<b>NET PROFIT (LOSS)</b>	\$ (3,157,061)	\$ (131,242)
<b>Net profit (loss) per share</b>	\$ (0.36)	\$ (0.02)





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