

**Fonkoze S.A. &
Sèvis Finansye Fonkoze, S.A.
Annual Report FY2018**





**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 Zèpol 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 are already halfway there."

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 Maxence Bradley



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Sèvis Finansye Fonkoze, S.A.

Sèvis 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. The Fonkoze Foundation started Fonkoze’s microfinance programs and created SFF in 2004 to expand their work on a sustainable basis. Today, the Fonkoze 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: 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, works together offering a holistic approach to alleviating poverty in Haiti.

CLIENT POVERTY LEVELS

New Solidarity clients living under
\$2.5 /day

61%

New Solidarity clients living under
\$1.25 /day

24%

SFF’S BUSINESS BY NUMBERS

Number of SFF deposit
account holders

201,680

Number of loan clients

63,590

A Message From Our Chairs

Julian Schroeder, Chair, Fonkoze S.A. & Brian Kearney-Grieve, Chair, SFF, S.A.

Dear Friends,

2018 was exceptional for Fonkoze in our journey to becoming a self-sustaining organization with the means to meet our plans for further growth and the challenges that come with this. Our operating subsidiary, Sèvis Finansye Fonkoze S.A. (“SFF”) achieved record Net Income: HTG 186.6 million (\$ 2.8 million at average exchange rates) for the fiscal year ended September 30, 2018. SFF benefited from foreign exchange gains and some grant income, but most of the earnings were derived from operations. The Solidarity loan portfolio, Business Development loans and deposits all grew in fiscal 2018 as did foreign remittance income. Among Solidarity clients who remain through several loan cycles, key indicators of social wellbeing – children in school, hot meals, tin roofs – show improvement. For the first time in four years, we gave employees salary increases in addition to government mandated raises. The majority of our branches are now refurbished giving staff and clients a pleasant professional environment in which to conduct business.



The SFF leadership team is the strongest and deepest in the organization’s history. You may recall, in March 2017, Dominique Boyer was elected Chief Executive Officer of SFF, and about the same time Brigitte Rousseau joined as our Chief Financial Officer. Fiscal 2018 was the first full year that SFF was under their management. The results speak for themselves. These leaders have developed a broad management team – some have been with Fonkoze since its earliest days; others joined attracted by our mission. All are committed to a sustainable SFF that fulfills its mission to serve the people of Haiti. This strong management team is at the heart of SFF’s current renaissance.

In 2015, based on an independent consultant’s recommendations, we restructured the SFF and Fonkoze S.A. Boards of Directors. Damian Blackburn served as the first Chair of our reorganized Board. In March 2018, Damian stepped down as Chair. We thank him for his leadership during this period. He implemented the new committee-based governance structures and led our board meetings so as to focus on the essential issues of profitability, sustainability and future growth. He is committed to the highest corporate standards for SFF. Damian remains on our boards, so we have the continued benefit of his expertise. Thank you for your service as Chair.

At year end SFF also achieved equity capitalization ratios as required in the proposed micro-credit legislation. This achievement reflects the strong earnings in fiscal 2018 and equity investment of HTG 82 million (\$ 1.3 million) from existing shareholders. With lending from the Central Bank and other local institutions, SFF has funded loan portfolio growth to HTG 1.3 Billion (\$ 18.5 million) at the fiscal year end. Never the less, to continue to fund loan growth and maintain a prudent capital structure, SFF continues to seek additional equity.

(cont. on p.3)

A Message from our Chairs (cont'd)


Haiti is frequently described as a poor country. This description misses the wonderful resilience of the Haitian people, a people with a sensitive, beautiful soul, always welcoming the stranger. Foreign remittances flow into Haiti, in part as many young people work outside the country. These funds support entrepreneurial growth, particularly in regional communities. SFF stands right at the heart of this economic transformation of Haiti. And with our sister organizations, Fondasyon Kole Zepol (the "Foundation") and Fonkoze USA, our organization seeks to reach out to every poor person in Haiti, even those too poor to assume a Solidarity (or smaller) loan. Fonkoze is a light of hope.

And with our good fortune, we remember the quality of humility. Many have worked for years to build up our unique organization. We thank all who have in any way supported Fonkoze. We hope you have a sense of the difference your commitment has made.

Thank you.



Brian Kearney-Grieve
Chair Sevis Finansye Fonkoze S.A.



Julian Schroeder
Chair Fonkoze S.A.



Gwomon client, Jésumène Destiné

A Message from our Executives

Dominique Boyer, CEO & Brigitte Rousseau, CFO, Sèvis Finansye Fonkoze, S.A.

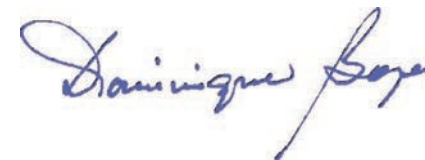
The year 2017-2018 marked a new beginning for SFF. Indeed, despite a socio-political situation in Haiti that is full of uncertainty and instability, SFF completed the year favorably and profitably for the second consecutive year.

Slowly but surely, SFF has taken the path to profitability while continuing to 1) offer high-quality, inclusive financial services to the Haitian population and, 2) serve all segments of the country's population, particularly those in rural areas.

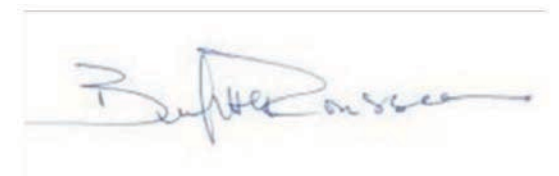
We could not, however, have accomplished this without:

1. the support of the members of the Board of Directors who have spared no effort in sharing their knowledge, wisdom, time and resources. Through their active participation at various levels they have collectively facilitated SFF's ability to effectively pursue its vision and achieve its mission;
2. the tireless support of our directors, managers, employees and associates who implement the board and managements plans and have ensured that SFF reach its yearly objectives and milestones; and,
3. the continuous support of our clients and partners who have stood by SFF through good times and bad.

We therefore thank everyone involved in making our journey such a successful experience for SFF and, more importantly, for the people of Haiti.



Dominique Boyer
Chief Executive Officer



Brigitte Rousseau:
Chief Financial Officer



Serving our Clients

In fiscal year 2018 (ending September 30), SFF outperformed its business plan. The company continues to offer a full suite of financial services in our 44 branches nationwide, achieving the following results:

LOANS: With over 63,000 active loan clients (96% women), loans range in size and duration in accordance with client needs and capacity.

- ⇒ \$18.5 million loan portfolio
- ⇒ \$43.2 million disbursed
- ⇒ 123,687 loans disbursed

SAVINGS: SFF's savings clients range from individuals who have never had a savings account before to formal businesses, schools, churches and NGOs.

- ⇒ 201,680 savings accounts

- ⇒ \$26.3 million in savings
- ⇒ 3,464 daily transactions

MONEY TRANSFERS: With personal remittances making up 32% of Haiti's Gross Domestic Product*, SFF's facilitation of international money transfers – provided through CAM, MoneyGram and Western Union – 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.

- ⇒ \$67.2 million in transfers
- ⇒ 308,284 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.

- ⇒ \$61.5 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 FY2018, SFF provided payroll services to 38 such organizations.

*<https://data.worldbank.org/indicator/>

Credit Client Highlights



MARIETTE BAZELAIS
SOLIDARITY CLIENT

“I pay my loans on time so that Fonkoze will always be around”

Mariette Bazelais
Okoto, Sud

For the last eight years Mariette has been supporting her three children on her own. She runs a small business selling tobacco and food goods from her home four days a week. The other days, she walks two to three hours, carrying her goods, to the closest marketplaces. She also supplements her income with cash crops like peanuts, beans and corn.

She took her first loan with Fonkoze in April 2018. With the good advice she has received from her Loan Officer since becoming a client, her revenues have increased enabling her to repair her home which was damaged by Hurricane Matthew in 2016.



EMILIA PERFILS
CENTER BASED INDIVIDUAL LOAN CLIENT

“I’d like to see Fonkoze continue to grow so they can continue providing better services for their clients”

Emilia Perfils
Okap, Nord

Emilia has been a Fonkoze client since 2006 when she took out her first HTG 3,000 loan in order to grow her business. Since then, she has made great strides and now her business includes both a wholesale and retail storefront selling food goods, drinks and other products.

She credits her success to her loans with Fonkoze, discipline and good management. Her business allows her to support her two children and husband. Every day, she tries to think of ways to remain competitive in the market and says that “although things are not always easy, I am making progress.” She has recently started selling second hand clothing as well.





JEAN NICOLE SAINTILNORD
BUSINESS DEVELOPMENT CLIENT

“Thanks to my loans from Fonkoze I have been able to find a balance within my businesses”

Jean Nicole Saintilnord
Pomago, Nord

Saintilnord, husband and father of three boys, is well known within his community in Pomago. An entrepreneur by nature he has a diverse business portfolio including three bakeries, several shops in the local market, a coffin building business, hardware store, farm, etc.

Three years ago Saintilnord decided to try Fonkoze’s services based on his wife’s recommendation and the proximity of SFF’s branch. His latest loan allowed him to purchase a new propane oven to replace his old wood burning oven in one of his bakeries.



Market day in Fond-des-Negres

Serving our Clients

FULL SERVICE MICROFINANCE INSTITUTION INDIVIDUAL AND BUSINESS SERVICES



SFF offers a full suite of micro-finance 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, six to ten groups of five women meet in their local areas and make loan

repayments. Through the group, women receive the support they need to grow their businesses and make loan repayments. SFF

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

Ti Kredi: This loan product offers women a small initial loan of just HTG 3,000 (\$45), shorter repayment periods and addition-

al support from their Loan Officer including education and business skills training. Once they have finished paying off the first loan, they are eligible to graduate to Solidarity Group Credit. During FY2018, more than 8,000 women entered the Ti Kredi loan program and by the end of that year, 12,945 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 and HTG 6,000, women can grow within the program until they are borrowing sums as large as HTG 60,000 for six months. The groups

meet twice a month to repay loans, discuss the status of their businesses and receive advice from their Loan Officers. In FY2018, a total of 123,687 Solidarity loans were disbursed totaling HTG 3 billion (USD 43.2 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 FY2018

123,687

Average loan size

HTG 24,445

Write-off ratio

5.5%

One of Business Development client Jean Nicole Saintilnord's many shops





Business Development & SME Loans are our larger individual loans which provide terms between 6 and 24 months. Business Development & SME loans are divided into five categories depending on size starting at HTG 45,000 (USD 720) and up to HTG 6 million (USD 95,700). The program helps clients become part of the formal economy and creates jobs in rural areas where there is limited employment. Business Development & SME loans are provided to both women and men. Typically, loans are used for working capital purposes for commerce in a range of sectors including basic foodstuffs, construction materials, drinks and clothing. In FY2018, a total of 9,146 Business Development and SME loans were disbursed totaling HTG 1.1 billion (USD 15 million), a 140% increase from FY2017.

INDIVIDUAL CREDIT BY THE NUMBERS

Loan Portfolio Sept 2017
HTG 752.8 M

Loan Portfolio FY2018
HTG 1.1 B

HISTORICAL DATA ON SAVINGS

	FY2015	FY2016	FY2017	FY2018
Passbook Savings				
USD	9,734,705	9,206,211	9,573,729	9,883,289
HTG	680,784,940	755,645,222	910,258,710	1,012,646,470
Total Savings in HTG	1,188,368,995	1,358,990,843	1,510,435,781	1,704,253,32
Term Deposits				
USD	161,232	121,277	160,185	260,072
HTG	25,734,445	34,713,399	85,403,049	119,892,938
Total Term Deposits in HTG	34,150,355	42,661,505	95,445,046	138,092,100
Total all Deposits in HTG	1,222,519,350	1,401,652,348	1,605,880,853	1,842,345,422

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 clients that receive project funding upfront and know they will not need to access the full amount until later in the project cycle.

Our Leadership

Boards of Directors

Sèvis Finansye Fonkoze, S.A.

- Brian Kearney-Grieve, Chair
- Mary Joe Sentner, Vice-Chair
- Maurice Chavannes, Secretary
- Marilyn Arbuthnott
- Damian Blackburn
- Dominique Boyer
- Florence Dejean (03/18—Present)
- Daniel Dorsainvil (06/15—03/18)
- Michèle Duvivier Pierre-Louis (06/15—03/18)
- Geneviève Michel
- Guy Paraison
- Fr. Joseph Philippe
- Steve Wardle

Management Team

- Dominique Boyer, Chief Executive Officer
- Brigitte Rousseau, Chief Financial Officer
- Marie-Claire Dorcelly, HR & Admin. Director
- Pelex Flereme, Legal & Compliance Director
- Esther Jean-Paul, Internal Audit Director
- Alexandre Hector, Zonal Director
- Lissa Petit-De, Finance Director
- Marlise Voltaire, Zonal Director
- Esthèbe Charles, Internal Control Manager
- Jean Jackson Platel, IT Manager

SFF STAFF AND LEADERSHIP BY THE NUMBERS

Number of full time staff members

802

Branch Staff

721

Loan Officers

302

Female Senior Management Team

60%

Fonkoze S.A.

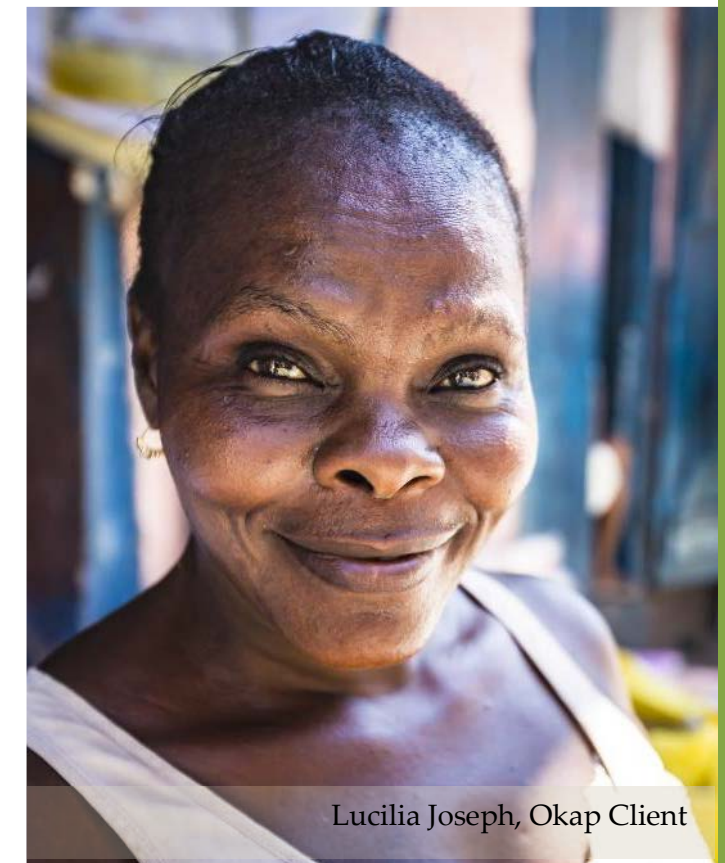
- Julian Schroeder, Chair
- Guy Paraison, Vice-Chair
- Deanna Durban, Secretary
- Damian Blackburn (03/18—Present)
- Brian Kearney-Grieve (06/15—03/18)
- Fr. Joseph Philippe
- Steve Wardle

Board Committee Lay Members

- Matthew Brown, Capital Committee
- Leigh Carter, Capital Committee
- Therese Feng, Capital Committee
- Songbae Lee, Capital Committee
- Florence Dejean, Audit Committee
- Michael Fisher, Audit Committee
- Carine Roenen, SPM Committee

Female Board Members (across Boards)

43%



Lucilia Joseph, Okap Client

Staff Member Highlight



Christine (right) with client Lucilia Joseph

CHRISTINE P. PIERRE LOAN OFFICER

“My coworkers encourage me to do my best”

For the last 12 years Christine has been working as a Loan Officer in the SFF Okap branch. She has grown her portfolio to include 375 clients representing over \$90,000 in outstanding loans.

She credits her success to a steadfast dedication to the principles and procedures of the institution.



Progress Towards Social Goals

SFF IS AN ORGANIZATION COMMITTED TO ITS SOCIAL BOTTOM LINE

In FY2018

SFF completed Year 1 of its 3-year strategic plan for Social Performance Management. With the full commitment from the board and the management team SFF;

- Identified and reported quarterly to the Board on indicators that support each of SFF's social goals
- Continued to educate staff and clients on social goals and mission
- Hired a Research and Development Manager to support commitment to providing clients with products that are tailored to their needs.

Plans for FY2019

- Conduct client satisfaction surveys
- Re-activate campaign for free hotline "505 Rele Amwey" in order to remind clients of this important resource

Additionally SFF has signed a contract with Fundación Paraguaya to pilot their Poverty Stoplight program (adapted to the Haitian context).

Poverty Stoplight is platform that helps people lift themselves and their communities out of poverty. By identifying their priority areas and making a "life map", families are able to connect with the financial and non-financial resources they require to address their needs.

What does it mean to SFF?

- SFF wants to join the poverty elimination movement, not just its alleviation
- Poverty Stoplight provides a real tool for SFF to meet its social performance objectives
- SFF employees will also be able to use this tool to monitor their own household's financial situation—an opportunity for SFF to support the wellbeing of it's 800+ staff members

Market day in Fond-des-Negres



Financial Statements

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

Consolidated Balance Sheets

September 30, 2018 and September 30, 2017

(Expressed in Haitian Gourdes)

	FY2018	FY2017
CURRENT ASSETS		
Cash and cash equivalents	G 516,648,207	G 272,594,265
Term deposits	478,589,613	205,585,900
Loans	1,296,472,673	1,191,495,794
Impairment provision	(44,028,465)	(39,014,318)
Net loans	1,252,444,208	1,152,481,476
OTHER CURRENT ASSETS		
Interest receivable on loans	45,837,503	41,715,286
Accounts receivable	51,494,245	47,332,056
Prepaid expenses and supplies	29,175,000	27,777,890
Notes Receivable—related parties current portion	6,479,389	11,179,286
	132,986,137	128,004,518
Total current assets	G 2,380,668,165	G 1,758,666,159
NON - CURRENT ASSETS		
Equity investments	7,158,687	4,174,334
Fixed assets, at cost	395,048,935	385,737,169
Accumulated depreciation	(130,348,257)	(124,721,238)
Fixed assets, net	264,700,678	261,015,931
Note receivable – Related party	12,997,114	11,245,496
Other assets	502,826,325	326,434,525
TOTAL ASSETS	G 3,168,350,969	G 2,361,536,445
CURRENT LIABILITIES		
Deposits	G 1,842,345,424	G 1,605,880,855
Bank line of credit	106,705,789	97,125,270
Subordinated notes- current portion	-	6,269,000
Other notes payable	176,538,844	96,652,308
Other current liabilities	143,792,266	82,901,338
Total current liabilities	2,269,382,323	1,888,828,771
NON-CURRENT LIABILITIES		
Other notes payable	178,684,209	153,469,830
Long-term subordinated notes	4,114,671	4,212,768
Other non-current liabilities	475,856,357	347,197,292
Total non-current liabilities	658,655,237	504,879,890
TOTAL LIABILITIES	G 2,928,037,560	G 2,393,708,661
Authorized Shares & Capital Surplus	566,311,966	481,560,899
Accumulated deficit	(394,261,828)	(564,713,657)
Revaluation reserve—land & buildings	47,093,059	48,178,501
Legal Reserve	19,362,171	-
Accumulated other comprehensive income	2,808,041	2,808,041
Total Shareholders' equity	240,313,409	(32,172,216)
TOTAL LIABILITIES AND EQUITY	G 3,168,350,969	G 2,361,536,445

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

Consolidated Statements of Operations

September 30, 2018 and September 30, 2017

(Expressed in Haitian Gourdes)

	FY2018	FY2017
INTEREST INCOME		
Loans	G 637,445,326	G 471,598,804
Other	9,077,121	5,141,014
Total interest income	646,522,447	476,739,818
INTEREST EXPENSES		
Deposits	12,065,583	8,507,632
Debt	45,931,887	33,241,085
Total interest expense	57,997,470	41,748,717
NET INTEREST INCOME	588,524,977	434,991,101
Provision for loan losses	76,708,930	(78,145,693)
Net interest income after provision for loan losses	511,816,047	356,845,408
OTHER OPERATING INCOME		
Income from foreign exchange - Trading	69,579,061	50,275,008
Commissions and penalties on loans	111,537,481	73,772,090
Income from remittance services	22,935,284	22,319,834
Savings accounts fees	15,138,922	17,771,266
Recoveries of loans written off	6,433,824	2,916,145
Other	9,022,558	34,313,279
	234,647,130	201,367,622
Net interest and other income	G 746,463,177	G 558,213,030
OPERATING EXPENSES		
Personnel expenses	357,008,602	286,116,158
Premises and equipment expenses	46,162,744	40,304,332
Depreciation and amortization	43,326,551	37,762,957
Other expenses	154,068,942	163,171,283
Total operating expenses	600,566,839	527,354,730
NET PROFIT (LOSS) FROM OPERATIONS BEFORE OTHER INCOME (EXPENSES) AND INCOME TAXES	G145,896,338	G 30,858,300
OTHER INCOME (EXPENSES)		
Unrealized gain (loss) on foreign exchange	20,400,170	13,628,553
Interest Income on receivable from related party	1,353,068	1,736,147
Grants	2,930,554	28,939,117
Other non-operating income	17,720,482	36,086,545
Total other expenses	42,404,274	80,390,362
Net operating profit (loss) before income taxes	188,300,612	G 111,248,662
Income Tax (Tax credit)	1,655,101	-
NET PROFIT (LOSS)	G 186,645,511	G 111,248,662
Net profit (loss) per share	G 19.6	G 12.5

The financial statements presented herein are summaries of the Fonkoze S.A. consolidated financial statements and footnotes thereto for FY2017 available to shareholders upon written request.

Financial Statements

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

Consolidated Balance Sheets

September 30, 2018 and September 2017

(Expressed in USD)

	FY2018	FY2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,383,073	\$ 4,348,289
Term deposits	6,839,203	3,279,405
Loans	18,527,020	19,006,154
Impairment provision	<u>(629,181)</u>	<u>(622,337)</u>
Net loans	17,897,839	18,383,817
OTHER CURRENT ASSETS		
Interest receivable on loans	655,033	665,422
Accounts receivable	735,869	781,514
Prepaid expenses and supplies	<u>416,918</u>	<u>443,099</u>
	1,807,820	1,890,035
Total current assets	\$33,927,935	\$ 27,901,546
NON - CURRENT ASSETS		
Equity investments	102,300	66,587
Fixed assets, at cost	5,645,379	6,153,089
Accumulated depreciation	<u>(1,862,719)</u>	<u>(1,989,492)</u>
Fixed assets, net	3,782,660	4,163,597
Note receivable – Related party	185,733	179,383
Other assets	7,185,553	5,207,123
TOTAL ASSETS	\$ 45,276,774	\$ 37,670,066
CURRENT LIABILITIES		
Deposits	\$ 26,327,720	\$ 25,616,220
Bank line of credit	1,524,861	1,549,295
Subordinated notes- current portion	-	100,000
Other notes payable	2,522,798	1,541,750
Other current liabilities	<u>2,054,838</u>	<u>1,322,403</u>
Total current liabilities	32,430,217	30,129,668
NON-CURRENT LIABILITIES		
Other notes payable	2,553,426	2,448,075
Long-term subordinated notes	58,800	67,200
Other non-current liabilities	<u>6,800,143</u>	<u>5,538,320</u>
Total non-current liabilities	9,412,399	8,053,595
TOTAL LIABILITIES	\$ 41,842,616	\$ 38,183,263
Authorized Shares & Capital Surplus	8,078,494	7,681,622
Accumulated deficit	(5,634,131)	(9,008,035)
Legal Reserve	276,692	-
Revaluation reserve— land & buildings	672,975	768,424
Accumulated other comprehensive income	40,128	44,792
Total Shareholders' equity	3,434,158	(513,197)
TOTAL LIABILITIES AND EQUITY	\$ 45,276,774	\$ 37,670,066

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

Consolidated Statements of Operations

September 30, 2018 and September 2017

(Expressed in USD)

	FY2018	FY2017
INTEREST INCOME		
Loans	\$ 9,700,164	\$ 7,197,762
Other	<u>138,129</u>	<u>78,465</u>
Total interest income	9,838,293	7,276,227
INTEREST EXPENSES		
Deposits	183,605	129,847
Debt	<u>698,957</u>	<u>507,341</u>
Total interest expense	882,562	637,188
NET INTEREST INCOME	8,955,731	6,639,039
Provision for loan losses	<u>(1,167,299)</u>	<u>(1,192,696)</u>
Net interest income after provision for loan losses	7,788,432	5,446,343
OTHER OPERATING INCOME		
Income from foreign exchange - Trading	1,058,802	767,321
Commissions and penalties on loans	1,697,294	1,125,944
Income from remittance services	349,012	340,656
Savings accounts fees	230,373	271,233
Recoveries of loans written off	97,905	44,508
Other	<u>137,299</u>	<u>523,705</u>
	3,570,685	3,073,367
Net interest and other income	\$ 11,359,117	\$ 8,519,710
OPERATING EXPENSES		
Personnel expenses	5,432,689	4,366,839
Premises and equipment expenses	702,470	615,144
Depreciation and amortization	659,311	576,356
Other expenses	<u>2,344,505</u>	<u>2,490,397</u>
Total operating expenses	9,138,975	8,048,736
NET PROFIT (LOSS) FROM OPERATIONS BEFORE OTHER INCOME (EXPENSES) AND INCOME TAXES	\$ 2,220,142	\$ 470,974
OTHER INCOME (EXPENSES)		
Unrealized gain(loss) on foreign exchange	310,434	208,005
Interest Income on receivable from related party	20,590	26,498
Grants	44,595	441,682
Other non-operating income	<u>269,657</u>	<u>550,770</u>
Total other expenses	645,276	1,226,955
Net operating profit (loss) before income taxes	\$ 2,865,418	\$ 1,697,929
Income Tax (Tax credit)	25,186	-
NET PROFIT (LOSS)	\$ 2,840,232	\$ 1,697,929
Net profit (loss) per share	\$ 0.30	\$ 0.19



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