

Fonkoze S.A. &
Sèvis Finansye Fonkoze, S.A.
Annual Report FY2017





**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 (inside cover, p.16, 20, 28)
www.kiefelphotography.com
Photos by Maxence Bradley (p. 7-10, 21-22)

Siliana Colin, Solidarity Client, Jacmel



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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 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 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 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, works together offering a holistic approach to alleviating poverty in Haiti.

CLIENT POVERTY LEVELS

New Solidarity clients living under
\$2.5 /day

55%

New Solidarity clients living under
\$1.25 /day

18%

SFF’S BUSINESS BY NUMBERS

Number of SFF deposit
account holders

211,149

Number of loan clients

70,421

A Message From Our Chairs

Julian Schroeder, Chair, Fonkoze S.A. & Damian Blackburn , Chair, SFF, S.A.

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 are pleased to present the Consolidated Financial Statements for Fonkoze S.A. and its subsidiary SFF (collectively “Fonkoze” herein) for the fiscal year ended September 30, 2017 (“Fiscal 2017”). The financial condition of Fonkoze has significantly improved. As a result, the opinion of the independent accountants is clean, no longer qualified subject to the organization’s ability to continue as a going concern.



Fiscal 2017 was an important year for Fonkoze. We effected a very smooth transition to an all Haitian management team. After Hurricane Matthew, Fonkoze responded immediately and effectively to assist clients in Southwestern Haiti. The number of borrowers and the aggregate loan portfolio grew significantly. For the full year, Fonkoze generated positive Operating Income and Net Income. Overall, it was a wonderful year for our organization.



In October 2016, at the beginning of the fiscal year, Hurricane Matthew devastated Southwestern Haiti. Management responded quickly 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 setback, over 83% of the principal and additional advances outstanding were repaid by these clients by fiscal year end.

In Fiscal 2017, Matthew Brown stepped down as Chief Executive Officer. During his five years with Fonkoze, Matt made essential contributions to bring discipline and structure to Fonkoze’s operations, to improve loan portfolio quality, and to develop the current leadership team. He laid the foundation for our current success. Thank you, Matt, for all your contributions.

At the end of March 2017, Dominique Boyer, who as Chief Operating Officer worked “hand in hand” with Matt during his tenure, was appointed Chief Executive Officer and facilitated a very smooth leadership transition at Fonkoze. We also welcomed Brigitte Rousseau, as Chief Financial Officer to complete the Executive management team. Maintaining loan portfolio quality and expense discipline, this team accelerated loan growth in the second half of the year. Income derived from foreign currency transactions and other sources is also up sharply.

During fiscal 2017, the Gross Loan Portfolio grew 58% to HTG 1.19 Billion (USD 19.0 million at year end exchange rates) with growth in both Solidarity and Business Development lending. We disbursed 140,306 loans to over 70,000 clients. Excluding Hurricane Matthew restructured loans, PAR 30 (a measure of loan quality) was less than 5%. Among major Haitian financial institutions, we believe that Fonkoze is unique in the products and services we provide to clients throughout Haiti.

A Message from our Chairs (cont')

Despite increased reserves and write-offs associated with Hurricane Matthew, in fiscal 2017, Fonkoze reported Operating Income of HTG 28.4 million and Net Income of HTG 108.8 million. Fonkoze did receive some grants to cushion losses associated with Hurricane Matthew; however, excluding these grants, Fonkoze, for the first time in its history, was substantially profitable solely as a result of its operations. This is an important milestone.

SFF also focused on improving its Social Performance Management (SPM) in 2017. Marie Claire Dorcely, HR & Administration Director, was appointed SPM Champion for the institution and worked closely with the board's SPM Committee, a consultant and in collaboration with Fonkoze Foundation, in order to clearly define SFF's social performance goals (see in the report) as well as metrics to monitor the progress of our clients toward fulfillment of these goals. We are fully committed to the principle of a double bottom line that has guided us since inception.

Finally, we want to recognize the significant contributions by every member of the Fonkoze family: management and employees at each of the three organizations; contributors; investors; partner organizations; and Board directors. Our ability to effectively serve the poor in Haiti is a result of your commitment. After many years of struggle, we accept our good fortune with humility, remembering the command "... to do justice, and to love kindness, and to walk humbly with your God." (Micah 6:8)

Thank you for your support which enables us to make a difference.



A Message from our Executives

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

Fiscal 2017 was an exceptional year for SFF.

Although the year started on a dark note with Hurricane Matthew, as well as a difficult political and economic situation, Sèvis Finansye Fonkoze, S.A. (SFF), despite the circumstances, continued to manage portfolio quality and minimize negative impacts on the year's results.

SFF has always known how to face challenging situations head on; this has enabled us to grow stronger year after year, become more stable, efficient and trustworthy while maintaining our determination to provide financial services to thousands of people in the most remote and underserved areas of Haiti. We would be unable to overcome these challenges and achieve our goals without our staff's selflessness and team spirit as well as the unconditional support of our board, investors, partners and clients.

Our commitment to working "Kole Zepòl" (shoulder to shoulder) will help us overcome great difficulties and face many challenges without drifting away from our mission, vision, or our established objectives.

Looking towards 2017-2018

SFF will reinforce its position as a leader in the field of Microfinance. Our motto for the year is "Growth, Efficiency and Productivity." Our objective is to continue serving our more than 200,000 clients, including 78,000 credit clients, while maintaining portfolio quality, optimizing productivity and operational efficiency. We will achieve these goals by developing our systems, holding special trainings for our staff, and establishing a Research and Development Department in order to improve our products and services to better serve our clients.



Market day in Fonveret



Serving our Clients

In fiscal year 2017 (ending September 30), SFF outperformed its business plan and delivered profits 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 over 70,000 active loan clients (96% women), loans range in size and duration in accordance with client needs and capacity.
⇒ \$19 million loan portfolio
⇒ \$40.6 million disbursed
⇒ 140,306 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.

⇒ 211,149 savings accounts
⇒ \$25.6 million in savings
⇒ 3,387 daily transactions

MONEY TRANSFERS: With personal remittances making up 29.4% 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.
⇒ \$74.8 million in transfers
⇒ 308,603 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.
⇒ \$1.3 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 FY2017, SFF provided payroll services to 29 such organizations. In addition, SFF supports NGO's cash-for-work programs by executing payrolls for them. In 2017, SFF distributed over \$8.2M to 118,184 beneficiaries.

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

Credit Client Highlights

Gertha pictured in front of her home

GERTHA PROSPER KREDI INDIVIDYEL NAN SANT CLIENT

“I had lost hope until my Loan Officer came to see me.”

Gertha Prosper
Les Cayes, Sud

Gertha is one of over 14,000 SFF credit clients (at the time) living in the area most affected by Hurricane Matthew, a Category 4 Hurricane that made landfall in Haiti in early October, 2016 devastating the southern part of Haiti.

During the storm, the roof of Gertha’s home flew off. She lost most of her personal belongings and all of the merchandise for her business. Her husband’s small farm was flooded, destroying his crops and killing his 15 goats. Gertha, her husband and four children were left with nothing and went to stay with her mother.

A few months before the storm, Gertha had taken out a HTG 40,000 (\$630) loan to invest in her business; she still owed over half the amount. Her Loan Officer came to see her in November to assess her situation and he eventually recommended her for a HTG 20,000 (\$300) “top-up” loan to help get her back on her feet. Her original loan and top-up loan were rescheduled in order to give her an additional six months to pay it back.

She was able to rebuild her business, her roof and her life within a year and took out a new HTG 75,000 loan in November, 2017.

SFF “topped-up” and rescheduled over 4,000 clients between November to December 2016.





Cancia pictured at her store


CANCIA PHEDELINE
KREDI INDIVIDYEL NAN SANT CLIENT

“Because of Fonkoze, I was able to open my own small shop to sell from.”

Cancia Phedeline
Gros Morne, Artibonite

Cancia has been an SFF client for the past five years, and although she is no longer part of a Solidarity Group, she decided to continue as an individual client in her center because “these women became part of my family; I don’t want to be separated from them.”

By steadily using her credit to buy more merchandise and increase her profits, her business has grown. She no longer carries her merchandise in a basket on her head to the open market; clients come to her shop. She is grateful that she entered Fonkoze when she did, especially for her child, who now attends school. As she puts it, “Our lives are steadily improving for the better, thank you God, and thank you Fonkoze.”

A woman, Marie Mersola Charles, is sitting on a large stack of white sacks. She is wearing a black and white patterned sleeveless top, a denim skirt, and sandals. She has her sunglasses on her head and is looking towards the camera. The sacks are stacked high and have "50 Kgs" and "Son de blé" printed on them.

Marie Mersola pictured in front of her stock of wheat bran

MARIE MERSOLA CHARLES
BUSINESS DEVELOPMENT

“Selling is all I know and Fonkoze gave me the opportunity to grow my business”

Marie Mersola Charles
Kabare, Ouest

Charles Marie Mersola is a new Business Development client.

To support herself, Marie started selling on the streets and open market in her teenage years. Marie recently received a HTG 250,000 (\$3,900) loan from Fonkoze; with the funds, she added a variety of products to her inventory. In addition to rice, sugar and oil, she now also sells wheat bran to feed pigs and sugar cane syrup. “With Fonkoze, I see myself growing and becoming a bigger and better business woman.”



JOLIENNE DIEUDONNÉE
BOUTIK SANTE OWNER

“I am proud of the products we sell.”

Jolienne Dieudonné
Boukan Kare, Center

Jolienne has been an SFF credit client for over 14 years and was elected by her peers to be a credit center chief.

In the last year, she expanded her business selling clothing by joining Fonkoze Foundation’s Boutik Santé (Health Shop) program. She now sells over the counter health and hygiene products in her community. “This has brought up my profit margin”, she said proudly. “My clients love the products because they work.”

Boutik Sante is Fonkoze Foundation’s innovative program bringing health products, services, and education to rural Haiti while introducing a new business opportunity to SFF’s nationwide network of microfinance clients.

Jolienne pictured in her Boutik Sante

Transfer Client Highlights



JACQUES JEAN JOSEPH TRANSFER CLIENT

“Fonkoze isn’t only about the [financial] bottom line.”

Jacques Jean Joseph
Les Cayes, Sud

Jacques has been using SFF’s transfer services for the past year. He has a small business selling liquor in Les Cayes and uses SFF to deposit payments to his supplier’s SFF savings account. His supplier lives in Léogane and can safely access his deposits in real time.

Jacques’ wife is a Fonkoze credit client and Jacques, himself, hopes to take out a loan with SFF in the near future. “I had a loan with a cooperative, and I was not happy with their cutthroat methods. I like how Fonkoze treats my wife and can see that Fonkoze cares about its clients.”

Jacques pictured at the Fonkoze Okay Branch

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, 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 addi-

tional 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 FY2017, more than 8,000 women entered the Ti Kredi loan program and by the end of that year, 9,947 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 (\$45) and HTG 6,000 (\$90), women can grow within the program until they are borrowing sums as large

as HTG 60,000 (USD 960) for six months. The groups meet twice a month for literacy, business and other educational trainings and to repay loans. In FY2017, a total of 125,522 Solidarity loans were disbursed totaling HTG 1.8 billion (USD 28.6 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 FY2017

140,306

Average loan size

HTG 18,142

Write-off ratio

5.2%

SFF Solidarity clients pictured at a center meeting in Cerca Carvajal



Mazard Rovinsky,
Business Development, Port-au-Prince



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 FY2017, a total of 6,781 Business Development loans were disbursed totaling HTG 752.8 million (USD 12 million), a 138% increase from FY2016.

INDIVIDUAL CREDIT BY THE NUMBERS

Loan Portfolio Sept 2016

HTG 316.5 M

Loan Portfolio FY2017

HTG 752.8 M

HISTORICAL DATA ON SAVINGS

Passbook Savings

| | FY2014 | FY2015 | FY2016 | FY2017 |
|----------------------|---------------|---------------|---------------|---------------|
| USD | 10,150,123 | 9,734,705 | 9,206,211 | 9,573,729 |
| HTG | 639,998,984 | 680,784,940 | 755,645,222 | 910,258,710 |
| Total Savings in HTG | 1,102,415,259 | 1,188,368,995 | 1,358,990,843 | 1,510,435,781 |

Term Deposits

| | FY2014 | FY2015 | FY2016 | FY2017 |
|----------------------------|------------|------------|------------|------------|
| USD | 192,005 | 161,232 | 121,277 | 160,185 |
| HTG | 23,104,837 | 25,734,445 | 34,713,399 | 85,403,049 |
| Total Term Deposits in HTG | 31,852,143 | 34,150,355 | 42,661,505 | 95,445,046 |

Total all Deposits in HTG **1,134,267,402** **1,222,519,350** **1,401,652,348** **1,605,880,853**

Savings Services: SFF offers two types of deposit products. level of trust in financial institutions, the passbook offers a physical reassurance of clients' assets.

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.

Our Leadership

Boards of Directors

Sèvis Finansye Fonkoze, S.A.

- Damian Blackburn, Chair
- Brian Kearney-Grieve, Vice-Chair
- Mary Joe Sentner, Secretary
- Marilyn Arbuthnott (06/17–Present)
- Dominique Boyer (03/17–Present)
- Matthew Brown (03/15 – 03/17)
- Maurice Chavannes (06/17–Present)
- Daniel Dorsainvil
- Michèle Duvivier Pierre-Louis
- Fabienne Jolivert (06/15–03/17)
- Geneviève Michel
- Guy Paraison
- Fr. Joseph Philippe
- Ben Simmes (11/13–11/16)
- Steve Wardle (03/17 - Present)

Fonkoze S.A.

- Julian Schroeder, Chair
- Brian Kearney-Grieve, Vice-Chair
- Deanna Durban, Secretary
- Guy Paraison
- Fr. Joseph Philippe
- Steve Wardle (03/17 - Present)

Board Committee Lay Members

- Leigh Carter, Capital Committee
- Therese Feng, Capital Committee
- Songbae Lee, Capital Committee
- Florence Dejean, Audit Committee
- Michael Fisher, Audit Committee

FONKOZE LEADERSHIP BY THE NUMBERS

Female Board Members (across Boards)

43%

Female Senior Management Team

60%

An employee of one of our Business Development credit clients processes sugarcane in rural Haiti



Management Team

Key Staff

- Dominique Boyer, Chief Operating Officer (03/17–Present)
- Matthew Brown, Chief Operating Officer (2014–03/17)
- Brigitte Rousseau, Chief Financial Officer
- Marie-Claire Dorcelly, HR & Admin. Director
- Pelex Flereme, Legal & Compliance Director
- Alexandre Hector, Zonal Director
- Lissa Petit-De, Finance Director
- Marlise Voltaire, Zonal Director
- Esthèbe Charles, Internal Control Manager
- Jean Jackson Platel, IT Manager
- Christian Telisma, Internal Audit Manager

SFF STAFF BY THE NUMBERS

Number of full time staff members

802

Branch Staff

721

Loan Officers

302

Staff Member Highlight

JEAN ALEXIDE SMITH
SOLIDARITY LOAN OFFICER

“Fonkoze has welcomed me
into the family.”

Jean Alexide Smith
Les Cayes, Sud

Jean Alexide (right) has been working as an SFF Solidarity loan officer for the past year. He was recruited from his previous job with a cooperative.

Since he started working with Fonkoze he says he has learned a lot and admires his coworkers who have taught him the importance of respecting procedures and understanding the clients SFF serves. He has a particular admiration for his trainer and co-worker, Joseph Kenold and is happy to have had the opportunity to share the knowledge he has gained with Marcus (left), his new trainee.

Today he travels by motorcycle to meet with his 594 credit clients spread out between 22 credit centers.

Jean Alexide is one of SFF's 302 loan officers.



Smith and trainee Marcus pictured in front of the Fonkoze Okay Branch before heading out on the field for the day

Defining our Social Goals

SFF IS AN ORGANIZATION COMMITTED TO ITS SOCIAL BOTTOM LINE

SFF has always been an institution with both a social and financial bottom line. From the beginning, our social bottom line has been the guiding force behind our work.

In 2017, SFF began work to strengthen our approach to social performance. As a first step, Marie Claire Dorcely, HR & Administration Director, was appointed Social Performance Management (SPM) Champion for the institution by the Board's SPM Committee. Working closely with the committee, the Foundation and an expert consultant in the field of SPM, we completed a self-assessment of our standing within the Universal Standards of SPM and subsequently the team defined eight social goals which were approved by the Board.

After defining these goals, the team continued their work developing a three-year strategic SPM plan with clear indicators and targets in order to quantitatively measure our performance and hold ourselves accountable towards the achievement of our social goals.

Social Performance Goals

1. SFF serves the poor, especially women
2. SFF provides access to beneficial products and services
3. Clients have a voice in SFF
4. Clients' economic situation is improving
5. Clients' quality of life is improving
6. Clients are more resilient
7. BD Clients' businesses are growing and have an economic impact
8. Employees are committed to and satisfied with their jobs

SFF Solidarity Clients, Jacmel



Financial Statements

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

Consolidated Balance Sheets

September 30, 2017 and September 30, 2016

(Expressed in Haitian Gourdes)

| | FY2017 | FY2016 |
|--|-----------------|-----------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | G 272,594,265 | G 449,999,447 |
| Term deposits | 205,585,900 | 196,895,335 |
| Loans | 1,191,495,794 | 753,235,579 |
| Impairment provision | (39,014,318) | (12,205,920) |
| Net loans | 1,152,481,476 | 741,029,659 |
| OTHER CURRENT ASSETS | | |
| Interest receivable on loans | 41,715,286 | 28,678,596 |
| Accounts receivable | 47,332,056 | 35,812,077 |
| Prepaid expenses and supplies | 27,777,890 | 24,326,793 |
| | 116,825,232 | 88,817,466 |
| Total current assets | G 1,758,666,159 | G 1,476,741,907 |
| NON - CURRENT ASSETS | | |
| Equity investments | 4,174,334 | 4,174,334 |
| Fixed assets, at cost | 385,737,169 | 352,011,132 |
| Accumulated depreciation | (124,721,238) | (94,921,681) |
| Fixed assets, net | 261,015,931 | 257,089,451 |
| Note receivable – Related party | 11,245,496 | 21,706,619 |
| Other assets | 326,434,525 | 13,082,830 |
| TOTAL ASSETS | G 2,361,536,445 | G 1,772,795,141 |
| CURRENT LIABILITIES | | |
| Deposits | G 1,605,880,855 | G 1,401,652,348 |
| Bank line of credit | 97,125,270 | 173,849,826 |
| Subordinated notes- current portion | 6,269,000 | 1,992,319 |
| Other notes payable | 96,652,308 | 93,805,309 |
| Other current liabilities | 82,901,338 | 80,341,545 |
| Total current liabilities | 1,888,828,771 | 1,751,641,347 |
| NON-CURRENT LIABILITIES | | |
| Other notes payable | 153,469,830 | 142,820,752 |
| Long-term subordinated notes | 4,212,768 | 10,407,244 |
| Other non-current liabilities | 347,197,292 | 29,628,259 |
| Total non-current liabilities | 504,879,890 | 182,856,255 |
| TOTAL LIABILITIES | G 2,393,708,661 | G 1,934,497,602 |
| Authorized Shares & Capital Surplus | 481,560,899 | 463,279,316 |
| Accumulated deficit | (564,713,657) | (677,041,761) |
| Revaluation reserve— land & buildings | 48,178,501 | 49,251,943 |
| Accumulated other comprehensive income | 2,808,041 | 2,808,041 |
| | (513,733,115) | (624,981,777) |
| Total Shareholders' equity | (32,172,216) | (161,702,461) |
| TOTAL LIABILITIES AND EQUITY | G 2,361,536,445 | G 1,772,795,141 |

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.

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

Consolidated Statements of Operations

September 30, 2017 and September 30, 2016

(Expressed in Haitian Gourdes)

| | FY2017 | FY2016 |
|--|---------------|-----------------|
| INTEREST INCOME | | |
| Loans | G 471,598,804 | G 336,314,113 |
| Other | 5,141,014 | 3,438,840 |
| Total interest income | 476,739,818 | 339,752,953 |
| INTEREST EXPENSES | | |
| Deposits | 8,507,632 | 5,061,160 |
| Debt | 33,241,085 | 28,169,402 |
| Total interest expense | 41,748,717 | 33,230,562 |
| NET INTEREST INCOME | 434,991,101 | 306,522,391 |
| Provision for loan losses | (78,145,693) | (32,968,652) |
| Net interest income after provision for loan losses | 356,845,408 | 273,553,739 |
| OTHER OPERATING INCOME | | |
| Income from foreign exchange - Trading | 50,275,008 | 58,110,748 |
| Commissions and penalties on loans | 73,772,090 | 50,380,604 |
| Income from remittance services | 21,745,204 | 19,102,989 |
| Savings accounts fees | 17,771,266 | 15,337,180 |
| Recoveries of loans written off | 2,916,145 | 3,919,807 |
| Other | 34,313,279 | 6,309,438 |
| | 200,792,992 | 153,160,766 |
| Net interest and other income | G 557,638,400 | G 426,714,505 |
| OPERATING EXPENSES | | |
| Personnel expenses | 286,116,158 | 258,340,559 |
| Premises and equipment expenses | 40,304,332 | 31,852,135 |
| Depreciation and amortization | 37,762,957 | 25,424,090 |
| Other expenses | 162,596,653 | 126,020,861 |
| Total operating expenses | 526,780,100 | 441,637,645 |
| NET PROFIT (LOSS) FROM OPERATIONS BEFORE OTHER INCOME (EXPENSES) AND INCOME TAXES | G 30,858,300 | G (14,923,140) |
| OTHER INCOME (EXPENSES) | | |
| Unrealized gain (loss) on foreign exchange | 13,628,553 | (71,752,318) |
| Finance cost—receivable from related party | 1,736,147 | (4,508,101) |
| Grants | 28,939,117 | 35,692,546 |
| 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 | 36,086,545 | 8,068,104 |
| Total other expenses | 80,390,362 | (177,237,681) |
| Net operating profit (loss) before income taxes | 111,248,662 | G (192,160,821) |
| Tax credit | - | - |
| NET PROFIT (LOSS) | G 111,248,662 | G (192,160,821) |
| Net profit (loss) per share | G 12.5 | G (22.00) |

Financial Statements

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

Consolidated Balance Sheets

September 30, 2017 and September 2016

(Expressed in USD)

| | FY2017 | FY2016 |
|--|----------------------|----------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 4,348,289 | \$ 6,866,362 |
| Term deposits | 3,279,405 | 3,004,348 |
| Loans | 19,006,154 | 11,493,322 |
| Impairment provision | (622,337) | (186,245) |
| Net loans | 18,383,817 | 11,307,077 |
| OTHER CURRENT ASSETS | | |
| Interest receivable on loans | 665,422 | 437,595 |
| Accounts receivable | 781,514 | 546,441 |
| Prepaid expenses and supplies | 443,099 | 371,193 |
| | 1,863,539 | 1,355,229 |
| Total current assets | \$ 27,875,050 | \$ 22,533,016 |
| NON - CURRENT ASSETS | | |
| Equity investments | 66,587 | 63,694 |
| Fixed assets, at cost | 6,153,089 | 5,371,198 |
| Accumulated depreciation | (1,989,492) | (1,448,372) |
| Fixed assets, net | 4,163,597 | 3,922,826 |
| Note receivable – Related party | 179,383 | 331,213 |
| Other assets | 5,207,123 | 199,626 |
| TOTAL ASSETS | \$ 37,670,066 | \$ 27,050,375 |
| CURRENT LIABILITIES | | |
| Deposits | \$ 25,616,220 | \$ 21,387,256 |
| Bank line of credit | 1,549,295 | 2,652,705 |
| Subordinated notes- current portion | 100,000 | 30,400 |
| Other notes payable | 1,541,750 | 1,431,338 |
| Other current liabilities | 1,322,403 | 1,225,900 |
| Total current liabilities | 30,129,668 | 26,727,599 |
| NON-CURRENT LIABILITIES | | |
| Other notes payable | 2,448,075 | 2,179,245 |
| Long-term subordinated notes | 67,200 | 158,800 |
| Other non-current liabilities | 5,538,320 | 452,085 |
| Total non-current liabilities | 8,053,595 | 2,790,130 |
| TOTAL LIABILITIES | \$ 38,183,263 | \$ 29,517,729 |
| Authorized Shares & Capital Surplus | 7,681,622 | 7,068,994 |
| Accumulated deficit | (9,008,035) | (10,330,711) |
| Revaluation reserve— land & buildings | 768,424 | 751,516 |
| Accumulated other comprehensive income | 44,792 | 42,847 |
| | (8,194,819) | (9,536,348) |
| Total Shareholders' equity | (513,197) | (2,467,354) |
| TOTAL LIABILITIES AND EQUITY | \$ 37,670,066 | \$ 27,050,375 |

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

Consolidated Statements of Operations

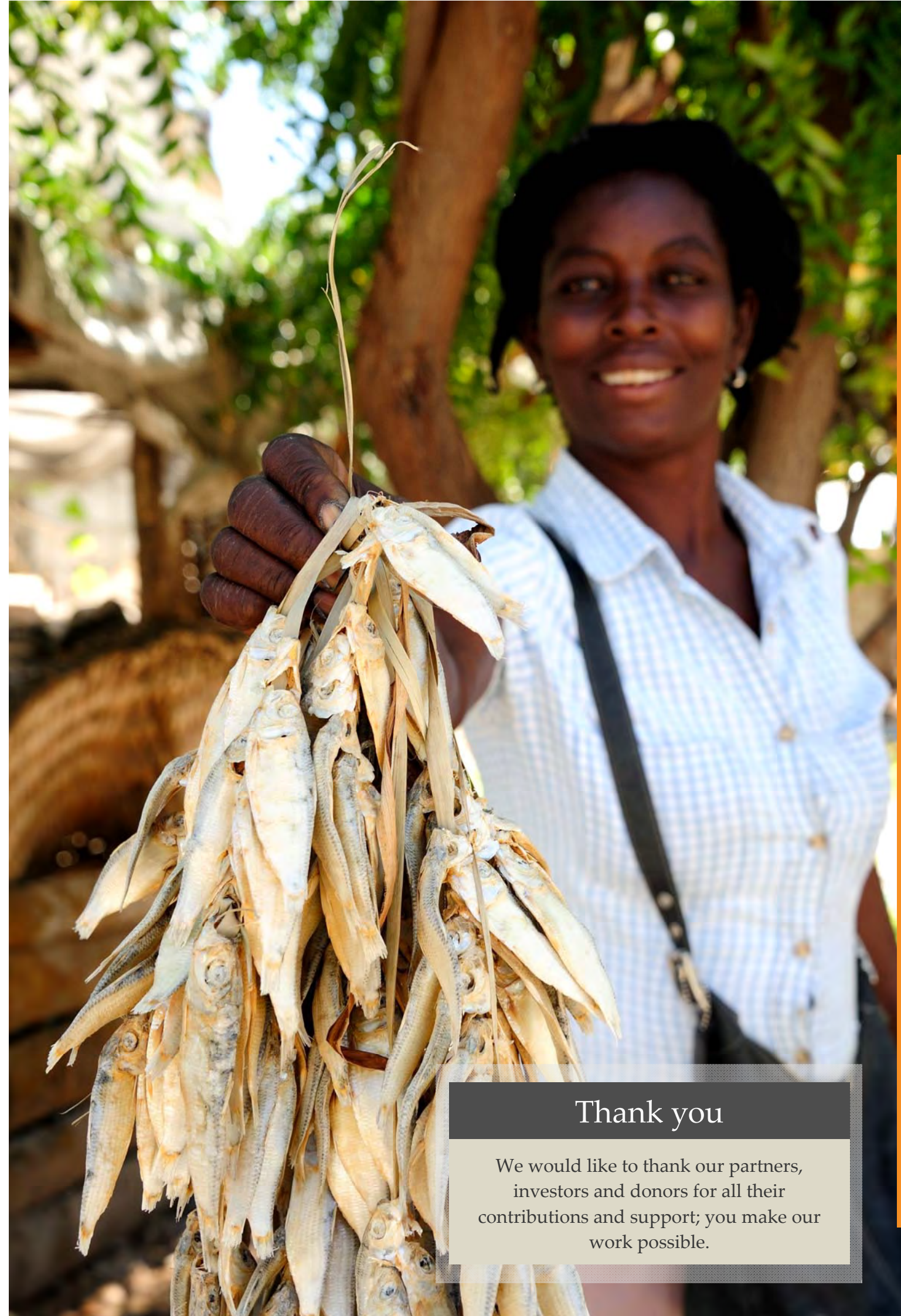
September 30, 2017 and September 2016

(Expressed in USD)

| | FY2017 | FY2016 |
|--|---------------------|-----------------------|
| INTEREST INCOME | | |
| Loans | \$ 7,197,762 | \$ 5,525,393 |
| Other | 78,465 | 56,498 |
| Total interest income | 7,276,227 | 5,581,891 |
| INTEREST EXPENSES | | |
| Deposits | 129,847 | 83,151 |
| Debt | 507,341 | 462,803 |
| Total interest expense | 637,188 | 545,954 |
| NET INTEREST INCOME | 6,639,039 | 5,035,937 |
| Provision for loan losses | (1,192,696) | (541,651) |
| Net interest income after provision for loan losses | 5,446,343 | 4,494,286 |
| OTHER OPERATING INCOME | | |
| Income from foreign exchange - Trading | 767,321 | 954,717 |
| Commissions and penalties on loans | 1,125,944 | 827,716 |
| Income from remittance services | 331,885 | 313,848 |
| Savings accounts fees | 271,233 | 251,979 |
| Recoveries of loans written off | 44,508 | 64,399 |
| Other | 523,705 | 88,786 |
| | 3,064,596 | 2,516,318 |
| Net interest and other income | \$ 8,510,939 | \$ 7,010,604 |
| OPERATING EXPENSES | | |
| Personnel expenses | 4,366,839 | 4,244,345 |
| Premises and equipment expenses | 615,144 | 523,307 |
| Depreciation and amortization | 576,356 | 417,699 |
| Other expenses | 2,481,626 | 2,070,430 |
| Total operating expenses | 8,039,965 | 7,255,781 |
| NET PROFIT (LOSS) FROM OPERATIONS BEFORE OTHER INCOME (EXPENSES) AND INCOME TAXES | \$ 470,974 | \$ (245,177) |
| OTHER INCOME (EXPENSES) | | |
| Unrealized gain(loss) on foreign exchange | 208,005 | (1,178,837) |
| Interest Income on receivable from related party | 26,498 | - |
| Finance cost—receivable from related party | - | (74,065) |
| Write off of deferred tax asset | - | (336,636) |
| Provision for loss on receivable from related party | - | (1,852,050) |
| Grants | 441,682 | 586,402 |
| Fair Value loss on assets (lands) | - | (189,251) |
| Other non-operating income | 550,770 | 132,553 |
| Total other expenses | 1,226,955 | (2,911,884) |
| Net operating profit (loss) before income taxes | \$ 1,697,929 | \$ (3,157,067) |
| Tax credit | - | - |
| NET PROFIT (LOSS) | \$ 1,697,929 | \$ (3,157,061) |
| Net profit (loss) per share | \$ 0.19 | \$ (0.36) |

Funders & Partners FY2017

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St. Bridget Church, Manchester, CT
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Thank you

We would like to thank our partners, investors and donors for all their contributions and support; you make our work possible.

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