MPA
MÉROVÉ-PIERRE
CABINET D'EXPERTS-COMPTABLES

+509 2813-0334 | 0335 | 0336 | 0343
administration@merove-pierre.com
www.merove-pierre.com

UNIBANK S.A.

Consolidated Financial Satements

September 30, 2019

(With Independent Auditors' Report thereon)

7, rue Lechaud, Bourdon, Port-au-Prince, Haïti • P.O. Box 13270, Delmas, Port-au-Prince, Haïti

UNIBANK S.A.
TABLE OF CONTENTS
SEPTEMBER 30, 2019

MPA
MÉROVÉ-PIERRE
CABINET D'EXPERTS-COMPTABLES

+509 2813-0334 | 0335 | 0336 | 0343
administration@merove-pierre.com
www.merove-pierre.com

Independent Auditors' Report

The Board of Directors
UNIBANK S.A.:

Opinion

We have audited the consolidated financial statements of UNIBANK S.A. and its subsidiaries ("The Group"), which comprise the consolidated balance sheet as at September 30, 2019, and the consolidated statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2019, as well as its consolidated financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary consolidated information included **in schedules I to V** is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), as well as ethical standards applicable to the audit of financial statements in Haiti, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mérove-Pierre - Cabinet d'Experts-Comptables

MÉROVÉ-PIERRE - CABINET D'EXPERTS-COMPTABLES
7, rue Lechaud Bourdon
Port-au-Prince, Haïti
March 18, 2020

UNIBANK S.A.
Consolidated Balance Sheets [1]
September 30, 2019 and 2018
(Expressed in thousands of Haitian Gourdes)

	Notes		2019	2018
ASSETS				
CASH AND DUE FROM BANKS	5	G	62,420,711	45,853,137
TERM DEPOSITS WITH BANKS, NET	6		1,751,000	1,917,160
SECURITIES, NET	7		19,061,720	18,127,320
INVESTMENTS IN AFFILIATED COMPANIES	8		703,380	658,986
LOANS	9		43,526,897	34,568,653
Provision for expected credit losses			(1,214,424)	(377,472)
LOANS, NET			42,312,473	34,191,181
FIXED ASSETS, NET	10		2,808,334	2,571,591
NON-CURRENT ASSET HELD FOR SALE	11		-	993,216
OTHER				
Acceptances and letters of credit			311,778	304,929
Properties held for sale	12		133,337	205,454
Goodwill and other intangible assets	13		155,783	203,040
Other assets, net	14		3,080,642	3,523,043
			3,681,540	4,236,466
TOTAL ASSETS		G	132,739,158	108,549,057
LIABILITIES AND SHAREHOLDERS' EQUITY				
DEPOSITS	15		105,703,572	87,868,054
BORROWED FUNDS	16		2,690,584	2,162,842
NON-CURRENT LIABILITY HELD FOR SALE	17		-	40,672
OTHER				
Commitments – acceptances and letters of credit			311,778	304,929
Other liabilities	18		10,193,423	6,287,559
			10,505,201	6,592,488
SUBORDINATED DEBT	19		1,562,766	1,171,912
TOTAL LIABILITIES			120,462,123	97,835,968
SHAREHOLDERS' EQUITY				
Paid-in capital, net	20		6,404,700	6,431,913
Retained earnings			3,505,463	2,673,189
Other reserves			2,088,234	1,346,797
Shareholders' equity of UNIBANK S.A.			11,998,397	10,451,899
Non-controlling interests	23		278,638	261,190
			12,277,035	10,713,089
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		G	132,739,158	108,549,057

[1] **The information presented as of September 30, 2019 takes into consideration the new standards adopted on October 1, 2018.**

The notes are an integral part of the consolidated financial statements. See the accompanying notes and schedules I to V for supplementary information in US dollars.

UNIBANK S.A.
Consolidated Statements of Income [1]
Years ended September 30, 2019 and 2018
(Expressed in thousands of Haitian Gourdes, except for net income per equivalent share)

	Notes	2019	2018
Continuing operations			
INTEREST INCOME			
Loans		G 5,261,388	4,035,593
Treasury bonds, BRH bonds, investments and deposits		496,546	504,885
		5,757,934	4,540,478
INTEREST EXPENSE			
Deposits		622,205	568,212
Borrowed funds, term bonds and others		220,838	176,043
		843,043	744,255
NET INTEREST INCOME		4,914,891	3,796,223
Provision for credit losses	22	(427,232)	(262,114)
		4,487,659	3,534,109
OTHER INCOME (EXPENSES)			
Commissions		2,445,575	2,187,987
Foreign exchange gain		2,804,676	1,717,844
Insurance underwriting income, net of claims	28	318,626	174,214
Share of net income of non-consolidated affiliates, net of income taxes	8	137,727	95,538
Dividends and other investment income		9,913	50,280
Underwriting commissions and other advisory fees		6,300	14,951
Income from real estate activities		5,320	3,373
Gain (loss) on foreign investments	7	12,563	(370,507)
Other		58,354	38,709
		5,799,054	3,912,389
NET INTEREST INCOME AND OTHER INCOME		10,286,713	7,446,498
OPERATING EXPENSES			
Salaries and other employee benefits	27	3,134,934	2,459,903
Premises and equipments		941,058	792,664
Depreciation and amortization	10, 13	479,657	467,761
Other operating expenses		1,899,161	1,510,546
		6,454,810	5,230,874
INCOME BEFORE INCOME TAXES – CONTINUING OPERATIONS		3,831,903	2,215,624
Income taxes – continuing operations	24		
Current income taxes		963,903	461,074
Deferred income taxes		15,986	10,820
		979,889	471,894
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		2,852,014	1,743,730
Discontinued operations			
Income before income taxes from discontinued operations		10,769	4,224
Income taxes – Discontinued operations	25	34,086	-
(LOSS) NET INCOME FROM DISCONTINUED OPERATIONS	25	(23,317)	4,224
NET INCOME FOR THE YEAR – TOTAL		2,828,697	1,747,954
Net income attributable to shareholders of Unibank S.A.		2,774,848	1,711,550
Net income attributable to non-controlling interest		53,849	36,404
NET INCOME FOR THE YEAR – TOTAL		G 2,828,697	1,747,954
Total net income per equivalent share of paid-in capital attributable to shareholders of Unibank S.A.		G 5,404	3,310
Net income per equivalent share of paid-in capital from continuing operations		G 5,554	3,373

[1] **The information presented as of September 30, 2019 takes into consideration the new standards adopted on October 1, 2018.**

The notes are an integral part of the consolidated financial statements. See the accompanying notes and schedules I to V for supplementary information in US dollars.

UNIBANK S.A.
Consolidated Statements of Comprehensive Income [1]
Years ended September 30, 2019 and 2018
(Expressed in thousands of Haitian Gourdes, except for comprehensive income per equivalent share)

		2019	2018
Continuing operations			
NET INCOME FROM THE YEAR FROM CONTINUING OPERATIONS	G	**2,852,014**	1,743,730
Components of comprehensive income			
Foreign currency translation effect of foreign subsidiaries		**244,670**	151,421
COMPREHENSIVE INCOME FOR THE YEAR		**3,096,684**	1,895,151
Total comprehensive income from continuing operations attributable to shareholders of UNIBANK S.A.		**3,039,887**	1,857,579
Total comprehensive income from continuing operations attributable to non-controlling interest		**56,797**	37,572
COMPREHENSIVE INCOME FOR THE YEAR		**3,096,684**	1,895,151
Comprehensive income per share of paid-in capital from continuing operations		**6,044**	3,666
Discontinued operations			
Net (loss) income and comprehensive income for the year		**(23,317)**	4,224
Translation effect of foreign affiliates		**318,953**	99,456
		295,636	103,680
Comprehensive income per equivalent share of paid-in capital from discontinued operations		**577**	201
Total comprehensive income	G	**3,392,320**	1,998,831

[1] **The information presented as of September 30, 2019 takes into consideration the new standards adopted on October 1, 2018.**

The notes are an integral part of the consolidated financial statements. See the accompanying notes and schedules I to V for supplementary information in US dollars.

UNIBANK S.A.
Consolidated Statement of Shareholders' Equity
Year ended September 30, 2018
(Expressed in thousands of Haitian Gourdes)

		Paid-in capital	Treasury shares	Paid-in capital net	Retained earnings	Other reserves: Legal reserve	Other reserves: General reseve for loan losses	Other reserves: Revaluation reserve-land	Other reserves: Valuation reserve-properties held for sale	Other reserves: Translation adjustment	Other reserves: Total reserves	Non-controlling interest (note 23)	Total
Balance as of September 30, 2017	**G**	**6,470,050**	**-**	**6,470,050**	**4,580,813**	**-**	**363,927**	**24,911**	**49,444**	**299,181**	**737,463**	**264,143**	**12,052,469**
Fair value adjustment - equity Insvestments **(note 7e)**		-	-	-	48,632	-	-	-	-	-	-	-	**48,632**
Balance as of September 30, 2017, adjusted	**G**	**6,470,050**	**-**	**6,470,050**	**4,629,445**	**-**	**363,927**	**24,911**	**49,444**	**299,181**	**737,463**	**264,143**	**12,101,101**
Net income for the year		-	-	-	1,711,550	-	-	-	-	-	-	36,404	**1,747,954**
Components of comprehensive income:													
Foreign currency translation effect for foreign subsidiaries		-	-	-	-	-	-	-	-	249,709	249,709	1,168	**250,877**
Total		-	-	-	**1,711,550**	-	-	-	-	**249,709**	249,709	**37,572**	**1,998,831**
Transfers from retained earnings													
Transfer to legal reserve		-	-	-	(305,733)	305,733	-	-	-	-	305,733	-	-
Transfer to general reserve for loan losses		-	-	-	(37,134)	-	37,134	-	-	-	37,134	-	-
Transfer to valuation reserve for properties held for sale		-	-	-	(16,758)	-	-	-	16,758	-	16,758	-	-
Transactions with shareholders													
Dividends		-	-	-	(3,241,923)	-	-	-	-	-	-	(40,525)	**(3,282,448)**
Repurchases of shares		-	(38,137)	(38,137)	(66,258)	-	-	-	-	-	-	-	**(104,395)**
Balance as of September 30, 2018	**G**	**6,470,050**	**(38,137)**	**6,431,913**	**2,673,189**	**305,733**	**401,061**	**24,911**	**66,202**	**548,890**	**1,346,797**	**261,190**	**10,713,089**

[(1)] **The information presented as at September 30, 2019 takes into consideration the new standards adopted on October 1, 2018.**

The notes are an integral part of the consolidated financial statements. See the accompanying notes and schedules I to V for supplementary information in US dollars.

UNIBANK S.A.
Consolidated Statement of Shareholders' Equity
Year ended September 30, 2019
(Expressed in thousands of Haitian Gourdes)

		Paid-in capital	Treasury shares	Paid-in capital net	Retained earnings	Other reserves: Legal reserve	Other reserves: General reserve for loan losses	Other reserves: Revaluation reserve-land	Other reserves: Valuation reserve-properties held for sale	Other reserves: Translation adjustment	Other reserves: Total reserves	Non-controlling interest (note 23)	Total
Balance as of September 30,2018	**G**	**6,470,050**	**(38,137)**	**6,431,913**	**2,673,189**	**305,733**	**401,061**	**24,911**	**66,202**	**548,890**	**1,346,797**	**261,190**	**10,713,089**
Impact of IFRS 9 adoption													
Provision for expected credit losses **(note 21)**		-	-	-	(614,341)	-	-	-	-	-	-	-	**(614,341)**
Transfer from the general reserve for loan losses **(note 21)**		-	-	-	401,061	-	(401,061)	-	-	-	(401,061)	-	-
Net impact		-	-	-	(213,280)	-	(401,061)	-	-	-	(401,061)	-	**(614,341)**
Balance as of September 30, 2018, restated	**G**	**6,470,050**	**(38,137)**	**6,431,913**	**2,459,909**	**305,733**	**-**	**24,911**	**66,202**	**548,890**	**945,736**	**261,190**	**10,098,748**
Net income for the year		-	-	-	2,774,848	**-**	-	-	-	-	-	53,849	**2,828,697**
Components of comprehensive income :													
Foreign currency translation effect for foreign subsidiaries		-	-	-	-	-	-	-	-	560,675	560,675	2,948	**563,623**
Total		-	**-**	**-**	**2,774,848**	-	**-**	**-**	**-**	**560,675**	**560,675**	**56,797**	**3,392,320**
Transfers from retained earnings													
Transfer to legal reserve		-	-	-	(571,202)	571,202	-	-	-	-	571,202	-	**-**
Transfer to valuation reserve-properties held for sale		-	-	-	(10,621)	-	-	-	10,621	-	10,621	-	**-**
Transactions with shareholders:													
Dividends		-	-	-	(1,089,012)	-	-	-	-	-	-	(39,349)	**(1,128,361)**
Repurchases of shares		-	(27,213)	(27,213)	(58,459)	-	-	-	-	-	-	-	**(85,672)**
Balance as of September 30, 2019	**G**	**6,470,050**	**(65,350)**	**6,404,700**	**3,505,463**	**876,935**	**-**	**24,911**	**76,823**	**1,109,565**	**2,088,234**	**278,638**	**12,277,035**

[2] **The information presented as at September 30, 2019 takes into consideration the new standards adopted on October 1, 2018.**

The notes are an integral part of the consolidated financial statements. See the accompanying notes and schedules I to V for supplementary information in US dollars.

UNIBANK S.A.
Consolidated Statements of Cash Flows [1]
Years ended September 30, 2019 and 2018
(Expressed in thousands of Haitian Gourdes)

	Notes		2019	2018
OPERATING ACTIVITIES				
Net income for the year		G	**2,828,697**	1,747,954
Adjustments to determine net cash flows provided by operating activities				
Share of net income of non-consolidated affiliates	**8**		**(137,727)**	(95,538)
Depreciation of fixed assets	**10**		**445,977**	428,882
Amortization of other intangible assets	**13**		**33,680**	38,879
Provision for expected credit losses	**22**		**427,232**	250,165
Gain on disposals of fixed assets			**(15,864)**	(16,117)
Write-off of assets – discontinued operations	**25 a**		**81,971**	-
Gain on disposals of investment properties			**-**	(3,664)
Gain on disposal of properties held for sale	**12**		**(4,500)**	(1,469)
Effect of revaluation of Provision for expected credit losses in US dollars			**156,357**	25,854
Changes in other assets and liabilities resulting from operating activities:				
Net increase in deposits			**17,835,518**	8,328,075
Disbursements of loans, net			**(9,138,302)**	(5,117,466)
(Increase) decrease in investment securities			**(934,400)**	4,185,728
Decrease in term deposits with banks			**165,311**	1,336,245
Income taxes paid			**-**	(1,134,381)
Changes in other assets and liabilities			**4,182,673**	(477,079)
Net cash flows provided by operating activities			**15,926,623**	9,496,068
INVESTING ACTIVITIES				
Decrease (increase) in non-current assets, net of non-current liability held for sale			**952,544**	(103,286)
Acquisitions of fixed assets	**10**		**(729,600)**	(682,260)
Acquisitions of other intangible assets	**13b**		**(27,946)**	(50,971)
Proceeds from disposals of fixed assets			**48,243**	91,355
Net translation adjustment – fixed assets	**10**		**(20,672)**	(3,796)
Net translation adjustment – other intangible assets	**13b**		**(128)**	(183)
Translation adjustment in local currency			**560,675**	249,709
Translation adjustment attributable to non-controlling interest			**2,948**	1,168
Dividends received from affiliated companies			**61,805**	63,651
Decrease in investments – affiliated companies			**31,528**	53,016
Net cash flows provided by (used in) investing activities			**879,397**	(381,597)
FINANCING ACTIVITIES				
Cash dividends – shareholders of UNIBANK S.A.			**(1,032,021)**	(3,135,188)
Cash dividends – non-controlling interest	**23**		**(39,349)**	(40,525)
Increase (decrease) in borrowed funds			**527,742**	(225,837)
Increase in subordinated debts			**390,854**	122,043
Repurchase of shares			**(85,672)**	(104,395)
Net cash flows used in financing activities			**(238,446)**	(3,383,902)
Net increase in cash and cash equivalents			**16,567,574**	5,730,569
Cash and cash equivalents at beginning of year			**35,890,987**	36,912,177
Effect of exchange rate fluctuation			**9,962,150**	3,210,391
Cash and cash equivalents at end of year	**5**	**G**	**62,420,711**	45,853,137

[3] **The information presented as at September 30, 2019 takes into consideration the new standards adopted on October 1, 2018.**

The notes are an integral part of the consolidated financial statements. See the accompanying notes and schedules I to V for supplementary information in US dollars.

UNIBANK S.A.
Notes to Consolidated Financial Statements

1) ORGANIZATION

(a) General information

UNIBANK S.A. (www.unibankhaiti.com) is a commercial bank corporation, property of 412 investors from the Haitian private sector. Its main activities include banking, financing, credit, brokerage and foreign exchange, in Haiti and abroad, in compliance with the laws on banking. It was founded on November 20, 1992, received its official Bank License on January 18, 1993, and launched its public operations on July 19, 1993.

In Haiti as well as in foreign countries, UNIBANK S.A., directly or through its subsidiaries (**note 23**), offers banking and financial services to its individual, commercial and institutional clients, using its national and international networks of:

- branches, agencies, service kiosks, offices and authorized paying agents;
- automatic teller machines (ATM);
- electronic point-of-sale terminals (POS);
- authorized money transfer representatives in United States and Canada; and
- correspondent banks and international money transfer companies operating globally.

UNIBANK S.A. is present across the Haitian territory and also offers online banking services (UNIBANK Online). The most important lines of business UNIBANK S.A. and its subsidiaries are involved in are the following:

- Commercial and investment bank services related to all segments of the Haitian population, urban or rural, as well as of the Haitian Diaspora:
  - commercial (micro-businesses; small to middle businesses (SMEs); middle-market commercial and industrial firms; big corporations);
  - institutions (Non-Government Organizations [NGOs]; churches; credit unions; embassies; pension funds; etc);
  - retail (individuals and families).

- Insurance (property-casualty insurance; life-insurance; micro-insurance).

- Private equity investments (real estate, commercial and industrial sectors).

(Continued)

1) ORGANIZATION (CONTINUED)

(a) General information (continued)

FONDATION UNIBANK, a non-profit philanthropic organization, created on April 6, 2006 by the shareholders of UNIBANK S.A., is not consolidated in these financial statements. At its creation, it received, as a donation, a permanent and unrecoverable endowment of 100 million gourdes ($US 2.5 Million) from UNIBANK S.A. It is financed by the investment earnings from its endowment, and by the annual contributions received from UNIBANK S.A.

The main goal of FONDATION UNIBANK is to implement the corporate social responsibility policy of UNIBANK S.A., by participating in the promotion of Education; Research; Arts and Culture; Health; Sports; the Protection of the Environment; the Preservation of National Heritage; Entrepreneurship; and the Rule of Law and Civics in Haiti. The by-laws of the Foundation were published in the Official Journal of Haiti, *Le Moniteur*, number 36 of April 17, 2008.

(b) Legal information

The act of incorporation, the Bank License and the original by-laws of UNIBANK S.A. (The Bank) were published in the Official Journal of Haiti, *Le Moniteur*, number 19 of March 8, 1993. Thereafter, the authorized capital and the by-laws were modified several times by the shareholders (*Le Moniteur*, number 103 of December 28, 1994; number 74 of September 18, 1995; number 13 of February 17, 1997; number 43 of June 3, 2002; number 6 of January 24, 2005; number 63 of June 18, 2009; number 137 of October 4, 2011; number 62 of April 1, 2016; and number 183 of November 23, 2017).

The Head Office and legal domicile of the Bank is at 157, Faubert street, Petion-Ville, Haiti. The fiscal identification number of UNIBANK is 000-014-095-8.

(c) Supervision and Regulation

Pursuant to laws dated August 17, 1979 creating Banque de la République d'Haïti (The Bank of the Republic of Haiti - BRH) (Le Moniteur, number 72 of September 11, 1979), and May 14, 2012 bearing on banks and other financial organizations (Le Moniteur, number 4 - Special Edition of July 20, 2012), UNIBANK S.A. is regulated and supervised by the Central Bank (www.brh.net).

Regarding the fight against money laundering and the financing of terrorism (AML/CFT), UNIBANK S.A. reports to the Bank of the Republic of Haiti (BRH) and Unité Centrale de Renseignements Financiers (Central Unit for Financial Intelligence - UCREF), pursuant to the laws of November 11, 2013 sanctioning money laundering and the financing of terrorism (*Le Moniteur*, number 212 of November 14, 2013), of September 28, 2016 amending the law of November 11, 2013 (*Le Moniteur* no. Spécial 15 of October 13, 2016), and of February 21, 2001 bearing on the laundering of money from illegal drug trafficking and other serious violations (*Le Moniteur*, number 97 of December 3, 2001). UNIBANK S.A. is registered in the United States of America in compliance with the requirements of the ''USA Patriot Act'' and the ''Foreign Account Tax Compliance Act (FATCA)''.

UNIBANK S.A.
Notes to Consolidated Financial Statements

1) ORGANIZATION (CONTINUED)

(c) Supervision and Regulation (continued)

In reference to the fight against corruption, UNIBANK S.A., in addition to adhering to its principles of corporate governance and its Code of Ethics, complies with the information requests of the Unité de Lutte Contre la Corruption (Anti-Corruption Unit – ULCC) created by the decree of September 8, 2004 (*Le Moniteur,* number 61- Supplement of September 13, 2004) and is governed by:

- the law of March 12, 2014 on the prevention and punishment of corruption (*Le Moniteur*, number 87 of June 9, 2014);
- the Inter-American Convention against Corruption of January 1st, 2000, ratified by the decree of December 19, 2000 (*Le Moniteur*, number 57 of July 10, 2002); and
- the United Nations Convention against Corruption of October 31, 2003, ratified by the decree of May 14, 2007 (*Le Moniteur*, number 2- Special issue of June 13, 2007).

UniTransfer S.A. (Haiti) and its foreign subsidiaries are governed and supervised:

- by the BRH in Haiti;
- by the US Treasury Department (FinCEN, OFAC and IRS) and the Consumer Financial Protection Bureau (Dodd-Frank Act) at the federal level in the United States of America;
- by the Banking Departments of the 11 States where UniTransfer holds a Banking License as ''Money Transmitter'' (Florida, New York, Massachusetts, New Jersey, Connecticut, Georgia, Illinois, Louisiana, Maryland, Pennsylvania, Rhode Island);
- by the Ministry of Finance of Canada (FINTRAC) at the federal level, and by the Province of Quebec Autorité des Marchés Financiers (Financial Market Authority – AMF).

In addition to regular inspections by the aforementioned regulatory bodies, UNIBANK S.A., UniTransfer S.A., UniTransfer USA, Inc., and UniTransfer Canada, Inc. retain the services of qualified international auditors to conduct independent audits of its compliance programs against money laundering and the financing of terrorism.

(d) Scope of Consolidation

Subsidiaries of UNIBANK S.A. consolidated in these financial statements are presented in **note 23**. The principles of consolidation are presented in **note 2b.**

(Continued)

2) BASIS FOR FINANCIAL STATEMENTS PREPARATION

(a) Accounting framework

The consolidated financial statements of UNIBANK S.A. and subsidiaries (the Group) were prepared in conformity with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB).

The consolidated financial statements were approved by the Board of Directors on March 18, 2020.

Comparative figures

The accounting policies in notes 2 and 3 have been consistently applied to all periods presented in the consolidated financial statements herein except for reclassifications of prior year figures to present interests receivable on financial instruments within the financial instruments which generates them, and other reclassifications effected to be consistent with current year presentation. In prior years all interests receivable were presented in other assets.

Standards, interpretations and amendments effective in the current year.

IFRS 9 replaces IFRS 39 – Financial instruments effective for annual periods beginning on or after January 1st 2018. The standard introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities in order to ensure that relevant and useful information is presented to users of financial statements. It replaces the multiple classification and measurement models in IAS 39 with a single model with three classification categories: amortized cost, fair value through profit and loss and fair value through other comprehensive income. The determination of classification is made at initial recognition, and depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instruments.

IFRS 9 introduces a new model for the recognition of impairment losses, the expected credit loss model (ECL) which incorporates forward-looking information in the assessment of credit risks. The model is based on an assessment in three phases based on the change in credit quality of a financial asset since initial recognition. In practice, the standard requires entities to record an immediate loss, equal to the 12 - month ECL, on initial recognition of financial assets that are not credit impaired. In case of a significant increase in credit risk, life-time expected credit loss is measured rather than 12 months as assessed for financial assets which are not credit impaired. A simplified model is available on the life-time of trade receivables of commercial entities which is similar to the financial instruments presented in other assets in the Group's consolidated financial statements.

(Continued)

2) BASIS FOR FINANCIAL STATEMENTS PREPARATION (CONTINUED)

(a) Accounting framework (continued)

Standards, interpretations and amendments effective in the current year (continued)

Based on the business model under which the portfolio of financial instruments is managed and the characteristics of the financial instruments held by the Group, financial instruments whose contractual cash flows represent exclusively the repayment of principal and interest generated are classified as **amortized cost** financial instruments. Other instruments are classified at **fair value through profit and loss.**

The change in accounting policies resulting from adoption of IFRS 9 has been applied retrospectively as of October 1, 2018, but with no restatement of comparative information for prior years. The opening retained earnings were adjusted for the amount of expected credit losses as of that date **(note 21).**

The adoption of IFRS 9 did not have any significant impact on the classification and valuation of the securities portfolio of the Bank **(note 7a)** which were already classified as financial instruments at fair value through profit and loss.

IFRS 15 - Revenues from contracts with customers - effective for annual periods beginning on or after January 1st 2018 establishes a comprehensive framework for determining whether, how much and when revenue is recognized as well as the disclosures in relation thereto. All contracts with customers are within the scope of IFRS 15 except for lease contracts, insurance contracts and financial instruments contracts which are covered by specific standards. The standard replaces IAS 18, Revenues and many interpretations thereto related. The adoption of IFRS 15 did not have any significant impact on the consolidated financial statements of the Group.

Standards, interpretations and amendments not yet effective

At the date of approval of these consolidated financial statements, certain new accounting standards, interpretation and amendments to existing standards have been issued which are not yet effective, and which the Group has not adopted early. The Group has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations. Unless stated otherwise, the impact of the changes is still being assessed by Management.

(Continued)

2) BASIS FOR FINANCIAL STATEMENTS PREPARATION (CONTINUED)

(a) Accounting framework (continued)

Standards, interpretations and amendments not yet effective (continued)

IFRS 16 – Leases replaces IAS 17 and related interpretations and is effective for annual periods beginning on or after January 1st, 2019, hence October 1st, 2019 for the Group. This standard establishes the principles of accounting, valuation, presentation and disclosures in relation to lease contracts for parties to such contracts. For the lessee, IFRS 16 eliminates the requirement of IAS 17 to classify leases as finance leases or operating leases. IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and an equivalent "right-of-use asset" for most rental contracts with optional exemption for certain short-term leases and leases of low-value assets. IFRS 16 will result in an increase of assets under the "right-of-use" and of financial liabilities. As of the date of these consolidated financial statements, the Group is assessing the impact of application of implementation IFRS 16.

IFRS 17 – Insurance Contracts (supersedes IFRS 4) and is effective for annual periods beginning on January 1st 2023. This standard is subject to amendments prior to its effective date.

(b) Basis of consolidation

The consolidated financial statements include the assets and liabilities as well as the results of the operations and the cash flows of UNIBANK S.A. and its subsidiaries.

Subsidiaries are entities controlled by the Group. An entity is controlled by the Group when it has the power to govern the financial and operating policies of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control has been effectively transferred to the Group. All intercompany balances and transactions are eliminated. The equity and net income attributable to minority interest in subsidiaries are shown separately in the consolidated financial statements.

(c) Basis of measurement

The consolidated financial statements are presented on a historical cost basis, with the exception of investments available for sale **(note 7)**, land **(note 10)**, non-current assets held for sale **(note 11)**, and properties held for sale **(note 12)** which are presented at fair value, and the long-term corporate investments **(note 8)** which are presented on the equity basis.

The methods used to measure the fair value are described in the corresponding **notes 3(e), (f), (h) and (i).**

(Continued)

2) BASIS FOR FINANCIAL STATEMENTS PREPARATION (CONTINUED)

(d) Discontinued operations

A discontinued operation is a component of an entity whose activities and cash flows are clearly distinct and which:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; **or**
- Is a subsidiary acquired exclusively with a view of subsequent sale.

A non-current asset is classified as held for sale when its carrying amount is recovered primarily through a sale transaction rather than through continued usage, and the sale is highly probable.

The classification of the non-current asset held for sale occurs at the acquisition date or earlier if the asset meets the criteria to be classified as held for sale. At September 30, 2018, in agreement with Management's decision to dispose of these assets, the subsidiaries which comprise the foreign real estate division are consolidated and their financial position is presented as "**Non-current asset held for sale"** and **"Non-current liability held for sale".** Related elements of income and expenses are presented as ''Discontinued operations'' in the consolidated statement of income. This transaction was concluded on September 23, 2019, with the sale of the main asset of this division.

On June 7, 2019, UNITRANSFER U.S.A. INC. entered into an agent referral agreement with, RIA Télécommunication of Canada Inc. and Continental Exchange Solutions Inc. (collectively, "Ria'). The Group cedes its network of agents under agreement for the provision of money transmission services in the United States and Canada. By this transfer, the Group ceases its activities of direct collection and payments in the North American market and maintains those on the local market **(note 11).**

On the basis of a resolution of the General Assembly of March 27, 2018 and the Board of Directors resolution of August 29, 2019 defining the terms of this transfer, the Group's interest in the affiliated companies Haiti AGRO Processors Holding Ltd., IMSA, and Corail will be distributed to the shareholders at a date to be determined by the Board of Directors. This transaction will take effect by a distribution of dividends to shareholders on a prorated share of their holdings in the Group's capital as of October 1st, 2019.

(e) Functional and presentation currency

The consolidated financial statements are presented in Haitian Gourdes which is the Group's functional currency. The financial information reported has been rounded to the nearest thousand.

(Continued)

2) BASIS FOR FINANCIAL STATEMENTS PREPARATION (CONTINUED)

(f) Use of estimates and judgment

In preparing these consolidated financial statements in conformity with International Financial Reporting Standards, Management must make estimates and assumptions that affect the application of accounting policies and the reported amounts of recorded and contingent assets and liabilities, and also of income and expenses of the year. Actual results may differ from these estimates.

The estimates made by Management are based on historical data and other assumptions deemed reasonable. The main uncertainties affecting the estimates include: the determination of fair value of financial instruments, cumulative expected credit loss provisions; income taxes; the recoverable value and the book value of cash generating units in connection to the depreciation test of goodwill and other intangible assets; provisions and contingent liabilities for instance in the case of an law suit or restructuration plans.

Estimates and underlying assumptions are reviewed periodically. Revisions to accounting estimates are recognized in the period in which estimate are revised and in any future period affected.

Consequently, actual results could be different from those estimates, which could have an impact on future consolidated financial statements of the Group. See relevant accounting principles in **note 3** for further information on the use of estimates and assumptions.

(g) Critical judgment

In preparing these consolidated financial statements in agreement with International Financial Reporting Standards, Management must exercise significant judgement with an impact on the valuation of amounts recognized in the consolidated financial statements included in the following notes:

Notes 3 (a) and 9	Loans – provision for expected credit losses
Note 3 (p)	General reserve for loan losses – valuation (2018)
Note 7	Securities – fair value
Note 8	Investments in affiliated companies – fair value
Notes 11 and 17	Non-current asset and liability held for sale – fair value (2018)
Note 10	Investment properties – amortization and fair value
Notes 11 and 12	Properties held for sale
Note 13	Goodwill – valuation
Note 18	Other liabilities – provisions.

According to Management, the consolidated financial statements were prepared on an adequate basis using fair judgment in all material respects and in accordance with the accounting policies summarized below.

(Continued)

3) <u>SIGNIFICANT ACCOUNTING POLICIES</u>

(a) <u>Methods applicable since October 1st 2018 (IFRS 9)</u>

Classification and measurement of financial instruments (IFRS 9)

On initial recognition, all financial assets are measured at fair value in the consolidated balance sheet. Subsequent to initial recognition, financial assets of the Group are measured: at amortized cost **or** at fair value through profit and loss **or** fair value through other comprehensive income.

The Group determines the classification of debt instruments based on the characteristics of the contractual cash flows of financial assets as well as the economic model under which these assets are managed, as described below.

Equity instruments are measured at **fair value through profit and loss** except if, at the time of initial recognition, the Group chooses to irrevocably designate an equity instrument held for purposes other than trading as measured at fair value through other comprehensive income.

At September 30, the Groupe did not designate any financial instruments as at fair value through other comprehensive income.

Characteristics of contractual cash flows

To classify a debt instrument, the Group must determine if the contractual cashflows associated with the instrument represent solely the payment of principal and interest on the outstanding principal. The principal generally represents the fair value of the financial instrument at initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as profit margin. If the Group determines that the contractual cash flows associated with a debt instrument do not represent solely the payment of principal and interest, the financial instrument is classified as measured at fair value through profit and loss.

(Continued)

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Methods applicable since October 1st 2018 (IFRS 9) (continued)

Business Model Assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- Management's stated policies and objectives for the portfolio and the application of those policies in practice;
- The risks which affect the performance of the business model and the strategy for managing those risks;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activities.

A portfolio of financial assets is held within a « Hold-to-collect » model when Management's main objective is to hold the financial assets in order to collect contractual cash flows and not to sell them. A portfolio of financial instruments may be held within a model whose objective is both to collect contractual cash flows and to sell the financial assets; such a model is a "Hold-to-collect and sell''. The perception and sale of instruments are both essential component of Management's objectives in holding this portfolio.

Financial assets are measured at fair value through profit and loss if they are neither held in a business model of the type "Hold-to-collect" or of the type "Hold-to-collect and sell''.

The securities instruments at fair value through profit and loss include:

i) Debt securities which are neither of the type "hold-to-collect" or of the type "hold-to-collect and sell"

ii) Debt securities whose contractual cashflows do not represent solely the payment of principal and interest on the outstanding balance.

iii) Debt securities designated as at fair value through profit and loss

iv) Equity securities held for trading and

v) Equity securities other than those designated at fair value through other comprehensive income.

The Group's portfolio of financial instruments includes solely equity instruments held for trading and debt instruments other than those held to collect and/or sell.

(Continued)

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Methods applicable since October 1st 2018 (IFRS 9) (continued)

Financial instruments at fair value through profit and loss are initially recorded at fair value in the consolidated balance sheet at origination date. Transaction costs and other fees associated with the financial instruments at fair value through profit and loss are recorded in expenses as incurred. Subsequently, these financial instruments are measured at fair value and the profit and losses realized and unrealized are recorded in the consolidated statement of income within financial income. Amortization of premiums and discounts, calculated based on the effective interest method, as well as interest revenues and income from dividends are recorded within interest income in the consolidated statement of income.

Financial instruments at amortized cost

Financial instruments at amortized cost include debt securities, the contractual terms of which give rise to cash flows which correspond only to principal repayments and interest payments on the principal remaining due, and which are included in an economic model of the “Hold-to-collect and sell” type. Financial instruments at amortized cost are initially recognized at fair value on the consolidated balance sheet on the settlement date, including direct marginal transaction costs. Thereafter, they are valued at amortized cost using the effective interest rate method, after deduction of value adjustments for expected credit losses. Interest income is recognized in the consolidated statement of income using the effective interest method, including the amortization of transaction costs and premiums or discounts over the expected life of the financial instrument.

Loans, Treasury bonds, BRH bonds, term deposits and other assets are financial instruments at amortized cost held by the Group.

Classification and measurement of financial liabilities (IFRS 9)

Upon initial recognition, all financial liabilities are recorded in the consolidated balance sheet at fair value included applicable transaction costs. Subsequently, financial liabilities are measured at amortized costs or at fair value through profit and loss. The financial liabilities of the Group are measured at amortized cost.

Financial liabilities at amortized cost include deposits, borrowed funds, acceptances, subordinated debts and other liabilities.

Interests on financial liabilities at amortized costs are recorded in the consolidated statement of income using the effective interest method.

(Continued)

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Methods applicable since October 1st, 2018 (IFRS 9) (continued)

Reclassifications

Financial assets and liabilities are not reclassified subsequent to their initial recognition, except in the period after when the Group changes its business model for managing the financial instruments. The reclassification is accounted for prospectively from the reclassification date which is the first day of the first reporting period following the change in business model. Such changes in business model and reclassifications should be very rare.

Impairment of financial assets (IFRS 9)

At the end of each reporting period, the Group applies an impairment model in **three phases** to assess the expected credit losses on all financial assets measured at amortised costs: loans, credit engagements, financial guaranties, Treasury obligations and term deposits which are not presented at fair value. The expected credit losses model incorporates forward looking information. The assessment of expected credit losses at each reporting period takes into consideration information which is reasonable and objective based on past events, actual circumstances, future forecasts and the future economic outlook. The estimates and use of prospective information require the exercise of significant judgment.

With respect to receivables reflected in other assets which are generally short term, the Group applies a simplified method which does not follow the evolution of credit risk, but records a cumulative specific provision on the basis of expected credit losses on the life of the financial instruments at each reporting date from their origination dates. The expected credit loss provision determined using the three-phase approach for the loan portfolio are not reassessed based on subsequent events which occur during the period of assessment ending at the date of approval of the consolidated financial statements as reflected in **note 2 (a).**

Specific provisions applicable to financial instruments other than loans and the financial instruments at fair value, are reassessed on the basis of subsequent events which occur during the period of assessment.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Methods applicable since October 1st, 2018 (IFRS 9) (continued)

Assessment of phases
The method of depreciation in three phases used to assess expected credit loss is based on the deterioration of the credit quality of a financial instrument since initial recognition.

Phase 1. If at the reporting date, the credit risk associated to a financial instruments which is not credit impaired has not increased significantly from the date of initial recording, these instruments are classified at Phase 1 and an expected credit loss provision is measured and recorded at each reporting date at an amount equal to expected credit loss over the next 12 months.

Phase 2. If the credit risk associated with a financial instrument has increased significantly from the date of initial recording, the financial instruments will be classified at phase 2 and will be considered impaired. In this case, a provision for expected credit loss is assessed and recorded at each reporting date at an amount equal to the expected credit loss over the life of the financial instrument.

In subsequent periods, if the credit risk associated with the financial instrument decreases such that there is no longer a significant increase in credit risk in comparison to the credit risk at initial recording, the expected credit loss model requires that the cumulative expected credit loss provision be decreased to phase 1, equivalent to 12-month expected credit loss.

Phase 3. When one or more events with a negative impact on the future estimated cashflow from the financial instrument occur after initial recognition, the impaired financial asset is classified at phase 3 and will be considered as an asset in default. A provision equal to expected credit loss over the life of the asset continues to be recorded or the asset is written-off.

Interest income is calculated on the gross book value of financial assets classified in phases 1 and 2, and on the net book value of financial assets in phase 3.

(Continued)

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Methods applicable since October 1st, 2018 (IFRS 9) (continued)

Assessment of significant increase in credit risks.

In order to determine whether there has been a significant increase in credit risk, the Bank uses an internal credit notation system and notation of credit risks recommended by the Central Bank. To measure an important increase in credit risk of a financial instrument, the Probability of default (PD) for the next 12 months from the reporting date is compared to the Probability of Default over 12 months from the date of initial recognition. The Group includes absolute and relative values in the definition of a significant increase in credit risk and a security margin when contractual payments are in arrears more than 30 days. All financial instruments for which payments are in arrears more than 30 days are classified at **phase 2** even if other indicators do not warrant a significant increase in credit risk.

The assessment of an important increase in credit risk requires the exercise of an important part of judgment.

Assessment of expected credit loss

Expected credit loss **(ECL)** corresponds to a weighted average probability of the present value of cash shortfalls expected over the remaining life of a financial instrument. A cash shortfall is the difference between the expected contractual cashflow at origination and the cashflow the Group expects to collect.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of Default (PD)
- Loss Given Default (LGD); and
- Exposure at Default (EAD).

The measurement of ECL is based, as applicable, on the parameters of the risk model used by the Bank for the measurement of cumulative provisions based on IAS 39, namely the PD, LGD and EAD.

(Continued)

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Methods applicable since October 1st, 2018 (IFRS 9) (continued)

Assessment of expected credit loss (continued)

These risk parameters are adjusted base on prospective macroeconomic factors such as interest rates, expected unemployment rates, projections of Gross Domestic Product and inflation index.

The Group has the credit expertise necessary and adjusts the results from the model of expected credit loss when it becomes evident that the notation and model of credit risk do not appropriately represent the risk and other information known or forecasted.

Expected credit losses for all financial instruments are recorded in "Provision for credit losses" in the consolidated statement of income and the cumulative provision is presented in "Provision for expected credit losses", a contra account of the financial instruments at amortized cost. The cumulative allowance for ECL related to the credit risk on off balance sheet instruments is included in other liabilities in the consolidated balance sheet.

Credit-impaired financial assets on initial recognition

Upon initial recognition, the Group determines if a financial asset is credit-impaired. For financial assets which are credit impaired on initial recognition, the Group records in cumulative ''provision for expected credit losses'' the changes in the expected credit loss over the life of the asset. The Group records the changes in expected credit loss over the life of the asset in "Provision for credit losses" in the consolidated statement of income, even if the expected credit loss over the life of the asset is less than the expected cashflow estimated at initial recognition. At September 30,2019, the Group did not hold any credit impaired financial asset on initial recognition.

Default

The definition of default used by the Group to assess expected credit losses and to transfer financial instruments from one phase to another is consistent with the definition used for internal credit risk management purposes. The Group considers that a financial instrument is in default when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred or that contractual payments are past due more than 90 days.

(Continued)

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Methods applicable since October 1st, 2018 (IFRS 9) (continued)

Write-offs

Loans and debt securities are written off either partially or in full when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. The financial asset in default is written off against the cumulative "Provision for Expected Credit Losses" related thereto when attempts to realize guarantees and other recourse have not been conclusive or the borrower is involved in bankruptcy or liquidation procedures and it is improbable that the balances due to the Group will be collected. With respect to credit card and micro finance loans, loans are written-off when they are over 180 days in arrears. The Bank writes-off when loans are in arrear more than 360 days.

Restructured financial assets.

The terms of a financial asset may be renegotiated or modified resulting in contractual terms which have an impact on the expected cashflow from the financial asset. The accounting treatment of such modifications depend on the nature and extent of those modifications. A modification resulting from the credit risk of the borrower, such as in the case of restructuration of the debt of a financially stressed borrower, is generally treated as a modification of the original financial asset and does not result in derecognition. Advantageous conditions may include a deferral of payment, an extension of the amortization period, a reduction in interest rate, forgiveness of part of principal, debt consolidation, relief and other measures, and are intended to avoid repossession of the guarantee.

A modification for reasons other than the credit risk associated with the borrower is considered an extinction of the right to initial cash flows; consequently, the modification results in derecognition of the original financial asset and recognition of a new financial asset based on new contractual terms.

If the Bank determines that a modification does not result in derecognition, the financial asset continues to be subject to the same evaluation of a significant increase in credit risk since initial recognition as previously described. The expected cash flows arising from the modified financial asset are included in calculating the cash shortfall from the existing asset. For financial assets modified when they were measured on the basis of expected credit losses over their lives, they can revert to 12 month expected credit losses if the financial situation of the borrower is improved and the improvement can objectively be attributed to an event which occurred after the recognition of the initial impairment.

(Continued)

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Methods applicable since October 1st, 2018 (IRFS 9) (continued)

Restructured financial assets (continued)

If the modification results in derecognition of the initial financial asset and recognition of a new financial asset, the new financial asset is classified at **phase 1** unless it is determined that the new financial asset is impaired at the time of renegotiation. For purpose of assessing a significant increase in credit risk, the date of initial recognition of the new financial asset is the date of modification.

Derecognition of financial assets.

A financial asset is derecognized when rights to the contractual cashflows from the financial instrument expire or the rights to receive contractual cash flows is transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred to a third party. On derecognition of a financial asset, a gain or loss is recognized in the consolidated statement of income for the difference between the carrying amount of the asset and the consideration received.

(b) Methods applicable prior to October 1st, 2018 (IAS 39)

Classification

Classification of financial instruments at initial recognition depends on their characteristics and the objective for which the Groups holds these financial instruments.

On the basis of classification already adopted by the Group as of September 30, 2018, it was not necessary to significantly modify the presentation of financial instruments except for reclassifications of interests receivable from other assets to the financial instruments to which they relate.

Depreciation of loans

A loan or group of loans is impaired if there is objective evidence of a loss in value resulting from loss generating events after initial recognition which impacts future expected cash flows and the loss can be reasonably estimated. At each balance sheet date, the Group assesses if objective evidence of impairments exists individually for individually significant loans or collectively for loans which are not individually significant.

(Continued)

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Methods applicable since October 1st, 2018 (IRFS 9) (continued)

Depreciation of loans (continued)

If such an indication exists, the amount of impairment is equal to the difference between the book value of the loan and the future estimated cash flows. The book value is reduced through a cumulative provision account and the impairment loss is recorded in the consolidated statement of income. Upon subsequent recovery, the amount recovered is credited to the provision for impairment.

(c) Conversion of foreign currencies

Monetary assets and liabilities stated in foreign currencies are translated in Haitian Gourdes at exchange rates prevailing at year end. Gains and losses resulting from this translation are included in the consolidated statement of income.

Transactions in foreign currencies are translated at the exchange rate in effect at the transaction date. Gains and losses related to foreign exchange operations are recorded in the consolidated statement of income.

The consolidated financial statements presented in **schedules I to V** are translated in US dollars in accordance with IAS 21. Thus, assets and liabilities are translated at the official year-end exchange rate. Shareholders' equity is translated at the exchange rates prevailing at the balance sheet date, the income and expenses are converted at the average rate for the year. The resulting translation adjustments are separately reflected in the consolidated statement of changes of shareholders' equity.

The financial statements of entities incorporated outside of Haiti, GFN American Holdings LLC. (previously GFN Real Estate LTD.), GFN Real Estate LLC, International Sunrise Partners LLC, GFN Restaurant II LLC, GFN Assets International LTD and SNI Minoterie L.P., expressed in US dollars, were translated in the currency of presentation of the consolidated financial statements. All assets and liabilities in foreign currency are translated in local currency at the official year-end exchange rate; revenues and expenses are translated at the average exchange rate for the year, which approximates the actual exchange rates on the dates of transactions. Translation adjustments resulting from this process are recorded directly in the translation adjustment account, a component of shareholders' equity and in the consolidated statement of comprehensive income.

(d) Cash and due from banks

Cash and term deposits with banks are short-term highly liquid investments which are readily convertible into known amounts of cash without notice and which are within three months of maturity when acquired. These are reflected at cost.

(Continued)

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Securities

Securities are composed of foreign and local securities.

Foreign securities are composed mainly of US Treasury Bills, bills from emerging countries and OECD countries; US Federal Agency Bonds, corporate bonds from US companies, bonds of emerging countries and OECD countries and from Supra National Institutions (SNAT).

Local securities are composed of equity investments and corporate bonds from local private companies, and Treasury bonds.

Securities, according to IFRS, are classified and measured as follows:

Amortized cost instruments

Amortized cost investments are non derivative instruments with fixed and determined payments, with fixed maturity that the Bank holds for the purpose of collecting contractual cash flows. They are recorded at amortized cost, based on the effective net interest rate method and net of a provision for expected credit losses, if required. Amortized cost investments consist of term deposits, which are categorized "Term deposits with banks" in the consolidated balance sheet.

Fair value instruments through consolidated earnings

These investments are those other than amortized cost instruments. They are recorded at their fair value based upon market quotations or based on available fair value information. The changes in fair value of this portfolio are recorded in the consolidated statement of income.

The Group applies the requirements of IFRS 13 on fair value hierarchy of financial instruments, as follows:

- **Level 1** input applicable to securities available for sale are quoted prices in active markets for identical assets that the entity can access at the measurement date.

- **Level 2** input applicable to local investments are inputs other than quoted prices included within level 1 that are observable for the assets either directly or indirectly. They include quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active.

- **Level 3** input applicable to long-term corporate investments are unobservable inputs for the asset at valuation date.

(Continued)

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment in affiliated companies

Investments in affiliated companies represent long-term investments in various companies. **Affiliated companies** are those over which the Group maintains significant influence but does not control their financial and operational policies. A significant influence exists if the Group controls between 20% to 50% of the voting rights of an entity.

Investments in affiliated companies are initially recorded at cost and are subsequently measured using the equity method. This method consists in recording the investment at cost, recognizing its share of income or loss as it is earned, and reducing the investment by dividends declared or paid.

Gains and losses realized on sales of corporate investments, as well as other than temporary declines in original value, are included in the determination of consolidated income of the year in which they occur.

(g) Loans

Originated loans are presented at their amortized cost.

Loans are classified non-performing when the payment due under the contract terms is over 90 days in arrears.

Restructured loans are those for which the Bank has revised the terms due to deterioration in the financial situation of the borrower. These loans are reclassified as regular loans, if the terms of the restructuring are adhered to during this period and if regular loan classification criteria are met.

Loans are written off when all restructuring and collection efforts are completed and it is unlikely that other amounts will be recovered. Recoveries of loans written off are recorded in the consolidated statement of income.

(h) Fixed assets

Fixed assets are recorded at cost, except for land which has been revalued and stated to fair value in accordance with International Financial Reporting Standard no. 16. Except for land, leasehold improvements and investments in progress, depreciation is calculated based on the estimated useful life using the straight-line method. Leasehold improvements are amortized over the lease terms using the straight-line method. Investments in progress will be depreciated over their estimated useful life from the time they are ready for usage.

(Continued)

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Fixed assets (continued)

Fair value of land has been determined based on appraisals made by independent real estate appraisers. The book value has been adjusted to the average appraised market value. The revaluation surplus has been recorded, net of deferred income taxes, in the revaluation reserve-land, a separate account of shareholders' equity **(note 3q).**

Depreciation rates applied to the main categories of fixed assets are as follows:

Buildings	2.5% - 5.0%
Furniture and equipment	20%
Computer equipment	20%
Leasehold improvements	10% - 20%
Vehicles	25%

Depreciation methods, useful life and residual value of the various categories of fixed assets are reviewed periodically.

Major expenses for improvements and reconditioning are capitalized, and expenses for maintenance and repairs are charged to expenses.

Gains or losses realized on disposal of fixed assets are recognized in the consolidated statement of income. When revalued land and buildings are sold, the related surplus, reflected in the revaluation reserve, is transferred to retained earnings.

When an asset is classified as held for sale, the net results and other items of the comparative comprehensive income are restated as if the asset met the criteria of an asset to be disposed, as of the opening of the comparative period.

(i) Properties held for sale

Properties held for sale, reflected in other assets, consist of land and buildings obtained in settlement of unpaid loans or repossessed. They are reflected at the lower of their estimated fair value or cost which is equivalent to the balance of the unpaid loans plus interest receivable at the time of default, plus recovery fees incurred by the Bank.

These properties are actively marketed for sale in their current state in a period usually not exceeding one year, unless there are circumstances beyond the control of the Bank. The properties that do not meet those criteria are reclassified to investment properties.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Properties held for sale (continued)

The carrying value of these assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. In case of impairment, the carrying value is adjusted to the net realizable value which is equivalent to the estimated selling price in the normal course of business.

Fair value is estimated based on appraisals from independent real estate appraisers or sale agreements.

In accordance with banking regulations, a reserve is required on properties held for sale **(note 12)**. This reserve is established by direct transfer from retained earnings to "valuation reserve – properties held for sale'', a sub-account of shareholders' equity. This reserve is not subject to distribution.

In 2018, an investment property, representing a foreign commercial condominium complex was component of the non-current asset held for sale **(note 11).** This property was measured at fair value and generated rental income recorded in the consolidated statement of income. This investment property was sold in 2019.

(j) Goodwill and other intangible assets

Goodwill represents the excess of cost of acquisition over the fair value of the net assets acquired. Goodwill presented in other assets is not amortized and is evaluated every year end in order to identify any impairment in value. Goodwill is subject to an annual impairment test or more frequently if events or changes in circumstances indicate an impairment. Goodwill is presented at cost less impairment. Management believes that there is no significant decrease in the book value of goodwill as of the date of these consolidated financial statements.

Goodwill is established for each acquisition and is presented in other assets if the purchase price is higher than the fair value of the net assets acquired. If the purchase price is lower than the fair value of the net assets acquired, a negative goodwill is established and is accounted for as income in the consolidated results of the year.

Softwares included in other intangible assets are amortized on a straight-line basis at rates between 20% and 100%.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Acceptances and letters of credit

The Bank's potential liability with respect to trade acceptances and letters of credit is reflected as a liability on the consolidated balance sheet. The Bank's recourse against its customers in the case of a call on these commitments is reported as an asset for the same amount.

(l) Deposits and subordinated debt

Deposits and subordinated debt are recorded at cost. The estimated fair value of these liabilities is assumed to be equal to their carrying value since the interest rates are in line with the current market rates.

(m) Paid-in capital

Paid-in capital reported in shareholders' equity is composed of common shares. Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments. Dividends are recorded against retained earnings when approved by the General Assembly of Shareholders.

(n) Paid-in surplus

The excess over par value received or paid by the Bank in capital stock transactions, is recorded in paid-in surplus. Paid-in surplus is decreased when treasury shares are repurchased, for the excess of the repurchase price over the nominal value of these shares. This excess is charged to retained earnings after the paid-in surplus becomes nil.

(o) Legal reserve

In agreement with the law on financial institutions, an amount of 10% of income before income taxes, reduced by prior years' losses, if any, is transferred every year in a reserve account in order to constitute the legal reserve, until such reserve reaches a maximum of 50% of the paid-in capital. Following an extraordinary General Assembly decision on August 11, 2017, effective on September 30, 2017 and, as authorized by the Central Bank, the legal reserve as of September 30, 2017 was transferred to paid-in capital.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) General reserve for loan losses

The general reserve for loan losses is created by direct transfer from retained earnings and represents the excess of the provision required by the Central Bank to cover potential loan losses and the general provision for loan losses over the assessment of impairment losses based on International Financial Reporting Standards IAS 39. This reserve is not subject to distribution.

In application of IFRS 9, the cumulative general reserve as of September 30, 2018 was reversed to the cumulative provision for expected credit losses through retained earnings. The prudential requirements of the Central Bank are covered by the cumulative provision for expected credit losses as of September 30.

(q) Revaluation reserve-land

The revaluation surplus on land is reflected in the revaluation reserve-land, a component of shareholders' equity. This surplus will be transferred to retained earnings upon disposal of the land. All revaluation losses will be recorded directly as expenses in the consolidated statement of income unless they relate to an existing revaluation surplus for the same land, in which case the revaluation loss will first be applied to the revaluation reserve-land.

(r) Revenue from contracts with customers.

Revenue from contracts with customers are recognized when the Group transfers control over the services offered to customers for amounts which correspond to the counterpart expected to be received for the services offered. Revenue related to services provided is recorded on the basis of performance obligations met at the end of the reporting period. The determination of the timing in which performance obligations are met and allocation of transaction price to performance obligations require the exercise of judgment.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Interests revenues

Method applicable since October 1st, 2018 (IFRS 9)

Interests

Accounting methods applicable since October 1st, 2018

Interests revenue is accounted for using the effective interest method for all "amortized cost" financial instruments and financial instruments at "fair value through profit and loss". The effective interest method is the basis of calculation of the amortized cost of an asset and of revenue recognition in the period affected.

Per IFRS 9, the effective interest rate is the rate used for discounting the estimated future cash payments or receipts through the expected life of a financial instrument to obtain its gross carrying amount. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, except for ECL. The calculation takes into account transaction costs and fees as well as premiums and discounts.

For financial instruments which are not considered credit impaired (Phases 1 and 2), interest revenue is calculated based on the gross carrying amount of the financial instruments. For financial instruments which are credit impaired (phase 3), revenue is calculated by applying the effective interest rate to the amortized cost which represents the gross carrying amount less provision for expected credit loss.

Method applicable prior to October 1st, 2018

Interest

Interest income and expenses are accounted for using the effective interest method. Interest includes primarily interest income on loans, investments and deposits, as well as interest expense on deposits and subordinated debt.

Interest income is accounted for on the accrual basis. However, when a loan is classified as non-accrual (over 90 days in arrears), interest ceases to be recognized and accrued, and uncollected interest is reversed against income of the current period. Interest payments received thereafter are recognized as revenue only if there is no doubt as to the ultimate recovery of the principal. Interest income on credit cards is capitalized up to 180 days. After this period, the unpaid balance is written off.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Commissions

Commission income and expenses which are assimilated to service fees are recognized as income when the services are rendered. Commissions that are material to the effective interest rate of a financial asset or liability are included in the measurement of the effective interest rate.

(u) Income taxes

Income taxes are calculated on the consolidated income before income taxes for the year and comprise current and deferred income taxes. Current income taxes are taxes payable on the taxable income for the year using statutory tax rates and other adjustments that may affect income taxes payable. Deferred income taxes resulting from timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes are reflected in other assets or liabilities, as need be. The Bank has recorded in other assets the tax benefit resulting from the 2017 taxable loss. In accordance with the Income Tax Act, these losses may be carried forward in future years over a period five years.

Income tax expense is recognized in the consolidated statement of income except to the extent that it relates to items of comprehensive income, in which case it is recorded therein. Items of comprehensive income are reflected net of income taxes, except for the effect of translation of foreign subsidiaries which is not subject to income taxes, because it is unlikely that the temporary difference will reverse in the foreseeable future.

The Group recognizes the income tax related to the share of income of unconsolidated affiliates as a deferred tax in other liabilities. This deferred tax is increased annually by the income tax expense calculated on basis of 20% of the share of net income of these affiliates and decreased by the withholding taxes paid on dividends or upon reinvestment of earnings for an increase of capital stock.

The Group has recorded in other liabilities deferred income taxes resulting from land revaluation. The related amounts will be reversed upon the sale of the land.

(v) Regulatory reserve for deposits and other liabilities

According to the reserve requirements of the Central Bank, as of September 30, 2019 and 2018, 45% and 44% of liabilities in local currency, and 51.5% and 49.5% of liabilities in foreign currency respectively must be held in deposits at the Central Bank. Reserves calculated on liabilities in foreign currencies must be maintained in the same currency. As of August 2018, 7.5% of the foreign currency reserve must be maintained in gourdes. The rate was modified to 12.5% as of February 2019.

The reserve requirement on deposits of non financial public enterprises is 100%.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Net income per equivalent share of paid-in capital

Net income per equivalent share of paid-in capital is calculated by dividing net income for the year attributable to shareholders of the Bank by the weighted average of equivalent common shares outstanding during the year.

(x) Insurance

Insurance premiums are recognized as revenue proportionally over the period of coverage. As of the balance sheet date, unearned insurance premium is reported in liabilities which represent the portion of premium received on in force contracts that relate to periods after the balance sheet date. A single premium is charged to the customers on inception. The consideration received is deferred as a liability and recognized over the life of the contract on a straight-line basis. Revenue generated by insurance premiums is presented separately from commissions and net of related taxes and other charges levied on the premiums.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period, even if reported subsequently to the Group within the reporting deadline. The Group reserves the right to reject claims if not reported within the contractual deadline. The Group does not discount its liabilities for unpaid claims since they are generally short-term.

(y) Provisions

Provisions are recorded when the Group has an obligation (legal or implied) resulting from past events and that it is probable that a future cash outflow will be necessary to meet this obligation and that it can be reliably estimated. The timing or amount of cash outflow may be uncertain. A current obligation may be legal or implied resulting from past events, such as claims or similar past events. The provisions are not present valued since Management estimates that they will be honored or reversed in 12 months or less.

The amount recorded as provisions is revalued at each reporting date and must represent the best estimate based on the most reliable indicators considering the risks and uncertainties surrounding the obligation.

When it is assessed that it is unlikely that economic resources will be used to settle an obligation, no liability is recognized.

(Continued)

(4) RISK MANAGEMENT

(a) Risk management framework

Effective risk management is fundamental to the general strategy of the Group. In all the business segments and markets in which the Group operates, Management aims to maintain a strong and disciplined risk management culture. The Directors and employees of the Group are invested with the responsibility to continuously reinforce this corporate culture based on effective risk management.

Within the Group, risks are assessed and managed according to the following four categories:

1) Financial risk, which includes credit risk, liquidity and market risk;

2) Operational risk encompassing the risk, of loss resulting from processes, human resources, and inadequate or faulty internal control systems, or from external events such as natural catastrophes or terrorist attacks;

3) Insolvency risk resulting from management of capital;

4) Other risks: strategic risk, reputational risk, insurance risk and environmental risk.

The Board of Directors and the Group Senior Management team have the responsibility and oversight of the risk management framework as well as the associated governance structure. The Group applies the three lines of defense recommended by the Basel Committee on Banking Control and Supervision namely: 1) managing the lines/segments/units of activities; 2) managing the operational risk at corporate level; 3) internal and external audit reviews.

Risk management policies of the Group are established to identify and analyze the risk to which the group is exposed, to set appropriate risk limits and controls. Risk management policies are reassessed based on market conditions and products and services offered. The Group, through its Code of Ethics and training programs, aims to develop and maintain a control environment in which all employees are aware of their roles and responsibilities.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

(4) RISK MANAGEMENT (CONTINUED)

(b) Governance structure and risk governance

The Board of Directors has the ultimate responsibility to establish and oversee the Bank's risk management framework. Its Executive Committee, assisted with the Management Team, oversees closely the financial and non financial risks to which the bank is exposed.

The Board has established the following committees which are responsible for monitoring the Bank's risk management policies in their respective areas:

- ***Credit Committee:*** The Credit Committee has the authority and responsibility to approve and reject credit requests, modify credit terms and approve the limits and the credit commitments. This committee defines the Bank's credit policies, ensures credit risk management and monitors the quality of the credit portfolio.

- ***Loan Review Committee:*** This committee has the authority to evaluate the degree of inherent risk and decide on the rating of credit facilities, the strategy, the frequency of credit account reviews, write-offs, sign-offs, and on all actions to undertake in order to protect the Bank against the risk of credit loss.

- ***Asset-Liability Management Committee (ALCO):*** This Committee has put in place a prudent policy for managing liquidity, foreign exchange and interest rate risks. Within this committee, key Management personnel meets weekly to discuss the Bank's financial position and decide on interest rates, foreign exchange and investments.

- ***Investment Committee:*** This committee supervises the Treasury function to ensure that the investment policy established by the Board of directors is adhered to. This committee approves all investment decisions as well as the nature and maturity of financial instruments to be acquired.

- ***Audit Committee***: UNIBANK S.A.'s Audit Committee is responsible for monitoring the process of preparing financial information, overseeing the efficiency of the internal control system, the internal audit and the risk management policies, and supervising annual reporting on a consolidated basis.

- ***Compliance Committee:*** The Compliance Committee oversees that the Bank's policies and procedures are in adherence to the laws, the Bank's Code of Ethics and other regulations. It is also responsible to oversee that UNIBANK S.A. is in compliance with the laws and ensures that appropriate anti-money laundering and anti-terrorism policies and procedures are implemented and followed.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

(c) Capital Management

An adequate capital ratio is of foremost strategic importance against risks of insolvency of a financial institution. Adequacy of capital constitutes the first and most important line of defense of UNIBANK in managing the risk of insolvency. In addition to invested capital, the Bank uses some instruments of quasi-capital such as subordinated long-term debt and other regulatory capital allowed in the capital ratios. Within its policies and strategies, the Bank regularly assesses its capital adequacy as well as its capacity to continue to develop and sustain an adequate capital ratio so as to maintain the confidence of depositors, investors and other market constituents.

The capital adequacy of Haitian banks is regulated in accordance with the Central Bank's capital requirements (Circular No. 88). As of September 30, 2019 and 2018, the Bank is compliant with the Central Bank's requirements with respect to sufficiency of capital. Every banking institution must comply with the following two capital adequacy standards:

Ratio of assets/capital - A maximum multiple of 20 times between total assets and some qualifying off-balance sheet assets, and regulatory capital.

Ratio of capital/risk-weighted assets – The ratio of capital to risk-weighted assets should not be less than 12%. Risk weighted assets comprise balance sheet and some off-balance sheet assets to which specific risk weights are assigned.

Regulatory capital consists primarily of more permanent capital, Tier I, attributable to ordinary shareholders other than revaluation reserves, translation adjustment and general reserves for losses on loans and impairment of properties held for resale and Tier II capital, consisting mainly of subordinated debt.

As of September 30, 2019 and 2018 the Bank's ratios were as follows:

	2019	2018
Ratio of assets/capital	**10.78 times**	9.87 times
Ratio of capital/risk-weighted assets	**23.02%**	23.64%

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

(d) Financial risk management

Financial risks to be managed by the Bank include cash, credit and market risks, including interest rate, foreign exchange and fair value risks.

d1) LIQUIDITY RISK

If UNIBANK S.A. does not have sufficient liquidity to meet its current obligations, it is then exposed to liquidity risk. Prudent and effective management of liquidity is therefore an essential element of the Bank's policy to maintain market confidence and protect its capital.

To manage this risk, the Asset – Liability Management Committee (ALCO) of UNIBANK S.A. has put in place a prudent and dynamic policy of cash management which allows the Bank to have sufficient liquidity to meet its current obligations as they become due. In addition, Management closely monitors the maturity of deposits and loans as well as other resources and claims against those resources so as to ensure a proper matching between resources and obligations, while complying with the statutory requirements applicable to the Bank and its subsidiaries.

The Bank's cash management policy ensures constant monitoring of the Bank's liquidity and a dynamic management of its short-term and long-term liquidity needs. This monitoring is performed by the Treasury Department, under close supervision of the Bank's Asset - Liability Management Committee. This Committee meets weekly, and as needed, to analyze the reserve and liquidity position of the Bank, to take the appropriate decisions and amend the cash management policy when necessary.

UNIBANK S.A. is in compliance with the Central Bank regulations in terms of liquidity. As of September 30, it maintains the regulatory cash reserve required by Circular 78 **(note 3 u)**.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

d1) LIQUIDITY RISK (CONTINUED)

The maturity profile of the Bank's financial liabilities based on their initial contractual maturity is as follows as of September 30:

September 30, 2019

(In thousands of gourdes)		0-3 monts	3-6 moths	6 months - 1 year	More than 1 year	Total
Deposits: **(note 15)**						
Demand deposits	G	46,135,269	-	-	-	**46,135,269**
Savings account		43,096,103	-	-	167,448	**43,263,551**
Term deposits		5,697,287	8,102,283	2,495,680	9,502	**16,304,752**
Total deposits		94,928,659	8,102,283	2,495,680	176,950	**105,703,572**
Borrowed funds **(note 16)**		1,000,000	24,667	-	1,665,917	**2,690,584**
Commitments: acceptances and letters of credit		311,778	-	-	-	**311,778**
Subordinated debt **(note 19)**		-	-	-	1,562,766	**1,562,766**
Other liabilities		6,434,949	-	-	3,733,236	**10,168,185**
		7,746,727	24,667	-	6,961,919	**14,733,313**
Total	**G**	**102,675,386**	**8,126,950**	**2,495,680**	**7,138,869**	**120,436,885**

September 30, 2018

(In thousands of gourdes)		0-3 months	3-6 months	6 months -1 year	More than 1 year	Total
Deposits: **(note 15)**						
Demand deposits	G	38,699,461	-	-	-	**38,699,461**
Savings accounts		34,156,069	-	-	108,931	**34,265,000**
Term deposits		6,972,164	6,710,024	1,210,777	10,628	**14,903,593**
Total depoisits		79,827,694	6,710,024	1,210,777	119,559	**87,868,054**
Borrowed funds **(note 16)**		75,000	934,296	-	1,153,546	**2,162,842**
Commitments: acceptances and letters of credit		304,929	-	-	-	**304,929**
Subordinated debt **(note 19)**		-	-	-	1,171,912	**1,171,912**
Other liabitilities		3,739,346	-	-	2,522,975	**6,262,321**
		4,119,275	934,296	-	4,848,433	**9,902,004**
Total	**G**	83,946,969	7,644,320	1,210,777	4,967,992	**97,770,058**

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

(4) RISK MANAGEMENT (CONTINUED)

d2) CREDIT RISK

Credit risk results from the inability of a borrower to fulfill its financial or contractual obligations towards the Bank. To manage this risk, UNIBANK S.A. has put in place various policies and procedures which allow a strict and systematic monitoring of its liquidities, its investments, its loan portfolio and other assets.

As of September 30, the maximum exposure to credit risk relates to the following significant financial assets:

(In thousands of gourdes)		2019	2018
Cash and due from banks (note 5)			
Deposits with BRH (Central Bank) and BNC	G	**52,056,434**	41,662,170
Deposits in foreign banks		**7,478,924**	1,633,672
Items in transit		**395,833**	1,046,556
		59,931,191	44,342,398
Term deposits with banks, net (note 6)		**1,751,000**	1,917,160
Securities (note 7)			
Foreign investments, net		**18,889,361**	16,261,060
Local investments, net		**172,359**	1,866,260
		19,061,720	18,127,320
Credit			
Loans, net **(note 9)**		**42,312,473**	34,191,181
Acceptances and letters of credit		**311,778**	304,929
		42,624,251	34,496,110
Other assets, net (note 14)			
Receivable – remittance agents		**722,125**	589,593
Premiums receivable – UniAssurances S.A.		**249,795**	105,652
Advances – suppliers and others		**44,946**	52,758
Accounts receivable – affiliated companies		**44,197**	9,414
Others		**238,289**	177,960
		1,299,352	935,377
Provision for expected credit losses		**(52,045)**	(39,320)
		1,247,307	896,057
Total financial assets	**G**	**124,615,469**	99,779,045

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

(4) RISK MANAGEMENT (CONTINUED)

d2) CREDIT RISK (CONTINUED)

i. Cash and due from banks

Cash and due from banks are held at important financial institutions that the Bank considers as being financially solid. The financial viability of these institutions is reviewed periodically by the Asset Liability Management Committee. As of September 30, 2019 and 2018, respectively 87% and 94% of these cash and cash equivalents are kept at the Central Bank as reserve coverage.

Monetary policies adopted by the Central Bank of Haiti, the Federal Reserve Bank in the United States of America or other international institutions located in territories where the Group holds financial assets, may have an impact on the Group's activities, results and financial position.

ii. Term deposits with banks

Term deposits with foreign banks are considered to be low risk financial instruments.

iii. Securities

Investment risk occurs when a security loses value due to unfavorable financial performance, real or expected, of the issuer. To manage this risk, UNIBANK S.A. has developed and put in place policies and procedures which define clearly the nature and quality of the investments that Management may select.

The main aspects of the Bank's policy may be summarized as follows:

- Invest in negotiable securities, which have superior credit ratings, are highly liquid, readily marketable and with minimal risk of capital loss.
- Invest in overseas banks and/or in investment grade securities (AAA, AA, A, BBB) such as US Treasury Bonds, or certificates of deposits issued by prime American or European banks. Corporate securities (bonds, commercial paper, asset backed securities) must be "investment grade".
- Invest in Haiti in BRH (Central Bank) bonds and in Treasury Bonds issued by the Bank of the Republic of Haiti (BRH).
- Avoid taking positions which are speculative.
- Avoid concentration by amount, by sector, by type of instrument and by financial institution. In that respect, limits are established by the Asset-Liability Management Committee.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

(4) RISK MANAGEMENT (CONTINUED)

d2) CREDIT RISK (CONTINUED)

iii. Securities (continued)

The Bank considers United States Government and Federal Agencies bonds as risk free. Equity instruments, investments in corporate bonds and other similar instruments are considered as moderate risk investments while having an "Investment Grade" classification. To monitor this risk, the Group invests in instruments of which they master the operational and financial mechanisms, with a return proportionate to the risks. The financial information is reviewed periodically to evaluate the viability of these investments.

Thus, Management considers the risk relative to BRH bonds and to Haitian Treasury bonds to be low. Management is confident that the BRH and the Haitian Treasury will be able to honor their commitments within the contractual deadlines.

iv. Credit

Credit risk is managed by the Credit Committee through the credit policy which it has defined. The Credit Committee, which includes executive officers who are members of the Board and Bank Management, meets weekly and as needed to make decisions on loan approval requests, renewals or amendments to existing facilities. In addition to the Credit Administration Department, the approval process is also reinforced by the existence of a unit of control and evaluation of credit risk named "Credit Risk Management". This unit independently reviews credit files to evaluate supporting documentation and assess credit quality and risks.

UNIBANK S.A.'s ability to manage credit losses is ensured through an appropriate diversification of risks, the type of guarantees obtained, sufficient shareholders' equity and impairment provision. The guarantees required from the borrowers also constitute an important factor of risk coverage, since an important part of the loan portfolio is covered by first lien on top tangible assets.

Within the Bank's policy framework, the Bank complies as of September 30, 2019 and 2018, with BRH's prudential regulations: Circular no. 87 on loan classification and calculation of provision for loan losses, Circular no. 83-4 on credit concentration which limits credit extension by borrower and by economic sector to a percentage of the Bank's statutory capital requirements, and Circular no. 97 requiring that loans in foreign currency do not exceed 50% of liabilities in foreign currency.

v. Other assets

The Bank considers the credit risk related to other financial assets as low.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

d2) CREDIT RISK (CONTINUED)

Geographic allocation of financial risk

As of September 30, the geographic allocation of credit risk based on the ultimate location of assets is as follows:

(In thousand of gourdes)		2019	2018
Cash and due from banks			
Haiti	G	52,452,267	42,708,726
United States		6,902,719	1,272,241
Canada		422,345	194,796
Europe		153,860	166,635
		59,931,191	44,342,398
Term deposits with banks, net			
United States		1,193,796	1,497,252
Canada		557,204	419,908
		1,751,000	1,917,160
Securities, net			
Haiti		171,921	1,863,073
Interest receivable on securities in Haiti		438	3,187
		172,359	1,866,260
United States		17,171,816	14,851,665
Other (OCDE countries)		1,429,963	941,490
Emerging countries		203,813	368,889
		18,805,592	16,162,044
Interest receivable on foreign securities		83,769	99,016
		18,889,361	16,261,060
Total		19,061,720	18,127,320
Credit			
Haiti		42,624,251	34,496,110
Other assets, net			
Haiti		1,011,984	620,885
United States		235,323	275,172
		1,247,307	896,057
Total financial assets	G	124,615,469	99,779,045

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

d3) MARKET RISK

Market risk arises from price fluctuations on the market and encompasses mainly interest rate risk, foreign exchange risk and the risk of fair value of financial instruments. The Bank's objective is to manage these risks within acceptable parameters in order to be profitable and to maximize its return on investment while preserving shareholders' equity and depositors' assets.

i. Interest rate risk

This risk is related to any possible incidence of interest rates fluctuations on the net income and consequently, on shareholders' equity. It results from the inability to adjust interest rates as market evolves, to the extent that net interest margin decreases significantly or becomes negative. The amount of risk is based on the magnitude of changes in interest rates, as well as the size and the maturity of the financial instruments.

In terms of interest rate management, most of the Bank's credit portfolio is placed at variable interest rates, which allows the Bank to make the proper adjustments, at its sole discretion, in response to market conditions. Furthermore, as of September 30, 2019 and 2018 respectively, approximately 28% and 29% of the credit portfolio has a maturity of 12 months or less allowing the Bank to minimize the risks of conversion between resources and uses, the objective being to reduce the unfavorable impact of a fluctuation in interest rates on the results and net position of the Bank.

Fluctuations of interest rates do not have a significant effect on demand deposits (gourdes and dollars) which essentially do not bear interest, and on savings accounts (gourdes and dollars). These deposits represent respectively 44% and 41% of the total deposit portfolio of UNIBANK S.A. as of September 30, 2019, and 44% and 39% each as of September 30, 2018, which constitutes respectively 85% and 83% of total deposits.

Moreover, UNIBANK S.A. ensures an effective management of interest rates on the following portfolios:

- Loans to and deposits from the Bank's customers;
- BRH bonds;
- Haitian Treasury bonds;
- Term deposits with banks;
- Local investments;
- Foreign investments which are adjusted as market conditions evolve;
- Borrowed funds and subordinated debt.

(4) RISK MANAGEMENT (CONTINUED)

d3) MARKET RISK (CONTINUED)

i. Interest rate risk (continued)

The adequacy of interest rates applied to these portfolios is reviewed regularly by UNIBANK's Management which determines the appropriate position of the Bank with respect to any anticipated fluctuations in interest rates and ensures appropriate coverage of any interest rate risks.

At year end, the interest profile on the main financial instruments was as follows:

(In thousands of gourdes)	%		2019	%	2018
Fixed interest rates					
Financial assets	**29%**	**G**	**20,414,547**	12%	6,468,196
Financial liabilities	**28%**		**20,558,102**	34%	18,238,346
Net			**(143,555)**		(11,770,150)
Variable interest rates					
Financial assets	**71%**		**48,790,803**	88%	47,229,074
Financial liabilities	**72%**		**53,343,317**	66%	35,592,285
Net		**G**	**(4,552,514)**		11,636,789

Based on the following observations, the Bank estimates that the fluctuation of interest rates would not have a significant impact on the Group's results:

- Fixed-rate financial assets are comprised of loans (69%), money market funds (22%), term deposits with banks (8%), and investment securities (1%).
- Fixed-rate financial liabilities consist of term deposits with terms ranging from one month to more than one year (79%), borrowed funds (13%), and subordinated debt (8%).
- 71% of financial assets and 72% of financial liabilities bear interest at variable rates.
- Variable rate financial assets consist of loans (58%), available-for-sale securities (39%) and overnight deposits (3%).
- Variable rate financial liabilities are comprised of savings deposits (81%) and demand deposits (19%) which are essentially overnight deposits and savings-checking accounts.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

d3) MARKET RISK (CONTINUED)

ii. Foreign exchange risk

Foreign exchange risk results from significant matching differences between the assets and liabilities denominated in the same foreign currency, which could lead to a long or short position impacted by the changes of the gourde versus the US dollar or other foreign currencies.

With respect to foreign exchange risk management, the policy of UNIBANK S.A. has always been to maintain the trading position within very narrow limits. The policy in place prohibits holding speculative positions. The Bank's trading position is sold daily.

The Bank has foreign subsidiaries whose financial assets and liabilities are held in dollars.

The tables below present the breakdown by currencies of the Bank's consolidated financial assets and liabilities and of its subsidiaries as of September 30:

September 30, 2019

(In thousands of gourdes)		Gourdes	Dollars converted in gourdes	Other currencies converted in gourdes
Cash and due from banks	G	18,227,665	43,895,592	297,454
Term deposits with banks		-	1,751,000	-
Securities		172,359	18,889,361	-
Loans, net		16,432,570	25,879,903	-
Acceptances and letters of credit		-	311,778	-
Other assets		461,961	785,346	-
Total financial assets		**35,294,555**	**91,512,980**	**297,454**
Deposits		29,911,608	75,517,246	274,718
Borrowed funds		2,690,584	-	-
Commitments-acceptances and letters of credit		-	311,778	-
Subordinated debt		-	1,562,766	-
Other liabilities		1,947,407	8,210,958	9,819
Total financial liabilities		**34,549,599**	**85,602,748**	**284,537**
Assets, net	G	**744,956**	**5,910,232**	**12,917**

For every fluctuation of one gourde versus the US dollar, the foreign exchange position in US dollars would result in an exchange gain or loss of approximately G 63 million, as the case may be.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

(4) RISK MANAGEMENT (CONTINUED)

d3) MARKET RISK (CONTINUED)

ii. Foreign exchange risk (continued)

September 30, 2018

(In thousands of gourdes)		Gourdes	Dollars converted in gourdes	Other currencies converted in gourdes
Cash and due from banks	G	15,983,334	29,647,535	222,268
Term deposits with banks		-	1,917,160	-
Securities		921,565	17,205,755	-
Loans, net		15,253,225	18,937,956	-
Acceptances and letters of credit		-	304,929	-
Other assets		150,813	745,244	-
Total financial assets		**32,308,937**	**68,758,579**	**222,268**
Deposits		31,252,501	56,424,576	190,977
Borrowed funds		2,162,842	-	-
Commitments-acceptances and letters of credit		-	304,929	-
Subordinted debt		-	1,171,912	-
Other liabilities		3,917,176	2,328,669	16,476
Total financial liabilities		**37,332,519**	**60,230,086**	**207,453**
Assets (liabilities), net	**G**	**(5,023,582)**	**8,528,493**	**14,815**

For every fluctuation of one gourde versus the US dollar, the foreign exchange position in US dollars would result in an exchange gain or loss of approximately G 122 million, as the case may be.

The exchange rates of the various currencies relative to the gourde were as follows:

	2019	2018
At September 30		
US Dollars	**93.3162**	69.9774
Euros	**101.9853**	81.2578
Average rate for the year		
US Dollars	**85.1130**	65.7149
Euros	**89.4677**	76.5287

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

d3) MARKET RISK (CONTINUED)

iii. Fair value of financial assets and liabilities

With the exception of foreign investments for which the fair value is disclosed in **note 7**, the book value of financial assets and liabilities is equivalent to their fair value since their interest rates are in line with market rates.

(5) CASH AND DUE FROM BANKS

As of September 30, cash and due from banks are as follows:

(In thousands of gourdes)		2019	2018
Cash	G	**2,489,520**	1,510,739
Deposits with BRH and BNC		**52,056,434**	41,662,170
Deposits with foreign banks		**7,478,924**	1,633,672
Items in transit		**395,833**	1,046,556
	G	**62,420,711**	45,853,137

Cash and deposits with BRH (Central Bank) and BNC (a government-owned commercial Bank) are part of the cash reserve requirements on total liabilities that must be maintained in accordance with the related provisions of BRH (Central Bank) circulars. These deposits represent 39% and 38% of assets as at September 30, 2019 and 2018, respectively, and do not bear interest.

As of September 30, 2019, deposits with foreign banks comprise of : money market funds with rates from 1.86% to 2.20% redeemable on demand and amounting to G 4,438,182M (US$ 48M) and overnight accounts bearing an average interest rate of 1.25%. At September 30, 2018, deposits with foreign banks represent mainly overnight accounts with an average interest rate of 1.05%.

As of September 30, 2018, deposits totaling G 17,777M (US$ 254M) of UniTransfer International, which operates in the USA and in Canada, have been pledged to the Banking Departments of the states where the Company operated. These deposits bear interest at rates between 0.10% and 0.25% as of September 30, 2018.

As of September 30, deposits in gourdes and in foreign currencies are as follows:

(In thousands of gourdes)		2019	2018
Deposits in gourdes	G	**18,227,665**	15,983,334
Deposits in foreign currencies		**44,193,046**	29,869,803
	G	**62,420,711**	45,853,137

(Continued)

(6) TERM DEPOSITS WITH BANKS, NET

Term deposits with banks are as follows:

(In thousands of gourdes)		**2019**	**2018**
Term deposits **(i)**	G	**1,732,540**	1,899,355
Interest receivable		**19,309**	17,805
		1,751,849	1,917,160
Provision for expected credit losses **(a)**		**(849)**	-
Term deposits with banks, net	G	**1,751,000**	1,917,160

a) The provision for expected credit losses has evolved as such:

(In thousands of gourdes)		**Phase 1**
Balance at September 30, 2018	G	-
Effect of implementation of IFRS 9 **(note 21)**		919
Provision for credit losses for the year **(note 22)**		(376)
Conversion effect		306
Balance at September 30, 2019	**G**	**849**

(i) As of September 30, 2019 and 2018, term deposits with foreign banks bore interest rates ranging from 0.25% to 2.68% and 0.25% to 3.10% and had terms of 1 to 4 months and 1 to 24 months respectively.

At September 30, 2019 and 2018, term deposits with banks in the United States include amounts pledged as collateral for lines of credit totaling G 1,679,692M (US$ 18,000M) and G 1,259,593M (US$ 18,000M) respectively. There are no drawdowns on these lines of credit as at September 30, 2019 and 2018.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

(7) SECURITIES, NET

As of September 30, securities are as follows:

(In thousands of gourdes)		2019	2018
Securities at fair value with fluctuations recorded			
in consolidated statement of income **(a)**	G	**18,805,592**	16,162,044
Haitian Treasury bonds **(b)**		**25,000**	207,565
BRH bonds, net **(c)**		**-**	599,155
Foreign exchange contract in dollars **(d)**		**-**	944,695
Total securities		**18,830,592**	17,913,459
Interest receivable		**84,207**	102,203
Total securities and interest receivable		**18,914,799**	18,015,662
Equity instruments – local companies **(e)**		**146,921**	111,658
Total securities	G	**19,061,720**	18,127,320

Except for equity instruments classified **Level 3**, securities are classified **Level 1**.

(a) The Bank measures securities at fair value using quoted prices in active markets when available, which results in a **Level 1** valuation. When not available, the Bank uses other observable data within its measurement models categorized as **Level 2**. Valuations that require the use of inputs that are not based on observable market data are considered **Level 3**.

At September 30, 2019 and 2018, securities at fair value include amounts pledged as collateral on lines of credit totaling G 18,793,030 M (US$ 201,391M) and G 11,588,327M (US$ 165,160M) respectively. There were no drawdowns on the lines of credit at September 30, 2019 and 2018.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

(7) SECURITIES, NET (CONTINUED)

September 30, 2019

Fair value Level 1

(In thousands of gourdes)		Less than 1 year	1-2 years	2-5 years	More than 5 years	Total	Interest rates
US Treasury bonds	G	4,276,192	1,457,746	2,399,386	-	**8,133,324**	**1.94%**
US Federal Agency bonds		870,520	1,809,808	653,469	-	**3,333,797**	**1.48%**
US corporate bonds		1,524,775	2,097,651	2,082,269	-	**5,704,695**	**2.03%**
Treasury bills-Governments					-		
of emerging markets		52,513	23,628	-		**76,141**	**2.48%**
Corporate bonds of							
emerging markets		32,369	85,601	9,701	-	**127,671**	**2.20%**
Corporate bonds of OCDE countries		252,236	117,059	348,782	-	**718,077**	**2.29%**
Supra National organizations (SNAT)		242,471	309,601	66,523	-	**618,595**	**1.76%**
Treasury bills of OCDE countries		46,664	46,628	-	-	**93,292**	**1.97%**
Fair value	G	**7,297,740**	**5,947,722**	**5,560,130**	**-**	**18,805,592**	
Cost	G	7,295,679	5,966,529	5,530,821	-	**18,793,029**	
Unrealized gain (loss)	G	**2,061**	**(18,807)**	**29,309**	**-**	**12,563**	

September 30, 2018

Fair value Level 1

(In thousands of gourdes)		Less than 1 year	1-2 years	2-5 years	More than 5 years	Total	Interest rates
US Treasury bonds	G	1,114,698	650,083	2,118,829	66,484	3,950,094	1.43%
US Federal Agency bonds		2,092,798	1,305,793	1,683,644	67,416	5,149,651	1.41%
US corporate bonds		948,245	1,954,532	2,767,051	82,092	5,751,920	1.93%
Treasury bills-Governments							
of emerging markets		-	-	59,112	-	59,112	2.48%
Corporate bonds of							
emerging markets		49,649	-	68,078	-	117,727	1.65%
Corporate bonds of OCDE countries		-	-	86,011	-	86,011	1.50%
Supra National organizations (SNAT)		-	62,451	129,599	-	192,050	1.34%
Treasury bills of OCDE countries		221,160	317,561	316,758	-	855,479	1.99%
Fair value	G	4,426,550	4,290,420	7,229,082	215,992	16,162,044	
Cost	G	4,442,583	4,355,054	7,508,352	226,562	16,532,551	
Unrealized loss	G	(16,033)	(64,634)	(279,270)	(10,570)	(370,507)	

(Continued)

(7) SECURITIES, NET (CONTINUED)

(a) Haitian Treasury bonds at amortized cost comprise the following:

(In thousands of gourdes)		**2019**	**2018**
Treasury bonds issued by Ministry of Economy and Finance - PSUGO **(i)**	**G**	**25,000**	70,833
Rate		**6%**	6%
Maturity		**5 months**	17 months
Treasury bonds issued by Ministry of Economy and Finance **(ii)**	**G**	**-**	136,732
Rate		**-**	7%
Maturity		**-**	12 months
	G	**25,000**	207,565

i) Based on an agreement signed on January 30, 2015 with the Ministry of Education, new dematerialized Treasury bonds were issued on March 4, 2015 by the Ministry of Economy and Finance to strengthen the free and mandatory ''Programme de Scolarisation Universelle (PSUGO)". These bonds are reimbursable in 60 installments as of March 30, 2015. Interests are accrued at the rate of 6% based on the reimbursement schedule agreed with the Central Bank. Cumulative interest on these bonds will equal G 38 million, of which G 3 million and G 6 million were recognized respectively in 2019 and 2018. These bonds are deductible from the Bank's liabilities, subject to the required reserves. The last outstanding coupon was redeemed on its maturity date of February 28, 2020.

ii) Haitian Treasury bonds were issued on September 15, 2014 by the Ministry of Economy and Finance as a Public Finance management tool. Of the total amount of the G 5.7 billion issued, 50% was acquired by the Central Bank (BRH) and the other 50% by commercial banks in prorata of their regulatory reserves held at the Central Bank as of September 9, 2014. These bonds are dematerialized and will be reimbursed in equal monthly installments from the date of issuance. Interest income is recognized based upon the repayment schedule agreed between the BRH and the commercial banks. This schedule foresees that each installment will bear interest of 7% up until its maturity date. Therefore, interest income will increase over time.

Thus, the cumulative interest to be earned on these bonds totals G 137 million of which G 51 million and G 38 million were recognized respectively in 2019 and 2018.

In accordance with the provisions of the Central Bank circulars in relation to this instrument, those bonds are considered within the mandatory reserve coverage to be maintained by the Bank.

(Continued)

(7) SECURITIES, NET (CONTINUED)

(c) Net BRH bonds are thus established:

(In thousands of gourdes)		2019	2018
Principal	G	-	600,000
Unearned interest		-	(845)
	G	-	599,155

As of September 30, 2018, BRH bonds are valid for 7 days and 28 days maturing on October 3, 10 and 24, 2018, bearing average interest of 7.33%.

(d) Foreign exchange contract in US dollars

As part of its cash management operations in 2018, Unibank entered into a forward contract in US dollars with BRH for a period of 182 days expiring on March 7, 2019. Under the terms of this contract, Unibank provides an amount of US$ 15,000,000 to BRH at the rate of 69.2071, and in return, BRH provides to Unibank the amount equivalent to G 1,038,107M. As of September 30, 2018, the investment amounted to US$ 13,500,000 (equivalent to G 944,694,900), net of reimbursements and the liability in gourdes amounted to G 934,296M **(note 16a).** This contract came to term on March 7, 2019.

(e) Equity instruments of local companies are recorded at fair value. These securities are classified at **Level 3.** They are designated at fair value through profit or loss.

The fluctuation of the investment as at September 30, 2019 is mainly due to the effect of foreign exchange.

In 2018, the value of these equity instruments was determined based on recent transactions made by these companies. Since it has not been possible to determine the effects of the fair value on prior years, the related adjustment has been recorded as an adjustment to opening retained earnings, net of deferred income taxes as follows:

(In thousands of gourdes)		Balance	Deferred income taxes (note 18b)	Adjustment of fair value, net
Balance at the beginning of the year	G	40,230	-	-
Adjustment of fair value		69,474	(20,842)	48,632
Share dividends		1,954	-	-
Balance at end of year	**G**	**111,658**	**(20,842)**	**48,632**

(Continued)

(8) INVESTMENTS IN AFFILIATED COMPANIES

As of September 30, investments in affiliates presented on an equity basis are as follows:

(In thousands of gourdes)		2019	2018
HAÏTI AGRO PROCESSORS HOLDING LTD.			
33.33% de Haïti Agro Processors Holding Ltd., majority shareholder of LMH (through SNI Minoterie L.P.)	G	291,667	291,667
Share of retained earnings to date		397,019	347,971
	G	688,686	639,638
CORAIL S.A.			
Capital investment representing 15.80% of capital	G	9,908	9,908
Share of retained earnings and reserves to date		4,786	9,440
	G	14,694	19,348
Total investments in affiliated companies	G	703,380	658,986

The interest in these companies as well as the interest in IMSA, a company consolidated in these consolidated financial statements, will be distributed to shareholders on the effective date of October 1, 2019, as described in **note 2 (a)** based on a resolution of the General Assembly of March 27, 2018.

The net assets and results of these entities are as follows:

(In thousands of gourdes)		2019	2018
HAÏTI AGRO PROCESSORS HOLDING LTD.			
Total assets – Les Moulins d'Haïti S.E.M. (LMH)	G	3,248,826	3,520,056
Total liabilities – Les Moulins d'Haïti S.E.M. (LMH)		297,315	778,748
Net income for the year	G	610,204	422,653
CORAIL S.A.			
Total assets	G	195,820	179,414
Total liabilities		102,820	56,962
Net (loss) income for the year	G	(29,453)	20,156

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

(8) INVESTMENTS IN AFFILIATED COMPANIES (CONTINUED)

Shares of income of non-consolidated affiliated companies are presented on an equity basis in the consolidated statement of income and are allocated as follows:

(In thousand of gourdes)		2019	2018
Haiti Agro Processors Holding Ltd. **(1)**	G	**142,381**	98,619
Corail S.A. **(note 24)**		**(4,654)**	(3,081)
	G	**137,727**	95,538

(1) The share of income from Haiti Agro Processors Holding Ltd. is earned through SNI Minoterie L.P., in which UNIBANK S.A. holds through GFN S.A. an interest of 61.10% as described in **note 23.**

(9) LOANS, NET

As of September 30, loans are as follows:

(In thousands of gourdes)		2019	2018
Commercial and industrial loans	G	**23,269,915**	16,409,726
Mortgage loans		**5,295,526**	5,503,272
Overdrafts		**5,130,716**	4,232,658
Micro-enterprise loans		**3,358,398**	2,757,869
Consumer loans		**2,218,695**	2,723,028
Credit card loans		**1,429,183**	1,064,482
Mortgage loans – ''logement 5 Étoiles'' **(a)**		**1,012,136**	979,127
Loans to employees		**397,115**	326,967
Restructured loans **(b)**		**768,948**	310,767
		42,880,632	34,307,896
Non-performing loans		**425,722**	144,926
Total loans	G	**43,306,354**	34,452,822
Interest receivable		**220,543**	115,831
TOTAL LOANS AND INTEREST RECEIVABLE		**43,526,897**	34,568,653
Provision for expected credit losses		**(1,214,424)**	(377,472)
TOTAL LOANS, NET	G	**42,312,473**	34,191,181

(Continued)

(9) LOANS, NET (CONTINUED)

(a) An agreement was signed on December 11, 2014 between the Central Bank of Haiti and local banks to promote the residential housing sector through a program (Logement 5 étoiles). Based on this agreement, mortgage loans are extended in gourdes to middle class borrowers sensibly impacted by the earthquake of January 12, 2010. Interest rate on these loans is limited within a cap of 10% per annum and is fixed for the first 10 years. Beyond this period, variable interest rates will apply. The loans have a maximum maturity of 30 years.

Drawings from regulatory reserve funds to finance loans in the context of this program, would be honored by the Central Bank if needed for up to 30 years at an interest rate between 1% and 3%.

The Central Bank's advances to UNIBANK related to this program totals G 1,665,917M and G 1,114,985M at September 30, 2019 and 2018, respectively and bear interest at a rate of 3% for 10 years **(note 16a).**

The resources in local currency used to finance this program are exempt from regulatory reserves.

In addition, based on this agreement and over the duration of the program, the sectorial exposure limit of 25% required by the prudential norms on credit concentration has been increased to 50%.

Credit and counterpart risks are borne by the lender Bank.

(b) As of September 30, 2019 and 2018, restructured loans were current, and compliant with the new terms.

As of September 30, loans in US dollars and in gourdes are as follows:

(In thousands of gourdes)		2019	2018
Loans in US dollars	G	**26,697,287**	19,081,488
Loans in gourdes		**16,609,067**	15,371,334
	G	**43,306,354**	34,452,822

(Continued)

(9) LOANS, NET (CONTINUED)

Average effective interest rates on loans are as follows:

	2019	2018
In US dollars:		
Commercial and industrial loans, and overdrafts	**10.33%**	9.85%
Mortgage loans	**8.58%**	8.33%
Credit card loans	**8.47%**	9.43%
Loans to employees	**-**	7.55%
In gourdes:		
Commercial and industrial loans, and overdrafts	**16.35%**	12.18%
Mortgage loans	**12.83%**	12.47%
Credit card loans	**29.50%**	27.00%
Micro-enterprise loans	**37.59%**	38.20%
Restructured loans	**13.63%**	23.60%
Loans to employees	**5.84%**	5.89%

Except for short-term advances, included in commercial and industrial loans, totaling G 765,134 M and G 672,598M as of September 30, 2019 and 2018 with a maximum maturity of twelve months, and except for mortgage loans issued for an average period of 15 years, loans are repayable on demand.

Loans to Board members and their related companies amount to G 954,668M and G 1,019,748M as of September 30, 2019 and 2018, respectively. These loans bear average interest rates of approximately 19.40% and 12.59% for loans in gourdes, and of 6.25% and 6.85% for loans in US dollars, in 2019 and 2018, respectively.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

(9) LOANS, NET (CONTINUED)

As of September 30, the loan portfolio by aging categories is as follows:

September 30, 2019

(In thousands of gourdes)		Current	30-60 days	61-89 days	Total
Current loans					
Commercial and industrial loans	G	23,020,162	136,682	113,071	**23,269,915**
Micro-enterprise loans		3,220,673	103,268	34,457	**3,358,398**
Credit card loans		1,324,492	64,455	40,236	**1,429,183**
Overdraft		5,118,606	1,791	10,319	**5,130,716**
Other loans		9,308,685	195,698	188,037	**9,692,420**
	G	41,992,618	501,894	386,120	**42,880,632**

(In thousands of gourdes)		90-180 days	181-360 days	More than 360 days	Total
Non-performing loans					
Commercial and industrial loans	G	126,107	15,929	-	**142,036**
Micro-enterprise loan		26,473	85,803	-	**112,276**
Credit card loans		17,400	10,542	4,125	**32,067**
Overdraft		27,983	5,127	239	**33,349**
Other loans		63,518	19,777	22,699	**105,994**
	G	261,481	137,178	27,063	**425,722**

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

(9) LOANS, NET (CONTINUED)

September 30, 2018

(In thousands of gourdes)		Current	30-60 days	61-89 days	Total
Current loans					
Commercial and industrial loans	G	16,390,302	7,388	12,036	**16,409,726**
Micro-enterprise loan		2,705,511	28,332	24,026	**2,757,869**
Credit card loans		893,145	152,109	19,228	**1,064,482**
Overdrafts		4,232,219	355	84	**4,232,658**
Other loans		9,482,919	132,150	228,092	**9,843,161**
	G	33,704,096	320,334	283,466	**34,307,896**

(In thousands of gourdes)		90-180 days	181-360 days	More than 360 days	Total
Non-performing loans					
Commercial and industrial loans	G	-	-	515	**515**
Micro-enterprise loan		67,045	-	-	**67,045**
Credit card loans		45,995	-	-	**45,995**
Overdrafts		-	-	180	**180**
Other loans		5,641	10,085	15,465	**31,191**
	G	118,681	10,085	16,160	**144,926**

(Continued)

(9) LOANS, NET (CONTINUED)

As of September 30, these loans were covered by the followings guarantees:

September 30, 2019

(In thousands of gourdes)		Mortgages	Cash collateral (note 15)	Others (a)
Current loans	G	15,992,791	2,817,334	8,169,187
Non-performing loans		249,678	-	-
	G	**16,242,469**	**2,817,334**	**8,169,187**

September 30, 2018

(In thousands of gourdes)		Mortgages	Cash collateral (note 15)	Others (a)
Current loans	G	12,118,936	2,455,269	5,056,429
Non-performing loans		50,991	-	-
	G	**12,169,927**	**2,455,269**	**5,056,429**

(a) Other guarantees consist of foreign and local letters of guarantee, Treasury bonds and pledged shares.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

(9) LOANS, NET (CONTINUED)

The provision for expected credit losses on loans for **the total portfolio** has evolved as follows:

(In thousands of gourdes)		Total 2019	Total 2018
Balance before the impact of implementation of IFRS 9	G	**377,472**	286,302
Impact of implementation of IFRS 9 **(note 21)**		**489,733**	-
Adjusted balance at the beginning of the year		**867,205**	286,302
Provision for credit losses for the year **(note 21)**		**514,883**	-
Impairment loss		-	250,165
Foreign exchange effect		**105,014**	25,854
Write offs **(i)**		**(272,678)**	(264,964)
Recoveries		-	80,115
Balance at end of year	G	**1,214,424**	**377,472**

The fluctuations of the allowance for expected credit losses by phase during the year are as follows:

(In thousands of gourdes)		Current loans Phase 1	Impaired loans Phase 2	Loans in default Phase 3	TOTAL
Balance as of September 30, 2018 (adjusted)	G	**335,974**	**10,299**	**520,932**	**867,205**
Fluctuations of the year		66,575	12,647	267,997	347,219
Balance as of september 30, 2019	G	**402,549**	**22,946**	**788,929**	**1,214,424**

As of September 30, 2019 and 2018, the provision for expected credit losses as per the requirements of the Central Bank (Circular 87) amounts to G 775,051M et G 567,657M respectively. This provision is covered as follows:

(In thousands of gourdes)		2019	2018
Provision for expected credit losses	G	1,214,424	377,472
Impact of implementation of IFRS 9 **(note 21)**		-	489,733
Total allowance	G	1,214,424	867,205

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

(9) LOANS, NET (CONTINUED)

By portfolio type, the allowance for expected credit losses has evolved as follows:

a) The provision for expected credit losses for the **Micro finance** portfolio has evolved as follows:

(In thousands of gourdes)		Total 2019	Total 2018
Balance before the impact of implementation of IFRS 9	G	**112,869**	72,494
Impact of implementation of IFRS 9		**35,516**	-
Adjusted balance at the beginning of the year		**148,385**	72,494
Provision for credit losses for the year		**333,816**	-
Impairment loss		-	168,153
Foreign exchange effect		-	-
Write-offs **(i)**		**(222,208)**	(200,950)
Recoveries		-	73,172
Balance at end of year	**G**	**259,993**	**112,869**

The fluctuations of the provision for expected credit losses by phase during the year are as follows:

(In thousands of gourdes)	Current loans Phase 1	Impaired loans Phase 2	Loans in default Phase 3	TOTAL
Balance at September 30, 2018 (adjusted)	**G 51,285**	**-**	**97,100**	**148,385**
Fluctuations of the year	14,187	-	97,421	111,608
Balance as of September 30, 2019	**G 65,472**	**-**	**194,521**	**259,993**

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

(9) LOANS, NET (CONTINUED)

b) The provision for expected credit losses for **credit card loans** has evolved as follows:

(In thousands of gourdes)		Total 2019	Total 2018
Balance before the impact of implementation of IFRS 9	G	**51,220**	51,938
Impact of implementation of IFRS 9		**11,801**	-
Adjusted balance at the beginning of the year		**63,021**	51,938
Provision for credit losses for the year		**18,594**	-
Impairment provision		-	39,000
Foreign exchange effect		**14,353**	5,906
Write-offs **(i)**		**(43,854)**	(48,432)
Recoveries		-	2,808
Balance at end of year	**G**	**52,114**	**51,220**

The fluctuations of the provision for expected credit losses by phase during the year are as follows:

(In thousands of gourdes)	Current loans Phase 1	Impaired loans Phase 2	Loans in default Phase 3	TOTAL
Balance as of September 30, 2018	**G 11,164**	**2,282**	**49,575**	**63,021**
Fluctuations of the year	2,404	2,270	(15,581)	(10,907)
Balance as of September 30, 2019	**G 13,568**	**4,552**	**33,994**	**52,114**

(Continued)

(9) LOANS, NET (CONTINUED)

c) The provision for expected credit losses for **other loan categories** has evolved as follows:

(In thousands of gourdes)		Total 2019	Total 2018
Balance before the impact of implementation of IFRS 9	G	**213,383**	161,870
Impact of implementation of IFRS 9		**442,416**	-
Balance as of September 30, 2018		**655,799**	161,870
Provision for credit losses for the year		**162,473**	-
Impairment provision		-	43,012
Foreign exchange effect		**90,661**	19,948
Write-offs **(i)**		**(6,616)**	(15,582)
Recoveries		-	4,135
Balance at end of year	**G**	**902,317**	**213,383**

The fluctuations of the provision for expected credit losses by phase during the year are as follows:

		Current loans	Impaired loans	Loans in default	TOTAL
(In thousands of gourdes)		**Phase 1**	**Phase 2**	**Phase 3**	
Balance as of September 30, 2018 (adjusted)	**G**	**273,525**	**8,017**	**374,257**	**655,799**
Fluctuations of the year		49,984	10,377	186,157	246,518
Balance as of Septembre 30, 2019	**G**	**323,509**	**18,394**	**560,414**	**902,317**

(i) Write-offs by categories during the years 2019 and 2018 are as follows :

(In thousands of gourdes)		**2019**	**2018**
Micro-entreprises	G	**222,208**	200,950
Credit cards		**43,854**	48,432
Mortgage loans		**-**	7,840
Consumer loans		**6,101**	4,565
Overdrafts		**-**	1,970
Commercial loans		**515**	1,207
	G	**272,678**	264,964

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

(10) FIXED ASSETS

During the year, fixed assets at cost have evolved as follows:

Cost

(In thousands of gourdes)		Balance 30/09/18	Acquisitions	Transfers, net	Disposals	Translation adjustment	Balance 30/09/19
Lands	G	488,715	25	-	-	1,602	**490,342**
Buildings		845,612	303	74,205	-	14,425	**934,545**
Bank equipment and furniture		818,595	125,400	(34,784)	(6,299)	1,079	**903,991**
Computer equipment		174,929	22,384	(75,402)	(538)	2,823	**124,196**
Leasehold improvements		412,465	68,431	11,137	(2,177)	347	**490,203**
Vehicles		478,530	213,438	(62,167)	(15,621)	1,805	**615,985**
Investments in progress		293,466	299,619	(183,839)	(54,297)	6,256	**361,205**
Fully depreciated assets		1,842,262	-	270,850	(69,400)	13,224	**2,056,936**
	G	5,354,574	729,600	-	(148,332)	41,561	**5,977,403**

During the year, accumulated depreciation has evolved as follows:

Accumulated depreciation

(In thousands of gourdes)		Balance 30/09/18	Depreciation	Transfers	Disposals	Translation adjustment	Balance 30/09/19
Buildings	G	140,700	32,458	-	-	4,846	**178,004**
Bank equipment and furniture		321,794	135,458	(77,468)	(1,740)	389	**378,433**
Computer equipment		95,373	57,501	(81,034)	(424)	1,279	**72,695**
Leasehold improvements		171,859	81,087	(46,817)	(1,088)	58	**205,099**
Vehicles		210,995	139,473	(65,475)	(8,184)	1,093	**277,902**
Fully depreciated assets		1,842,262	-	270,794	(69,344)	13,224	**2,056,936**
	G	2,782,983	445,977	-	(80,780)	20,889	**3,169,069**
Net fixed assets	G	2,571,591			(67,552)	20,672	**2,808,334**

During the year ended September 30, 2019, the Group wrote off approximately G 35,173M representing the carrying amount of software and other fixed assets with reference to the discontinued operations, as described in **note 25**.

(Continued)

(11) NON-CURRENT ASSET HELD FOR SALE

The non-current assets disposed of include the foreign real estate segment and the network of agents of Unitransfer in North America and are as follows:

(a) Transfer of foreign real estate segment. On September 23, 2019, le Groupe ceded its foreign real estate segment held by the real estate entities: International Sunrise Partners LLC (ISP). GFN Restaurant II LLC et GFN Real Estate LLC. These companies held an interest of 60% in a real estate condominium complex in Florida. Following a disposal plan initiated in 2018, the foreign real estate segment, classified as **Non-Current Asset and Liability Held for Sale** as of September 30, 2018 was disposed of.

Non-current asset held for sale

In the 2018 consolidated balance sheet, the financial assets and liabilities available-for-sale include the consolidated assets and liabilities of foreign real estate companies: International Sunrise Partners LLC; GFN Real Estate LLC and GFN Restaurant II LLC, as follows:

(In thousands of gourdes)		2019	2018
Assets			
Cash and due from banks	G	-	115,034
Assets held for sale **(i)**		-	838,394
Other assets		-	39,788
Total non-current asset held for sale		-	993,216
Liabilities			
Income taxes payable		-	18,192
Guarantee deposits		-	9,712
Accrued expenses		-	4,008
Others		-	8,760
Total non-current liability held for sale	G	-	40,672

In the consolidated balance sheet, the asset and liability have a balance of G 4,799M and G 9,376M included respectively in “Other assets” and “Other liabilities” as of September 30, 2019.

(Continued)

(11) NON-CURRENT ASSET HELD FOR SALE (CONTINUED)

The results of operation and sale of the disposal groups are as follows :

		2019		
		Dollars US		Equivalent in thousands of Gourdes
REAL ESTATE SEGMENT				
Consideration received; net of fees paid	**US$**	**9,320,653**	G	869,768
Net book value ceded		**(11,980,927)**		(1,118,015)
Loss on disposal		**(2,660,274)**		(248,247)
Write-off of liabilities		**90,752**		8,469
Net loss on disposal		**(2,569,522)**		(239,778)
Rental revenue		**157,747**		14,720
Other general and administrative expenses		**(385,872)**		(36,008)
		(228,125)		(21,288)
Net result	**US$**	**(2,797,647)**	G	(261,066)

(i) The investment property held for sale in the United States of America has evolved as follows:

(In thousands of gourdes)		**2019**	**2018**
Balance at beginning of the year	**G**	**838,394**	758,701
Foreign exchange effect		**279,621**	88,195
Sales of units		**-**	(8,502)
Net value sold		**(1,118,015)**	-
Balance at end of year	**G**	**-**	838,394

A provision has been recorded for the tax credit resulting from the loss carry-forward from the foreign real estate segment **(note 25)**, because Management does not have reasonable assurance at this time that the tax credit will be realized before it expires.

b) Transfer of the networks of agents of Unitransfer USA and Unitransfer Canada.

On June 7, 2019, Unitransfer USA (UT USA) and Unitransfer Canada (UT Canada) entered into an agent referral agreement with RIA for the transfer of the network of agents of Canada and the United-States over an activation period of 6 months starting from July 1st, 2019 for the United States and from August, 1st, 2019 for Canada, subject an extension period.

(Continued)

(11) NON-CURRENT ASSET HELD FOR SALE (CONTINUED)

Based on this agreement, the Company will receive an amount not to exceed US 1.5 million for Unitransfer USA et US$ 900,000 for Unitransfer Canada, which ultimate consideration will be calculated based on the maximum amount for each territory multiplied by the quotient of the total dollar volume processed by the converted or shared agents under this agreement divided by the total dollar volume processed by all of Unitransfer's agents, each based on the volume processed during the 6-month period from June 1, 2018 through November 30, 2018. If some criteria are met, the compensation may not be less than US$ 500,000 for UT-USA and US$ 400,000 for UT-Canada. For the 5 years following the agreement, Unitransfer will be paid a share of commissions from transactions generated by the agents transferred.

For the year ended September 30, 2019, the subsidiaries recognized revenue in the context of this transfer of US$ 500,000 and US$ 151,000.

By this agreement, the Group ceases its operations of collection and payments of transfers in North America.

Net revenue from this discontinued operation (Unitransfer) for the year ended September 30, 2019 is as follows:

(In thousands of gourdes)		**2019**
Revenue – Transfer of operations to RIA	G	55,411
Commissions from transfer and related services		783,929
Cost of services – Commissions		(485,534)
Gross revenue from operations		298,395
Other disposal related expenses:		
Write-off of software		(35,173)
Write-off of goodwill **(note 13)**		(46,798)
		(81,971)
Revenue generated by the discontinued operations		271,835
Income taxes – Discontinued operation		(34,086)
Total net income from discontinued operations	G	237,749

The operations of the company and its disposal in 2019 generated results of (G 23,317M) and G 4,224M for the years 2019 et 2018 respectively **(note 25).**

(Continued)

(12) PROPERTIES HELD FOR SALE

Properties held for sale have evolved as follows:

(In thousands of gourdes)		2019	2018
Balance at the beginning of the year	G	205,454	231,581
Sales during the year		(9,805)	(16,672)
Write-offs		(62,312)	(13,416)
Adjudications of the year		-	3,961
Balance at the end of the year	G	133,337	205,454

The sale of properties resulted in a gain of G4,500M and G 1,469M in 2019 and 2018, respectively.

On December 3, 2013, the Central Bank of Haiti issued an interpretative note on the requirement of article 189 of the Banking Law of July 20 2012 on the establishment of an impairment provision of 20% on adjudicated properties or properties received on debt settlement. Based on the requirement of the Law, this reserve is established starting from the end of the second year following repossession. UNIBANK applied the required reserve starting on December 2015. It is reflected under the line item ''Valuation reserve – properties held for sale'' in the shareholders equity. As of September 30, 2019, and 2018, properties held for sale are covered by a reserve of G 76,823M and G 66,202M respectively. This reserve is not subject to distribution.

(13) GOODWILL AND OTHER INTANGIBLE ASSETS

As of September 30, goodwill and other intangible assets are as follows:

(In thousands of gourdes)		2019	2018
Goodwill **(a)**	G	123,614	165,265
Other intangible assets **(b)**		32,169	37,775
	G	155,783	203,040

(Continued)

(13) GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

(a) As of September 30, net goodwill is as follows:

(In thousands of gourdes)		2019	2018
Goodwill at cost			
SCOTIA BANK HAITI	G	**96,885**	96,885
UNITRANSFER INTERNATIONAL **(i)**		**-**	24,765
Translation effect – UNITRANSFER INTERNATIONAL		**-**	16,886
		-	41,651
IMSA		**11,332**	11,332
MICRO CREDIT NATIONAL		**9,950**	9,950
UNICREDIT		**3,663**	3,663
SNI S.A.		**1,784**	1,784
		26,729	26,729
Total-goodwill	G	**123,614**	165,265

(i) As of September 30, 2019, following the disposal of the network of transfer agents, the goodwill related to Unitransfer International was written off for an amount of G 46,798M **(note 25)** including foreign exchange conversion effect of 2019 for G 5,147M.

(b) Other intangible assets evolved as follows during the year:

Cost

(In thousands of gourdes)		Balance 30/09/18	Acquisitions	Transfers	Translation adjustment	Balance 30/09/19
Software	G	63,683	27,946	(29,517)	2,150	**64,262**
Fully amortized assets		79,255	-	29,517	-	**108,772**
	G	142,938	27,946	-	2,150	**173,034**

Accumulated amortization

(In thousands of gourdes)		Balance 30/09/18	Amortization	Transfers	Translation adjustment	Balance 30/09/19
Software	G	25,908	33,680	(29,517)	2,022	**32,093**
Fully amortized assets		79,255	-	29,517	-	**108,772**
		105,163	33,680	-	2,022	**140,865**
Intangible assets, net	G	**37,775**				**32,169**

(14) OTHER ASSETS, NET

As of September 30, other net assets were as follows:

(In thousands of gourdes)		2019	2018
Prepaid expenses	G	991,282	843,363
Prepaid income taxes and other taxes		781,691	1,748,586
Receivable – transfer agents, net		722,125	589,593
Premium receivable – UniAssurances S.A., net		249,795	105,652
Advances – suppliers and others		44,946	52,758
Accounts receivable – affiliated companies, net **(note 29)**		44,197	9,414
Inventories – Unitransfer Haïti		36,076	13,432
Deferred income tax assets **(note 18 (b))**		24,286	21,605
Advances to executives and managers **(a)**		1,332	2,665
Others		236,957	175,295
		3,132,687	3,562,363
Provision for expected credit losses **(b)**		(52,045)	(39,320)
Other assets, net	G	3,080,642	3,523,043

(a) Advances to executives and managers do not bear interest and are contractually amortized over a period of five years.

(b) The provision for expected credit losses on other assets has evolved as follows:

		Phase I	
(In thousands of gourdes)		**2019**	**2018**
Balance before impact of implementation of IFRS 9	G	39,320	42,575
Impact of implementation of IFRS 9 **(note 21)**		7,956	-
Adjusted balance		47,276	42,575
Provision for credit losses **(note 22)**		19,670	-
Impairment for the year		-	11,949
Write-offs		(27,339)	(20,116)
Foreign exchange effect		12,438	4,912
Balance at September 30, 2019	G	52,045	39,320

(Continued)

(15) DEPOSITS

As of September 30, deposits are as follows:

(In thousands of gourdes)		2019	2018
Demand deposits:			
Gourdes	G	9,826,417	12,883,400
US Dollars		36,034,134	25,625,084
Euros		274,718	190,977
	G	46,135,269	38,699,461
Savings accounts:			
Gourdes	G	13,903,834	12,478,103
US Dollars		29,359,717	21,786,897
		43,263,551	34,265,000
Term deposits:			
Gourdes		6,181,357	5,890,998
US Dollars		10,123,395	9,012,595
	G	16,304,752	14,903,593
Total deposits	G	105,703,572	87,868,054
Deposits in gourdes	G	29,911,608	31,252,501
Deposits in US dollars		75,517,246	56,424,576
Deposits in Euros		274,718	190,977
Total deposits	G	105,703,572	87,868,054

Average interest rates on deposits are as follows:

	2019	2018
Demand deposits (overnight deposits):		
Gourdes	0.15%	-
US Dollars	-	0.15%
Demand deposits (savings-checking accounts):		
Gourdes	0.03%	0.04%
US Dollars	0.02%	0.02%
Savings accounts:		
Gourdes	0.05%	0.05%
US Dollars	0.02%	0.02%
Term deposits:		
Gourdes	6.94%	4.05%
US Dollars	0.26%	0.08%

(Continued)

(15) DEPOSITS (CONTINUED)

Pledged deposits amounted to G 2,817,334M and G 2,455,269M as of September 30, 2019 and 2018, respectively (**note 9**).

Deposits from Board members and their affiliated companies amounted to G 2,789,878M and G 2,451,481M as of September 30, 2019 and 2018, respectively. These deposits were received in the normal course of business and bear interest at the Bank's normal interest rates.

(16) BORROWED FUNDS

Borrowed funds are as follows:

(In thousands of gourdes)		**2019**	**2018**
Advances from the Central Bank (BRH) **(a)**	**G**	**1,690,584**	2,124,281
Short-term loans – local bank **(b)**		**1,000,000**	-
Loan from the Government of the Federal Republic of Germany **(c)**		**-**	38,561
	G	**2,690,584**	2,162,842

(a) Advances from the Central Bank of Haiti are as follows:

(In thousands of gourdes)		**2019**	**2018**
Advances BRH – logement 5 Étoiles **(i)**	**G**	**1,665,917**	1,114,985
Advances BRH– PSUGO **(ii)**		**24,667**	75,000
Forex forward contract in US dollars (**iii**)		**-**	934,296
	G	**1,690,584**	2,124,281

i) Under the terms of an agreement to promote mortgage loans signed between UNIBANK and the Central Bank of Haiti on December 11, 2014 for a period on 10 years, the Bank received advances totaling G 600,515M and 139,937M respectively in 2019 and 2018. Based on this agreement, the Central Bank is committed to advance funds to the Bank at a fixed annual rate ranging from 1% to 3% payable semi-annually. The principal is repayable monthly over a maximum period of 30 years. The funds in gourdes used to extend credit to the Bank's customers within this program are exempt from legal reserve requirements.

(Continued)

(16) BORROWED FUNDS (CONTINUED)

ii) On March 4, 2015, Banque de la République d'Haïti (BRH) extended a loan of G 250 million to UNIBANK. The loan is collaterized by the bonds of the Haitian Treasury **(note 7d i).** The BRH loan bears terms identical to those of the Treasury bonds reimbursable over 60 months with interest rate of 6%.

iii) On September 7, 2018, UNIBANK entered into a foreign exchange contract with BRH for G 1,038,107M equivalent to US$ 15MM at an annual rate of 3.50%. The contract expires on March 7, 2019. As of September 30, 2018, the balance is G 934,296M (equivalent to US$ 13.5 million).

(b) The short-term loans consist of funds borrowed from a local bank on September 23, 2019, bearing annual interest of 16.0% and 24.0%, which were reimbursed on October 21 and December 23, 2019.

(c) By agreement dated August 19, 2004, Micro Crédit National received from the Government of the Federal Republic of Germany, through the Government of the Republic of Haiti, a loan for € 1,765,930, equivalent to G 88,658M on the date of disbursement.

The loan denominated in local currency bears interest at a variable rate of 0.30% as of September 30, 2018, and is reimbursable in 30 equal semi-annual installments beginning in May 2010. Semi-annual interest is paid beginning in May 2005. The loan was reimbursed in 2019.

(17) NON-CURRENT LIABILITY HELD FOR SALE

Non-current liability held for sale consists of the foreign real estate segment classified as discontinued operations at September 30, 2018, based on a plan to dispose of the foreign real estate segment. This liability is described in **note 11**.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

(18) OTHER LIABILITIES

As of September 30, other liabilities are as follows:

(In thousands of gourdes)		2019	2018
Contributions to the defined contribution pension plan **(note 26)**	G	**3,733,236**	2,522,975
Restricted funds deposits		**1,416,344**	309,137
Cashier's checks		**1,196,265**	912,867
Unearned premiums – UniAssurances S.A.		**759,395**	620,767
Remittances payable		**638,818**	335,001
Other allowances		**631,976**	296,974
Accrued expenses		**301,769**	145,152
Bonus payable		**295,909**	223,212
Transfers payable– Unitransfer International		**260,113**	188,254
Dividends payable		**165,907**	195,538
Interests payable		**159,125**	90,006
Provision for expected credit losses on letters of credit **(a)**		**140,007**	-
Income taxes payable		**32,855**	242
Deferred income taxes **(b)**		**25,238**	25,238
Deferred revenue on Haitian Treasury bonds		**1,743**	4,221
Others		**434,723**	417,975
	G	**10,193,423**	6,287,559

(a) The provision for expected credit losses on letters of credit has evolved as follows :

(In thousands of gourdes)		Phase 1
Balance at September 30, 2018	G	-
Impact of implementation of IFRS 9 **(note 21)**		115,733
Foreign exchange effect		38,599
Provision for credit losses for the year **(note 22)**		(14,325)
Balance as of September 30, 2019	G	**140,007**

(Continued)

(18) OTHER LIABILITIES (CONTINUED)

(b) Deferred income taxes are related to the following:

(In thousands of gourdes)		2019	2018
Reevaluation of land	G	4,396	4,396
Fair value on equity investments **(note 7e)**		20,842	20,842
	G	25,238	25,238

The deferred income taxes related to the share of income of non-consolidated affiliates have evolved as follows:

(In thousands of gourdes)		2019	2018
Balance at the beginning of the year	G	(21,605)	(9,092)
Deferred income taxes related to unconsolidated share of income **(note 24)**		15,986	10,820
Taxes paid on dividends received from LMH		(18,667)	(23,333)
Deferred tax asset **(note 14)**	G	(24,286)	(21,605)

Deferred income taxes asset from shares of income of subsidiaries are reflected as asset and will be deducted from deferred income taxes liability in future years.

(19) SUBORDINATED DEBT

At September 30, the subordinated debt is as follows:

(In thousands of gourdes)		2019	2018
Fondation Unibank **(note 29)**	G	253,570	175,153
Subordinated debt - others		1,309,196	996,759
	G	1,562,766	1,171,912

The subordinated debt is denominated in US dollars and is issued for a period of 10 years from 2016. The subordinated debt bears an average interest rate of 4.58%. Unifinance S.A. acts as broker for the issuance of the subordinated debt and manages the debt service, and is paid by UNIBANK S.A. a fee of 0.25% of the amount issued.

(Continued)

(20) PAID-IN CAPITAL

As voted in an Extraordinary General Assembly on August 11, 2017 and effective on September 30, 2017, the authorized share capital of the Bank was increased to seven billion gourdes (G 7,000,000,000), representing 560,000 shares with a par value of G 12,500 each. The par value of each share was increased by G 6,250 by integration of the legal reserve and part of retained earnings as authorized by the Central Bank.

As of September 30, the authorized and paid-in capital is as follows:

(In thousands of gourdes)		2019	2018
AUTHORIZED CAPITAL			
140,000 shares of **class A** with a par value of G 12,500 Each **class A** share has one voting right	G	**1,750,000**	1,750,000
420,000 shares of **class B** with a par value of G 12,500 Each **class B** share has five voting rights		**5,250,000**	5,250,000
	G	**7,000,000**	7,000,000
UNPAID CAPITAL			
10,599 shares of **class A**	G	**(132,488)**	(132,488)
31,797 shares of **class B**		**(397,462)**	(397,462)
	G	**(529,950)**	(529,950)
PAID-IN CAPITAL			
129,401 shares of **class A**	G	**1,617,512**	1,617,512
388,203 shares of **class B**		**4,852,538**	4,852,538
	G	**6,470,050**	6,470,050
TREASURY STOCK			
710 and 615 shares of **class A in 2019 and 2018**	G	**(8,875)**	(7,687)
4,518 and 2,436 shares of **class B in 2019 and 2018**		**(56,475)**	(30,450)
	G	**(65,350)**	(38,137)
SHARE CAPITAL, NET	G	**6,404,700**	6,431,913

As of September 30, 2019 and 2018, respectively, the paid-in capital includes 5,727 shares acquired by employees of the Bank. These shares bear voting rights in accordance with the by-laws of the Bank and their holders receive regularly declared dividends. According to a contract between the Bank and the employees, some restrictions on transfer of such shares shall apply for a period of five to ten years from the date of acquisition.

(Continued)

(21) IMPACT OF IMPLEMENTATION OF IFRS 9

The impact of implementation of the requirements of IFRS 9 related to depreciation of financial instruments is as follows:

(In thousands of gourdes)		Impairment provision IAS 39 as previously reflected at September 30, 2018	Adjustment for implementation of IFRS 9	Provision for expected credit losses per IFRS 9 at September 30, 2018
Balance sheet				
Term deposits with banks, net **(note 6)**	G	-	919	919
Loans **(note 9)**		377,472	489,733	867,205
Other assets **(note 14)**		39,320	7,956	47,276
Credit commitments – other liabilities **(note 18)**		-	115,733	115,733
TOTAL BALANCE SHEET	**G**	**416,792**	**614,341**	**1,031,133**

The reversal of general reserve for impairment is as follows :

(In thousands of gourdes)		Balance at September 30, 2018 before reversal	Reversal	Balance as of September 30, 2018
Impact on the general reserve for impairment	**G**	**401,061**	**401,061**	**-**

Note : The effect of income taxes on the adjustments resulting from adoption of IFRS 9 has not been considered.

(22) PROVISION FOR EXPECTED CREDIT LOSSES

The provision for expected credit losses by balance sheet category and by type of off balance sheet commitments is as follows :

(In thousands of gourdes)		2019	2018
Deposits with banks, net **(note 6)**	G	(376)	-
Loans **(note 9)**		514,883	250,165
Recovery on loans written-off		(92,620)	-
Loans, net		422,263	250,165
Other assets **(note 14 (b))**		19,670	11,949
Credit commitments – Other liabilities **(note 18)**		(14,325)	-
TOTAL BALANCE SHEET	G	427,232	262,114

(Continued)

(23) SUBSIDIARIES AND NON-CONTROLLING INTEREST IN SUBSIDIAIRIES

UNIBANK S.A. is the parent company of the Group. Its shareholdings in its subsidiaries grouped by sector of activities are as follows:

(In thousands of gourdes)	2019	2018
BANKING ACTIVITIES AND SERVICES		
MICRO CRÉDIT NATIONAL S.A. (Micro-finance institution)	**100%**	100%
UNICARTE S.A. (Credit card company)	**100%**	100%
UNICRÉDIT S.A. (Consumer finance company)	**100%**	100%
UNIFINANCE S.A. (Merchant/investment banking services)	**100%**	100%
UNITRANSFER S.A. (HAITI) (Money remittance company)	**100%**	100%
UNITRANSFER INTERNATIONAL LTD. (Money remittance company)	**100%**	100%
INSURANCE SERVICES		
UNIASSURANCES S.A. (Insurance company)	**100%**	100%
NON-BANKING INVESTMENTS		
A- INVESTMENT COMPANIES		
GROUPE FINANCIER NATIONAL S.A. (Group management and non banking investments)	**100%**	100%
GFN INTERNATIONAL ASSETS LTD. (Non-real estate asset management company)	**100%**	100%
SOCIÉTÉ NATIONALE D'INVESTISSEMENT S.A. (SNI) (Investment company)	**100%**	100%
CAPITAL CONSULT S.A. (Consulting services)	**100%**	100%
SNI MINOTERIE L.P. (a) (Investment company) Holding through GFN S.A.	**61.10%**	61.10%
B- REAL ESTATE COMPANIES		
IMMOBILIER S.A. (IMSA) (Real Estate Promotion Company)	**100%**	100%
CENTRALE IMMOBILIÈRE S.A. (CISA) (Real estate management services)	**100%**	100%
GFN AMERICAN HOLDINGS LLC (Previously **GFN Real Estate Ltd.** (Real estate company) :		
INTERNATIONAL SUNRISE PARTNERS LLC (Real estate company)	**100%**	100%
GFN REAL ESTATE LLC (Real estate company)	**100%**	100%
GFN RESTAURANT II LLC (Real estate company)	**100%**	100%
UNICOM USA, LLC	**100%**	100%
ARAGON HOLDINGS, INC.	**100%**	100%

(a) SNI Minoterie's main activity is its investment of 23.30% in Les Moulins d'Haïti S.E.M.

UNIBANK S.A.
Notes to Consolidated Financial Statements

(23) SUBSIDIARIES AND NON-CONTROLLING INTEREST IN SUBSIDIARIES (CONTINUED)

The results and net assets of these subsidiaries are as follows:

(In thousands of gourdes)		2019	2018
MICRO-CRÉDIT NATIONAL S.A.			
Total assets	G	3,700,503	3,998,829
Total liabilities	G	883,453	1,225,404
Net income for the year	G	429,162	404,402
Net assets	G	2,817,050	2,773,425
UNICARTE S.A.			
Total assets	G	1,549,958	2,031,426
Total liabilities	G	251,241	876,398
Net income for the year	G	197,177	34,884
Net assets	G	1,298,717	1,155,028
UNICRÉDIT S.A.			
Total assets	G	208,339	213,772
Total liabilities	G	18,097	7,122
Net income for the year	G	43,592	16,356
Net assets	G	190,242	206,650
UNIFINANCE S.A.			
Total assets	G	1,029,964	859,865
Total liabilities	G	85,551	35,733
Net income for the year	G	205,348	80,402
Net assets	G	944,413	824,132
UNITRANSFER S.A. (HAITI)			
Total assets	G	2,116,645	1,276,217
Total liabilities	G	1,018,558	525,934
Net income for the year	G	481,136	144,282
Net assets	G	1,098,087	750,283
UNITRANSFER INTERNATIONAL LTD.			
Total assets	G	1,363,385	948,332
Total liabilities	G	524,140	247,105
Net (loss) income for the year	G	(83,006)	19,479
Net assets	G	839,245	701,227
UNIASSURANCES S.A.			
Total assets	G	2,037,699	1,467,751
Total liabilities	G	1,141,863	782,843
Net income for the year	G	311,958	99,180
Net assets	G	895,836	684,908

UNIBANK S.A.
Notes to Consolidated Financial Statements

(23) SUBSIDIARIES AND NON-CONTROLLING INTEREST IN SUBSIDIARIES (CONTINUED)

(In thousands of gourdes)		2019	2018
GROUPE FINANCIER NATIONAL S.A.			
Total assets	G	3,714,694	3,168,779
Total liabilities	G	67,189	32,108
Net income for the year	G	171,277	66,678
Net assets	G	3,647,505	3,136,671
GFN INTERNATIONAL ASSETS LTD.			
Total assets	G	82,184	62,401
Total liabilities	G	30,407	23,000
Net loss for the year	G	(698)	(2,303)
Net assets	G	51,777	39,401
SOCIÉTÉ NATIONALE D'INVESTISSEMENT S.A.			
Total assets	G	3,777,409	2,557,040
Total liabilities	G	3,736,324	2,523,937
Net income for the year	G	7,982	2,487
Net assets	G	41,085	33,103
CAPITAL CONSULT S.A.			
Total assets	G	51,160	41,865
Total liabilities	G	3,591	1,107
Net income for the year	G	6,812	764
Net assets	G	47,569	40,758
SNI MINOTERIE L.P.			
Total assets	G	721,908	684,581
Total liabilities	G	7,802	15,329
Net income for the year	G	138,431	93,584
Net assets	G	714,106	669,252
IMMOBILIER S.A. (IMSA)			
Total assets	G	194,667	164,127
Total liabilities	G	15,617	6,785
Net income for the year	G	21,802	10,896
Net assets	G	179,050	157,342

(Continued)

(23) SUBSIDIARIES AND NON-CONTROLLING INTEREST IN SUBSIDIARIES (CONTINUED)

(In thousands of gourdes)		2019	2018
CENTRALE IMMOBILIÈRE S.A.			
Total assets	G	215,797	182,207
Total liabilities	G	16,366	9,211
Net income for the year	G	26,435	12,004
Net assets	G	199,431	172,996
GFN AMERICAN HOLDINGS LLC			
Consolidating GFN Real Estate LLC International Sunrise Partners LLC, GFN Restaurant II LLC, Unicom USA, LLC and Aragon Holdings, Inc.			
Total assets	G	1,185,990	1,060,035
Total liabilities	G	107,174	93,160
Net loss for the year	G	(266,040)	(3,492)
Net assets	G	1,078,816	966,875

As of September 30, minority interest in subsidiaries is as follows:

(In thousands of gourdes)		2019	2018
SNI MINOTERIE L.P.			
Minority interest of 38.90% in 2019 and 2018			
Initial cost of investment	G	28,900	28,900
Decrease in holding at par value		(5,119)	(5,119)
		23,781	23,781
Dividends		(39,349)	(40,525)
Share of results and reserves		294,206	277,934
	G	278,638	261,190

(Continued)

(24) INCOME TAXES

Income tax expense, including current and deferred income taxes, is calculated based on the consolidated income before income taxes and differs from the amounts calculated using the statutory rates as follows:

(In thousands of gourdes)		**2019**	**2018**
Continuing operations			
Income before income taxes	G	**3,831,903**	2,215,624
Shares of net income not taxable locally			
Unitransfer International		**375,355**	(17,930)
GFN Real Estate Ltd.		**4,975**	7,716
Non-controlling interest-SNI Minoterie		**(53,849)**	(36,404)
		326,481	(46,618)
		4,158,384	2,169,006
Undistributed share of income of the following affiliates taxed upon distribution:			
SNI Minoterie - 61.10%		**(84,581)**	(57,180)
Corail S.A. 15.80% **(note 8)**		**4,654**	3,081
		(79,927)	(54,099)
Income before income taxes, taxable locally	G	**4,078,457**	2,114,907
Income taxes based on statutory rates (30%)	G	**1,223,537**	634,472
Effect of items not included in taxable income:			
Deferred income taxes on the undistributed share of income at the rate of 20% on dividends **(note 18 b)**		**15,986**	10,820
Transfer to legal reserve – continuing operations		**(171,360)**	(91,720)
Amortization – goodwill		**(1,847)**	(1,847)
Difference between the provision for expected credit losses and the amount allowed for tax purposes		**(64,681)**	(78,524)
Income taxes – GFN American Holdings LLC and Unitransfer USA		**(20,515)**	(1,549)
CFGDCT		**32,855**	242
Income taxes – continued operations	G	**1,013,975**	471,894

(Continued)

(24) INCOME TAXES (CONTINUED)

Income tax expense is comprised of the following:

(In thousands of gourdes)		2019	2018
Current income taxes	G	963,903	461,074
Income taxes on discontinued operations		34,086	-
Deferred income taxes **(note 18b)**		15,986	10,820
	G	1,013,975	471,894

Deferred income taxes are established as follows:

(In thousands of gourdes)		2019	2018
Deferred income taxes on undistributed share of net income at a rate of 20% on dividends **(note 18b)**	G	15,986	10,820

(25) NET INCOME FROM DISCONTINUED OPERATIONS

Net income attributable to discontinued operations is composed as follows:

(In thousands of gourdes)		2019	2018
Foreign real estate segment **(note 11)**	G	(261,066)	4,224
UNITRANSFER		237,749	-
Net (loss) income from discontinued operations	G	(23,317)	4,224

(26) RETIREMENT SAVINGS FOR EMPLOYEES

In addition to legal contributions to the mandatory Government Retirement Plan (ONA), the Bank and its subsidiaries contribute to the employees' retirement fund based on a variable contribution rate according to internal guidelines. The employees' retirement fund is a defined contribution pension plan. This liability is supported by a term deposit bearing interest at the rate of 5.0%. The Group's contributions to this account for 2019 and 2018 amount to G 89,396M and G 69,136M, respectively. A subsidiary of the Group manages this fund **(note 18)** which is reflected as a liability and invested in a term deposit at UNIBANK at the rate of 5%. Intercompany transactions with respect to the term deposit account are eliminated.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

(27) SALARIES AND OTHER EMPLOYEE BENEFITS

Salaries and other employees benefits are as follows:

(In thousands of gourdes)		2019	2018
Salaries	G	1,956,705	1,616,214
Employees benefits		742,705	514,051
Other employees expenses		435,524	329,638
	G	3,134,934	2,459,903

(28) INSURANCE UNDERWRITING INCOME, NET OF CLAIMS

Net insurance premiums, net of claims, are generated by the operations of Uniassurances S.A.

As of September 30, net insurance premiums are as follows:

(In thousands of gourdes)		2019	2018
Insurance premiums collected	G	812,289	526,029
Other fees		12,357	6,907
Net brokerage fees		(22,221)	(21,216)
Reinsurance costs		(164,462)	(99,894)
Insurance premiums ceded to reinsurers		(166,739)	(68,633)
Insurance claims		(152,598)	(168,979)
	G	318,626	174,214

(29) TRANSACTIONS WITH RELATED PARTIES

In addition to Foundation UNIBANK, an unconsolidated non-profit affiliate, the main companies related to UNIBANK S.A., and to its consolidated subsidiaries, are:

- Les Moulins d’Haïti S.E.M. and Haïti Agro Processors Holding of which GFN S.A., through UNIFINANCE S.A. and SNI Minoterie L.P., owns 23.3% of the capital.

- Corail S.A. of which GFN S.A. owns 15.8% of the capital.

- Related party companies of Board members.

(Continued)

(29) TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The balances of the transactions with these companies are as follows:

As of September 30

(In thousands of gourdes)		**2019**	**2018**
ASSETS			
Investments in affiliated companies **(note 8)**	G	**703,380**	658,986
Loans		**-**	81,730
Accounts receivable – related parties **(note 14)**		**44,197**	9,414
		747,577	750,130
LIABILITIES			
Deposits		**206,149**	294,933
Subordinated debt **(note 19)**		**253,570**	175,153
	G	**459,719**	470,086

During the years

(In thousands of gourdes)		**2019**	**2018**
INCOME			
Interest income	G	**17,749**	19,186
Other income		**6,814**	6,089
	G	**24,563**	25,275

In the normal course of business, the Bank provides ordinary banking services to and receives services from related parties, at conditions similar to those applied to third parties.

Loans granted to employees of the Bank and its affiliates, and to members of the Board of Directors and their related parties are disclosed in **note 9.**

Deposits and debt of members of the Board of Directors and their related parties are reflected in **notes 15, 16 and 19.**

Expenses incurred with related parties are as follows:

(In thousands of gourdes)		**2019**	**2018**
Rent	G	**4,856**	4,860
Other services	G	**96,956**	92,282

(Continued)

(30) COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of business, the Bank contracts various engagements and assumes contingent liabilities that are not reflected in the consolidated balance sheet.

a) As of the date of the consolidated financial statements, the Bank and its subsidiaries have entered into several rental agreements. However, these agreements can generally be canceled with a six-month notice. Rental amounts to be paid over the next five years are as follows:

		(In thousands of gourdes)
2020	G	229,231
2021		179,615
2022		136,772
2023		110,115
2024		98,968

b) As of September 30, credit commitments are as follows:

(In thousands of gourdes)		2019	2018
Available credit on overdrafts **(i)**	G	**2,180,206**	1,896,702
Letters of guarantees		**2,032,167**	1,696,193
Available limits on credit cards **(ii)**		**3,149,648**	2,312,839
	G	**7,362,021**	5,905,734

(i) Authorized overdrafts can unconditionally be cancelled at any time by the Bank and do not carry commitment fees. They are contracted for a maximum of one year and will expire or be terminated without being utilized.

(ii) Available limits on credit cards can be unconditionally cancelled at any time by the Bank.

The provision for expected credit losses on credit commitments for an amount of G14,007M is presented in other liabilities **(note 18).**

(31) LITIGATION

As of September 30, 2019, in the normal course of business, the Bank is engaged in litigation procedures initiated by or against it. To date, as per legal counsels' opinion, there is no exceptional situation and no judicial outcome which could have a significant adverse effect on the Group's consolidated financial statements and/or the Group's results of operations.

UNIBANK S.A.
Consolidated Balance Sheets
September 30, 2019 and 2018
(Expressed in US Dollars)

		2019	2018
ASSETS			
CASH AND DUE FROM BANKS	$	**668,916,121**	655,256,376
TERM DEPOSITS WITH BANKS, NET		**18,764,164**	27,396,827
SECURITIES, NET		**204,270,208**	259,045,358
INVESTMENTS IN AFFILIATED COMPANIES		**7,537,597**	9,417,125
LOANS		**466,445,229**	493,997,389
Provision for expected credit losses		**(13,014,071)**	(5,394,198)
LOANS, NET		**453,431,158**	488,603,191
FIXED ASSETS, NET		**30,094,814**	36,748,881
NON-CURRENT ASSET HELD FOR SALE		**-**	14,193,389
OTHER			
Acceptances and letters of credit		**3,341,096**	4,357,533
Properties held for sale		**1,428,877**	2,936,004
Goodwill and other intangible assets		**1,669,409**	2,901,514
Other assets		**33,012,941**	50,345,436
		39,452,323	60,540,487
TOTAL ASSETS	$	**1,422,466,385**	1,551,201,634
LIABILITIES AND SHAREHOLDERS' EQUITY			
DEPOSITS		**1,132,746,207**	1,255,663,318
BORROWED FUNDS		**28,832,979**	30,907,723
NON-CURRENT LIABILITY HELD FOR SALE		**-**	581,223
OTHER			
Commitments – acceptances and letters of credit		**3,341,096**	4,357,533
Other liabilities		**109,235,299**	89,851,292
		112,576,395	94,208,825
SUBORDINATED DEBT		**16,747,000**	16,747,000
TOTAL LIABILITIES		**1,290,902,581**	1,398,108,089
SHAREHOLDERS' EQUITY			
Paid-in capital, net		**68,634,385**	91,914,139
Retained earnings		**37,565,421**	38,200,739
Other reserves		**22,378,045**	19,246,176
Shareholders' equity of UNIBANK S.A.		**128,577,851**	149,361,054
Non-controlling interests		**2,985,953**	3,732,491
		131,563,804	153,093,545
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	**1,422,466,385**	1,551,201,634

UNIBANK S.A.
Consolidated Statements of Income
Years ended September 30, 2019 and 2018
(Expressed in US Dollars)

Continuing operations		2019	2018
INTEREST INCOME			
Loans	$	61,816,509	61,410,629
Treasury bonds, BRH bonds, investments and deposits		5,833,964	7,682,962
		67,650,473	69,093,591
INTEREST EXPENSE			
Deposits		7,310,346	8,646,628
Borrowed funds, term bonds and others		2,594,647	2,678,903
		9,904,993	11,325,531
NET INTEREST INCOME		57,745,480	57,768,060
Provision for credit losses		(5,019,579)	(3,988,656)
		52,725,901	53,779,404
OTHER INCOME (EXPENSES)			
Commissions		28,733,273	33,295,148
Foreign exchange gain		32,952,377	26,140,860
Insurance income, net of claims		3,743,566	2,651,064
Share of net income of non-consolidated affiliates, net of income taxes		1,618,171	1,453,826
Dividends and other investment income		116,464	765,126
Fees from managed portfolios and other advisory		74,023	227,517
Income from real estate activities		62,506	51,327
Gain (loss) on foreign investments		147,605	(5,638,095)
Other		685,607	589,036
		68,133,592	59,535,809
NET INTEREST INCOME AND OTHER INCOME		120,859,493	113,315,213
OPERATING EXPENSES			
Salaries and other employee benefits		36,832,608	37,432,957
Premises and equipments		11,056,569	12,062,161
Depreciation and amortization		5,635,533	7,118,025
Other operating expenses		22,313,412	22,986,358
		75,838,122	79,599,501
INCOME BEFORE INCOME TAXES – CONTINUING OPERATIONS		45,021,371	33,715,712
Income taxes - continuing operations			
Current income taxes		11,324,988	7,016,284
Deferred income taxes		187,815	164,647
		11,512,803	7,180,931
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		33,508,568	26,534,781
Discontinued operations			
Income before income taxes from discontinued operations		126,521	64,273
Income taxes – Discontinued operations		(400,475)	-
(LOSS) NET INCOME FROM DISCONTINUED OPRATIONS		(273,954)	64,273
NET INCOME FOR THE YEAR - TOTAL		33,234,614	26,599,054
Net income attributable to shareholders of UNIBANK S.A.		32,601,932	26,045,084
Net income attributable to non-controlling interest		632,682	553,970
NET INCOME FOR THE YEAR - TOTAL	$	33,234,614	26,599,054
Total net income per equivalent share of paid-in capital attributable to shareholders of UNIBANK S.A.	$	63.63	50.38
Net income per equivalent share of paid-in capital from continuing operations	$	65.40	51.32

UNIBANK S.A.
Consolidated Statements of Comprehensive Income
Years ended September 30, 2019 and 2018
(Expressed in US Dollars)

Continuing operations	**2019**	**2018**
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS	**$ 33,508,568**	26,534,781
Component of comprehensive income:		
Foreign currency translation effect of foreign subsidiaries	**2,874,649**	3,817,655
COMPREHENSIVE INCOME FOR THE YEAR	**36,383,217**	30,352,436
Total comprehensive income from continuing operations attributable to shareholders of UNIBANK S.A.	**35,715,905**	29,780,698
Total comprehensive income from continuing operations attributable to non-controlling interest	**667,312**	571,738
COMPREHENSIVE INCOME FOR THE YEAR	**36,383,217**	30,352,436
Comprehensive income per share of paid-in capital from continuing operations	**71.01**	58.71
Discontinued operations		
Net (loss) income and comprehensive income for the year	**(273,954)**	64,273
Translation effect of foreign affiliates	**3,747,397**	-
	3,473,443	64,273
Comprehensive income per equivalent share of paid-in capital from discontinued operations	**6.78**	0.12
Total comprehensive income	**$ 39,856,660**	30,416,709

UNIBANK S.A.
Consolidated Statement of Changes in Shareholders' Equity
Year ended September 30, 2018
(Expressed in US Dollars)

						Other reserves							
		Paid-in capital	Treasury shares	Paid-in capital, net	Retained earnings	Legal reserve	General reserve for loan losses	Revaluation reserve-land	Valuation reserve-properties held for sale	Translation adjustment	Total reserves	Non controlling interest	Total
Balance as of September 30, 2017	**$US**	**103,207,051**	-	**103,207,051**	**73,070,865**	-	**5,805,183**	**397,375**	**788,709**	**4,772,389**	**11,763,656**	**4,213,478**	**192,255,050**
Fair value adjustment-equity investments		-	-	-	740,044	-	-	-	-	-	-	-	**740,044**
Balance as of September 30, 2017, adjusted		**103,207,051**	-	**103,207,051**	**73,810,909**	-	**5,805,183**	**397,375**	**788,709**	**4,772,389**	**11,763,656**	**4,213,478**	**192,995,094**
Net income for the year		-	-	-	26,045,084	-	-	-	-	-	-	553,970	**26,599,054**
Components of comprehensive income:													
Foreign currency translation effect on subsidiaries		-	-	-	-	-	-	-	-	3,799,886	3,799,886	17,769	**3,817,655**
Total		**-**	**-**	**-**	**26,045,084**	**-**	**-**	**-**	**-**	**3,799,886**	**3,799,886**	**571,739**	**30,416,709**
Transfers from retained earnings													
Transfer to legal reserve		-	-	-	(4,652,412)	4,652,412	-	-	-	-	4,652,412	-	-
Transfer to general reserve for loan losses		-	-	-	(565,071)	-	565,071	-	-	-	565,071	-	-
Transfer to valuation reserve for properties held for sale		-	-	-	(255,015)	-	-	-	255,015	-	255,015	-	-
Transactions with shareholders:													
Dividends		-	-	-	(49,333,150)	-	-	-	-	-	-	(616,674)	**(49,949,824)**
Repurchases of shares		-	(580,348)	(580,348)	(1,008,271)	-	-	-	-	-	-	-	**(1,588,619)**
Translation adjustment		(10,747,915)	35,351	(10,712,564)	(5,841,335)	(283,391)	(638,968)	(41,383)	(97,668)	(728,454)	(1,789,864)	(436,052)	**(18,779,815)**
Balance as of September 30, 2018	**$US**	**92,459,136**	**(544,997)**	**91,914,139**	**38,200,739**	**4,369,021**	**5,731,286**	**355,992**	**946,056**	**7,843,821**	**19,246,176**	**3,732,491**	**153,093,545**

UNIBANK S.A.
Consolidated Statement of Changes in Shareholders' Equity
Year ended September 30, 2019
(Expressed in US Dollars)

						Other reserves							
		Paid-in capital	**Treasury shares**	**Paid-in capital net**	**Retained earnings**	**Legal reserve**	**General reserve for loan losses**	**Revaluation reserve-land**	**Valuation reserve-properties held for sale**	**Translation adjustment**	**Total reserves**	**Non-controlling interest**	**Total**
Balance as of September 30, 2018	**$US**	**92,459,136**	**(544,997)**	**91,914,139**	**38,200,739**	**4,369,021**	**5,731,286**	**355,992**	**946,056**	**7,843,821**	**19,246,176**	**3,732,491**	**153,093,545**
Impact of IFRS 9 adoption													
Provision for expected credit losses		-	-	-	(7,217,950)	-	-	-	-	-	-	-	**(7,217,950)**
Transfer from the general reserve for loan losses		-	-	-	4,712,095	-	(4,712,095)	-	-	-	(4,712,095)	-	-
Net impact		-	-	-	(2,505,855)	-	(4,712,095)	-	-	-	(4,712,095)	-	**(7,217,950)**
Balance as of September 30, 2018, restated	**$US**	**92,459,136**	**(544,997)**	**91,914,139**	**35,694,884**	**4,369,021**	**1,019,191**	**355,992**	**946,056**	**7,843,821**	**14,534,081**	**3,732,491**	**145,875,595**
Net income for the year		-	-	-	32,601,932	-	-	-	-	-	-	632,682	**33,234,614**
Components of comprehensive income :													
Foreign currency translation effect for foreign subsidiaries		-	-	-	-	-	-	-	-	6,587,416	6,587,416	34,629	**6,622,045**
Total		-	-	-	**32,601,932**	-	-	-	-	**6,587,416**	**6,587,416**	**667,311**	**39,856,659**
Transfers from retained earnings													
Transfer to legal reserve		-	-	-	(6,711,100)	6,711,100	-	-	-	-	6,711,100	-	-
Transfer to valuation reverve- properties held for sale		-	-	-	(124,784)	-	-	-	124,784	-	124,784	-	-
Transactions with shareholders:													
Dividends		-	-	-	(12,794,890)	-	-	-	-	-	-	(462,317)	**(13,257,207)**
Repurchases of shares		-	(319,722)	(319,722)	(686,845)	-	-	-	-	-	-	-	**(1,006,567)**
Translation adjustment		(23,124,444)	164,412	(22,960,032)	(10,413,776)	(1,682,669)	(1,019,191)	(89,035)	(247,582)	(2,540,859)	(5,579,336)	(951,532)	**(39,904,676)**
Balance as of September 30, 2019	**US$**	**69,334,692**	**(700,307)**	**68,634,385**	**37,565,421**	**9,397,452**	**-**	**266,957**	**823,258**	**11,890,378**	**22,378,045**	**2,985,953**	**131,563,804**