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UNIBANK S.A.

Consolidated Financial Statements

September 30, 2017

(With Independent Auditors' Report Thereon)

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, 2017, 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 consolidated 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, 2017, 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.

Observation

We draw attention to **Notes 11b and 24** to the consolidated financial statements, which describe an estimate made by Management in relation to the valuation of the foreign real estate segment classified as a non-current asset held for sale. Our opinion is not modified with respect to this matter.



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 consolidated 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 Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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.

Mérové - Pierre - Cabinet D'Experts - Comptables

MÉROVÉ-PIERRE - CABINET D'EXPERTS-COMPTABLES

7, rue Lechaud Bourdon

Port-au-Prince, Haïti

February 19, 2018

UNIBANK S.A.
Consolidated Balance Sheets
September 30, 2017 and 2016
(Expressed in thousands of Haitian Gourdes)

	Notes	2017	2016
ASSETS			
CASH AND DUE FROM BANKS	5	G 40,122,568	30,574,406
TERM DEPOSITS WITH BANKS	6	3,235,600	688,289
SECURITIES	7		
Available for sale		20,827,197	11,530,043
Held to maturity		1,294,786	684,483
Other securities		40,230	38,230
		<u>22,162,213</u>	<u>12,252,756</u>
INVESTMENTS IN AFFILIATED COMPANIES	8	680,115	615,553
LOANS	9	29,520,205	25,767,503
Provision for loan losses		<u>(286,302)</u>	<u>(318,413)</u>
		<u>29,233,903</u>	<u>25,449,090</u>
FIXED ASSETS, NET	10		
Fixed assets, at cost		4,879,546	3,998,147
Accumulated depreciation		<u>(2,489,891)</u>	<u>(2,102,325)</u>
		<u>2,389,655</u>	<u>1,895,822</u>
DISCONTINUED OPERATIONS/NON-CURRENT ASSET HELD FOR SALE	11	890,788	11,772,902
OTHER			
Investment properties	12	-	1,259,060
Acceptances and letters of credit		544,130	336,686
Properties held for sale	13	231,581	250,993
Goodwill and other intangible assets	14	186,536	94,711
Other assets	15	3,431,553	1,684,056
		<u>4,393,800</u>	<u>3,625,506</u>
		G 103,108,642	86,874,324
LIABILITIES AND SHAREHOLDERS' EQUITY			
DEPOSITS	16	79,539,979	64,475,993
BORROWED FUNDS	17	2,388,679	3,935,411
NON-CURRENT LIABILITIES HELD FOR SALE	18	41,530	1,852,805
OTHER			
Commitments – acceptances and letters of credit		544,130	336,686
Other liabilities	19	7,491,986	3,553,216
		<u>8,036,116</u>	<u>3,889,902</u>
SUBORDINATED DEBT	20	1,049,869	971,714
TOTAL LIABILITIES		91,056,173	75,125,825
SHAREHOLDERS' EQUITY			
Paid-in capital, net	21	6,470,050	3,234,713
Retained earnings		4,580,813	5,804,114
Other reserves		737,463	2,454,142
Shareholders' equity of UNIBANK S.A.		<u>11,788,326</u>	<u>11,492,969</u>
Non-controlling interests	22	264,143	255,530
		<u>12,052,469</u>	<u>11,748,499</u>
		G 103,108,642	86,874,324

See accompanying notes to consolidated financial statements, and schedules I to V for supplementary information in US dollars.

UNIBANK S.A.
Consolidated Statements of Income
Years ended September 30, 2017 and 2016
(Expressed in thousands of Haitian Gourdes, except for net income per share)

Continuing operations	Notes	2017	2016
INTEREST INCOME			
Loans	G	3,746,567	3,553,509
Bonds, investments and term deposits		<u>305,827</u>	<u>133,771</u>
		4,052,394	3,687,280
INTEREST EXPENSE			
Deposits		745,755	718,492
Borrowed funds, term bonds and others		<u>262,395</u>	<u>200,857</u>
		1,008,150	919,349
NET INTEREST INCOME			
Impairment charge for credit loss	9	<u>(32,544)</u>	<u>(65,572)</u>
		3,011,700	2,702,359
OTHER INCOME (EXPENSES)			
Commissions		2,233,147	1,935,655
Insurance revenues, net of claims	27	249,677	119,450
Foreign exchange gain		194,807	688,218
Share of net income of non consolidated affiliates, net of income taxes	8	146,228	271,054
Income from real estate activities		95,798	2,253
Dividends and other investment income		75,730	116,768
Underwriting commissions and other advisory fees		41,791	13,519
Unrealized (loss) gain on securities	7	(102,346)	19,191
Other		<u>20,401</u>	<u>36,133</u>
		2,955,233	3,202,241
NET INTEREST INCOME AND OTHER INCOME			
		5,966,933	5,904,600
OPERATING EXPENSES			
Salaries and other employee benefits	26	2,422,944	2,023,430
Premises and equipments		741,523	606,992
Depreciation and amortization	10, 14	402,049	318,615
Other operating expenses		<u>1,508,376</u>	<u>1,319,721</u>
		5,074,892	4,268,758
INCOME BEFORE INCOME TAXES - CONTINUING OPERATIONS			
		892,041	1,635,842
(Tax credit) income taxes - continuing operations	23		
(Tax credit) current income taxes		(445,978)	126,818
Deferred income taxes		<u>17,201</u>	<u>32,743</u>
		(428,777)	(159,561)
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS			
		1,320,818	1,476,281
Discontinued operations			
Income before income taxes from discontinued operations and asset held for sale			
	24	10,537,557	5,334,665
Income taxes - discontinued operations	24	<u>(1,884,223)</u>	<u>(1,288,751)</u>
NET INCOME FROM DISCONTINUED OPERATIONS AND ASSET HELD FOR SALE			
	24	8,653,334	4,045,914
NET INCOME FOR THE YEAR			
Net income attributable to shareholders of UNIBANK S.A.		9,921,492	5,420,360
Net income attributable to non-controlling interest		<u>52,660</u>	<u>101,834</u>
NET INCOME FOR THE YEAR			
	G	9,974,152	5,522,194
Total net income per equivalent share of paid-in capital attributable to shareholders of UNIBANK S.A.			
	G	19,172	10,468
Net income per equivalent share of paid-in capital from continuing operations			
	G	2,552	2,851

See accompanying notes to consolidated financial statements, and schedules I to V for supplementary information in US dollars.

UNIBANK S.A.
Consolidated Statements of Comprehensive Income
Years ended September 30, 2017 and 2016
(Expressed in thousands of Haitian Gourdes, except
for comprehensive income per equivalent share)

Continuing operations	2017	2016
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS	G 1,320,818	1,476,281
<i>Component of comprehensive income:</i>		
Foreign currency translation effect of foreign subsidiaries	(481,328)	411,319
COMPREHENSIVE INCOME FOR THE YEAR	839,490	1,887,600
Total comprehensive income attributable to shareholders of UNIBANK S.A.	786,762	1,783,340
Total comprehensive income attributable to non-controlling interest	52,728	104,260
COMPREHENSIVE INCOME FOR THE YEAR	839,490	1,887,600
Comprehensive income per share of paid-in capital	1,622	3,645
Discontinued operations		
Net income and comprehensive income for the year	8,653,334	4,045,914
Comprehensive income per equivalent share of paid-in capital	16,722	7,813
Total comprehensive income	G 9,492,824	5,933,514

See accompanying notes to consolidated financial statements, and schedules I to V for supplementary information in US dollars.

UNIBANK S.A.
Consolidated Statement of Shareholders' equity
Year ended September 30, 2016
(Expressed in Haitian Gourdes)

		<u>Other reserves</u>											Total
		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	
Balance as of September 30, 2015	G	3,240,025	-	3,240,025	2,716,380	-	278,345	24,911	-	371,684	674,940	237,143	6,868,488
Net income for the year		-	-	-	5,420,361	-	-	-	-	-	-	101,834	5,522,195
<i>Components of comprehensive income:</i>													
Foreign currency translation effect for foreign subsidiaries		-	-	-	-	-	-	-	-	408,893	408,893	2,426	411,319
Total		-	-	-	5,420,361	-	-	-	-	408,893	408,893	104,260	5,933,514
<i>Transfers from retained earnings</i>													
Transfer to legal reserve		-	-	-	(1,306,281)	1,306,281	-	-	-	-	1,306,281	-	-
Transfer to general reserve for loan losses		-	-	-	(28,000)	-	28,000	-	-	-	28,000	-	-
Transfer to valuation reserve for properties held for sale		-	-	-	(36,028)	-	-	-	36,028	-	36,028	-	-
<i>Transactions with shareholders:</i>													
Dividends		-	-	-	(946,066)	-	-	-	-	-	-	(85,873)	(1,031,939)
Repurchases of shares		-	(5,312)	(5,312)	(16,252)	-	-	-	-	-	-	-	(21,564)
Balance as of September 30, 2016	G	3,240,025	(5,312)	3,234,713	5,804,114	1,306,281	306,345	24,911	36,028	780,577	2,454,142	255,530	11,748,499

See accompanying notes to consolidated financial statements, and schedules I to V for supplementary information in US dollars

UNIBANK S.A.
Consolidated Statement of Shareholders' equity
Year ended September 30, 2017
(Expressed in Haitian Gourdes)

	Paid-in capital	Treasury shares	Paid-in capital net	Retained earnings	Legal reserve	Other reserves					Non-controlling interest	Total
						General reserve for loan losses	Revaluation reserve-land	Valuation reserve - properties held for sale	Translation adjustment	Total reserves		
Balance as of September 2016	G 3,240,025	(5,312)	3,234,713	5,804,114	1,306,281	306,345	24,911	36,028	780,577	2,454,142	255,530	11,748,499
Net income for the year	-	-	-	9,921,492	-	-	-	-	-	-	52,660	9,974,152
<i>Components of comprehensive income:</i>												
Foreign currency translation effect for foreign subsidiaries	-	-	-	-	-	-	-	-	(481,396)	(481,396)	68	(481,328)
Total	-	-	-	9,921,492	-	-	-	-	(481,396)	(481,396)	52,728	9,492,824
<i>Transfers from retained earnings</i>												
Transfer to legal reserve	-	-	-	(1,849,159)	1,849,159	-	-	-	-	1,849,159	-	-
Transfer to general reserve for loan losses	-	-	-	(57,582)	-	57,582	-	-	-	57,582	-	-
Transfer to valuation reserve for properties held for sale	-	-	-	(13,416)	-	-	-	13,416	-	13,416	-	-
<i>Transactions with shareholders:</i>												
Dividends	-	-	-	(9,143,325)	-	-	-	-	-	-	(44,115)	(9,187,440)
Repurchases of shares	-	(2,188)	(2,188)	(11,764)	-	-	-	-	-	-	-	(13,952)
Sales of shares	5,000	-	5,000	7,538	-	-	-	-	-	-	-	12,538
Transfer from general reserve to paid-in capital	3,155,440	-	3,155,440	-	(3,155,440)	-	-	-	-	(3,155,440)	-	-
Transfer from treasury shares to paid-in capital	(7,500)	7,500	-	-	-	-	-	-	-	-	-	-
Transfer from retained earnings to paid-in capital	77,085	-	77,085	(77,085)	-	-	-	-	-	-	-	-
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

See accompanying notes to consolidated financial statements, and schedules I to V for supplementary information in US dollars

UNIBANK S.A.
Consolidated Statements of Cash Flows
Years ended September 30, 2017 and 2016
(Expressed in Haitian Gourdes)

	Notes	2017	2016
OPERATING ACTIVITIES			
Net income of the year	G	9,974,152	5,522,194
<i>Adjustments to determine net cash flows provided by operating activities:</i>			
Share of net income of non-consolidated affiliates	8	(146,228)	(271,054)
Depreciation of fixed assets	10	370,804	285,645
Amortization of other intangible assets	14	31,245	32,970
Impairment charge for credit loss	9	32,544	65,572
Gain on disposals of fixed assets		-	(2,944)
Remeasurement gain – non-current asset held for sale	24	-	(2,799,441)
Gain on disposals of investment properties		(1,467)	(10,553)
Gain on disposal of Dinasa, net of income taxes		(7,840,548)	-
Gain on disposals of properties held for sale	13	(93,327)	-
Effect of revaluation of impairment provision in US dollars	9	(16,929)	75,596
<i>Changes in other assets and liabilities resulting from operating activities</i>			
Net increase in deposits		15,063,986	10,908,282
Disbursements of loans, net		(3,800,428)	(3,109,137)
Increase in investment securities		(9,909,457)	(3,091,257)
(Increase) decrease in term deposits with banks		(2,547,311)	90,013
Income taxes paid		(745,275)	(522,779)
Changes in other assets and liabilities		<u>158,402</u>	<u>(73,012)</u>
Net cash flows provided by operating activities		530,163	7,100,095
INVESTING ACTIVITIES			
Increase in non-current asset held for resale, net of non-current liability held for resale		16,911,387	(4,705,927)
Acquisitions of fixed assets	10	(904,893)	(601,658)
Acquisitions of other intangible assets	14b	(27,891)	(45,050)
Proceeds from disposals of fixed assets		39,440	20,003
Net translation adjustment – fixed assets	10	816	(1,094)
Net translation adjustment – other intangible assets	14b	159	(2,204)
Translation adjustment in local currency		(481,396)	408,893
Translation adjustment attributable to non-controlling interest		68	2,426
Dividends received from affiliated companies		65,333	137,519
Decrease in investments – affiliated companies		<u>16,333</u>	<u>127,541</u>
Net cash flows provided by (used in) investing activities		15,619,356	(4,659,551)
FINANCING ACTIVITIES			
Cash dividends – shareholders of UNIBANK S.A.		(5,087,251)	(900,669)
Cash dividends – non-controlling interest	22	(44,115)	(85,873)
Decrease in borrowed funds		(1,546,732)	(1,070,718)
Increase in subordinated debt		78,155	841,232
Sales of shares		12,538	-
Repurchases of shares		<u>(13,952)</u>	<u>(21,564)</u>
Net cash flows used in financing activities		(6,601,357)	(1,237,592)
Net increase in cash and cash equivalents		9,548,162	1,202,952
Cash and cash equivalents at beginning of year		31,592,198	24,473,085
Effect of exchange rate fluctuation		<u>(1,017,792)</u>	<u>4,898,369</u>
Cash and cash equivalents at end of year	5 G	40,122,568	30,574,406

See accompanying notes to consolidated financial statements, 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 393 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 22**), 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).

In 2017, the Group acquired the operations of the Bank of Nova Scotia (Scotiabank, BNS) in Haiti.

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UNIBANK S.A.
Notes to Consolidated Financial Statements

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. 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.ht).

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UNIBANK S.A.
Notes to Consolidated Financial Statements

1) ORGANIZATION (CONTINUED)

c) Supervision and Regulation (continued)

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)".

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);

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UNIBANK S.A.
Notes to Consolidated Financial Statements

1) ORGANIZATION (CONTINUED)

c) Supervision and Regulation (continued)

- 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 22**. The principles of consolidation are presented in **note 2b**.

2) BASIS FOR FINANCIAL STATEMENT 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).

The consolidated financial statements were approved by the Board of Directors on January 25, 2018.

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.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

2) BASIS FOR FINANCIAL STATEMENT PREPARATION (CONTINUED)

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), investment properties (note 12), and properties held for sale (note 13) which are presented at fair value, and the long-term corporate investment which are presented on equity basis.

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

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.

When an entity acquires a non-current asset exclusively with a view to its subsequent disposal, it shall classify the non-current asset as held for sale at the acquisition date only if it is available for immediate sale in its present condition and its sale must be highly probable.

At September 30, 2017 and 2016, in agreement with Management's decision to dispose of these assets, these subsidiaries are consolidated and their financial position is presented in "Discontinued operations/non-current asset held for sale" and "Non-current liabilities held for sale". Related elements of income and expenses are presented as "Discontinued operations" in the consolidated income statement.

Comparative figures related to these subsidiaries and other comprehensive income elements have been reclassified as if the operations had met the criteria for presentation as discontinued operations at the beginning of the comparative period.

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)

UNIBANK S.A.
Notes to Consolidated Financial Statements

2) BASIS FOR FINANCIAL STATEMENT 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.

Estimates and underlying assumptions are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected. In particular, information about significant areas of estimation and critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are included in the following notes:

Note 3 (p)	General reserve for loan losses
Note 7	Securities – fair value
Note 8	Investments in affiliated companies – fair value
Notes 11 and 18	Non-current asset and liability held for sale – fair value
Notes 3 (e) and 9	Loans - provision for impairment
Note 10	Fixed assets – depreciation and valuation
Note 12	Investment properties – fair value
Note 13	Properties held for sale – valuation
Note 14	Goodwill – valuation
Note 19	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.

3) SIGNIFICANT ACCOUNTING POLICIES

The elements of profit or loss associated with the Group's investment in Distributeurs Nationaux S.A. (DINASA) and the results associated with the foreign real estate segment are presented as Discontinued Operations in accordance with IFRS 5, as described in **notes 2d, 11 and 18**. The results of DINASA up to April 2017 and those of the foreign real estate segment are consolidated and presented summarily under the caption "Discontinued Operations" in accordance with the IFRS requirements for discontinued operations.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) 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 financial statements of entities incorporated outside of Haiti, Unitransfer International, 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.

b) 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.

c) 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.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Securities (continued)

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. They are recorded at amortized cost, based on the effective net interest rate method and net of an impairment provision, if required. Unrealized holding gains and losses on those investments are not recorded but are disclosed in notes to the consolidated financial statements.

Fair value instruments available for sale

These available-for-sale investments are those other than amortized cost instruments. Available-for-sale investments 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.

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

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)

UNIBANK S.A.
Notes to Consolidated Financial Statements

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Investments 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.

Other corporate investments with ownership of less than 20% are recorded at cost.

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.

e) 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, and therefore interest accrual is discontinued. They are restored to an accrual basis when principal and interest payments are current and there is no longer any doubt regarding recovery based on Management's opinion.

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 impairment provision in the consolidated balance sheet. Credit card and micro finance loans are written off when they are in arrears for 180 days.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Loans (continued)

At the consolidated balance sheet date, the Group assesses whether there is objective evidence of impairment in the loan portfolio. A loan is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the loan and that the loss event has an impact on the future cash flows of the loan.

The Bank establishes an impairment provision on loans taking into account observable data, such as default or delinquency by a borrower, collateral value, future recovery possibilities, the financial situation of the borrower, as well as other observable data relating to a borrower or a group of borrowers that correlate with defaults in the group. This provision is also based on Management's experience and judgment.

Loans are presented net of the impairment provision. This provision is increased by the charge for impairment loss recorded in the consolidated statement of income and decreased by write-offs net of recoveries, and net of the translation adjustment resulting from the revaluation of the provision for loan losses in US dollars.

The Bank meets the Central Bank's requirements on impairment provision as defined in Circular 87. When the required provision for loan losses in accordance with the Central Bank's regulations exceeds the estimate of impairment based on IFRS, the surplus of provision is recorded in the general reserve for loan losses reflected in shareholders' equity (**note 3p**).

f) 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.

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**).

Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Fixed assets (continued)

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.

g) Non-current asset held for sale

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

h) 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)

UNIBANK S.A.
Notes to Consolidated Financial Statements

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) 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 13**). 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.

i) Investment properties

Investment properties represent a building held by the Bank outside of Haiti for an unspecified period, with the objective that it will have an increase in value compared to its original book value. This investment property generates rental revenue.

This building is kept at fair value and is not depreciated. The fair value will be revised at the end of each year based on appraisals carried out by independent real estate appraisers based on market conditions taking into account sales of similar properties which occurred during the year (**note 12**).

All increase or decrease in value resulting from a change in fair value of this investment property will be recorded, net of deferred income tax, in the consolidated statement of income. Due to the foreign fiscal residence of the subsidiaries owners, it is not subject to deferred taxes.

Rental income and expenses related to the management of this building are recorded directly in the consolidated statement of income.

Based on Management’s plan to dispose of foreign real estate operations, this property is recorded within non-current assets held for sale in 2017 (**note 12**). In accordance with the requirements of IFRS 5, the comparative figures in the consolidated balance sheet in 2016 have not been reclassified.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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%.

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, term obligations and subordinated debt

Deposits, term bonds 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.

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.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 reserves as of September 30, 2017 was transferred to paid-in capital.

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. This reserve is not subject to distribution.

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) 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, term obligations 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.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s) 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.

t) 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.

u) Regulatory reserve

According to the reserve requirements of the Central Bank, as of September 30, 2017 and 2016, 44% of liabilities in local currency, and 48% of liabilities in foreign currency 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 March 2017, 5% of the foreign currency reserve must be maintained in gourdes.

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

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v) 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.

w) Insurance

Insurance premiums are recognized as revenue over the duration of the insurance contracts, using the straight-line method. As of the balance sheet date, unearned insurance premiums are recorded as a liability in the reserve for unearned premiums. Revenue generated by insurance premiums is presented separately from commissions and net of related taxes and other charges levied on the premiums.

x) New standards, amendments and interpretations not yet adopted

As of the date of these consolidated financial statements, some standards, amendments to standards, and interpretations have been issued but not yet adopted as of September 30, 2017. They have not been applied in the preparation of these consolidated financial statements and should not have a significant impact on the Group's consolidated financial statements.

However, Management believes that the application of the amended standards IFRS 9 on Financial Instruments and IFRS 15 on Revenue, effective for years beginning on or after January 1, 2018 could have an impact on the financial statements of the Bank for the year ended September 30, 2019. These standards, which are still subject to changes prior to their ultimate implementation date, could affect the measurement of the impairment provision for loan losses and the general reserve for loan losses, interest receivable and the presentation of some financial assets and liabilities, and recognition of some revenue and commissions.

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.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

4) RISK MANAGEMENT(CONTINUED)

(a) Risk Management framework (continued)

Within the Group, risks are addressed 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.

(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.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

4) RISK MANAGEMENT (CONTINUED)

b) Governance structure and risk governance (continued)

- ***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.

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, inventors 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, 2017 and 2016, 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:

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

4) RISK MANAGEMENT (CONTINUED)

c) *Capital Management (continued)*

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 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, 2017 and 2016 the Bank's ratios were as follows:

	2017	2016
Ratio of assets/capital	8.25 times	7.35 times
Ratio of capital/risk-weighted assets	30.58%	24.44%

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.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

4) RISK MANAGEMENT (CONTINUED)

d1) LIQUIDITY RISK (CONTINUED)

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 3u).

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

September 30, 2017

(In thousands of gourdes)		0-3 months	3-6 months	6 months -1 year	More than 1 year	Total
Deposits (note 16):						
Demand deposits	G	33,131,921	-	-	-	33,131,921
Savings accounts		29,106,344	-	-	2,054,252	31,160,596
Term deposits		<u>6,966,988</u>	<u>6,630,388</u>	<u>1,620,823</u>	<u>29,263</u>	<u>15,247,462</u>
		<u>69,205,253</u>	<u>6,630,388</u>	<u>1,620,823</u>	<u>2,083,515</u>	<u>79,539,979</u>
Borrowed funds (note 17)		-	200,000	1,000,000	1,188,679	2,388,679
Commitments: acceptances and letters of credit		544,130	-	-	-	544,130
Subordinated debt (note 20)		-	-	-	1,049,869	1,049,869
Other liabilities		<u>7,487,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,487,590</u>
		<u>8,031,720</u>	<u>200,000</u>	<u>1,000,000</u>	<u>2,238,548</u>	<u>11,470,268</u>
	G	<u>77,236,973</u>	<u>6,830,388</u>	<u>2,620,823</u>	<u>4,322,063</u>	<u>91,010,247</u>

September 30, 2016

(In thousands of gourdes)		0-3 months	3-6 months	6 months -1 year	More than 1 year	Total
Deposits (note 16):						
Demand deposits	G	25,299,146	-	-	-	25,299,146
Savings accounts		25,334,707	-	-	903,584	26,238,291
Term deposits		<u>7,061,677</u>	<u>1,731,200</u>	<u>4,145,679</u>	<u>-</u>	<u>12,938,556</u>
		<u>57,695,530</u>	<u>1,731,200</u>	<u>4,145,679</u>	<u>903,584</u>	<u>64,475,993</u>
Borrowed funds (note 17)		704,002	2,300,538	-	930,871	3,935,411
Commitments: acceptances and letters of credit		336,686	-	-	-	336,686
Subordinated debt (note 20)		-	-	-	971,714	971,714
Other liabilities		<u>3,548,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,548,820</u>
		<u>4,589,508</u>	<u>2,300,538</u>	<u>-</u>	<u>1,902,585</u>	<u>8,792,631</u>
	G	<u>62,285,038</u>	<u>4,031,738</u>	<u>4,145,679</u>	<u>2,806,169</u>	<u>73,268,624</u>

(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)	2017	2016
Cash and due from banks (note 5)		
Deposits with BRH (Central Bank) and BNC	G 34,728,830	27,048,565
Deposits in foreign banks	2,637,709	1,286,060
Items in transit	<u>941,704</u>	<u>640,565</u>
	<u>38,308,243</u>	<u>28,975,190</u>
Term deposits with banks (note 6)	<u>3,235,600</u>	<u>688,289</u>
Securities		
Foreign investments (note 7)	20,827,197	11,530,043
Local investments (note 7)	<u>1,335,016</u>	<u>722,713</u>
	<u>22,162,213</u>	<u>12,252,756</u>
Credit		
Loans, net (note 9)	29,233,903	25,449,090
Acceptances and letters of credit	<u>544,130</u>	<u>336,686</u>
	<u>29,778,033</u>	<u>25,785,776</u>
Other assets (note 15)		
Receivable – remittance agents	551,464	268,935
Interest receivable	218,150	191,435
Accounts receivable – assets held for sale	186,528	-
Advances to suppliers and others	92,069	111,322
Premiums receivable – UniAssurances S.A.	89,639	128,724
Accounts receivable – affiliated companies	86,864	135,472
Advances to executives and managers	3,997	14,866
Recoverable from reinsurers – UniAssurances S.A.	-	1,027
Others	<u>248,289</u>	<u>228,720</u>
	<u>1,477,000</u>	<u>1,080,501</u>
Total financial assets	G 94,961,089	68,782,512

(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, 2017 and 2016, respectively 89% and 90% 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 Haitian Treasury will be able to honor its 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, 2017 and 2016, 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)

UNIBANK S.A.
Notes to Consolidated Financial Statements

4) RISK MANAGEMENT (CONTINUED)

d2) CREDIT RISK (CONTINUED)

vi. 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 thousands of gourdes)		2017	2016
Cash and due from banks			
Haiti	G	35,663,185	27,673,371
United States		2,510,923	1,119,829
Canada		85,851	78,991
Europe		<u>48,284</u>	<u>102,999</u>
		<u>38,308,243</u>	<u>28,975,190</u>
Term deposits with banks			
United States		2,781,600	295,068
Canada		<u>454,000</u>	<u>393,221</u>
		<u>3,235,600</u>	<u>688,289</u>
Securities			
Haiti		1,335,016	722,713
United States		19,340,568	9,882,320
Other (OCDE countries)		1,163,255	1,429,436
Emerging countries		<u>323,374</u>	<u>218,287</u>
		<u>22,162,213</u>	<u>12,252,756</u>
Credit			
Haiti		<u>29,778,033</u>	<u>25,785,776</u>
Other assets			
Haiti		1,477,000	1,080,501
Total financial assets	G	<u>94,961,089</u>	<u>68,782,512</u>

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.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

4) RISK MANAGEMENT (CONTINUED)

d3) MARKET RISK (CONTINUED)

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, 2017 and 2016 respectively, approximately 32% and 54% 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 42% and 39% of the total deposit portfolio of UNIBANK S.A. as of September 30, 2017, and 39% and 41% each as of September 30, 2016, which constitutes respectively 81% and 80% 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;
- Debt, term obligations, and subordinated debt.

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.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

4) RISK MANAGEMENT (CONTINUED)

d3) MARKET RISK (CONTINUED)

i. Interest rate risk (continued)

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

(In thousands of gourdes)	%		2017	%	2016
Fixed interest rates:					
Financial assets	24%	G	13,552,405	11%	4,292,261
Financial liabilities	30%		<u>18,641,542</u>	34%	<u>17,108,094</u>
Net			<u>(5,089,137)</u>		<u>(12,815,833)</u>
Variable interest rates:					
Financial assets	76%		43,414,617	89%	34,903,329
Financial liabilities	70%		<u>44,294,099</u>	66%	<u>32,526,824</u>
Net		G	<u>(879,482)</u>		2,376,505

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 (66%), term deposits with banks (24%), and BRH bonds, Treasury bonds and other local bonds (10%).
- Fixed-rate financial liabilities consist of term deposits with terms ranging from one month to more than one year (86%), borrowed funds (13%), and subordinated debt (1%).
- 76% of financial assets and 70% of financial liabilities bear interest at variable rates.
- Variable rate financial assets consist of loans (47%), available-for-sale securities (48%) and overnight deposits (5%).
- Variable rate financial liabilities are comprised of savings deposits (83%) and demand deposits (17%) which are essentially overnight deposits.

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 foreign currency.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

4) RISK MANAGEMENT (CONTINUED)

d3) MARKET RISK (CONTINUED)

ii. Foreign exchange risk (continued)

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, 2017

(In thousands of gourdes)		Gourdes	Dollars converted in Gourdes	Other currencies converted in Gourdes
Cash and due from banks	G	12,505,115	27,413,938	203,515
Term deposits with banks		-	3,235,600	-
Securities		1,334,075	20,828,138	-
Loans, net		11,016,754	18,217,149	-
Acceptances and letters of credit		-	544,130	-
Other assets			<u>871,880</u>	
		<u>605,120</u>		
Total financial assets		<u>25,461,064</u>	<u>71,110,835</u>	<u>203,515</u>
Deposits		26,273,918	53,089,566	176,495
Borrowed funds		2,388,679	-	-
Commitments-acceptances and letters of credit		-	544,130	-
Subordinated debt		-	1,049,869	-
Other liabilities		<u>1,187,835</u>	<u>6,285,011</u>	<u>14,744</u>
Total financial liabilities		<u>29,850,432</u>	<u>60,968,576</u>	<u>191,239</u>
Assets (liabilities), net	G	(4,389,368)	10,142,259	12,276

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 162 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, 2016

(In thousands of gourdes)	Gourdes	Dollars converted in Gourdes	Other currencies converted in Gourdes
Cash and due from banks	G 7,143,606	23,229,659	201,141
Term deposits with banks	-	688,289	-
Securities	623,425	11,629,331	-
Loans, net	9,612,133	15,836,957	-
Acceptances and letters of credit	-	336,686	-
Other assets	<u>533,644</u>	<u>546,841</u>	<u>16</u>
Total financial assets	<u>17,912,808</u>	<u>52,267,763</u>	<u>201,157</u>
Deposits	21,681,532	42,618,985	175,476
Borrowed funds	897,286	3,038,125	-
Commitments-acceptances and letters of credit	-	336,686	-
Subordinated debt	-	971,714	-
Other liabilities	<u>1,453,954</u>	<u>2,077,786</u>	<u>17,080</u>
Total financial liabilities	<u>24,032,772</u>	<u>49,043,296</u>	<u>192,556</u>
Assets (liabilities), net	G (6,119,964)	3,224,467	8,601

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 49 million, as the case may be.

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

	2017	2016
<u>At September 30</u>		
US Dollars	62.6900	65.5368
Euros	74.0808	73.6961
<u>Average rates for the year</u>		
US Dollars	65.5202	60.8670
Euros	72.6387	67.4046

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

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)		2017	2016
Cash	G	1,814,325	1,599,216
Deposits with BRH and BNC		34,728,830	27,048,565
Deposits in foreign banks		2,637,709	1,286,060
Items in transit, net		941,704	640,565
	G	40,122,568	30,574,406

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 35% and 32% of assets as at September 30, 2017 and 2016, respectively, and do not bear interest.

Deposits in foreign banks represent overnight deposit accounts bearing average interest rates of 0.46% and 0.02% as of September 30, 2017 and 2016, respectively.

As of September 30, 2017 and 2016 respectively, deposits totaling G 23,356M (\$US 373M) and G 24,270M (\$US 371M) of UniTransfer International, which operates in the USA and in Canada, have been pledged to the Banking Departments of the states where the Company operates. These deposits bear interest at rates between 0.10% and 0.25% as of September 30, 2017 and 2016, respectively.

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

(In thousands of gourdes)		2017	2016
Deposits in gourdes	G	12,505,115	7,143,606
Deposits in foreign currencies		27,617,453	23,430,800
	G	40,122,568	30,574,406

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

6) TERM DEPOSITS WITH BANKS

Term deposits with banks are as follows:

(In thousands of gourdes)		2017	2016
Term deposits	G	3,235,600	688,289
Interest rates		0.25% to 2.50%	0.60% to 1.65%
Maturity	G	1 to 24 months	2 to 48 months

As of September 30, 2017 and 2016, term deposits with banks include amounts pledged as security on lines of credit totaling G 1,128,420 M (\$US 18,000M) and G 393,221 M (\$US 6,000M) respectively. There were no drawdowns on the lines of credit as of September 30, 2017 and 2016.

7) SECURITIES

As of September 30, securities are as follows:

(In thousands of gourdes)		2017	2016
Securities at fair value:			
Foreign debt securities at fair value with fluctuations recorded in the consolidated statement of income (a)	G	<u>20,827,197</u>	<u>11,530,043</u>
Amortized cost securities held to maturity:			
BRH bonds, net (b)		899,549	-
Haitian Treasury bonds (c)		394,296	585,195
Other local corporate bonds (d)		<u>941</u>	<u>99,288</u>
		<u>1,294,786</u>	<u>684,483</u>
Other securities available for sale:			
Shares of local companies (e)		40,230	38,230
Total securities	G	<u>22,162,213</u>	<u>12,252,756</u>

- (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, 2017 and 2016, securities at fair value include amounts pledged as collateral on lines of credit totaling G 15,487,063 M (\$US 247,042M) and G 1,643,073 M (\$US 25,071M) respectively. There were no drawdowns on the lines of credit at September 30, 2017 and 2016.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

7) SECURITIES (CONTINUED)

September 30, 2017

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	2,034,803	1,776,013	1,590,483	746,681	6,147,980	1.12%
US Federal Agency bonds		877,024	4,093,875	1,870,189	186,823	7,027,911	1.15%
US corporate bonds		1,061,711	1,472,191	3,133,055	497,720	6,164,677	1.68%
Treasury bills- Governments of emerging markets		-	-	-	56,436	56,436	2.48%
Corporate bonds of emerging markets		46,444	-	63,676	-	110,120	1.65%
Corporate bonds of OECD countries		-	-	-	78,082	78,082	1.58%
Supra National organizations (SNAT)		12,550	31,173	113,095	-	156,818	0.99%
Treasury bills of OECD countries		241,725	387,235	456,213	-	1,085,173	1.70%
Fair value	G	4,274,257	7,760,487	7,226,711	1,565,742	20,827,197	
Cost	G	4,270,882	7,780,519	7,358,634	1,519,508	20,929,543	
Unrealized loss	G	3,375	(20,032)	(131,923)	46,234	(102,346)	

September 30, 2016

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	33,004	132,150	534,558	67,696	767,408	0.90%
US Federal Agency bonds		394,218	757,683	2,045,808	99,675	3,297,384	1.00 %
US corporate bonds		848,271	1,862,752	2,887,256	219,250	5,817,529	1.57%
Treasury bills - Governments of emerging markets		19,880	-	79,805	-	99,685	1.94%
Treasury bonds of emerging markets		-	-	118,602	-	118,602	1.76%
Corporate bonds of OECD countries		278,502	394,114	483,523	-	1,156,139	1.44%
Supra National organizations (SNAT)		39,420	26,421	140,583	-	206,424	0.84%
Treasury bills of OECD countries		-	-	66,872	-	66,872	1.97%
Fair value	G	1,613,295	3,173,120	6,357,007	386,621	11,530,043	
Cost	G	1,614,106	3,170,478	6,339,145	387,123	11,510,852	
Unrealized gain	G	(811)	2,642	17,862	(502)	19,191	

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

7) SECURITIES (CONTINUED)

(b) Net BRH bonds are thus established:

(In thousands of gourdes)		2017	2016
Principal	G	900,000	-
Unearned interest		<u>(451)</u>	<u>-</u>
	G	899,549	-

BRH bonds are valid for 7 days maturing on October 4, 2017, bearing interests of 6.02%.

(c) Haitian Treasury bonds at amortized cost are classified as Level 2 securities and comprise the following:

(In thousands of gourdes)		2017	2016
Treasury bonds issued by Ministry of Economy and Finance (i)	G	273,463	410,195
Rate		7%	7%
Maturity		24 months	36 months
Treasury bonds issued by the Ministry of Economy and Finance - PSUGO (ii)	G	120,833	175,000
Rate		6%	6%
Maturity		30 months	42 months
	G	394,296	585,195

i) 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 26 million and G 15 million were recognized respectively in 2017 and 2016.

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

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UNIBANK S.A.
Notes to Consolidated Financial Statements

7) SECURITIES (CONTINUED)

- ii) 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 9 million and G 11 million were recognized respectively in 2017 and 2016.
- (d) Amortized cost securities held to maturity are composed of local bonds in US dollars issued by local companies, with a fair value equivalent to their cost, **Level 3**. As of September 2017, their maturity is 159 days and they bear interest at 3%. As of September 30, 2016, their maturity ranged from 159 to 200 days and bore interest at rates between 3% and 6%.
- (e) Other local securities consist of equity investments recorded at cost (**Level 3**). They are available for sale.

8) INVESTMENTS IN AFFILIATED COMPANIES

As of September 30, investments in affiliated companies are presented on the equity basis (**Level 3**) and include the following:

(In thousands of gourdes)		2017	2016
HAÏTI AGRO PROCESSORS HOLDING LTD.			
33.33% of Haiti Agro Processors Holding Ltd., majority shareholder of LMH (through SNI Minoterie L.P.)	G	291,667	291,667
Share of retained earnings and reserves to date		<u>366,019</u>	<u>304,748</u>
	G	657,686	596,415
CORAIL S.A.			
Capital investment representing 15.80% of capital	G	9,908	9,908
Share of retained earnings and reserves to date		<u>12,521</u>	<u>9,230</u>
	G	22,429	19,138
Total investments in affiliated companies	G	680,115	615,553

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

8) INVESTMENTS IN AFFILIATED COMPANIES (CONTINUED)

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

(In thousands of gourdes)		2017	2016
HAÏTI AGRO PROCESSORS HOLDING LTD.			
Total assets – Les Moulins d’Haïti S.E.M. (LMH)	G	<u>3,284,300</u>	<u>3,547,191</u>
Total liabilities – Les Moulins d’Haïti S.E.M. (LMH)		<u>465,645</u>	<u>991,126</u>
Net income of the year	G	612,590	1,145,524
CORAIL S.A.			
Total assets	G	<u>161,714</u>	<u>156,116</u>
Total liabilities		<u>19,762</u>	<u>34,989</u>
Net income of the year	G	21,155	23,145

The share of income from non consolidated affiliated companies is recorded in the consolidated statement of income using the equity method as follows:

(In thousands of gourdes)		2017	2016
Haïti Agro Processors Holding Ltd.	G	142,938	267,289
CORAIL S.A. (note 23)		<u>3,290</u>	<u>3,765</u>
	G	146,228	271,054

- (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 22.

9) LOANS

As of September 30, loans are as follows:

(In thousands of gourdes)		2017	2016
Commercial and industrial loans	G	15,520,849	10,759,944
Mortgage loans		5,558,101	5,616,413
Overdrafts		2,290,729	3,955,770
Micro-enterprise loans		2,030,232	1,590,265
Consumer loans		1,561,835	1,349,211
Credit card loans		1,040,538	1,156,855
Mortgage loans – “logement 5 étoiles” (a)		918,398	700,485
Loans to employees		341,379	328,414
Restructured loans (b)		<u>95,126</u>	<u>48,309</u>
		29,357,187	25,505,666
Non-performing loans		<u>163,018</u>	<u>261,837</u>
	G	29,520,205	25,767,503

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

9) LOANS (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. 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.

If a bank would have to draw from its regulatory reserve funds to finance loans in the context of this program, the Central Bank will advance funds up to 30 years at an interest rate between 1% and 3%.

The Central Bank's advances to UNIBANK related to this program total G 1,019,311M and G 705,532 at September 30, 2017 and 2016, respectively and bear interest at a rate of 3% for 10 years (note 17b).

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 sectoral exposure limit of 25% required by the prudential norms on credit concentration has been extended to 50%. Credit and counterparty risks are borne by the lender Bank.

- b) As of September 30, 2017 and 2016, 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)		2017	2016
Loans in US dollars	G	18,461,020	16,107,057
Loans in gourdes		<u>11,059,185</u>	<u>9,660,446</u>
	G	29,520,205	25,767,503

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

9) LOANS (CONTINUED)

Average effective interest rates on loans are as follows:

(In thousands of gourdes)	2017	2016
In US dollars:		
Commercial and industrial loans, and overdrafts	10.79%	11.31%
Mortgage loans	8.79%	8.55%
Credit card loans	21.00%	23.56%
Restructured loans	8.22%	10.00%
Loans to employees	6.98%	6.67%
In gourdes:		
Commercial and industrial loans, and overdrafts	13.14%	13.02%
Mortgage loans	12.91%	11.83%
Credit card loans	25.00%	27.22%
Micro-enterprise loans	43.76%	42.82%
Restructured loans	15.87%	16.58%
Loans to employees	6.22%	5.99%

Unrecorded interest on non-performing loans mentioned above amounts to G 68,841M and G 29,874M as of September 30, 2017 and 2016, respectively.

Except for short-term advances, included in commercial and industrial loans, totaling G 516,311 and G 632,055 as of September 30, 2017 and 2016 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 1,081,380M and G 1,283,202M as of September 30, 2017 and 2016, respectively. These loans bear average interest rates of approximately 10.58% and 9.69% for loans in gourdes, and of 8.60% and 7.74% for loans in US dollars, in 2017 and 2016, respectively.

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UNIBANK S.A.
Notes to Consolidated Financial Statements

9) LOANS (CONTINUED)

The impairment provision has evolved as follows:

(In thousands of gourdes)		2017	2016
Balance at the beginning of year	G	318,413	284,974
Impairment charge for the year		32,544	65,572
Write-offs (a)		(235,242)	(192,934)
Recoveries on loans written-off		71,443	85,205
Effect of revaluation of impairment provision in US dollars		(16,929)	75,596
Transfer of provision – Bank of Nova Scotia		<u>116,073</u>	<u>-</u>
Balance at the end of year	G	286,302	318,413

(a) Loan write-offs by categories during 2017 and 2016 are as follows:

(In thousands of gourdes)		2017	2016
Micro-enterprise loans	G	140,761	112,698
Credit card loans		58,088	30,797
(Loans) write-offs – Bank of Nova Scotia		25,302	-
Consumer loans		9,528	6,315
Overdrafts		1,220	-
Mortgage loans		343	-
Commercial and industrial loans		<u>-</u>	<u>43,124</u>
		235,242	192,934

Specific and general risks on the loan portfolio are covered as follows:

(In thousands of gourdes)		2017	2016
Impairment provision	G	286,302	318,413
General reserve for loan losses		<u>363,927</u>	<u>306,345</u>
	G	650,229	624,758

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

9) LOANS (CONTINUED)

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

September 30, 2017

(In thousands of gourdes)		Current	30-60 days	61-89 days	Total
<u>Current loans</u>					
Commercial and industrial loans	G	15,499,795	-	21,054	15,520,849
Micro-enterprise loans		1,982,866	29,365	18,001	2,030,232
Credit card loans		847,784	125,378	67,376	1,040,538
Overdrafts		2,290,471	258	-	2,290,729
Other loans		<u>8,376,003</u>	<u>75,709</u>	<u>23,127</u>	<u>8,474,839</u>
	G	28,996,919	230,710	129,558	29,357,187

(In thousands of gourdes)		90-120 days	121-180 days	181-360 days	Total
<u>Non-performing loans</u>					
Commercial and industrial loans	G	-	515	1,314	1,829
Micro-enterprise loans		18,313	24,182	-	42,495
Credit card loans		42,224	-	-	42,224
Overdrafts		2,173	-	161	2,334
Other loans		<u>6,628</u>	<u>6,818</u>	<u>60,690</u>	<u>74,136</u>
	G	69,338	31,515	62,165	163,018

September 30, 2016

(In thousands of gourdes)		Current	30-60 days	61-89 days	Total
<u>Current loans</u>					
Commercial and industrial loans	G	10,713,487	14,595	31,862	10,759,944
Micro-enterprise loans		1,563,222	15,023	12,020	1,590,265
Credit card loans		833,954	259,802	63,099	1,156,855
Overdrafts		3,955,662	104	4	3,955,770
Other loans		<u>8,026,276</u>	<u>10,264</u>	<u>6,292</u>	<u>8,042,832</u>
	G	25,092,601	299,788	113,277	25,505,666

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

9) LOANS (CONTINUED)September 30, 2016

(In thousands of gourdes)		90-120 days	121-180 days	181-360 days	Total
<u>Non-performing loans</u>					
Commercial and industrial loans	G	1,987	4,616	114,034	120,637
Micro-enterprise loans		10,689	21,386	-	32,075
Credit card loans		8,016	34,419	11,141	53,576
Overdrafts		-	-	2,784	2,784
Other loans		<u>1,014</u>	<u>4,382</u>	<u>47,369</u>	<u>52,765</u>
	G	21,706	64,803	175,328	261,837

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

September 30, 2017

(In thousands of gourdes)		Mortgages	Cash collateral (note 16)	Others (a)
Current loans	G	11,461,088	2,079,107	4,628,598
Non-performing loans		<u>98,065</u>	<u>-</u>	<u>-</u>
	G	11,559,153	2,079,107	4,628,598

September 30, 2016

(In thousands of gourdes)		Mortgages	Cash collateral (note 16)	Others (a)
Current loans	G	11,414,863	1,757,167	746,665
Non-performing loans		<u>170,396</u>	<u>-</u>	<u>-</u>
	G	11,585,259	1,757,167	746,665

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

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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 30/09/16	Acquisitions			Disposals	Translation adjustment	Balance 30/09/17
		Acquisitions	BNS	Transfers			
Land	G 373,290	59,472	-	-	-	-	432,762
Buildings	620,283	110,311	-	-	-	-	730,594
Bank equipment and furniture	607,310	113,978	8,562	14,872	(13,162)	(246)	731,314
Computer equipment	179,523	47,863	6,076	(29,049)	(25)	(828)	203,560
Leasehold improvements	294,236	96,752	8,303	(8,230)	(63)	-	390,998
Vehicles	343,673	174,117	1,682	(75,307)	(6,729)	7	437,443
Investments in progress	213,126	290,727	-	(172,862)	(29,927)	(655)	300,409
Fully depreciated assets	<u>1,366,706</u>	<u>-</u>	<u>103,600</u>	<u>270,576</u>	<u>(86,984)</u>	<u>(1,432)</u>	<u>1,652,466</u>
	G 3,998,147	893,220	128,223	-	(136,890)	(3,154)	4,879,546

During the year, accumulated depreciation has evolved as follows:

Accumulated depreciation (In thousands of gourdes)	Balance 30/09/16	Depreciation			Disposals	Translation adjustment	Balance 30/09/17
		Depreciation	BNS	Transfers			
Buildings	G 94,118	23,657	-	-	-	-	117,775
Bank equipment and furniture	262,375	103,038	4,933	(74,040)	(4,853)	(182)	291,271
Computer equipment	84,648	74,272	3,203	(59,078)	(11)	(625)	102,409
Leasehold improvements	146,495	67,733	3,776	(62,077)	(42)	-	155,885
Vehicles	147,983	102,104	1,038	(75,381)	(5,560)	(99)	170,085
Fully depreciated assets	<u>1,366,706</u>	<u>-</u>	<u>103,600</u>	<u>270,576</u>	<u>(86,984)</u>	<u>(1,432)</u>	<u>1,652,466</u>
	G 2,102,325	370,804	116,550	-	(97,450)	(2,338)	2,489,891
Net fixed assets	G 1,895,822						2,389,655

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UNIBANK S.A.
Notes to Consolidated Financial Statements

11) DISCONTINUED OPERATIONS/NON-CURRENT ASSET HELD FOR SALE

In 2017, the Group completed the disposal of its subsidiary, Distributeurs Nationaux S.A. (DINASA), which was held for sale in 2016. In addition, the Group initiated a plan to sell its foreign real estate segment classified as non-current asset held for sale.

- a) The sale of DINASA occurred on April 30, 2017. The Group had acquired control of this company in 2016 and upon acquisition, Management committed to a sale plan at the conclusion of which control was transferred to a foreign group on May 1, 2017.

Proceeds from the sale of the discontinued operations in 2017, as disclosed in **note 24**, were as follows:

(In thousands of gourdes)

Consideration received	G 21,468,678
Net asset disposed of and selling expenses	<u>(12,241,247)</u>
Gain on disposal before income taxes (note 24)	9,227,431
Income before income taxes of Dinasa during the year	<u>1,819,472</u>
Total gain on disposal before income taxes	11,046,903
Income taxes	<u>(1,884,223)</u>
Gain on disposal, net of income taxes	G 9,162,680

The net profit resulting from the disposal and the operating results of DINASA up to April 30, 2017 are reflected in the results of discontinued operations (**note 24**).

The valuation of the non-current asset held for sale totaling G 11,772,902M (G 11.8 billion) reflected in the consolidated balance sheet as of September 30, 2016 includes the consolidated assets DINASA of G 6.2 billion and the overall revaluation of investment in DINASA of G 5.6 billion.

As of September 30, 2016, DINASA's total liabilities were G 1,852,805M.

- b) As of September 30, 2017, the Group has committed to a plan to dispose of its foreign real estate segment and efforts to sell these operations have been initiated. Based on this plan, the foreign real estate segment is classified as a non-current asset held for sale with a book value of G 890,788 million.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

11) **DISCONTINUED OPERATIONS / NON-CURRENT ASSET HELD FOR SALE (CONTINUED)**

Non-current asset held for sale

In the consolidated balance sheet, the available-for-sale financial asset and liability 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)

Assets

Cash and due from banks	G	90,606
Asset held for sale (note 12)		758,700
Other assets		<u>41,482</u>
Total non-current asset held for sale		890,788

Liabilities

Income taxes payable		21,618
Guarantee deposits		8,753
Accrued expenses		3,308
Others		<u>7,851</u>
Total non-current liability held for sale	G	41,530

Fair value adjustment of asset held for sale

Management has chosen to sell in bulk its interest in a property, representing 48% of a commercial complex, over a period of approximately one year. Fair value measurement has been assessed at \$US 18.3 million by an independent real estate appraiser. Although the appraised value is based on observable data for a block sale using the "revenue approach", this valuation does not take into consideration the timeframe contemplated by Management to complete the transaction. The net realizable value of the property held for sale was estimated at \$US 12.1 million by Management, based on the highest sale offer received in 2016, following an offering initiative carried through a reputable real estate brokerage firm.

This estimate resulted in a loss of G 506.9 million (\$US 7.7 million) (note 24b) recorded in the consolidated net income for the year. In establishing their estimate, Management determined it prudent, given the peculiarity of the contemplated transaction, to retain the lower value of the sale offer, in lieu of the higher valuation of the independent real estate appraiser.

The cumulative translation effect included in the consolidated statement of shareholders' equity in relation to foreign subsidiaries classified as an asset held for sale amounts to G 481M.

Fair value hierarchy

The non-recurring basis fair value measurement of the asset held for sale has been categorized as Level 3, based on the non observable data used for this estimate.

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UNIBANK S.A.
Notes to Consolidated Financial Statements

12) INVESTMENT PROPERTIES

Investment properties in the United States of America have evolved as follows:

(In thousands of gourdes)		2017	2016
Balance at the beginning of the year	G	1,259,060	1,012,834
Capitalization - Construction in progress		48,163	-
Loss of value (note 24)		(506,922)	-
Translation effect		(34,453)	260,195
Sales		(7,148)	(13,969)
Transferred to discontinued operations (note 11)		758,700	-
Balance at the end of the year	G	-	1,259,060

This property is part of the asset held for sale as of September 30, 2017. The property is rented and generated rental income and gains on sales of units of G 19,346M and G 26,375M in 2017 and 2016, respectively.

13) PROPERTIES HELD FOR SALE

Properties held for sale have evolved as follows:

(In thousands of gourdes)		2017	2016
Balance at the beginning of the year	G	250,993	180,140
Sales during the year		(120,759)	-
Disbursements of the year for security		-	2,517
Adjudications of the year		-	68,336
Fair value of acquired properties from Scotiabank		101,347	-
Balance at the end of the year	G	231,581	250,993

Sales of properties in 2017 resulted in a gain of G 93,327M.

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 – property held for sale" in the shareholders equity. As at September 30, 2017 and 2016, properties held for sale are covered by a reserve of G 49,444M and G 36,028M, respectively. This reserve is not subject to distribution.

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UNIBANK S.A.
Notes to Consolidated Financial Statements

14) GOODWILL AND OTHER INTANGIBLE ASSETS

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

(In thousands of gourdes)		2017	2016
Goodwill (a)	G	161,036	65,698
Other intangible assets (b)		<u>25,500</u>	<u>29,013</u>
	G	<u>186,536</u>	<u>94,711</u>

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

(In thousands of gourdes)		2017	2016
Goodwill at cost:			
SCOTIA BANK HAITI (1)	G	<u>96,885</u>	<u>-</u>
UNITRANSFER INTERNATIONAL		24,765	24,765
Translation effect – UNITRANSFER INTERNATIONAL		<u>12,657</u>	<u>14,204</u>
		<u>37,422</u>	<u>38,969</u>
IMSA		11,332	11,332
MICRO CRÉDIT NATIONAL		9,950	9,950
UNICRÉDIT		3,663	3,663
SNI S.A.		<u>1,784</u>	<u>1,784</u>
		<u>26,729</u>	<u>26,729</u>
Goodwill	G	161,036	65,698

- (1) On December 13, 2016, UNIBANK S.A. acquired the operations of the Bank of Nova Scotia (Scotiabank) in Haiti. This acquisition strengthened the Group's position in the banking market and contributed to certain synergies. On February 28, 2017, UNIBANK S.A. took over control of the four branches. As of that date, their operating results are included in the consolidated results of 2017.

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UNIBANK S.A.
Notes to Consolidated Financial Statements

14) GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

Information relating to the purchase price, the net value of the acquired assets and the goodwill is as follows:

(In thousands of gourdes)

Purchase price	G 462,938
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The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

(In thousands of gourdes)

<u>Assets</u>	
Cash and due from banks	G 6,057,136
Loans portfolio, net	1,915,636
Real estate, net	103,313
Fixed assets, net	12,264
Other assets	<u>13,987</u>
Total assets	G <u>8,102,336</u>
<u>Liabilities</u>	
Deposits	6,865,948
Other obligations	862,689
Other liabilities	<u>7,646</u>
Total liabilities	G <u>7,736,283</u>
Net value of acquired assets	G <u>366,053</u>
Goodwill	G <u><u>96,885</u></u>

Acquisition related costs of G 36,139 million are recorded in other operating expenses and in cash flows used in operating activities. The cash flow resulting from this acquisition is as follows:

Disbursements	G (462,938)
Cash and due from banks acquired	<u>6,057,136</u>
	G 5,494,198

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

14) GOOD WILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

b) Other intangible assets evolved as follows:

Cost

(In thousands of gourdes)	Balance 30/09/16	Acquisitions	Transfers	Disposals	Translation adjustment	Balance 30/09/17
Software	G 123,411	27,891	(25,408)	(10)	(3,313)	122,571
Fully amortized assets	<u>11,012</u>	<u>-</u>	<u>25,408</u>	<u>-</u>	<u>-</u>	<u>36,420</u>
	G 134,423	27,891	-	(10)	(3,313)	158,991

Accumulated amortization

(In thousands of gourdes)	Balance 30/09/16	Acquisitions	Transfers	Disposals	Translation adjustment	Balance 30/09/17
Software	G 94,398	31,245	(25,408)	(10)	(3,154)	97,071
Fully amortized assets	<u>11,012</u>	<u>-</u>	<u>25,408</u>	<u>-</u>	<u>-</u>	<u>36,420</u>
	G 105,410	31,245	-	(10)	(3,154)	133,491
Intangible assets, net	G 29,013					25,500

15) OTHER ASSETS

As of September 30, other assets were as follows:

(In thousands of gourdes)	2017	2016
Prepaid expenses	G 834,442	534,273
Prepaid income taxes and other taxes	616,755	5,063
Receivable - transfer agents	551,464	268,935
Tax credit	455,124	-
Interest receivable	218,150	191,435
Receivables - discontinued operations (a)	186,528	-
Advance to suppliers and others	92,069	111,322
Premiums receivable – UniAssurances S.A.	89,639	128,724
Accounts receivable – affiliated companies (note 28)	86,864	135,472
Inventories - Unitransfer Haïti	39,140	21,452
Deferred income tax asset (note 19 a)	9,092	9,959
Advances to executives and managers (b)	3,997	14,866
Recoverable from reinsurers	-	1,027
Others	<u>248,289</u>	<u>261,528</u>
	G 3,431,553	1,684,056

a) This amount represents a receivable from the sale of DINASA.

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

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

16) DEPOSITS

As of September 30, deposits are as follows:

(In thousands of gourdes)		2017	2016
Demands deposits:			
Gourdes	G	9,333,150	7,062,659
US Dollars		23,622,276	18,061,011
Euros		<u>176,495</u>	<u>175,476</u>
	G	33,131,921	25,299,146
Savings accounts:			
Gourdes	G	11,101,917	9,363,677
US Dollars		<u>20,058,679</u>	<u>16,874,614</u>
	G	31,160,596	26,238,291
Term deposits			
Gourdes	G	5,838,851	5,255,196
US Dollars		<u>9,408,611</u>	<u>7,683,360</u>
	G	15,247,462	12,938,556
Total deposits	G	79,539,979	64,475,993
Deposits in Gourdes	G	26,273,918	21,681,532
Deposits in US Dollars		53,089,566	42,618,985
Deposits in Euros		176,495	175,476
Total deposits	G	79,539,979	64,475,993

Average interest rates on deposits are as follows:

(In thousands of gourdes)		2017	2016
Demand deposits (overnight deposits):			
Gourdes		2.23%	1.59%
US Dollars		0.15%	0.15%
Demand deposits (money market accounts):			
Gourdes		0.04%	0.04%
US Dollars		0.02%	0.02%
Savings accounts:			
Gourdes		0.05%	0.05%
US Dollars		0.02%	0.03%
Term deposits:			
Gourdes		10.20%	5.42%
US Dollars		1.75%	1.42%

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

16) DEPOSITS (CONTINUED)

Pledged deposits amounted to G 2,079,107M and G 1,757,167M as of September 30, 2017 and 2016, respectively (note 9).

Deposits from Board members and their affiliated companies amounted to G 2,852,331M and G 625,202M as of September 30, 2017 and 2016, respectively. These deposits were received in the normal course of business and bear interest at the Bank's normal interest rates.

17) BORROWED FUNDS

Borrowed funds are as follows:

(In thousands of gourdes)	2017	2016
Short-term interbank loans (a)	G 1,200,000	-
Advances from the Central Bank (BRH) (b)	1,144,211	880,532
Loan from the Government of the Federal Republic of Germany (c)	44,468	50,339
Short-term loans – foreign bank (d)	-	687,248
Term obligations (e)	<u>-</u>	<u>2,317,292</u>
	G 2,388,679	3,935,411

(a) These borrowings from two local banks, on May 15, 2017 and July 17, 2017, bear interest rates of 12.0% and 10.5% per annum and are payable in January and May 2018.

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

(In thousands of gourdes)	2017	2016
Advances BRH – residential mortgage loans (i)	G 1,019,311	705,532
Advances BRH– PSUGO (ii)	<u>124,900</u>	<u>175,000</u>
	G 1,144,211	880,532

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 two advances totaling G 335,067 and G 398,496 respectively in 2017 and 2016. 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 10 years and 20 years. The funds in gourdes used to extend credit to the bank's customers within this program are exempt from legal reserve requirements.

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UNIBANK S.A.
Notes to Consolidated Financial Statements

17) 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 collateralized by the bonds of the Haitian Treasury (note 7c ii). The BRH loan bears terms identical to those of the Treasury bonds reimbursable over 60 months with interest rate of 6%.
- (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, 2017 and 2016, and is reimbursable in 30 equal semi-annual installments beginning in May 2010. Semi-annual interest is paid beginning in May 2005.

- (d) The short-term loans consist of loans totaling \$US 10,486M borrowed from a foreign bank bearing interest of 1.30%, reimbursed on November 16, 2016.
- (e) Term bonds issued by GFN S.A., UNIBANK S.A. and UniFinance S.A. are nominative and not convertible. At September 30, the term bonds by entity and by currency are as follows:

(In thousands of gourdes)		2017	2016
GFN S.A (e ¹) - US dollars (note 28)	G	-	2,300,538
Other bonds - gourdes		-	16,754
	G	-	2,317,292

The average interest rates and maturities on these term bonds are as follows:

(In thousands of gourdes)	2017	2016
Term bonds in US dollars	-	5.00%
Term bonds in gourdes	-	4.83%
Maximum maturity	-	1 year

- (e¹) These term bonds are held by Board Members and related party entities and were reimbursed on May 4, 2017.

18) 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, 2017, based on a plan to dispose of the foreign real estate segment. This liability is described in note 11b.

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UNIBANK S.A.
Notes to Consolidated Financial Statements

19) OTHER LIABILITIES

As of September 30, other liabilities are as follows:

(In thousands of gourdes)	2017	2016
Dividends payable	G 4,481,286	195,253
Cashier's checks	826,131	478,907
Accrued expenses	478,133	387,731
Remittances payable	321,492	831,536
Restricted fund deposits	332,180	212,014
Unearned premiums – UniAssurances S.A.	298,661	318,590
Bonus payable	218,155	215,982
Interest payable	117,696	136,634
Guarantee deposits on letters of credit	101,146	10,840
Transfers payable – Unitransfer International	69,059	154,916
Deferred revenue on Haitian Treasury bonds	9,653	20,214
Deferred income taxes (a)	4,396	4,396
Income taxes and CFGDCT	-	398,826
Others	<u>233,998</u>	<u>187,377</u>
	G 7,491,986	3,553,216

a) Deferred income taxes are related to the following:

(In thousands of gourdes)	2017	2016
Revaluation of land	G 4,396	4,396

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

(In thousands of gourdes)	2017	2016
Balance at the beginning of the year	G (9,959)	181,864
Deferred income taxes on remeasurement gain – Dinasa (note 23)	-	(171,555)
Deferred income taxes related to unconsolidated shares of income (note 23)	17,201	32,743
Taxes paid on dividends received form LMH	<u>(16,334)</u>	<u>(53,011)</u>
Deferred tax asset (note 15)	G (9,092)	(9,959)

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.

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UNIBANK S.A.
Notes to Consolidated Financial Statements

20) SUBORDINATED DEBT

At September 30, the subordinated debt is as follows:

(In thousands of gourdes)	2017	2016
Fondation Unibank (note 28)	G 156,913	164,039
Subordinated debt – others	<u>892,956</u>	<u>807,675</u>
	G 1,049,869	971,714

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 6%.

In 2016, subordinated debt held by Board members and their related parties totaled G 65,537M.

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.

21) 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 nominal value of G 12,500 each. The nominal 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.

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UNIBANK S.A.
Notes to Consolidated Financial Statements

21) PAID-IN CAPITAL (CONTINUED)

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

(In thousands of gourdes)	2017	2016
AUTHORIZED CAPITAL		
140,000 shares of class A with a par value of G 12,500 in 2017 and of G 6,250 in 2016		
Each class A share has one voting right	G 1,750,000	875,000
420,000 shares of class B with a par value of G 12,500 in 2017 and of G 6,250 in 2016		
Each class B share has five voting rights	<u>5,250,000</u>	<u>2,625,000</u>
	G <u>7,000,000</u>	<u>3,500,000</u>
UNPAID CAPITAL		
10,599 shares of class A in 2017		
12,061 shares of class A in 2016	G (132,488)	(75,381)
31,797 shares of class B in 2017		
29,535 shares of class B in 2016	<u>(397,462)</u>	<u>(184,594)</u>
	G <u>(529,950)</u>	<u>(259,975)</u>
PAID-IN CAPITAL		
129,401 shares of class A in 2017		
127,939 shares of class A in 2016	G 1,617,512	799,619
388,203 shares of class B in 2017		
390,465 shares of class B in 2016	<u>4,852,538</u>	<u>2,440,406</u>
	G <u>6,470,050</u>	<u>3,240,025</u>
TREASURY STOCK		
523 shares of class A	G -	(3,268)
327 shares of class B	-	<u>(2,044)</u>
	G -	(5,312)
SHARE CAPITAL, NET	G 6,470,050	3,234,713

As of September 30, 2017 and 2016, 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)

UNIBANK S.A.
Notes to Consolidated Financial Statements

22) SUBSIDIARIES AND NON-CONTROLLING INTEREST IN SUBSIDIARIES

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)	2017	2016
<u>BANKING ACTIVITIES AND SERVICES</u>		
MICRO CRÉDIT NATIONAL S.A. (Micro-finance institution)	<u>100 %</u>	<u>100 %</u>
UNICARTE S.A. (Credit card company)	<u>100 %</u>	<u>100 %</u>
UNICRÉDIT S.A. (Consumer finance company)	<u>100 %</u>	<u>100 %</u>
UNIFINANCE S.A. (Merchant/investment banking services)	<u>100 %</u>	<u>100 %</u>
UNITRANSFER S.A. (HAITI) (Money remittance company)	<u>100 %</u>	<u>100 %</u>
UNITRANSFER INTERNATIONAL LTD. (Money remittance company)	<u>100 %</u>	<u>100 %</u>
<u>INSURANCE SERVICES</u>		
UNIASSURANCES S.A. (Insurance company)	<u>100 %</u>	<u>100 %</u>
<u>NON BANKING INVESTMENTS</u>		
A- INVESTMENT COMPANIES		
 GROUPE FINANCIER NATIONAL S.A.		
(Group management and non banking investments)	<u>100 %</u>	<u>100 %</u>
 GFN INTERNATIONAL ASSETS LTD.		
(Non-real estate asset management company)	<u>100 %</u>	<u>100 %</u>
 SOCIÉTÉ NATIONALE D'INVESTISSEMENT S.A. (SNI)		
(Investment company)	<u>100 %</u>	<u>100 %</u>
CAPITAL CONSULT S.A. (Consulting services)	<u>100 %</u>	<u>100 %</u>
 DISTRIBUTEURS NATIONAUX S.A.		
(Petroleum and gas)	<u>0 %</u>	<u>100 %</u>
SNI MINOTERIE L.P. (a) (Investment Company)		
Holding through GFN S.A.	<u>61.10%</u>	<u>61.10%</u>
B- REAL ESTATE COMPANIES		
IMMOBILIER S.A. (IMSA) (Real Estate Promotion Company)	<u>100 %</u>	<u>100 %</u>
 CENTRALE IMMOBILIÈRE S.A. (CISA)		
(Real estate management services)	<u>100 %</u>	<u>100 %</u>
GFN REAL ESTATE LTD. (Real Estate Company)	<u>100 %</u>	<u>100 %</u>
INTERNATIONAL SUNRISE PARTNERS LLC (Real Estate Company)	<u>100 %</u>	<u>100 %</u>
GFN REAL ESTATE LLC (Real Estate Company)	<u>100 %</u>	<u>100 %</u>
GFN RESTAURANT II LLC (Real Estate Company)	<u>100 %</u>	<u>100 %</u>

(a) SNI Minoterie's main activity is its investment of 23.3% in Les Moulins d'Haïti S.E.M.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

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

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

(In thousands of gourdes)		2017	2016
MICRO CRÉDIT NATIONAL S.A.			
Total assets	G	<u>5,055,483</u>	<u>3,917,012</u>
Total liabilities	G	<u>2,311,303</u>	<u>1,860,458</u>
Net income for the year	G	<u>87,625</u>	<u>370,458</u>
Net assets	G	<u>2,744,180</u>	<u>2,056,554</u>
UNICARTE S.A.			
Total assets	G	<u>1,978,065</u>	<u>1,559,511</u>
Total liabilities	G	<u>743,634</u>	<u>550,387</u>
Net (loss) income for the year	G	<u>(74,693)</u>	<u>149,197</u>
Net assets	G	<u>1,234,431</u>	<u>1,009,124</u>
UNICRÉDIT S.A.			
Total assets	G	<u>190,601</u>	<u>207,305</u>
Total liabilities	G	<u>307</u>	<u>13,291</u>
Net (loss) income for the year	G	<u>(3,720)</u>	<u>34,088</u>
Net assets	G	<u>190,294</u>	<u>194,014</u>
UNIFINANCE S.A.			
Total assets	G	<u>979,239</u>	<u>1,040,731</u>
Total liabilities	G	<u>12,620</u>	<u>94,036</u>
Net income for the year	G	<u>19,923</u>	<u>185,446</u>
Net assets	G	<u>966,619</u>	<u>946,695</u>
UNITRANSFER S.A. (HAITI)			
Total assets	G	<u>1,223,653</u>	<u>821,022</u>
Total liabilities	G	<u>429,486</u>	<u>214,859</u>
Net income for the year	G	<u>38,004</u>	<u>132,252</u>
Net assets	G	<u>794,167</u>	<u>606,163</u>
UNITRANSFER INTERNATIONAL LTD.			
Total assets	G	<u>742,599</u>	<u>784,857</u>
Total liabilities	G	<u>130,231</u>	<u>204,835</u>
Net income for the year	G	<u>28,865</u>	<u>27,229</u>
Net assets	G	<u>612,368</u>	<u>580,022</u>
UNIASSURANCES S.A.			
Total assets	G	<u>1,221,363</u>	<u>1,193,458</u>
Total liabilities	G	<u>450,611</u>	<u>492,958</u>
Net income for the year	G	<u>70,252</u>	<u>149,612</u>
Net assets	G	<u>770,752</u>	<u>700,500</u>

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

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

(In thousands of gourdes)		2017	2016
GRUPE FINANCIER NATIONAL S.A.			
Total assets	G	<u>9,041,658</u>	<u>14,668,408</u>
Total liabilities	G	<u>4,083,225</u>	<u>5,080,049</u>
Net income for the year	G	<u>8,861,393</u>	<u>3,314,170</u>
Net assets	G	<u>4,958,433</u>	<u>9,588,359</u>
GFN INTERNATIONAL ASSETS LTD.			
Total assets	G	<u>4,019,942</u>	<u>1,395</u>
Total liabilities	G	<u>2,049,365</u>	<u>358</u>
Net income for the year	G	<u>8,536,341</u>	<u>108</u>
Net assets	G	<u>1,970,577</u>	<u>1,037</u>
SOCIÉTÉ NATIONALE D'INVESTISSEMENT S.A.			
Total assets	G	<u>30,616</u>	<u>32,461</u>
Total liabilities	G	<u>-</u>	<u>1,309</u>
Net (loss) income for the year	G	<u>(537)</u>	<u>3,383</u>
Net assets	G	<u>30,616</u>	<u>31,152</u>
CAPITAL CONSULT S.A.			
Total assets	G	<u>40,624</u>	<u>45,717</u>
Total liabilities	G	<u>630</u>	<u>2,407</u>
Net (loss) income for the year	G	<u>(3,316)</u>	<u>5,143</u>
Net assets	G	<u>39,994</u>	<u>43,310</u>
DISTRIBUTEURS NATIONAUX S.A.			
Total assets	G	<u>-</u>	<u>7,216,764</u>
Total liabilities	G	<u>-</u>	<u>1,937,671</u>
Net income for the year	G	<u>-</u>	<u>1,827,826</u>
Net assets	G	<u>-</u>	<u>5,279,093</u>
SNI MINOTERIE L.P.			
Total assets	G	<u>688,906</u>	<u>712,838</u>
Total liabilities	G	<u>12,062</u>	<u>58,135</u>
Net income for the year	G	<u>135,374</u>	<u>261,783</u>
Net assets	G	<u>676,844</u>	<u>654,703</u>
IMMOBILIER S.A. (IMSA)			
Total assets	G	<u>159,350</u>	<u>143,634</u>
Total liabilities	G	<u>12,904</u>	<u>14,341</u>
Net income for the year	G	<u>17,153</u>	<u>19,537</u>
Net assets	G	<u>146,446</u>	<u>129,293</u>

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UNIBANK S.A.
Notes to Consolidated Financial Statements

22) **SUBSIDIARIES AND NON CONTROLLING INTEREST IN SUBSIDIARIES (CONTINUED)**

(In thousands of gourdes)		2017	2016
CENTRALE IMMOBILIÈRE S.A.			
Total assets	G	<u>167,347</u>	<u>173,726</u>
Total liabilities	G	<u>6,355</u>	<u>9,293</u>
Net (loss) income for the year	G	<u>(3,441)</u>	<u>12,243</u>
Net assets	G	<u>160,992</u>	<u>164,433</u>
GFN REAL ESTATE LTD.			
Consolidating GFN Real Estate LLC, International Sunrise Partners LLC and GFN Restaurant II LLC			
Total assets	G	<u>892,673</u>	<u>1,438,947</u>
Total liabilities	G	<u>42,484</u>	<u>39,351</u>
Net loss for the year	G	<u>(509,346)</u>	<u>(75,378)</u>
Net assets	G	<u>850,189</u>	<u>1,399,596</u>

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

(In thousands of gourdes)		2017	2016
SNI MINOTERIE L.P.			
Minority interest of 38.90% in 2017 and 2016			
Initial cost of investment	G	28,900	28,900
Decrease in holding at par value		<u>(5,119)</u>	<u>(5,119)</u>
		<u>23,781</u>	<u>23,781</u>
Dividends		(44,115)	(85,873)
Share of results and reserves		<u>284,477</u>	<u>317,622</u>
	G	<u>264,143</u>	<u>255,530</u>

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UNIBANK S.A.
Notes to Consolidated Financial Statements

23) 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)	2017	2016
<i>Continuing operations</i>		
Income before income taxes	G <u>892,041</u>	<u>1,635,842</u>
Shares of net income not taxable locally:		
Unitransfer International	(38,011)	(36,402)
GFN Real Estate Ltd.	1,323	1,097
Non-controlling interest - SNI Minoterie	(52,660)	<u>(101,834)</u>
	(89,348)	<u>(137,139)</u>
	G <u>802,693</u>	<u>1,498,703</u>
Undistributed share of income of the following affiliates taxed upon distribution:		
SNI Minoterie - 61.10%	(82,713)	(159,950)
Corail S.A. 15.80% (note 8)	(3,290)	<u>(3,765)</u>
	(86,003)	<u>(163,715)</u>
Dividends received taxed at 20%	<u>-</u>	<u>(6,233)</u>
Income before income taxes, taxable locally	<u>716,690</u>	<u>1,328,755</u>
Income taxes based on statutory rates (30%)	215,007	398,626
<i>Effect of items not included in taxable income:</i>		
Deferred income taxes on the undistributed share of income at the rate of 20% on dividends (note 19 a)	17,201	32,743
Transfer to legal reserve - continuing operations	(554,748)	(232,688)
Difference between the impairment loss and the amount allowed for tax purposes	(115,383)	(84,682)
Income taxes – Unitransfer USA	9,146	9,172
CFGDCT	-	3,795
Others	-	32,595
(Tax credit) income taxes – continued operations	G <u>(428,777)</u>	<u>159,561</u>

Income taxes on the undistributed share of income of affiliates presented on the consolidated basis are deferred, and the dividends are taxed when received.

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UNIBANK S.A.
Notes to Consolidated Financial Statements

23) INCOME TAXES (CONTINUED)

(In thousands of gourdes)	2017	2016
<i>Discontinued operations</i>		
Income before income taxes	G -	5,408,945
Tax exemptions - DINASA	<u>-</u>	<u>(107,457)</u>
Income before income taxes, taxable locally	<u>-</u>	<u>5,301,488</u>
Income taxes based on statutory rates of 30% in 2016	-	1,590,446
<i>Effect of items not included in taxable income:</i>		
Transfer to valuation reserve for properties held for sale	-	(159,196)
Deferred income taxes - DINASA	-	12,204
Deferred income taxes – remeasurement gain - DINASA (note 18a)	-	(171,555)
CFGDCT and others	<u>-</u>	<u>16,852</u>
Income taxes – non-current asset held for sale	G -	1,288,751

Discontinued operations

Gain on disposal of discontinued operations	G <u>9,227,431</u>	<u>-</u>
Income taxes based on statutory rates – 15%	1,384,115	-
Other taxes	<u>2,768</u>	<u>-</u>
Income taxes on remeasurement gain - discontinued operations	G <u>1,386,883</u>	<u>-</u>
Total income tax expense	G 958,106	1,448,312

Income tax expense is comprised of the following:

(In thousands of gourdes)	2017	2016
(Tax credit) current income taxes	G (445,978)	1,403,365
Income taxes on discontinued operations	1,386,883	-
Deferred income taxes (note 19a)	<u>17,201</u>	<u>44,947</u>
	G <u>958,106</u>	1,448,312

Deferred income taxes are established as follows:

(In thousands of gourdes)	2017	2016
Deferred income taxes on undistributed share of net income at the rate of 20% on dividend	G 17,201	32,743
Deferred income taxes - DINASA	<u>-</u>	<u>12,204</u>
	G <u>17,201</u>	44,947

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24) NET INCOME FROM DISCONTINUED OPERATIONS

Net income attributable to discontinued operations is composed as follows:

(In thousands of gourdes)		2017	2016
DINASA (a)	G	11,046,903	5,408,945
Foreign real estate segment (b)		<u>(509,346)</u>	<u>(74,280)</u>
		10,537,557	5,334,665
Income taxes (a)		<u>(1,884,223)</u>	<u>(1,288,751)</u>
Net income from discontinued operations	G	8,653,334	4,045,914

(a) The net income attributable to the discontinued operation (DINASA) as of April 30, 2017 consists of the following:

(In thousands of gourdes)		2017	2016
Income before income taxes of DINASA during the year	G	1,819,472	2,609,504
Remeasurement gain (note 11)		<u>9,227,431</u>	<u>2,799,441</u>
		11,046,903	5,408,945
Income taxes – DINASA		497,340	679,262
Income taxes on remeasurement gain		<u>1,386,883</u>	<u>609,489</u>
		1,884,223	1,288,751
Net income from discontinued operations for the year	G	9,162,680	4,120,194

(b) The net income from discontinued operations (foreign real estate segment) is comprised of the following elements:

(In thousands of gourdes)		2017	2016
Income from real estate operations	G	19,340	26,376
Impairment on investment properties		(506,922)	-
Other operating expenses		<u>(21,764)</u>	<u>(100,656)</u>
Loss for the year from discontinued operations /non-current asset held for sale	G	(509,346)	(74,280)
Total net income from discontinued operations	G	8,653,334	4,045,914

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UNIBANK S.A.
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25) RETIREMENT SAVINGS FOR EMPLOYEES

In addition to legal contributions to the mandatory Government Retirement Plan, the Bank and its subsidiaries contribute to the employees' retirement fund based on a variable contribution rate according to internal guidelines. This liability is supported by a savings deposit in US dollars bearing interest at the rate of 5.0% in 2017 and 2016. The Group's contributions to this savings account for 2017 and 2016 amount to G 46,724M and G 39,417M, respectively.

26) SALARIES AND OTHER EMPLOYEE BENEFITS

Salaries and other employee benefits are as follows:

(In thousands of gourdes)		2017	2016
Salaries	G	1,509,307	1,431,790
Employee benefits		580,911	314,136
Other employee expenses		<u>332,726</u>	<u>277,504</u>
	G	2,422,944	2,023,430

27) INSURANCE UNDERWRITING INCOME, NET OF CLAIMS

Net insurance premiums, net of claims, are derived from the operations of Uniassurances S.A.

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

(In thousands of gourdes)		2017	2016
Insurance premiums collected	G	591,170	420,302
Other fees		4,427	3,551
Net brokerage fees		(17,108)	(13,702)
Reinsurance costs		(78,131)	(89,503)
Insurance premiums ceded to reinsurers		(122,133)	(115,411)
Insurance claims		(128,548)	(85,557)
Discounts		<u>-</u>	<u>(230)</u>
	G	249,677	119,450

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UNIBANK S.A.
Notes to Consolidated Financial Statements

28) TRANSACTIONS WITH RELATED PARTIES

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

- Les Moulins d'Haiti S.E.M. and Haiti 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.

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

As of September 30

(In thousands of gourdes)		2017	2016
ASSETS			
Investments in affiliated companies (note 8)	G	680,115	615,553
Loans		105,029	365,024
Accounts receivable from related parties (note 15)		<u>86,864</u>	<u>135,472</u>
	G	<u>872,008</u>	<u>1,116,049</u>
LIABILITIES			
Deposits	G	491,276	838,188
Subordinated debt (note 20)		<u>156,913</u>	<u>164,039</u>
	G	<u>648,189</u>	<u>1,002,227</u>

During the years

(In thousands of gourdes)		2017	2016
INCOME			
Interest income	G	42,818	46,775
Other income		<u>6,104</u>	<u>5,609</u>
	G	<u>48,922</u>	<u>52,384</u>

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.

(Continued)

UNIBANK S.A.
Notes to Consolidated Financial Statements

28) TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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 16, 17 and 20**.

Expenses incurred with related parties are as follows:

(In thousands of gourdes)		2017	2016
Rent	G	2,907	2,085
Others	G	86,925	88,078

29) 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)		
2018	G	212,697
2019		174,097
2020		156,700
2021		138,109
2022		104,679

- b) Letters of guarantee and standby letters of credit issued as of September 30, 2017 and 2016 amount to G 1,975,742M and G 1,377,229M, respectively.

30) LITIGATION

As of September 30, 2017, 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, 2017 and 2016
(Expressed in US Dollars)

	2017	2016
ASSETS		
CASH AND DUE FROM BANKS	\$ 640,015,436	466,522,722
TERM DEPOSITS WITH BANKS	51,612,692	10,502,325
SECURITIES		
Available for sale	332,225,188	175,932,349
Held to maturity	20,653,781	10,444,254
Other securities	<u>641,729</u>	<u>583,336</u>
	353,520,698	186,959,939
INVESTMENTS IN AFFILIATED COMPANIES	10,848,854	9,392,484
LOANS		
Provision for loan losses	<u>(4,566,952)</u>	<u>(4,858,540)</u>
	466,324,809	388,317,555
FIXED ASSETS, NET		
Fixed assets, at cost	77,836,131	61,006,139
Accumulated depreciation	<u>(39,717,524)</u>	<u>(32,078,554)</u>
	38,118,607	28,927,585
DISCONTINUED OPERATIONS/NON-CURRENT ASSET HELD FOR SALE		
OTHER		
Investment properties	-	19,211,491
Acceptances and letters of credit	8,679,699	5,137,364
Properties held for sale	3,694,063	3,829,807
Goodwill and other intangible assets	2,975,537	1,445,162
Other assets	<u>54,738,466</u>	<u>25,696,325</u>
	70,087,765	55,320,149
	\$ 1,644,738,270	1,325,580,802
LIABILITIES AND SHAREHOLDERS' EQUITY		
DEPOSITS	1,268,782,567	983,813,566
BORROWED FUNDS	38,103,038	60,048,877
NON-CURRENT LIABILITIES HELD FOR SALE	662,469	28,271,210
OTHER		
Commitments – acceptances and letters of credit	8,679,699	5,137,364
Other liabilities	<u>119,508,447</u>	<u>54,217,121</u>
	128,188,146	59,354,485
SUBORDINATED DEBT	16,747,000	14,827,000
TOTAL LIABILITIES	1,452,483,220	1,146,315,138
SHAREHOLDERS' EQUITY		
Paid-in capital, net	103,207,051	49,357,193
Retained earnings	73,070,865	88,562,666
Other reserves	<u>11,763,656</u>	<u>37,446,775</u>
Shareholders' equity of UNIBANK S.A.	188,041,572	175,366,634
Non-controlling interests	<u>4,213,478</u>	<u>3,899,030</u>
	192,255,050	179,265,664
	\$ 1,644,738,270	1,325,580,802

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SCHEDULE II

UNIBANK S.A.
Consolidated Statements of Income
Years ended September 30, 2017 and 2016
(Expressed in US Dollars)

Continuing operations	2017	2016
INTEREST INCOME		
Loans	\$ 57,181,860	58,381,537
Bonds, investments and term deposits	<u>4,667,675</u>	<u>2,197,766</u>
	61,849,535	60,579,303
INTEREST EXPENSE		
Deposits	11,382,058	11,804,300
Borrowed funds, term bonds and others	<u>4,004,790</u>	<u>3,299,928</u>
	15,386,848	15,104,228
NET INTEREST INCOME		
Impairment charge for credit loss	46,462,687	45,475,075
	<u>(496,708)</u>	<u>(1,077,309)</u>
	45,965,979	44,397,766
OTHER INCOME (EXPENSES)		
Commissions	34,083,332	31,801,393
Insurance revenues, net of claims	3,810,692	1,962,482
Foreign exchange gain	2,973,240	11,306,909
Share of net income of non consolidated affiliates, net of income taxes	2,231,800	4,453,212
Income from real estate activities	1,462,109	37,006
Dividends and other investment income	1,155,826	1,918,412
Underwriting commissions and other advisory fees	637,841	222,110
Unrealized (loss) gain on securities	(1,562,066)	315,297
Other	<u>311,365</u>	<u>593,647</u>
	45,104,139	52,610,468
NET INTEREST INCOME AND OTHER INCOME		
	91,070,118	97,008,234
OPERATING EXPENSES		
Salaries and other employee benefits	36,980,110	33,243,465
Premises and equipments	11,317,472	9,972,428
Depreciation and amortization	6,136,241	5,234,639
Other operating expenses	<u>23,021,553</u>	<u>21,682,024</u>
	77,455,376	70,132,556
INCOME BEFORE INCOME TAXES – CONTINUING OPERATIONS		
	13,614,742	26,875,678
(Tax credit) income taxes - continuing operations		
(Tax credit) current income tax	(6,806,731)	2,083,531
Deferred income taxes	<u>262,526</u>	<u>537,941</u>
	(6,544,205)	2,621,472
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		
	20,158,947	24,254,206
Discontinued operations		
Income before income taxes from discontinued operations and asset held for sale	160,829,136	87,644,626
Income taxes – discontinued operations	<u>(28,757,893)</u>	<u>(21,173,239)</u>
NET INCOME FROM DISCONTINUED OPERATIONS AND ASSET HELD FOR SALE		
	132,071,243	66,471,387
NET INCOME FOR THE YEAR		
Net income attributable to shareholders of UNIBANK S.A.	151,426,462	89,052,540
Net income attributable to non-controlling interest	<u>803,727</u>	<u>1,673,053</u>
NET INCOME FOR THE YEAR		
	\$ 152,230,189	90,725,593
Total net income per equivalent share of paid-in capital attributable to shareholders of UNIBANK S.A.	\$ 292.61	171.98
Net income per equivalent share of paid-in capital from continuing operations	\$ 38.95	46.84

SCHEDULE III

UNIBANK S.A.
Consolidated Statements of Comprehensive Income
Years ended September 30, 2017 and 2016
(Expressed in US Dollars)

Continuing operations	2017	2016
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS	\$ 20,158,947	24,254,206
<i>Component of comprehensive income:</i>		
Foreign currency translation effect of foreign subsidiaries	7,348,326	6,757,676
COMPREHENSIVE INCOME FOR THE YEAR	27,507,273	31,011,882
Total comprehensive income attributable to shareholders of UNIBANK S.A.	26,702,501	29,298,964
Total comprehensive income attributable to non-controlling interest	804,772	1,712,918
COMPREHENSIVE INCOME FOR THE YEAR	27,507,273	31,011,882
Comprehensive income per share of paid-in capital	53.15	59.89
Discontinued operations		
Net income and comprehensive income for the year	132,071,243	66,471,387
Comprehensive income per equivalent share of paid-in capital	255.21	128.37
Total comprehensive income	\$ 159,578,516	97,483,269

SCHEDULE IV

UNIBANK S.A.
Consolidated Statement of Changes in Shareholders' Equity
Year ended September 30, 2016
(Expressed in US Dollars)

		Paid-in capital	Treasury shares	Net share capital	Paid-in surplus	Retained earnings	Other reserves						Non controlling interest	total
							Legal reserve	General reserve for loan losses	Revaluation reserve-land	Valuation reserve properties held for sale	Translation adjustment	Total reserves		
Balance as of September 30, 2015	SUS	62,138,845	-	62,138,845	-	52,096,106	-	5,338,242	477,764	-	7,128,334	12,944,340	4,548,043	131,727,334
Net income for the year		-	-	-	-	89,052,540	-	-	-	-	-	-	1,673,053	90,725,593
<i>Elements of Extended Results:</i>														
Foreign currency translation effect on subsidiaries		-	-	-	-	-	-	-	-	-	6,717,811	6,717,811	39,865	6,757,676
Total		-	-	-	-	89,052,540	-	-	-	-	6,717,811	6,717,811	1,712,918	97,483,269
<i>Transfers to retained earnings</i>														
Transfer to legal reserve		-	-	-	-	(21,461,233)	21,461,233	-	-	-	-	21,461,233	-	-
Transfer to general reserve for loan losses		-	-	-	-	(460,019)	-	460,019	-	-	-	460,019	-	-
Transfer to reserve for properties held for resale		-	-	-	-	(591,914)	-	-	-	591,914	-	591,914	-	-
<i>Transactions with shareholders:</i>														
Dividends		-	-	-	-	(15,543,173)	-	-	-	-	-	-	(1,410,829)	(16,954,002)
Repurchases of shares		-	(87,280)	(87,280)	-	(267,001)	-	-	-	-	-	-	-	(354,281)
Translation adjustment		(12,700,590)	6,218	(12,694,372)	-	(14,262,640)	(1,529,212)	(1,123,864)	(97,651)	(42,177)	(1,935,638)	(4,728,542)	(951,102)	(32,636,656)
Balance as of September 30, 2016	SUS	49,438,255	(81,062)	49,357,193	-	88,562,666	19,932,021	4,674,397	380,113	549,737	11,910,507	37,446,775	3,899,030	179,265,664

SCHEDULE V

UNIBANK S.A.
Consolidated Statement of Changes in Shareholders' Equity
Year ended September 30, 2017
(Expressed in US Dollars)

		Paid-in capital	Treasury shares	Paid-in capital, net	Retained earnings	Other reserves					Non controlling interest	Total	
						Legal reserve	General reserve for loan losses	Revaluation reserve-land	Valuation reserve properties held for sale	Translation adjustment			Total reserves
Balance as of September 30, 2016	\$US	49,438,255	(81,062)	49,357,193	88,562,666	19,932,021	4,674,397	380,113	549,737	11,910,507	37,446,775	3,899,030	179,265,664
Net income for the year		-	-	-	151,426,462	-	-	-	-	-	-	803,727	152,230,189
<i>Components of comprehensive income:</i>													
Foreign currency translation effect on subsidiaries		-	-	-	-	-	-	-	-	7,347,282	7,347,282	1,044	7,348,326
Total		-	-	-	151,426,462	-	-	-	-	7,347,282	7,347,282	804,771	159,578,515
<i>Transfers to retained earnings</i>													
Transfer to legal reserve		-	-	-	(28,222,733)	28,222,733	-	-	-	-	28,222,733	-	-
Transfer to general reserve for loan losses		-	-	-	(878,842)	-	878,842	-	-	-	878,842	-	-
Transfer to valuation reserve for properties held for sale		-	-	-	(204,764)	-	-	-	204,764	-	204,764	-	-
<i>Transactions with shareholders:</i>													
Dividends		-	-	-	(139,558,477)	-	-	-	-	-	-	(1,410,829)	(140,969,306)
Repurchases of shares		-	(33,394)	(33,394)	(179,545)	-	-	-	-	-	-	-	(212,939)
Sales of shares		76,312	-	76,312	115,048	-	-	-	-	-	-	-	191,360
Transfer from legal reserve to paid-in capital		48,159,805	-	48,159,805	-	(48,159,805)	-	-	-	-	(48,159,805)	-	-
Transfer from treasury shares to paid-in capital		(114,469)	114,469	-	-	-	-	-	-	-	-	-	-
Transfer from retained earnings to paid-in capital		1,176,507	-	1,176,507	(1,176,507)	-	-	-	-	-	-	-	-
Translation adjustment		4,470,641	(13)	4,470,628	3,187,557	5,051	251,944	17,262	34,208	(14,485,400)	(14,176,935)	920,506	(5,598,244)
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