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BANQUE NATIONALE DE CRÉDIT (BNC)

Financial Statements

September 30, 2021

(With Independent Auditors' Report Thereon)

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SEPTEMBER 30, 2021

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Independent auditors' report

The Board of Directors
Banque Nationale de Crédit (BNC):

Qualified opinion

We have audited the financial statements of Banque Nationale de Crédit (BNC), which comprise the balance sheet as at September 30, 2021, and the statements of income, of changes in net assets and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion" section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of BNC as at September 30, 2021, and its financial performance and its 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 financial statements taken as a whole. The supplementary information included in **schedules I to III** is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Basis for qualified opinion

As explained in **note 3 (j)**, investment properties, presented in Real Estate, must be presented at fair value in reference to IAS 40. The Bank possesses approximately 60 investment properties and, for five of them, has obtained appraisal reports revealing the existence of significant gains. However, Management of the Bank questions some of these gains based on market conditions and wishes to conduct additional analysis before recording them. If those gains had been recorded, this would have increased net income in 2021, as well as net assets and total assets as of September 30, 2021.

As explained in **note 3 (s)**, the Bank manages a defined benefit pension plan as well as a long-term benefit plan payable to employees at their retirement. As presented in **note 19 (c)**, substantial provisions exist for these two plans. Expenses are recorded on a cash and lump-sum provision basis, and not on the basis of actuarial obligations, and the information presented in **notes 19 and 23** does not comply with International Financial Reporting Standards. There is no actuarial valuation of the pension plan nor of the long-term benefit plan and, therefore, we have not been able to determine the actuarial surplus or liability and the related amortization.

As explained in **note 7**, the Bank holds two investments in interrelated companies: Lafito Industrial Free-Zone S.A. and Port Lafito S.A. totaling 398 million. We have not obtained any supporting documentation allowing us to establish, as at September 30, 2021, the fair value of these investments, as required by IFRS 9, in order to determine the capital gains or losses, if any. Consequently, if these capital gains or losses had been calculated and recorded in the results, the net income for 2021, local investments and net assets at September 30, 2021, would have been increased or decreased by the same value.

As of September 30, 2020, our auditors' report also contained the same qualifications mentioned above.

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 Financial Statements*» section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Haiti, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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
March 25, 2022

BANQUE NATIONALE DE CRÉDIT
Balance Sheets
September 30, 2021 and 2020
(Expressed in thousands of Haitian gourdes)

	Notes		2021	2020
ASSETS				
CASH AND CASH EQUIVALENTS	5	G	43,264,174	31,042,787
BRH BONDS AND TREASURY BONDS, NET	6		18,885,749	19,008,566
LOCAL INVESTMENTS	7		990,621	933,578
FOREIGN INVESTMENTS	8		10,486,877	6,951,292
FORWARD EXCHANGE CONTRACTS	9		292,950	296,384
LOANS	10		27,978,987	24,887,372
Provision for expected credit losses			(3,302,596)	(2,551,792)
			24,676,391	22,335,580
RIGHT-OF-USE ASSETS, NET	11		157,057	161,964
FIXED ASSETS, NET	12		2,185,650	1,828,143
OTHERS				
Real estate	13		497,752	483,385
Goodwill	14		1,473,256	1,473,256
Other assets, net	15		283,500	406,873
Acceptances and letters of credit			-	340,182
			2,254,508	2,703,696
TOTAL ASSETS		G	103,193,977	85,261,990
LIABILITIES AND NET ASSETS				
DEPOSITS	16		77,428,895	60,814,478
LOANS AND DEBENTURES -BRH	17		8,212,513	8,228,296
OTHERS				
Local banks deposits	18		143,750	110,518
Other liabilities	19		8,377,446	7,616,143
Lease liabilities	11		168,620	110,605
Foreign exchange contracts	9		301,914	272,296
Commitments – acceptances and letters of credit			-	340,182
			8,991,730	8,449,744
TOTAL LIABILITIES			94,633,138	77,492,518
NET ASSETS				
Capital fund	21		3,000,000	3,000,000
Retained earnings			3,566,989	3,416,108
Legal reserve			920,013	828,340
General reserve for loan losses	10		-	81,429
General reserve for real estate	13		365,885	364,095
Special reserve	25		628,452	-
Other reserve	24		79,500	79,500
			8,560,839	7,769,472
TOTAL LIABILITIES AND NET ASSETS		G	103,193,977	85,261,990

The notes are an integral part of the financial statements.

BANQUE NATIONALE DE CRÉDIT
Statements of Income
Years ended September 30, 2021 and 2020
(Expressed in thousands of Haitian gourdes)

	Notes		2021	2020
INTEREST INCOME				
Loans		G	**2,170,374**	2,519,358
BRH bonds and Treasury bonds			**1,994,222**	2,154,079
Investments and others			**101,843**	428,230
			4,266,439	5,101,667
INTEREST EXPENSE				
Deposits			**367,124**	609,154
Others			**153,540**	149,250
			520,664	758,404
NET INTEREST INCOME			**3,745,775**	4,343,263
Provision for credit losses	**20**		**(451,570)**	(1,589,141)
Recoveries on loans written off			**8,090**	2,328
			3,302,295	2,756,450
OTHER INCOME (EXPENSES)				
Commissions			**860,171**	840,306
Exchange (loss) gain			**(138,090)**	320,609
Operations expenses			**(127,403)**	(152,720)
Others	**22**		**(50,237)**	(3,322)
			544,441	1,004,873
NET INTEREST INCOME AND OTHER INCOME			**3,846,736**	3,761,323
OPERATING EXPENSES				
Salaries and other employees' benefits	**23**		**2,023,623**	1,852,194
Premises and equipment			**191,974**	216,997
Rental charges	**11**		**45,016**	45,650
Depreciation	**12**		**156,848**	108,148
Other operating expenses			**512,548**	493,661
			2,930,009	2,716,650
NET INCOME FOR THE YEAR		G	**916,727**	1,044,673

The notes are an integral part of the financial statements.

BANQUE NATIONALE DE CRÉDIT
Statements of Changes in Net Assets
Years ended September 30, 2021 and 2020
(Expressed in thousands of Haitian gourdes)

	Notes		Capital fund	Retained earnings	Legal reserve	General reserve for loan losses (note 10)	General reserve for real estate	Special reserve (note 25)	Other reserve (note 24)	Total
Balance as of September 30, 2019		G	**3,000,000**	**1,112,679**	**723,872**	**1,620,018**	**345,175**	**-**	**79,500**	**6,881,244**
Net income for the year			-	1,044,673	-	-	-	-	-	**1,044,673**
Payment to the Public Treasury	**3r)**		-	(156,445)	-	-	-	-	-	**(156,445)**
Transfer to the legal reserve			-	(104,468)	104,468	-	-	-	-	-
Transfer from the general reserve for loan losses	**10**		-	1,538,589	-	(1,538,589)	-	-	-	-
Transfer to the general reserve for real estate	**13**		-	(18,920)	-	-	18,920	-	-	-
Balance as of September 30, 2020		G	**3,000,000**	**3,416,108**	**828,340**	**81,429**	**364,095**	**-**	**79,500**	**7,769,472**
Net income for the year			-	916,727	-	-	-	-	-	**916,727**
Payment to the Public Treasury			-	(125,360)	-	-	-	-	-	**(125,360)**
Transfer to the legal reserve			-	(91,673)	91,673	-	-	-	-	-
Transfer from the general reserve for loan losses			-	81,429	-	(81,429)	-	-	-	-
Transfer to the general reserve for real estate			-	(1,790)	-	-	1,790	-	-	-
Transfer to the special reserve	**25**		-	(628,452)	-	-	-	628,452	-	-
Balance as of September 30, 2021		G	**3,000,000**	**3,566,989**	**920,013**	**-**	**365,885**	**628,452**	**79,500**	**8,560,839**

The notes are an integral part of the financial statements.

BANQUE NATIONALE DE CRÉDIT
Statements of Cash Flows
Years ended September 30, 2021 and 2020
(Expressed in thousands of Haitian gourdes)

	Notes	2021	2020
OPERATING ACTIVITIES			
Net income for the year		G **916,727**	1,044,673
Adjustments to reconcile net income for the year to net cash flows resulting from operating activities:			
Provision for credit losses	**20**	**451,570**	1,589,141
Foreign exchange revaluation effect of the provision for credit losses in US dollars		**302,192**	(224,283)
Depreciation of fixed assets and adjustment	**12**	**216,848**	108,148
Amortization of right-of-use assets	**11**	**42,106**	40,235
Interest on lease obligations	**11**	**2,085**	1,883
Losses on disposal of fixed assets	**12**	**928**	-
Gain on sale of real estate	**22**	**-**	(52,434)
Impairment loss on real estate investments	**22**	**-**	47,686
Impairment losses on capital instruments		**-**	6,228
Changes in assets and liabilities resulting from operating activities:			
Foreign exchange contracts		**33,052**	(24,088)
Decrease (increase) in bonds, net		**122,817**	(10,362,638)
(Increase) decreaes in local investments		**(57,616)**	2,596,815
(Increase) decrease in foreign investments		**(3,538,400)**	4,528,951
Disbursements of loans, net		**(3,062,310)**	(2,440,223)
Additions to investment properties	**13**	**(14,367)**	(27,091)
Proceeds on sales of real estate		**-**	92,820
Increase (decrease) in deposits, net		**16,614,417**	(856,208)
Increase of local banks deposits		**33,232**	74,589
Changes in other assets and liabilities		**874,532**	599,284
Net cash flows provided by (used in) operating activities		**12,937,813**	(3,256,512)
INVESTING ACTIVITIES			
Acquisitions of fixed assets	**12**	**(575,283)**	(379,712)
Net cash fows used in investing activities		**(575,283)**	(379,712)
FINANCING ACTIVITIES			
Loans and debentures BRH		**(15,783)**	3,083,193
Payment to the Public Treasury		**(125,360)**	(156,445)
Net csh flows (used in) provided by financing activities		**(141,143)**	2,926,748
Net increase (decrease) in cash and cash equivalents		**12,221,387**	(709,476)
Cash and cash equivalents at beginning of year		**23,714,843**	36,257,062
Effect of foreign exchange rate fluctuations on cash and cash equivalents at beginning of year		**7,327,944**	(4,504,799)
Cash and cash equivalents at end of year	**5**	G **43,264,174**	31,042,787

The notes are an integral part of the financial statements.

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(1) ORGANIZATION

Banque Nationale de Crédit (BNC) is a Government-owned commercial bank, created by Law on August 17, 1979 as published in Le Moniteur on September 11, 1979. BNC results from the separation of the former Banque Nationale de la République d'Haiti (BNRH) into two banks: A Central Bank, Banque de la République d'Haiti (BRH), and a commercial bank, BNC. Although created on August 17, 1979, BNC started to operate independently on April 1, 1980, date of the segregation of BNRH assets and liabilities between BRH and BNC.

BNC's main mission is to conduct all banking operations in conformity with the Banking Law of July 20, 2012 as well as with all other legislation relating to financial institutions controlling banking activities and operations in Haiti. BNC is managed by an independent Board of Directors, named by Presidential decree. BNC's headquarter is located at 103, angle des rues des Miracles and du Quai in Port-au-Prince, Haïti and the bank operates a network of 37 branches throughout the country, one virtual branch (www.bnconline.com) and three counters.

(2) BASIS FOR FINANCIAL STATEMENTS PREPARATION

(a) Accounting framework

The financial statements of BNC have been prepared in conformity with International Financial Reporting Standards (IFRS) except for the qualifications mentioned in the independent auditors' report related to the fact that investment properties are not reflected at fair value, and to potential adjustments that could have been necessary if the actuarial valuations for the retirement pension plan and for the long-term benefit plan had been obtained **(note 3 s)** and if the gains or losses on local investments had been determined **(note 7).**

The financial statements were approved by the Board of Directors on April 19, 2022.

(b) Basis of measurement

These financial statements are presented on a historical cost basis, except for equity instruments held at fair value through profit or loss **(notes 7 and 8)** which are presented at fair value.

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

(Continued)

(2) BASIS FOR FINANCIAL STATEMENTS PREPARATION (CONTINUED)

(c) Presentation currency

These financial statements are prepared in Haitian Gourdes which is the Bank's functional currency. The financial information reported has been rounded to the nearest thousands.

(d) Use of estimates and judgment

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

Estimates and underlying assumptions are reviewed periodically. The impact of revisions to accounting estimates is recognized in the period in which the estimate is revised and in any future periods 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 financial statements are included in the following notes:

Notes 6, 7 and 8	Valuation of bonds, debentures and investments
Note 9	Valuation of foreign exchange contracts
Note 10	Valuation of the provision for expected credit losses and the general reserve for loan losses
Note 11	Valuation of right-of-use assets /leases liabilities
Note 12	Depreciation and valuation of fixed assets
Note 13	Valuation of real estate
Note 14	Valuation of goodwill
Note 15	Valuation of some other assets.

According to Management, except for the adjustments that could have been necessary if investment properties were presented at fair value, if actuarial evaluations of the pension plan and of the long-term benefit plan had been obtained, and if capital gains or losses on local investments had been determined, as reflected in the independent auditors' report, the financial statements were prepared on an adequate basis using fair judgment in all material respects and in accordance with the accounting principles summarized below.

(Continued)

(2) BASIS FOR FINANCIAL STATEMENTS PREPARATION (CONTINUED)

(e) Covid-19

On March 11, 2020, the World Health Organization declared that Covid-19 had reached the global pandemic stage. Due to the increased uncertainty resulting from the unprecedented nature of the pandemic, some measures were taken by the regulator, the Central Bank, of which the most important was to grant, to any debtor of the system that makes the request, a moratorium on the repayment of principal up to:

- September 30, 2020 for loans granted to individuals (circular 115-1);
- December 31, 2020 for loans granted to companies (circular 115-1).

Additional delays:

- For loans granted under its incentive program on free zones and the Promotion of Real Estate Development (PDI) up to June 30, 2021;

- On current loans (according to the classification of the Central Bank as of June 30, 2021), up to January 31, 2022.

Those loans with special delays are disclosed separately in the financial statements.

Management believes that it has taken appropriate measures during this period to mitigate the risks associated with Covid-19, and has exercised adequate judgment in terms of managing credit, treasury, assets and liabilities of the Bank, as well as the related operational risks.

The measurement of expected credit losses at the end of each reporting period reflects reasonable and adequate information about past events, current circumstances and forecasts of events and economic conditions.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been applied consistently to all periods presented in the financial statements herein.

(a) Conversion of foreign currencies

In conformity with IAS 21, monetary assets and liabilities expressed in foreign currencies are converted in Haitian Gourdes at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from this conversion are included in the statement of income.

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

The financial statements presented in **schedules I, II and III** were translated in US dollars according to the requirements of IAS 21. Under the requirements of this standard, assets and liabilities are translated at year-end exchange rate. Net assets accounts other than net income for the year are translated at year-end exchange rate. Income and expenses are translated at the average rate of exchange. All exchange differences resulting from such translation are reflected as a separate component in net assets.

(b) Impairment of financial assets

In accordance with the requirements of IFRS 9, since October 1, 2018, the Bank applies a three-stage general impairment approach to measure the expected credit losses on all debt instruments and off-balance sheet items reflected at amortized cost.

Equity instruments and debt instruments kept at fair value through profit or loss are not subject to impairment.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Impairment of financial assets (continued)

This provision for expected credit losses under IFRS 9 is based on a series of assumptions and credit methodologies specific to the Bank and the banking system in general; they include:

- Changes in the credit risk rating of borrowers
- The expected life of the credit facilities
- The integration of forecasts
- Projections for the current environnement (ie: changes in macroeconomic conditions such as inflations, interest rate, exchange rates and the Gross National Product)
- The anticipated impacts of the Covid-19 crisis starting in 2020 and the political and economic situation prevailing in the country starting in 2021.

Management must therefore exercise significant judgment in establishing this provision for expected credit losses at each reporting date. The Central Bank's regulatory criteria which have always been in line with the internal management of the Bank in terms of credit risks, and which have the advantage of having been tested and validated, are also taken into account. The adjustments required with the application of IFRS 9 regarding the regulatory requirements are reflected in the reserve account **(note 3 u)**.

This provision for expected credit losses (ECL) is determined by considering the classification of financial assets in different stages as follows:

Stage 1 Financial assets that have not suffered any significant deterioration in credit (less than 31 days due): BRH bonds, Treasury bonds and debentures (**note 6**), local investments at amortized cost **(note 7)**, foreign investments at amortized cost **(note 8)**, loans **(note 10)** and some other financial assets **(note 15)** are considered in this category. Expected credit losses for this category are recorded for the next 12 months.

Stage 2 The financial assets listed above for which there has been a deterioration in credit since their initial recognition are considered as impaired assets. Financial assets (31-89 days due) are considered in this category. Expected credit losses for this category are recorded over the lifetime of the financial assets.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Impairment of financial assets (continued)

Stage 3 Financial assets for which significant events have had a negative impact on their future cash flows are considered in default. Financial assets (more than 89 days in arrears) are considered in this category. Expected credit losses for this category are also recorded over the lifetime of the financial assets.

Financial assets that are in default and for which the Bank has exhausted all available legal and other recourses are derecognized and are presented at the value of the recoverable guarantee.

The defintion of default used to assess expected credit losses and to transfer financial instruments from one stage to another is consistent with the definition used for internal credit risk management purposes. The Bank considers that a financial instrument is in default when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred or that contractuel payments are past due more than 89 days.

If the credit risk rating of a financial instrument improves, this asset is reclassified in the stage corresponding to its new status at the reporting date. This therefore results in transfers of provisions from one stage to another during the year.

Expected credit losses (ECL) by stage are calculated based on the following three factors:

- The Probability of Default (PD) for a financial asset or a category of financial assets (with similar risks) corresponding to the percentage of estimated loss.

- Exposure At Default (EAD) represents the expected exposure (principal and interest).

- Loss Given Default (LGD) represents the magnitude of the likely loss taking into account the amounts of recoverable guarantees.

Thereafter, expected credit losses are generally discounted at the effective interest rate of the respective financial instrument.

ECL are recorded in the provision for credit losses in the statement of income **(note 20)**.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Determination of fair value

IFRS 13 establishes a fair value hierarchy to enhance the consistency and comparability for fair value measurements and disclosures, which consists of the following three levels:

- **Level 1** which includes quoted prices (unadjusted) that an entity may access at the measurement date in active markets for identical assets or liabilities. A quoted price in an active market provides the most reliable indication of fair value.

- **Level 2** are inputs for assets or liabilities, other than market prices included in **Level 1** inputs, that are observable directly or indirectly. They include prices in active or non active markets for identical or similar assets.

- **Level 3** inputs are non observable inputs for assets at the measurement date. Non observable inputs should be used to measure fair value only to the extent that relevant observable input is not available.

The fair value of a financial asset corresponds to the price that would be received for the sale of a financial asset or paid for the transfer of a financial liability in a normal transaction between market participants at the measurement date. IFRS 13 defines the main market as the market with the highest volume and level of activity and the most profitable market as the market that maximizes the amount that would be received, or minimizes the amount that would be paid for the transaction in question in the absence of a main market.

For stock markets, the quoted values of active markets are used **(Level 1)**. If there is no quoted price, fair value is determined using models that maximize the appreciation of observable inputs, as described in the related notes **(Level 2)**.

(d) Cash and cash equivalents

Cash and cash equivalents are reflected at cost and represent amounts kept in cash, deposits at BRH as statutory reserves, deposits with other banks with a very short-term maturity and/or refundable on demand, and items in transit.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investments

Investments are composed of local and foreign investments.

Local investments include BRH bonds, Treasury bonds and debentures, debentures from local companies, interbank loans to local banks and equity instruments.

Foreign investments include term deposits, US Treasury bonds, US governmental agencies debentures, private companies' debentures and equity instruments.

Upon initial recognition, the Bank classifies investments according to the economic model and the cash flow characteristics of each financial instrument.

Investments are therefore recognized either at amortized cost, or at fair value through profit or loss, according to the categories defined by IFRS 9.

i) **At amortized cost**. These investments are comprised of the following debt instruments: BRH bonds and Treasury bonds and **(note 6)**, United States Treasury and Government bonds, private companies' bonds and term deposits **(note 8)** and bonds in local institutions and interbank loans **(note 7)** which correspond only to repayments of principal and interest payments. Holding these investments is part of an economic model which objective is to hold assets in order to receive contractual cash flows. These investments have a fixed maturity and are held to maturity. They are recorded at amortized cost using the effective interest method, net of the provision for expected credit losses. Premiums, discounts and related transaction costs are amortized over the expected life of each instrument in interest income. Changes in value are not recorded but are disclosed in the notes to the financial statements.

Gains and losses realized on the disposal of these investments are recognized in the statement of income in the year in which they occur.

ii) **Fair value through profit or loss**. These investments consist of debt instruments: bonds of the United States Government, and bonds of private companies **(note 8)** and equity instruments in local companies **(note 7)** and in a foreign bank **(note 8)** which are recorded at their fair value, through profit and loss. These investments are generally acquired for resale or for the purpose of generating capital gains.

Transaction costs are charged directly to the income statement. Interest income, dividends and changes in fair value are recorded in the statement of income as well as the gains and losses realized upon disposal of these instruments.

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Loans

Loans are recorded at amortized cost using the effective interest method, net of the allowance for expected credit losses.

Non-performing loans consist of loans in default payment for 90 days and more. Non-performing loans are considered current when principal and interest payments in arrears are paid and there is no longer any doubt regarding recovery of these loans.

Loans with moratorium are those which have received a delay on the repayment of principal in agreement with measures adopted by the Central Bank during the Covid-19 as described in the **note 2e**. These loans continue to honor interest payments.

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 current loans when they meet the required criteria thereof.

Loans are written off against the impairment provison for loan losses 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 as revenue, when collected.

At year end, the Bank establishes a provision for expected credit losses representing an estimate of the impairment loss on the loan portfolio at that date in accordance with what is described in **note 3 b**. This provision takes into account data such as default or delinquency by a borrower, collateral value, future recovery possibilities and the financial situation of the borrower, that may impact future cash flows of a specific loan or of a group of loans with similar risks. This provision is also based on Management's experience and judgment. Credit card balances are provisioned at 100% once they exceed 180 days.

The provision for credit losses reflected in the statement of income represents the difference between the provision determined above and the provision at the beginning of the year, net of write-offs and of the foreign exchange effect resulting from the revaluation of the provision for expected credit losses expressed in US dollars.

The Bank also meets the Central Bank's requirements on provisions as defined in Circular 87. When the required provision for loan losses in accordance with the Central Bank's regulations exceeds the provision (IFRS) for expected credit losses reflected on the balance sheet, the excess of provision is recorded in the general reserve for loan losses, reflected in net assets **(note 3 u).**

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Right-of-use assets and lease liabilities

Leases are recognized in accordance with the requirements of IFRS 16, starting October 1, 2019.

At the commencement date, the Bank records a right-of-use asset and a lease liability for qualifying leases in accordance with IFRS 16.

Initial measurement of the right-of-use asset includes the amount of the initial measurement of the related lease liability, prepaid rent payments, initial direct costs incurred by the lessee and an estimate of dismantling costs of the underlying asset, less any lease incentives. This non-monetary asset is expressed in the functional currency of the Bank and is amortized on a straight-line basis, over the shortest period between the useful life of the underlying asset and the expected duration of the lease.

The lease liability is initially valued at the present value of the lease payments that have not yet been paid at the initial recognition date. The lease payments are discounted using the lessee incremental borrowing rate. This monetary liability is expressed in the currency of the corresponding lease contract and is remeasured when there is a change in the lease terms, a change in the assessment of an option to purchase the underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The adjustment to the lease liability is recorded as an adjustment to the related right-of-use asset or is recorded in net income if the right-of-use asset has a zero balance.

In the case of variable contracts, which are valued as a function of an index, such as the exchange rate or a price fluctuation, the effect of the indexation is capitalized in the right-of-use asset and amortized over the remaining term of the contract.

Depreciation of the right-of-use asset as well as the financial expense according to the effective interest rate method, relating to lease liabilities, are recognized in the statement of income.

Accounting for leases under IFRS 16 involves judgment and requires the Bank to apply assumptions and estimates to determine:

• That the appropriate interest rates are used to discount lease liabilities.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Right-of-use assets and lease liabilities (continued)

- That the duration of the lease contracts is adequate. The Bank must therefore assess whether it has reasonable certainty that the option to renew or terminate the contract will be exercised, taking into account certain aspects such as: the contract, terms, the nature and location of the asset, the existence of significant leasehold improvements and the availability of alternate locations in the same area.

(h) Fixed assets

Fixed assets are recorded at cost. Except for land, leasehold improvements and capital expenditures 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. Capital expenditures in progress will be transferred to their respective category of fixed assets, and then depreciated over their estimated useful life from the time they are ready for usage.

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

Buildings	2.8%
Computer equipment	20%
Fixtures and equipment	10%
Vehicles	20% and 25%
Electrical equipment	20%
Communication equipment	10% and 20%
Air conditioning system	10% and 20%
Security equipment	20%
Leasehold improvements	8% to 11%

The depreciation method, estimated useful lives and residual value of the various categories of fixed assets are reviewed at each year end.

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

Gains or losses realized on disposals of fixed assets are recognized in the statement of income.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Properties held for sale

In conformity with IFRS 5, properties held for sale, presented in real estate, are properties received in settlement of unpaid loans, or repossessed in compensation for the balance of unpaid loans plus interest receivable at the time of default, plus recovery fees incurred by the Bank. Those properties are recorded at fair value at the transaction date.

The Bank has established an active sales program within which these properties should be actively commercialized in their actual state during a period not exceeding one year, unless there are circumstances outside the control of the Bank. Properties not in conformity with these criterias have been reclassified to investment properties.

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 established based on appraisals from independent real estate appraisers.

Per the banking Legislation, a reserve is required on properties held for sale **(note 3 k)** and is recorded in the general reserve for real estate in the statement of changes in net assets.

(j) Investment properties

Investment properties, presented in Real Estate, represent land and buildings held by the Bank for an unspecified period and use. They are kept at fair value determined by independent real estate appraisers, and are not depreciated, in conformity with IAS 40.

Those investment properties should be presented at fair value and, in that context, the Haitian legislation requires three evaluation reports obtained from independent real estate appraisers. Although fair value gains were noticed on some investment properties, Management considers it is premature to record those gains and wishes to perform additional analyses. This resulted in a qualification in the independent auditors' report.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Investment properties (continued)

All gains or losses in value resulting from a change in fair value of these investment properties are recorded in the statement of income.

Some of these buildings are rented to Government organizations and commercial companies. Rental income, as collected, and expenses related to the management of these buildings are recorded in the statement of income.

Per the banking Legislation, a reserve is required on investment properties **(note 3 k)** and is recorded in the general reserve for real estate in the statement of changes in net assets.

(k) General reserve for real estate

The general reserve for real estate is established by a transfer from retained earnings and represents the provisions required by the Central Bank with regards to the Bank Law of July 20, 2012. It is established as follows:

- At receipt, 30% of the fair value of properties received or repossessed in lieu of payment, from the date of application of the Law.

- The yearly impairment of 20% on all properties received or repossessed in lieu of payment and unsold after two years, up to 100% of the recorded value. This has been effective beginning as of December 3, 2015, as stated in the Instruction Letter no. 1 of the Central Bank dated December 3, 2013 regarding the implementation of Article 189.

This reserve is not subject to distribution and is not taken into account in regulatory capital. When the Bank disposes of real estate, the related general reserve is transferred back to retained earnings.

(l) Foreign exchange contracts

Foreign exchange contracts include forward contracts for commitments to exchange two currencies (gourdes and US dollars) at a future date at a predetermined exchange rate and on terms agreed to by both parties at the date of the contract. These contracts reflect amounts receivable in one currency and amounts to be remitted in another currency in accordance with the terms of the respective contracts.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the net identifiable assets and liabilities acquired. This intangible asset is not amortized in accordance with IFRS 3. 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 loss. Impairment loss cannot be reversed. Management believes that there is no decrease in the book value of goodwill as of the date of these financial statements.

(n) 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 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.

(o) Deposits and loans

Customers' deposits and loans are recorded at cost. Their fair value is assumed to be equal to their carrying value since the interest rates are indexed to current market rates.

(p) Local banks deposits

Local banks deposits from branches of commercial banks located in the provincial towns represent the mandatory cash reserve collected by BNC on behalf of BRH. These deposits do not carry interest. Their fair value is comparable to book value since they are very short-term deposits.

(q) Exoneration of income taxes and other taxes

In accordance with the Law of August 17, 1979, amended by the Decree of November 23, 2005, the Bank is exonerated from income taxes, governement duties and other taxes on its own operations.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Payment to the Public Treasury

In accordance with the Law of August 17, 1979 and the Decree of November 23, 2005, a remittance of up to 25% of the net income of the Bank is due to the Public Treasury. The remaining balance will be used to constitute the required legal reserve of 10% as well as other special reserves set aside for investment, expansion and other activities as determined by the Board of Directors.

In 2021, following an agreement with the Ministry of Economy and Finance, an amount of G 125.3 million was paid to the Public Treasury for 2020.

The amount to be paid to the Public Treasury has not yet been determined for 2021.

(s) Pension plan and long-term benefit plan

The Bank offers its employees a contributory end-of-career defined benefit pension plan that provides benefits based on the number of years of service and the average salary of the last five years of service of the beneficiaries.

The Bank has also set up a long-term benefit plan payable to employees at their retirement resulting in special bonus payments for years of service, and severance payments.

No actuarial valuations of these plans are available. Charges are recorded on an estimated basis and not on the basis of the actuarial obligations. The actuarial surplus or deficit and related amortization are not determined.

International Financial Reporting Standards require that the Bank obtains an actuarial evaluation at the end of each year. Consequently, the information presented in **notes 19** and **23** is not in conformity with International Financial Reporting Standards.

(t) Legal reserve

In agreement with the Law on financial institutions, an amount of 10% of the net income 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 capital fund.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) General reserve for loan losses

The general reserve for loan losses is established by a transfer from retained earnings and represents the excess of the provision required by the Central Bank, to cover potential loan losses including the general provision on the loan portfolio, over the balance sheet impairment provision for expected credit losses based on International Financial Reporting Standards. This reserve is not subject to distribution.

(v) Interest

Interest income on loans is recorded on an accrual basis. Interest income on credit cards is capitalized up to 180 days. After this period, the outstanding balance is provisioned.

Interest income and expenses are accounted for using the effective interest method. Interest includes primarily interest income on BRH bonds, Treasury bonds and debentures, loans, and local and foreign investments, as well as interest expense on deposits and debt.

(w) Commissions

Commissions that are significant to the determination of the effective interest rates on financial assets and liabilities are included in the measurement of those effective interest rates.

Commission income and expenses which are similar to service fees are recognized in the statement of income when the services are rendered.

(x) Regulatory reserve

According to the cash reserve requirements of the Central Bank, as of September 30, 2021 and 2020, local banks must maintain a reserve of 40% of liabilities in local currency and of 51% of liabilities in foreign currencies. The reserve on liabilities denominated in foreign currencies has to be maintained at 12,5% in gourdes. This requirement does not apply to the local banks deposits that are not part of the regulatory reserve.

From June 2015, the regulatory reserve requirement rate for deposits of non financial public enterprises is 100%.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) New standards, amendments and interpretations not yet adopted

As of the date of these financial statements, some standards, modifications and interpretations have been issued but not yet in effect as of September 30, 2021. These standards have not been taken into account in the preparation of the financial statements of the Bank. These are:

IFRS 17 – Insurance contracts	Applicable to fiscal years beginning on January 1, 2023, IFRS 17 replaces IFRS 4. This standard specific the guidelines for recognition, devaluation, and presentation of information with respect to insurance and reinsurance contracts. It recommends changes in accounting and actuarial methods.
Amendments to IFRS 10 and IAS 28 Consolidated financial statements and investments in associates and joint ventures	No effective date is determined yet by ISAB for this change that concerns the sale or contribution of assets between an investor and its associate or joint ventures.
Amendment to IAS 1	Effective for years beginning on or after January 1st, 2023 that concerns the classification of liabilities as current and non-current.
Amendment to IFRS – 3 Business combination	Effective for the years beginning on or after January 1st, 2022 in replacement of the prior conceptual framework (2018).
Amendment to IAS 16 Property plant and equipment	Effective for years beginning on or after January 1st, 2022, that concerns the proceeds from selling items produced before the asset is available for use.
Amendment to IAS 37 Provision - contingent assets and liabilities	Effective for years beginning on or after January 1st, 2022 that concerns the costs of fulfilling contracts.

Management does not expect these changes to have a material impact on the Bank's financial statements.

(Continued)

(4) RISK MANAGEMENT

Banking business involves many risks that require careful management because of their potential negative impact on the operations of a bank, its financial results and its assets. The main risks are as follows:

Liquidity risk;
Credit risk;
Market risks: foreign exchange and interest rates;
Money laundering and financing of terrorism risks.

Management of the Bank is aware that it must efficiently manage those risks in order to meet its financial objectives; therefore, it applies a focused and prudent set of procedures with regards to those risks. This set of procedures provides guidance to the various departments of the Bank accompanied with an internal control system that conforms to the industry and to Central Bank regulations. The internal control system allows the Board of Directors to ensure adequate control over the bank activities at all levels. In addition to a structured operational hierarchy, internal control also includes specialized committees that analyse risks, supervise the various departments and define the operational objectives of the Bank. Among those committees, there are the Management Committee, the Treasury Committee, the Credit Committee, the Audit and Compliance Committee, and the Security and Ethics Committee.

Management's evaluation of the major risks of the Bank is as follows:

A) LIQUIDITY RISK

Liquidity risk is the risk that BNC does not have at the appropriate time the required liquidity to meet its current obligations, on and off-balance sheet. Prudent and effective management of liquidity is therefore essential as part of the policy to maintain market confidence and protect its capital.

To manage this risk on a daily basis, Management has put in place a prudent policy of cash management which allows the Bank to have sufficient liquidity to meet its current obligations at due date. 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. The Treasury Committee meets on a weekly basis and monitors on a daily basis the operational needs of the Bank.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

A) LIQUIDITY RISK (CONTINUED)

In general, the Bank is in compliance with the Central Bank regulations in terms of liquidity; it maintains the regulatory cash reserve required by Circular 72-3.

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

September 30, 2021

(In thousands of gourdes)		Current	1-3 months	3 months- 1 year	More than A year	Total
Deposits: **(note 16)**						
Demand deposits	G	38,060,541	-	-	-	**38,060,541**
Savings deposits		29,033,731	-	-	-	**29,033,731**
Term deposits		65,921	2,237,893	8,030,809	-	**10,334,623**
Total deposits		**67,160,193**	**2,337,893**	**8,030,809**	-	**77,428,895**
Loans and debentures BRH **(note 17)**		-	3,338,888	-	4,873,625	**8,212,513**
Local banks deposits **(note 18)**		143,750	-	-		**143,750**
Foreign exchange contracts **(note 9)**		301,914	-	-	-	**301,914**
Lease liabilities **(note 11)**		-	-	39,461	129,159	**168,620**
Other liabilities **(note 19)**		1,990,032	305,022	3,417,855	2,654,352	**8,367,261**
Total – others		2,435,696	3,643,910	3,457,316	7,657,136	**17,194,058**
Total	**G**	**69,595,889**	**5,881,803**	**11,488,125**	**7,657,136**	**94,622,953**

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(4) RISK MANAGEMENT (CONTINUED)

A) LIQUIDITY RISK (CONTINUED)

September 30, 2020

(In thousands of gourdes)		Current	1-3 months	3 months-1 year	More than a year	Total
Deposits: **(note 16)**						
Demand deposits	G	30,009,621	-	-	-	**30,009,621**
Savings deposits		21,161,363	-	-	-	**21,161,363**
Term deposits		80,064	-	9,563,430	-	**9,643,494**
Total deposits		**51,251,048**	-	**9,563,430**	-	**60,814,478**
Loans and debentures BRH **(note 17)**		1,694,403	1,706,390	1,775,024	3,052,479	**8,228,296**
Local banks deposits **(note 18)**		110,518	-	-	-	**110,518**
Commitments acceptances and letters of credit		-	340,182	-	-	**340,182**
Foreign exchange contracts **(note 9)**		-	272,296	-	-	**272,296**
Lease liabilities **(note 11)**		-	-	29,394	81,211	**110,605**
Other liabiliities **(note 19)**		2,373,829	283,800	2,632,552	2,313,232	**7,603,413**
Total - others		4,178,750	2,602,668	4,436,970	5,446,922	**16,665,310**
Total	**G**	**55,429,798**	**2,602,668**	**14,000,400**	**5,446,922**	**77,479,788**

B) CREDIT RISK

The credit risk is the risk of financial loss resulting from the inabiility of a party to fulfill its financial and/or contractual obligations towards the Bank.

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

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(4) RISK MANAGEMENT (CONTINUED)

B) CREDIT RISK (CONTINUED)

This risk affects the following significant financial assets:

(In thousand of gourdes)		2021	2020
Cash and cash equivalents (note 5):			
Deposits with BRH	G	**31,975,178**	23,301,325
Deposits with foreign banks		**6,018,936**	3,169,434
Items in transit		**326,187**	322,871
		38,320,301	26,793,630
Investments:			
BRH bonds, Treasury bonds, net **(note 6)**		**18,885,749**	19,008,566
Local investments **(note 7)**		**990,621**	933,578
Foreign investments **(note 8)**		**10,486,877**	6,951,292
		30,363,247	26,893,436
Foreign exchange contracts (note 9)		**292,950**	296,384
Credit:			
Loans, net **(note 10)**		**24,676,391**	22,335,580
Acceptances and letters of credit		**-**	340,182
Other assets, net (note 15)		**90,246**	229,025
	G	**93,743,135**	76,888,237

i) Cash and cash equivalents

Cash and cash equivalents are held at financial institutions that the Bank considers as being sound. The financial viability of these institutions is reviewed periodically by Management. As of September 30, 2021 and 2020, 83% and 87% of cash and cash equivalents are kept at the Central Bank as reserve coverage. In general, Management considers that the credit risk related to cash and cash equivalents is nil.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

B) CREDIT RISK (CONTINUED)

ii) Investments

Investment risk occurs when a security decreases in value due to unfavorable financial performance, real or expected, of the issuer. To manage this risk, the Bank invests in financial instruments for which the operational and financial aspects can be managed with a return proportional to the assumed risks.

The Bank considers the BRH bonds, representing 3% of investments as of September 30, 2021 as financial instruments not a risk. Maturity of these bonds does not exceed 91 days and the Bank is confident that the BRH will honor its commitments in due course.

Management considers Treasury bonds, representing 58% and 70% of investments as of September 30, 2021 and 2020 as financial instruments at moderate risk. Management is confident that the Haitian Treasury will honor its commitments in due course.

Management considers the risk on local investments in bonds and equity instruments to be moderate. It regularly requests financial information in order to ensure an adequate valuation. Furthermore, it considers the risk on interbank investments to be low.

As of September 30, 2021 and 2020, foreign investments are mainly composed of term deposits (74% and 84%) and debentures from government agencies (14% and 4%), representing 88% of those investments. Management considers as low the credit risk on the term deposits and on the debentures from government agencies. Management considers as moderate the credit risk on the other foreign investments.

iii) Credit

Policies and procedures established by the Bank allow an adequate management of this risk; thus:

- All new loans are analyzed, approved by the Credit Committee and adequately documented.
- The Credit Administration ensures that the guarantees required are in place before any disbursements.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

B) CREDIT RISK (CONTINUED)

iii) Credit (continued)

- The loan portfolio is managed by a performing credit software and is rigorously and methodically followed-up by the Credit Department, the Credit Administration and the Credit Committee.

- Delinquent customers are followed up by the Credit Department, the Recovery Unit, the Legal Department and finally, by external legal counsels.

- Adequate specific provision and a general reserve are established against non performing loans. They represent 94% and 56% of non performing loans as of September 30, 2021 and 2020.

- In general, the Bank is in conformity with the requirements of the Central Bank with regards to loan classification and establishment of a provision for expected credit losses (Circular no. 87), the 50% limit of the US dollar loans versus total US dollar liabilities (Circular no. 97), and the concentration of credit risk (Circular no. 83.4) requirement, which limits, in relationship to its regulatory capital, the amount of credit that may be issued to a borrower, a group of borrowers, or to the major sectors of the economy.

iv) Foreign exchange contracts

The Bank considers the risk to be low on the foreign exchange contracts since the counterparties are liabilities.

v) Acceptances and letters of credit

As of September 30, 2020, the Bank considers the risk to be low on acceptances and letters of credit since the counterparties are liabilities.

vi) Other assets

The Bank considers as low the risk of non-payment on other financial assets that represent current transactions that are settled within a short period of time.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

B) CREDIT RISK (CONTINUED)

vi) Other assets (continued)

The geographic allocation of financial risk based on the ultimate location of the financial assets of the Bank is as follows:

(In thousands of gourdes)	2021	2020
Cash and cash equivalents		
Haïti	G 32,301,364	23,624,130
United States	3,915,280	3,110,374
Canada	2,096,130	53,960
Panama	7,275	4,923
England	252	243
	38,320,301	26,793,630
Investments		
Haïti	19,876,361	19,942,144
Panama	7,303,895	4,256,254
United States	2,696,023	1,047,056
Canada	486,968	1,647,982
	30,363,247	26,893,436
Foreign exchange contracts		
Haïti	292,950	296,384
Credit		
Haïti	24,676,391	22,335,580
Acceptances and letters of credit		
Haïti	-	340,182
Other assets, net		
Haïti	90,246	229,025
Total financial assets	**G 93,743,135**	76,888,237

C) MARKET RISK

Market risk arises from price fluctuations in the market and encompasses mainly the foreign exchange risk and the interest rate risk. 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 the depositors.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

C) MARKET RISK (CONTINUED)

i) Foreign exchange risk

Foreign exchange risk results from significant matching differences between the financial assets and liabilities denominated in the same currency, following changes in the value of that currency.

To manage that risk, the Bank has adopted a policy of not generally taking a foreign position in currencies exceeding three working days. Circular no. 81-5 of the Central Bank on foreign exchange risk, effective as of April 2017, stipulates that the foreign currency position, in absolute terms, must not exceed 0.5% of shareholders' equity on a daily basis, which limits the gain or loss that the Bank could incur on its position in foreign currencies.

As of September 30, 2021 and 2020, the net foreign exchange positions of the Bank, by currency, were as follows:

September 30, 2021

(In thousands of gourdes)	Gourdes	Dollars converted	Euros converted	Total
Cash and cash equivalents	G 19,882,335	23,378,635	3,204	**43,264,174**
BRH bonds, Treasury bonds	18,885,749	-	-	**18,885,749**
Local and foreign investments	996,276	10,481,222	-	**11,477,498**
Loans, net	19,665,216	5,011,175	-	**24,676,391**
Foreign exchange contracts	292,950	-	-	**292,950**
Other assets, net	24,819	65,427	-	**90,246**
Total financial assets	**G 59,747,345**	**38,936,459**	**3,204**	**98,687,008**
Deposits	41,315,010	36,113,885	-	**77,428,895**
Loans and debentures – BRH	8,212,513	-	-	**8,212,513**
Deposits of local banks	92,623	51,127	-	**143,750**
Lease liabilities	7,745	160,875	-	**168,620**
Foreign exchange contracts	-	301,914	-	**301,914**
Other liabilities	5,200,861	3,166,400	-	**8,367,261**
Total financial liabilities	**G 54,828,752**	**39,794,201**	**-**	**94,622,953**
Assets (liabilities), net	**G 4,918,593**	**(857,742)**	**3,204**	**4,064,055**

For each variation of one Gourde versus the US dollar and the Euro, the currency position in US dollars and Euros converted would result in an exchange gain or loss of respectively G 8.8 million and G 5.7 thousand, as the case may be.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(4) RISK MANAGEMENT (CONTINUED)

C) MARKET RISK (CONTINUED)

i) Foreign exchange risk (continued)

September 30, 2020

(In thousands of gourdes)	Gourdes	Dollars converted	Euros converted	Total
Cash and cash equivalents	G 15,694,374	15,342,444	5,969	**31,042,787**
BRH bonds, Treasury bonds	19,008,566	-	-	**19,008,566**
Local and foreign investments	808,103	7,076,767	-	**7,884,870**
Loans, net	17,630,835	4,704,745	-	**22,335,580**
Acceptances and lettrers of credit	4,061	336,121	-	**340,182**
Foreign exchange contracts	296,384	-	-	**296,384**
Other assets, net	97,337	131,688	-	**229,025**
Total financial assets	**G 53,539,660**	**27,591,765**	**5,969**	**81,137,394**
Deposits	37,339,554	23,474,924		**60,814,478**
Loans and debentures – BRH	6,909,910	1,318,386	-	**8,228,296**
Deposits of local banks	105,069	5,449	-	**110,518**
Commitments – acceptances and letters of credit	4,061	336,121	-	**340,182**
Lease contracts	8,928	101,677	-	**110,605**
Foreign exchange contracts	-	272,296	-	**272,296**
Other liabilities	5,444,301	2,159,020	92	**7,603,413**
Total financial liabilities	**G 49,811,823**	**27,667,873**	**92**	**77,479,788**
Assets (liabiities), net	**G 3,727,837**	**(76,108)**	**5,877**	**3,657,606**

For each variation of one Gourde versus the US dollar and the Euro, the currency position in US dollars and Euros converted would result in an exchange gain or loss of respectively G 1.1 million and G 76 thousand, as the case may be.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

C) MARKET RISK (CONTINUED)

i) Foreign exchange risk (continued)

The foreign exchange rates for the different currencies compared to the gourde were as follows:

	2021	2020
As of September 30		
US dollar	**97.3918**	65.9193
Euro	**112.7992**	77.2706
Average rates for the year		
US dollar	**80.7970**	99.0000
Euro	**96.5830**	110.8637

ii) Interest rate risk

This risk is related to any possible incidence of interest rates fluctuations on the net income and consequently, on net assets. 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 the risk is related to the magnitude and the evolution of interest rates, and of the significance and the maturities of the related financial instruments.

This risk is well managed by the Bank, due to the fact that a significant portion of its interest-bearing assets and liabilities are short-term and bear interest at variable rates, thus allowing the Bank to rapidly modify the interest rates and accordingly reduce the risk. Also, fixed rate financial liabilities are covered, by more than 100%, by corresponding financial assets. Thus, as of September 30, 2021 and 2020, given the significant spread between fixed interest financial assets and liabilities, an increase or decrease in interest rates will increase or decrease the net interest margin.

The Bank maintains a close follow-up of the four following portfolios:

- Loans to and deposits from bank customers
- Local investments
- Foreign investments
- Debt.

(Continued)

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(4) RISK MANAGEMENT (CONTINUED)

C) MARKET RISK (CONTINUED)

ii) Interest rate risk (continued)

Management regularly reviews the positions of those portfolios; it establishes the strategy of the Bank taking into account forecasted changes in interest rates, and recommends that all undesired or unforeseen interest rate risk be adequately covered.

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

(In thousands of gourdes)	%		2021	%	2020
Fixed interest rates:					
Financial assets	**61%**	**G**	**34,993,900**	61%	30,846,916
Financial liabilities	**32%**		**(18,715,755)**	36%	17,982,394
Net			**16,278,145**		12,864,522
Variable interest rates:					
Financial assets	**39%**		**22,568,228**	39%	19,436,132
Financial liabilities	**68%**		**(39,668,554)**	64%	(31,089,976)
Net			**17,100,326**		(11,653,844)
Total of interest-bearing financial assets	**100%**		**57,562,128**	100%	50,283,048
Total of interest-bearing financial liabilities	**100%**		**(58,384,309)**	100%	(49,072,370)
Net		**G**	**(822,181)**		1,210,678

D) CAPITAL MANAGEMENT

Capital is defined as paid-in-capital, reserves and retained earnings. The Bank periodically evaluates its return on capital and aims at paying a reasonable return to the Public Treasury that does not impair its capacity to sustain its future development.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

D) CAPITAL MANAGEMENT (CONTINUED)

Capital adequacy requirements for banks operating in Haiti are set up and monitored by the Central Bank as Regulator. Banks must adhere to the following capital ratios under Central Bank Circular 88-1:

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

- **Ratio of capital/risk-weighted assets** – The ratio of regulatory capital to risk-weighted assets must not be less than 12%. Risk-weighted assets comprise balance sheet and some off-balance sheet assets to which specific credit, operational and market risk weights are assigned.

Regulatory capital essentially consists of:

- Tier 1 capital (Categories 1A and 1B) attributable to ordinary shareholders notwithstanding the reserve on real estate and the revaluation reserve.

- Additional capital (Tier 2) composed of financial instruments with an initial duration of at least 5 years taking into consideration a gradual reduction of the instrument over the years, including issuance premiums for these instruments; of the general reserve for loan losses; of the provisions for expected credit losses on loans and other assets in accordance with IFRS 9.

In 2021, following the update of Circular 88 (now 88-1), which became applicable on June 30, 2021, in addition to the minimum requirement of 12% set above, financial institutions must constitute permanently, on an individual basis and on a consolidated basis, an additional capital buffer set at 2.5% of the weighted risks which must be composed entirely of Tier 1A capital.

Failure to comply with this requirement does not constitute a violation penalized with disciplinary measures but requires the constitution or reconstitution of this buffer when the level is not respected by limiting the distribution of profits according to a variable percentage depending on the importance of the insufficiency,

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

D) CAPITAL MANAGEMENT (CONTINUED)

Financial institutions are required to comply with the overall capital requirements as follows:

- Common Equity Tier 1 A capital: minimum ratio of 9.25% of weighted risks
- Common Equity Tier 1 capital: minimum ratio of 11.50% of weighted risks
- Total equity: minimum ratio of 14.5% of weighed risks.

As of September 30, the Bank has the following ratios:

	2021	**2020**
Ratio assets / capital	**14 times**	12 times
Ratio capital / risk-weighted assets	**23%**	33.6%

For the year 2021:

	2021	**2020**
Ratios required :		
Minimum capital ratio of basic Tier 1 A **(9.25%)**	**18.8%**	N/A
Minimum capital ratio Tier 1 **(11.5%)**	**18.8%**	N/A
Minimum total capital **(14.5%)**	**22.8%**	N/A

E) MONEY LAUNDERING AND FINANCING OF TERRORISM

Conformity

Bank are required to put in place a structure to deal with any eventuality of money laundering and terrorist financing. It is also a sine qua non condition of foreign correspondents for international transactions.

To this end, the Haitian State published the Law of December 3, 2001, and that of November 14, 2013 dealing with the problem of money laundering and the financing of terrorism. The Bank, as a responsible institution, has equipped itself with all the tools to comply with the prescriptions of the BRH through circulars 95-2, 99-3 and 100-2.

From an organizational point of view, the Compliance Office reports to the Board of Directors. At the start of each financial year, an action plan is submitted to the Board of Directors for approval. The Compliance Office interfaces with foreign correspondents, the Central Financial Intelligence Unit (UCREF) and the Anti-Corruption Unit (ULCC). The Compliance Office organizes and supervises the compliance work of branch managers who are also designated Compliance Officers.

(4) RISK MANAGEMENT (CONTINUED)

E) MONEY LAUNDERING AND FINANCING OF TERRORISM (CONTINUED)

Technology

The Bank is equipped with modern IT tools to optimize its actions in the fight against money laundering and the financing of terrorism, including:

- an "Anti-Money Laundering" (AML) monitoring software;
- the "Swift Sanction Screening" computer application that ensures that principals and beneficiaries are not part of international blacklists of individuals, institutions or countries;
- a computer application for the electronic routing of the declarations of transactions to UCREF.
- the application dedicated to monitoring and detecting customers on the OFAC blacklist;
- the application dedicated to the daily management of accounts belonging to Politically Exposed Persons.

All these software and applications are working optimally.

Operations

Training sessions via ''Zoom'' were held despite the health crisis.

The regular evaluations by our foreign correspondends took place as usual. This year, apart from the issues of money laudering and the financing of terrorism, the emphasis is on the ''corruption'' aspect according to the Law entitled ''Foreign Corrupt Practices Art” (FCPA), revised in June and December 2021.

(5) CASH AND CASH EQUIVALENTS

As of September 30, cash and cash equivalents are as follows:

(In thousands of gourdes)		2021	2020
Cash	G	**4,943,873**	4,249,157
Deposits with Banque de la République d’Haïti **(note 27)**		**31,975,178**	23,301,325
Deposits with foreign banks		**6,018,936**	3,169,434
Items in transit		**326,187**	322,871
Total cash and cash equivalents	G	**43,264,174**	31,042,787

(Continued)

(5) CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and deposits with Banque de la République d'Haïti (BRH) are part of the regulatory cash reserve requirements that must be maintained in accordance with the related provisions of BRH (Central Bank) circulars. These deposits do not bear interest.

As of September 30, deposits with foreign banks are as follows:

(In thousands of gourdes)		2021	2020
Interest bearing accounts	G	3,912,328	3,104,581
Non-interest-bearing accounts		2,106,608	64,853
	G	6,018,936	3,169,434

Interest rates on interest bearing deposits with foreign banks were 0.01% in 2021 and varied from 0.05% to 2.09% in 2020.

Deposits in foreign banks include security deposits:

(In thousands of US$ and gourdes)	2021		2020	
	US$	Equivalent HTG	US$	Equivalent HTG
Credit card transactions	4,053	394,756	1,352	89,180

As of September 30, cash and cash equivalents by currency are as follows:

(In thousands of gourdes)		2021	2020
Gourdes	G	19,882,335	15,694,374
US dollars		23,378,635	15,342,444
Euros		3,204	5,969
	G	43,264,174	31,042,787

(Continued)

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(6) BRH BONDS AND TREASURY BONDS

As of September 30, BRH bonds are as follows:

(In thousands of gourdes)		2021	2020
BRH BONDS			
Face value	G	1,000,000	-
Unearned interest		(17,529)	-
BRH bonds, net	G	982,471	-
Interest rates		*10%*	-
Maturity		*December 2021*	-

Maturity of these bonds is 91 days in 2021.

As of September 30, Treasury bonds are as follows:

(In thousands of gourdes)		2021	2020
TREASURY BONDS			
Face value	G	18,100,000	19,250,000
Unearned interest		(196,722)	(241,434)
Treasury bonds, net	G	17,903,278	19,008,566
Interest rates		*10.25% to 10.50%*	*10.25% to 10.50%*
Maturity		*October to December 2021*	*October to December 2020*
Total BRH bonds, Treasury bonds, net (note 27)	G	18,885,749	19,008,566

(Continued)

(7) LOCAL INVESTMENTS

As of September 30, local investments are as follows:

(In thousands of gourdes)		2021	2020
Investments held to maturity, at amortized cost, net **(i)**	G	**489,419**	432,376
Equity instruments at fair value through profit or loss net **(ii)**		**501,202**	501,202
Total local investments	G	**990,621**	933,578

(i) Investments held to maturity at amortized cost are as follows:

September 30, 2021

(In thousands of gourdes)		Cost	Interest Rate	Maturity
US dollars bonds at cost of US$ 1,276,000 - E-Power	G	**124,288**	9.0%	2024
US dollars bonds at cost of US$ 600,000 - Alternative Insurance Company S.A.		**58,436**	7.5%	2022
Interbank investments in gourdes		**300,000**	12.0%	December 2021
Total investments held to maturity at amortized cost		**482,724**	-	-
Interest receivable		**7,330**	-	-
Total investments held to maturity at amortized cost and interest receivable		**490,054**	-	-
Provision for expected credit losses		**(635)**	-	-
Total investments held to maturity at amortized cost, net	G	**489,419**	-	-

The provision for expected credit losses on the above bonds has evolved as such:

		Stage 1	
(In thousands of gourdes)		2021	2020
Balance at of September 30, 2020	G	**62**	106
Foreign exchange effect		**29**	(31)
Provision (reversal) for expected credit losses **(note 20)**		**544**	(13)
Balance as of September 30, 2021	G	**635**	62

(Continued)

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(7) LOCAL INVESTMENTS (CONTINUED)

September 30, 2020

(In thousands of gourdes)		Cost	Interest Rate	Maturity
US dollars bonds at cost of US$ 1,276,000 - E-Power	G	**84,124**	9.0%	2024
US dollars bonds at cost of US$ 600,000 - Alternative Insurance Company S.A.		**39,552**	7.5%	2022
Interbank investments in gourdes		**300,000**	12.0%	October 2020
Total investments held to maturity at amortized cost		**423,676**	-	-
Interest receivable		**8,762**	-	-
Total investment held to maturity at amortized cost and interest receivable		**432,438**	-	-
Provision for expected credit losses		**(62)**	-	-
Total investments held to maturity at amortized cost, net	G	**432,376**	-	-

ii) **Equity instruments at fair value through profit or loss** are as follows:

September 30, 2021 and 2020

(In thousands of gourdes)		Cost	Loss	Net value	% of ownership	Number of common shares
Lafito Industrial Free-Zone S.A. **(a)**	G	332,256	-	**332,256**	8.78%	141,433
Port Lafito S.A. **(b)**		65,992	-	**65,992**	0.84%**(i)**	65,992
		398,248	-	**398,248**		207,425
Société de Construction d'Immeubles et d'Ouvrages Publics S.A. (SCIOP S.A.) **(c)**		74,068	(37,034)	**37,034**	5.67%	1,207
Alternative Insurance Company S.A.		65,919	-	**65,919**	6.89%	250
Digital Satellite Systems S.A.		63,047	(63,047)	**-**	7.70%	26,380
Société Village Chateaublond S.A.		500	(500)	**-**	7.70%	50
Haitel		9,300	(9,299)	**1**	-	-
Total equity instruments, net	**G**	**611,082**	**(109,880)**	**501,202**	-	-

(i) 3.81% in 2020.

(Continued)

(7) LOCAL INVESTMENTS (CONTINUED)

None of the above holdings exceed 20% of the share capital of the issuing companies or give the BNC significant influence over the operations of these companies.

The loss evolved as follows:

(In thousands of gourdes)		**2021**	**2020**
Balance at beginning of the year	**G**	**109,880**	102,914
Provision of the year **(note 22)**		-	6,966
Balance at end of year	**G**	**109,880**	109,880

(a) The lack of documentation does not allow the determination of the fair value of this investment.

(b) According to the equity investment agreement dated September 2013, BNC will have full ownership of the shares for a period not exceeding five years from their issuance, at the end of which, BNC will sell to the majority group all of the shares currently subscribed for at a price prorated to the appraised value of the identifiable net assets or the notional market value of these shares, whichever is greater. At the contract's expiry date in December 2018, the value of these shares had not yet been determined, according to the methodology provided for in the equity investment agreement.

On November 15, 2019, a shareholders' agreement was signed between Port Lafito S.A. and the Bank under which BNC became the definitive owner of the 65,992 shares with a book value of G 65.9 million.

The shareholders' agreement provides that a fair value assessment of these shares will be carried out and that any decrease in value, if any, will be offset by the transfer of real estate in favor of BNC. However, this information is not available at the date of the auditors' report.

(c) The common shares of Société de Construction d'Immeubles et d'Ouvrages Publics S.A. (SCIOP) are allocated as follows as at September 30, 2021 and 2020 respectively: 50 Class A shares and 1,157 Class B shares.

(Continued)

(8) FOREIGN INVESTMENTS

As at September 30, foreign investments are in US dollars as follows:

(In thousands of gourdes)		2021	2020
Investments at amortized cost, held to maturity, net **(i)**	G	**9,646,317**	6,418,356
Fixed maturity investments held for resale at fair value through profit or loss, net **(ii)**		**662,892**	417,275
Total fixed maturity investments		**10,309,209**	6,835,631
Interest receivable		**26,107**	15,019
Total fixed maturity investments and interest receivable		**10,335,316**	6,850,650
Equity instruments at fair value through profit or loss **(iii)**		**151,561**	100,642
Total foreign investments	G	**10,486,877**	6,951,292

(i) As of September 30, 2021 and 2020, respectively G 1,890 million (US$ 19.4 million) and G 533 million (US$ 8.01 million) of the investments held to maturity and all of the investments held for resale are managed by a renowned financial services company located in the United States of America. Management has developed with this manager a strategy to classify investments into different levels of risk while ensuring prudent diversification. The average returns of these portfolios in 2021 and 2020 were 1.33 % and 2.41%.

(Continued)

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(8) FOREIGN INVESTMENTS (CONTINUED)

Investments at amortized cost held to maturity are as follows:

September 30, 2021

(In thousands of gourdes)		Cost	Fair value	Gain	Interest rate	Maturity
Treassury bonds USA	G	192,726	200,705	7,979	1.25% - 2.00%	October 2021 to August 2026
Debentures in private companies		194,784	209,296	14,512	2.20% -3.50%	August 2022 to August 2024
Debentures in US government agencies		1,502,353	1,508,929	6,576	0.13% - 2.19%	October 2021 to October 2029
US dollar term deposits in foreign banks		7,761,032	7,761,032	-	0.01% - 0.50%	October 2021 to March 2022
Total investments at amortized cost	**G**	**9,650,895**	**9,679,962**	**29,067**		
Provision for expected credit losses		**(4,578)**	**-**	**-**		
Total investments at amortized cost, net	**G**	**9,646,317**	**-**	**-**		

September 30, 2020

(In thousands of gourdes)		Cost	Fair value	Gain	Interest rate	Maturity
Treassury bonds USA	G	133,738	143,053	9,315	1.25%	July 2023
Debentures in private companies		98,880	104,607	5,727	1.85% - 3.30%	October 2022 To August 2024
Debentures in US government agencies		301,505	311,942	10,437	1.85% - 2.23%	October 2021 to February 2031
US dollar term deposits in foreign banks		5,885,996	5,885,996	-	0.01% - 0.90%	October 2020 to March 2021
Total investments at amortized cost	**G**	**6,420,119**	**6,445,598**	**25,479**		
Provision for expected credit losses		**(1,763)**				
Total investments at amortized cost, net	**G**	**6,418,356**				

(Continued)

(8) FOREIGN INVESTMENTS (CONTINUED)

The provision for expected credit losses on investments held to maturity at amortized cost is as follows:

		Stage 1	
(In thousands of gourdes)		**2021**	**2020**
Balance as of September 30, 2020	G	**1,763**	2,567
Provision (reversal) for expected credit losses **(note 20)**		**1,971**	(50)
Foreign exchange effect		**844**	(754)
Balance as of September 30, 2021	G	**4,578**	1,763

(ii) Fixed maturity investments held for resale, measured at fair value through profit or loss are as follows:

(In thousands of gourdes)		**2021**	**2020**
Term deposits	G	**219,265**	132,303
Interest rates		***0.10% to 3.0%***	*0.15% to 0.20%*
Maturity		***October 2021-December 2022***	*October 2020-December 2022*
Debentures in private companies	G	**443,627**	284,972
Interest rates		***1.85% to 4.05%***	*1.85% to 4.00%*
Maturity		***February 2022 to September 2026***	*February 2022 to October 2032*
	G	**662,892**	417,275

The balances of these financial instruments held for resale include capital gains (losses) amounting G 7.5 million and G 2.2 million as of September 30, 2021 and 2020 respectively **(note 22)**.

(iii) Equity instruments measured at fair value through profit or loss are as follows :

(In thousands of gourdes)		**2021**	**2020**
Banco Latino Americano de Commercio Exterior S.A.	G	**151,561**	100,642
Number of common shares		***58,947***	*58,947*

(Continued)

(8) FOREIGN INVESTMENTS (CONTINUED)

As of September 30, the fair value is as follows:

September 30, 2021

(In thousands of gourdes)	Balance 30/9/20	Exchange impact	Gain (note 22)	Fair value 30/9/21
Banco Latino Americano de Commercio Exterior S.A.	G 100,642	47,649	2,870	151,561

September 30, 2020

(In thousands of gourdes)	Balance 30/9/19	Exchange Impact	Gain (note 22)	Fair value 30/9/20
Banco Latino Americano de Commercio Exterior S.A.	G 141,423	(41,519)	738	100,642

(9) FOREIGN EXCHANGE CONTRACTS

As of September 30, these foreign exchange contracts are as follows:

(In thousands of gourdes)		2021	2020
Foreign exchange contracts in assets (note 27) :			
Contracts with BRH **(a)**	**G**	**188,500**	296,384
Contracts with customers		**104,450**	-
	G	**292,950**	296,384
Foreign exchange contracts in liabilities (note 27) :			
Contracts with BRH **(a)**	**G**	**194,783**	272,296
Contracts with customers		**107,131**	-
	G	**301,914**	272,296

a) Since 2020, as part of its monetary policy, the BRH intervened on the foreign exchange market by injecting in BNC currencies intended to be sold to customers. The selling rate is set by the BRH and unsold currencies will be remitted to the BRH at the initial rate used during the injection. As at September 30, 2020, unsold currencies total $ 4.1 million in assets, or G 296.4 million at the initial rate, and G 272.3 million in liabilities at the year-end rate. In the event of the subsequent depreciation of the gourde, the BNC will return the funds received in US dollars at the initial rate used during the injection. Subsequent to September 30, 2021, this amount has been remitted to the BRH.

(Continued)

(10) LOANS, NET

As of September 30, locally issued loans are as follows:

(In thousands of gourdes)		2021	2020
Commercial loans	G	**4,332,643**	5,493,228
Business loans guaranteed by BRH **(a)** *:*			
Agricultural sector		**-**	282,000
Loans guaranteed by the Ministère de l'Economie et des Finances (MEF) **(note 27) (b)** *:*			
Ministère de l'Economie et des Finances **(note 17a)**		**3,330,555**	4,091,180
State enterprises		**580,327**	991,821
		3,910,882	5,083,001
Consumer loans guaranteed by the Haitian Government:			
Public sector agents **(c)**		**2,806,913**	1,911,125
Loans financed by BRH **(d)** *:*			
Free Zones		**1,041,797**	925,478
Communications sector		**-**	1,318,386
Hotel sector		**1,765,758**	874,006
Agricultural sector		**669,513**	380,000
		3,477,068	3,497,870
Overdrafts		**2,363,749**	1,849,767
Mortgages "Kay Pam" **(e)**		**1,370,265**	1,304,271
Consumer loans		**880,634**	724,203
Loans and advances to employees		**591,006**	357,891
Credit cards		**246,489**	234,574
Managed loans – pension plan **(note 19)**		**386**	466
Restructured loans financed by BRH:			
Communications sector **(d) iii)**		**1,448,623**	-
Free Zones **(f)**		**1,396,560**	-
		2,845,183	
Restructured loans		**1,123,741**	148,479
		3,968,924	148,479
Current loans		**23,948,960**	20,886,875
Arrears of 90 days and more :			
Loans financed by BRH (Free Zone) **(f)**		**-**	1,374,910
Energy sector financed by BRH **(a)**		**1,425,799**	1,026,562
Ministère de l'Economie et des Finances not guaranteed		**641,408**	-
Credit cards		**115,436**	113,590
State enterprises financed by MEF		**410,584**	-
Other loans		**914,719**	1,043,378
Arrears of 90 days and more		**3,507,946**	3,558,440
Total - loans	G	**27,456,906**	24,445,315
Interest receivable		**522,081**	442,057
Total loans and interest receivable		**27,978,987**	24,887,372
Provision for expected credit losses		**(3,302,596)**	(2,551,792)
Total loans, net	G	**24,676,391**	22,335,580

(Continued)

(10) LOANS (CONTINUED)

(a) As of September 30, 2021 and 2020, the terms for business loans guaranteed by the BRH are as follows:

2021	Interest rate	Maturity
Energy sector **(i)**	**17.0%**	**2023**

2020	Interest rates	Maturity
Energy sector **(i)**	17.0%	2021 and 2023
Agricultural sector **(ii)**	6.0%	2020

(i) Loans to the Energy sector were granted for the acquisition of equipment. They total G 1.4 billion as of September 30, 2021 and are covered by a letter of guarantee from the BRH.

(ii) Loans to the agricultural sector were granted to finance the increase in agricultural production. Loans totaling G 282 million as of September 30, 2020 are covered by a letter of guarantee from the BRH guaranteeing full repayment in the event of default. As of September 30, 2021, theser loans are fully repaid.

(b) As of September 30, 2021 and 2020, the terms of loans guaranteed by the MEF are as follows:

2021	Interest rates	Maturity
Ministère de l'Économie et des Finances	1.0% and 7.0%	December 2021
State enterprises	5.5% and 11.5%	2024 and 2025

2020	Interest rates	Maturity
Ministère de l'Économie et des Finances	7.0%	2021
State enterprises	5.5% and 11.5%	2024 and 2025

As of September 30, 2021, one of the State enterprise loans totaling G 410 million was 248 days past due and one MEF loan of G 641 million was 241 days past due.

(c) Loans granted to Public Sector agents are guaranteed by the Haitian Government, within a loan Program. Following amendment no. 5, as of September 30, 2016, this program to which also participates Banque Populaire Haïtienne, amounts to G 3.0 billion in which BNC participates for G 2.3 billion. Individual loans granted by this program cannot exceed G 500 thousand. For this program, the Haitian Government has made guarantee deposits **(note 19 b)** and is committed to further deposits, as necessary. Management of the Bank is confident that the guarantee from the Haitian Government applies to the full outstanding portfolio.

(Continued)

(10) LOANS (CONTINUED)

As of September 30, 2021, the portfolio of loans to civil servants, totaling G 2.8 billion, shows an overrun of G 507 million compared to the amount of the Program.

(d) The terms and conditions for loans financed by borrowings from the Bank of the République d'Haiti (BRH) are as follows:

	Interest rates	Maturity
Free Zones	6.0% and 14.0%	2033
Communications sector **(iii)**	5.50%	2023
Hotel sector	6.0%, 12.0% and 14.0%	2029
Agricultural sector	6.0% and 12.0%	2030 and 2031

As of September 30, 2021 and 2020, of the total loans financed by BRH, G 2,7 billion are guaranteed by MEF.

(iii) The loan to the communications sector was granted to a state-owned enterprise in September 2019. The amount granted of US$ 20 million is financed by a loan from the BRH **(note 17 c)** and is guaranteed by the MEF. This loan at a rate of 7.0% per annum, initially for a period of 90 days renegociable, was restructured in 2021 at the rate of 5.5% and converted into gourdes with quarterly repayments over a period of three years. As of September 30, 2021, the new conditions have been met.

(e) In an agreement signed on July 13, 2011, BRH pledged to support the BNC for the Kay Pam program providing housing mortgages in gourdes; the duration of the loans cannot exceed 30 years. The initial interest rate on these loans is 8% and may change depending on market conditions; however, it can only be revised after 10 years by mutual agreement between the parties. In the event that the BNC draws its excess reserves, BRH is committed to advance funds over a period of 20 years at a rate that ensures the maintenance of the margin on the portfolio.

(f) As of September 30, 2020, this is the balance of a loan financed by the BRH granted to a state-owned company in 2017 on this date, in arrears. It is covered by a letter of guarantee from the MEF in the amount of G 1.2 billion. As of September 30, 2021, this loan is restructured and a new repayment schedule has been established. A special reserve representing 45% of the outstanding amount has been created from retained earnings with the authorization of the BRH **(note 25)**.

(Continued)

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(10) LOANS (CONTINUED)

As of September 30, the loan balances, net in various currencies, are as follows:

(In thousands of gourdes)		2021	2020
Loans in gourdes	G	19,654,828	17,630,835
Loans in US dollars		5,021,563	4,704,745
	G	24,676,391	22,335,580

As of September 30, 2021, the aging of loans is as follows:

(In thousands of gourdes)		Current 1-30 days	31-60 days	61-89 days	Total
Loans financed by BRH	G	6,322,251	-	-	6,322,251
Loans to the Haitian Gouvernment - MEF		3,330,555	-	-	3,330,555
Overdrafts		2,109,663	254,086	-	2,363,749
Credit cards		238,205	8,284	-	246,489
Other loan categories		10,329,538	432,647	923,731	11,685,916
	G	22,330,212	695,017	923,731	23,948,960
%		93%	3%	4%	100%

(In thousands of gourdes)		90 – 180 days	181 - 359 days	360 days and more	Total
Energy sector	G	-	-	1,425,799	1,425,799
State enterprise		-	-	641,408	641,408
Loans financed by BRH		-	410,584	-	410,584
Credit cards		25,288	90,148	-	115,436
Other loan categories		62,883	150,832	701,004	914,719
	G	88,171	651,564	2,768,211	3,507,946
%		3%	18%	79%	100%

As of September 30, 2021, loans were covered by the following guarantees:

(In thousands of gourdes)		Haitian Government	Mortgages	Cash collateral (note 16)	Total
Current loans	G	2,880,327	5,220,949	1,335,020	9,436,296
Default loans 90 days and more		2,822,359	940,623	-	3,762,982
	G	5,702,686	6,161,572	1,335,020	13,199,278
%		31%	57%	12%	100%

(Continued)

(10) LOANS (CONTINUED)

As of September 30, 2020, the aging of loans is as follows:

(In thousands of gourdes)		Current 1-30 days	31-60 days	61-89 days	Total
Loans financed by BRH	G	3,497,870	-	-	**3,497,870**
Loans to the Haitian Government - MEF		4,091,180	-	-	**4,091,180**
Overdrafts		1,849,767	-	-	**1,849,767**
Credit cards		203,739	30,835	-	**234,574**
Other categories		10,120,792	587,530	505,162	**11,213,484**
	G	**19,763,348**	**618,365**	**505,162**	**20,886,875**
%		**95%**	**3%**	**2%**	**100%**

(In thousands of gourdes)		90 – 180 days	181 - 359 days	360 days and more	Total
Loans financed by BRH – (Free Zone)	G	-	-	1,374,910	**1,374,910**
Energy sector		-	1,026,562	-	**1,026,562**
Credit cards		15,415	98,175	-	**113,590**
Other categories		211,486	348,189	483,703	**1,043,378**
	G	**226,901**	**1,472,926**	**1,858,613**	**3,558,440**
%		**7%**	**41%**	**52%**	**100%**

As of September 30, 2020, loans were covered by the following guarantees:

(In thousands of gourdes)		Haitian Government	Mortgages	Cash collateral (note 16)	Total
Current loans	G	3,071,894	3,329,717	1,100,368	**7,501,979**
Default loans 90 days and more		2,406,388	755,056	-	**3,161,444**
	G	**5,478,282**	**4,084,773**	**1,100,368**	**10,663,423**
%		**52%**	**38%**	**10%**	**100%**

(Continued)

(10) LOANS (CONTINUED)

As of September 30, 2021 and 2020, the guarantees of the Haitian Government include:

(In thousands of gourdes)		2021	2020
Loans to Public Sector agents and Members of Parliament	G	**2,806,913**	1,911,125
Deposits received for loans and documentary credits		**595,773**	3,567,157
	G	**3,402,686**	5,478,282

Average interest rates on performing loans are as follows:

	2021	2020
Commercial loans:		
In gourdes	**9%**	12%
In US dollars	**10%**	10%
Commercial loans guaranteed by the Haitian Government		
In gourdes	**5%**	7%
In US dollars	**6%**	13%
Consumer loans guaranteed by the Haitian Government		
In gourdes	**13%**	13%
Overdrafts		
In gourdes	**12%**	15%
In US dollars	**9%**	12%
Loans financed by BRH	**6%**	6%
Credit cards-in gourdes and US dollars	**48%**	39%
Loans and advances to employees	**6%**	6%
Restructured loans	**9%**	9%
Other loans in gourdes	**21%**	20%
Other loans in US dollars	**20%**	20%

As of September 30, 2021 and 2020, members of the Board of Directors have performing loans totaling G 25.1 million and G 22.7 million respectively **(note 27)**. These loans were granted at rates granted to Bank employees in accordance with the procedures in place.

(Continued)

(10) LOANS (CONTINUED)

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

(In thousands of gourdes)		Total 2021	Total 2020
Balance at beginning of the year	**G**	**2,551,792**	1,208,724
Provision for credit losses **(note 20)**		**460,468**	1,557,349
Transfert of the provision for other assets **(note 15)**		**33,489**	-
Foreign exchange effect		**261,031**	(195,754)
Write-offs		**(4,184)**	(18,527)
Balance at the end of the year	**G**	**3,302,596**	2,551,792

As of September 30, 2021 and 2020, the provision for expected credit losses required in accordance with the provisions of circular 87 of the Central Bank totaled G 2,198 million and G 2,633 million respectively. This provision is covered as follows:

(In thousands of gourdes)		2021	2020
Provision for expected credit losses	G	3,302,596	2,551,792
Special reserve for credit risk **(note 25)**		628,452	-
General reserve for loan losses, adjusted **(note)**		-	81,429
Total	**G**	**3,931,048**	2,633,221

Note : The provisions, per the circular of the BRH, do not take into account a letter of guarantee of G 1.2 billion from Ministry of Finance which is not admissible therein.

(Continued)

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(10) LOANS (CONTINUED)

The variations by stage **for the entire portfolio** have evolved as follows:

(In thousands of gourdes)		Non impaired Loans Stage 1	Impaired loans Stage 2	Default loans Stage 3	Total
Balance as of September 30, 2019, net	**G**	**12,455,524**	**5,835,018**	**2,989,409**	**21,279,951**
Variations of the year :					
Loans and interest receivable		5,236,559	(3,530,216)	692,354	**2,398,697**
Provision for expected credit losses		(80,854)	44,552	(1,306,766)	**(1,343,068)**
		5,155,705	**(3,485,664)**	**(614,412)**	**1,055,629**
Loans and interest receivable at September 30, 2020		17,855,344	2,378,830	4,653,198	**24,887,372**
Provision for expected credit losses		(244,115)	(29,476)	(2,278,201)	**(2,551,792)**
Balance as of September 30, 2020, net	**G**	**17,611,229**	**2,349,354**	**2,374,997**	**22,335,580**
Variations of the year :					
Loans and interest receivable		46,842	81,464	2,963,309	**3,091,615**
Provision for expected credit losses		105,788	87	(856,679)	**(750,804)**
		152,630	**81,551**	**2,106,630**	**2,340,811**
Loans and interest receivable at September 30, 2021		17,902,186	2,460,294	7,616,507	**27,978,987**
Provision for expected credit losses		(138,327)	(29,389)	(3,134,880)	**(3,302,596)**
Balance as of September 30, 2021, net	**G**	**17,763,859**	**2,430,905**	**4,481,627**	**24,676,391**

As of September 30, 2021 and 2020, default loans include :

(In thousands of gourdes)		2021	2020
Loans in arrears – 90 days and more	**G**	**3,507,945**	3,558,440
Other loans **(i)**		**4,108,562**	1,094,758
	G	**7,616,507**	4,653,198

(i) These other loans are classified in Stage 3 although they are up to date because in Management's assessment, based on the criteria mentioned above in **note 3b**, they require larger provisions.

(Continued)

BANQUE NATIONALE DE CREDIT
Notes to financial statements

(10) LOANS (CONTINUED)

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

(In thousands of gourdes)		Total 2021	Total 2020
Balance at the beginning of year before the impact of the application of IFRS 9	**G**	**101,993**	80,442
Provision for credit losses		**4,135**	30,141
Write-offs		-	(8,590)
Balance at end of year	**G**	**106,128**	101,993

The variations by stage for the portfolio are as follows

(In thousands of gourdes)		Non impaired loans Stage 1	Impaired Loans Stage 2	Default Loans (i) Stage 3	Total
Balance as of September 30, 2019, net	**G**	**210,297**	25,155	11,882	**247,334**
Variations of the year :					
Loans		12,969	(8,360)	15,779	**20,388**
Provision for credit losses		1,323	4,967	(27,841)	**(21,551)**
		14,292	(3,393)	(12,062)	**(1,163)**
Loans at September 30, 2020		227,419	22,666	98,079	**348,164**
Provision for expected credit losses		(2,830)	(904)	(98,259)	**(101,993)**
Balance as of September 30, 2020, net	**G**	**224,589**	**21,762**	**(180)**	**246,171**
Variations of the year :					
Loans		(3,871)	275	17,357	**13,761**
Provision for expected credit losses		(418)	(10)	(3,707)	**(4,135)**
		(4,289)	265	13,650	**9,626**
Loans as of September 30, 2021		223,548	22,941	115,436	**361,925**
Provision for expected credit losses		(3,248)	(914)	(101,966)	**106,128**
Balance as of September 30, 2021, net	**G**	**220,300**	**22,027**	**13,470**	**255,797**

(i) As of September 30, 2021 and 2020, default loans are loans of 90 days or more.

(Continued)

BANQUE NATIONALE DE CREDIT
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(10) LOANS (CONTINUED)

c) The provision for expected credit losses on **other loans** has evolved as follows :

(In thousands of gourdes)		Total 2021	Total 2020
Balance at the beginning of the year	G	**2,449,799**	1,128,282
Provision for credit losses		**456,333**	1,527,808
Transfer of the provision for expected credit losses on other assets **(note 15)**		**33,489**	-
Foreign exchange effect		**261,031**	(195,754)
Write-offs		**(4,184)**	(10,537)
Balance at the end of year	G	**3,196,468**	2,449,799

The variations by stage for the current year are as follows :

(In thousands of gourdes)		Non impaired loans Stage 1	Impaired loans Stage 2	Default loans Stage 3	Total
Balance as of September 2019, net	G	**12,245,227**	**5,809,863**	**2,977,527**	**21,032,617**
Variations of the year:					
Loans and interest receivable		5,223,590	(3,521,856)	676,575	**2,378,309**
Provision for expected credit losses		(82,177)	39,585	(1,278,925)	**(1,321,517)**
		5,141,413	(3,482,271)	(602,350)	**1,056,792**
Loans and interest as of September 30, 2020	G	17,627,925	2,356,164	4,555,119	**24,539,208**
Provision for expected credit losses		(241,285)	(28,572)	(2,179,942)	**(2,449,799)**
Balance as of September 30, 2020, net		**17,386,640**	**2,327,592**	**2,375,177**	22,089,409
Variations of the year:					
Loans and interest receivable		50,713	81,189	2,945,952	**3,077,854**
Provision for expected credit losses		106,206	97	(852,972)	**(746,669)**
		156,919	81,286	2,092,980	**2,331,185**
Loans and interest receivable at September 30, 2021		17,678,638	2,437,353	7,501,071	**27,617,062**
Provision for expected credit losses		(135,079)	(28,475)	(3,032,914)	**(3,196,468)**
Balance as of September 30, 2021, net	G	**17,543,559**	**2,408,878**	**4,468,157**	24,420,594

(Continued)

(10) LOANS (CONTINUED)

As at September 30, 2021 and 2020, default loans include:

(In thousands of gourdes)		2021	2020
Arrears loans – 90 days and more	G	**3,392,509**	3,460,361
Other loans **(i)**		**4,108,562**	1,094,758
	G	**7,501,071**	4,555,119

(i) These other loans are classified in Stage 3 although they are up to date because, according to Management's assessment based on the criteria mentioned above in **note 3b**, they require larger provisions, including a loan from the hotel sector totaling G 524 million and G 393 million as of September 30, 2021 and 2020, respectively.

During the year ended September 30, 2021 and 2020, the Bank granted significant moratoriums totaling G 1.5 billion and 1.2 billion respectively, or 5% of the portfolio, because of the economic situation affected by political unrest and Covid-19.

(11) RIGHT-OF-USE ASSETS, NET AND LEASE LIABILITIES

Right-of-use-of assets relate mainly to lease contracts for space leased by the Bank for its administrative offices and its branch network.

Right-of-use assets, net

Right-of-use assets have evolved as follows :

Cost

(In thousands of gourdes)		
Balance as of October 1, 2019 and as of September 30, 2020	G	202,199
Contracts adjustments		37,199
Balance as of September 30, 2021	G	**239,398**

Accumulated amortization

(In thousands of gourdes)		
Balance as of October 1, 2019	G	-
Amortization of the year		**40,235**
Balance as of September 30, 2020	G	40,235
Amortization of the year		**42,106**
Balance as of September 30, 2021	G	**82,341**
Balance of right-of-use assets, net as of September 30, 2020		161,964
Balance of right-of-use assets, net as of September 30, 2021	G	**157,057**

(Continued)

BANQUE NATIONALE DE CREDIT
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(11) RIGHT- OF-USE ASSETS, NET AND LEASE LIABILITIES (CONTINUED)

Lease liabilities

Lease liabilities have evolved as follows :

(In thousands of gourdes)		USD Converted	HTG	TOTAL
Balance as of October 1, 2019	**G**	181,780	10,083	**191,863**
Interest on lease liabilities		1,652	231	**1,883**
Rent payments		(28,386)	(1,386)	**(29,772)**
Foreign exchange effect on contracts in US dollars		(53,369)	-	**(53,369)**
Balance as of October 1, 2020	**G**	**101,677**	**8,928**	**110,605**
Interest on lease liabilities		1,882	203	2,085
Rent payments		(42,815)	(1,386)	(44,201)
Foreign exchange effect on contracts in US dollars		61,308	-	61,308
Contracts adjustments		38,823	-	38,823
Balance as of September 30, 2021	**G**	**160,875**	**7,745**	**168,620**

(Continued)

(11) RIGHT- OF-USE ASSETS, NET AND LEASE LIABILITIES (CONTINUED)

The undiscounted contractual payments to be made in respect of rental obligations are as follows:

(In thousands of gourdes)		USD Converted	HTG	TOTAL
Less than 1 year	G	40,478	1,386	**41,864**
Between 1 year and 2 years		52,578	1,386	**53,964**
Between 2 and 5 years		85,039	4,158	**89,197**
More than 5 years		9,407	1,386	**10,793**
Total	G	187,502	8,316	**195,818**

The charges relating to leases recognized in the statement of income, under rental charges are as follows:

(In thousands of gourdes)		2021	2020
Interest of lease liabilities	G	**2,085**	1,883
Amortization of right-of-use assets		**42,106**	40,235
Expenses recognized in leasing contracts, of which the underlying asset is of low value		**825**	3,532
Total	G	**45,016**	45,650

(Continued)

BANQUE NATIONALE DE CRÉDIT
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(12) FIXED ASSETS

Fixed assets, at cost, have evolved as follows:

Fixed asset at cost

(In thousands of gourdes)		Balance 9/30/20	Acquisitions	Disposals (c)	Transfers	Balance 9/30/21
Land	G	103,153	-	-	-	**103,153**
Land and buildings **(a)**		931,524	-	-	15,710	**947,234**
Computer equipment		147,298	13,378	(28,573)	2,693	**134,796**
Fixtures and equipment		172,332	18,530	(13,664)	42,281	**219,479**
Vehicles		77,349	-	(15,573)	-	**61,776**
Electrical equipment		105,985	5,941	-	-	**111,926**
Communication equipment		26,167	953	(2,269)	98	**24,949**
Air conditionning system		32,052	3,690	(6,717)	-	**29,025**
Security equipment		95,366	22,106	(3,770)	121	**113,823**
Leasehold improvments		42,776	866	(511)	47	**43,178**
Investments in progress **(b)**		538,115	509,819	(46,535)	(60,950)	**940,449**
	G	**2,272,117**	**575,283**	**(117,612)**	**-**	**2,729,788**

Accumulated depreciation has evolved as follows:

Accumulated deprecition

(In thousands of gourdes)		Balance 30/9/20	Depreciation	Disposals	Adjustment (note 22)	Balance 9/30/21
Buildings	G	158,516	26,617	-	-	**185,133**
Computer equipment		60,090	41,247	(28,573)	-	**72,764**
Fixtures and equipment		69,884	27,677	(13,664)	-	**83,897**
Vehicles		27,355	16,074	(15,573)	-	**27,856**
Electrical equipment		17,869	10,762	-	-	**28,631**
Communication equipment		6,844	5,092	(2,269)	-	**9,667**
Air conditionning system		14,575	5,243	(6,717)	-	**13,101**
Security equipment		22,460	19,018	(2,770)	-	**38,708**
Leasehold improvments		19,381	5,118	(118)	-	**24,381**
Investments in progress		47,000	-	(47,000)	60,000	**60,000**
	G	**443,974**	**156,848**	**(116,684)**	**60,000**	**544,138**
	G	**1,828,143**		**(928)**		**2,185,650**

a) The subledger of the Bank does not present separately the cost of land and buildings acquired several years ago.

(Continued)

(12) FIXED ASSETS (CONTINUED)

b) As of September 30, 2021, investments in progress include G 723 million for the construction and improvement of branches, G 181 million for computer equipment and software. A building under construction is erected on land belonging to the Société Nationale des Parcs Industriels (SONAPI), which has agreed to a lease with the Bank for a period of 25 years, expiring on May 4, 2031. The disbursements incurred in the construction of this building totaled G 584 million as of September 30, 2021.

c) Disposals mainly include fully depreciated assets.

(13) REAL ESTATE

As of September 30, real estate includes:

(In thousands of gourdes)		2021	2020
Properties held for sale **(a)**	G	**8,296**	8,296
Investment properties **(b)**		**489,456**	475,089
Total real estate	G	**497,752**	483,385

Properties held for sale have evolved as follows during the year:

(In thousands of gourdes)		2021	2020
Balance the beginning of the year	G	**8,296**	48,390
Sales for the year		**-**	(40,094)
Balance at end of year	G	**8,296**	8,296

(a) As of September 30, 2021 and 2020, sales contracts exist for properties held for sale and deposits have been received as guarantees **(note 19)**. In 2020, sales of properties held for sale generated gains of G 26.1 million **(note 22).**

Investment properties have evolved as follows during the year:

(In thousands of gourdes)		2021	2020
Balance at beginning of year	G	**475,089**	495,976
Additions		**14,367**	27,091
Sales for the year **(b)**		**-**	(292)
Loss of value **(note 22)**		**-**	(47,686)
Balance at the end of year	G	**489,456**	475,089

(b) In 2020, sales of investment properties generated gains of G 26.3 million **(note 22)**.

(Continued)

(13) REAL ESTATE (CONTINUED)

As of September 30, real estate, net of reserves, is as follows:

(In thousands of gourdes)		2021	2020
Properties held for sale, net	G	8,296	8,296
Investment properties	G	489,456	475,089
Reserve 30%		(30,574)	(26,265)
Reserve 20%		(335,311)	(337,830)
Investment properties, net	G	123,571	110,994
Investment properties, net of reserves	G	131,867	119,290

As described in **note 3 (k)**, the general reserve for real estate has evolved as follows:

(In thousands of gourdes)		2021	2020
Reserve 30%			
Balance at beginning of year	G	26,265	30,574
Reserve of the year		4,309	691
Reversal of reserve on properties sold		-	(5,000)
Balance at end of year	G	30,574	26,265
Reserve 20%			
Balance at beginning of year	G	337,830	314,601
Reserve of the year		1,011	23,555
Adjustment – prior year reserve		(3,530)	-
Reversal of reserve on properties sold		-	(326)
Balance at end of year	G	335,311	337,830
Total – reserve for real estate	G	365,885	364,095

The 20% reserve does not apply to investment properties being rented, amounting to G 33.6 million.

(Continued)

(14) GOODWILL

Goodwill results from the transfer of the assets and liabilities of SOCABANK to BNC as of March 1, 2007. Goodwill was not impaired in 2021.

(15) OTHER ASSETS, NET

As of September 30, other assets are as follows:

(In thousands of gourdes)		2021	2020
Accounts receivable – customers	G	**258,458**	206,884
Account receivable net – transfers **(a)**		**13,628**	118,938
Receivable – BMPAD		**-**	31,490
Others		**41,610**	86,747
		313,696	444,059
Provision for expected credit losses **(b)**		**(223,450)**	(215,034)
		90,246	229,025
Prepaid expenses		**117,276**	92,618
Office supplies		**62,558**	71,953
Artwork		**13,420**	13,277
		193,254	177,848
Total other assets, net	G	**283,500**	406,873

(a) During 2020, the Bank signed a partnership agreement with Caribbean Center S.A. allowing the Bank to receive and pay transfers. At September 30, 2021 and 2020, the balance represents net transfers.

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

		Stage I	
(In thousands of gourdes)		**2021**	**2020**
Balance at the beginning of the year	G	**215,034**	215,721
Write-offs for the year **(note 20)**		**4,534**	24,516
Transfer to allowance for expected credit losses on loans **(note 10)**		**(33,489)**	-
Foreign exchange effect		**37,371**	(25,203)
Balance at end of the year	G	**223,450**	215,034

(Continued)

(16) DEPOSITS

As of September 30, deposits are as follows:

(In thousands of gourdes)		2021	2020
Demand deposits:			
Gourdes	G	**19,956,755**	18,014,789
US dollars		**18,103,786**	11,994,832
	G	**38,060,541**	30,009,621
Savings deposits:			
Gourdes	G	**16,068,291**	13,969,691
US dollars		**12,965,440**	7,191,672
	G	**29,033,731**	21,161,363
Term deposits:			
Gourdes	G	**5,289,964**	5,355,074
US dollars		**5,044,659**	4,288,420
	G	**10,334,623**	9,643,494
Total deposits	G	**77,428,895**	60,814,478
Deposits in Gourdes	G	**41,315,010**	37,339,554
Deposits in US dollars		**36,113,885**	23,474,924
Total deposits	G	**77,428,895**	60,814,478

Average interest rates on deposits are as follows:

	2021	2020
Savings deposits:		
Gourdes	**0.17%**	0.20%
US dollars	**0.02%**	0.10%
Term deposits:		
Gourdes	**5,60%**	7.00%
US dollars	**0.60%**	2.50%
Savings-checking deposits:		
Gourdes	**0.04%**	0.05%
US dollars	**0.01%**	0.02%

As of September 30, 2021 and 2020, two public sector entities and one public/private company hold demand deposits in gourdes totaling G 6.5 billion **(note 27)**. In addition, these same public sector entities also hold US dollar demand deposits totaling G 4.1 billion and G 3.5 billion **(note 27)**. These demand deposits carry overnight interest rates of 0.11%.

As at September 30, 2021 and 2020, deposits by members of the Board of Directors totalled G 38.1 million and G 31.6 million respectively (**note 27**). These deposits bear interest under the Bank's normal conditions.

(Continued)

(16) DEPOSITS (CONTINUED)

As at September 30, 2021 and 2020, demand deposits of Haitian government ministries, corporations and agencies totalled G 4.1 billion and G 3.8 billion respectively and do not bear interest **(note 27)**. In addition, the Fonds de Pension Civile holds three term deposits in gourdes totalling G 3.3 billion **(note 27)** bearing respectively interest of 4% and 7% in 2021 and 2020.

As of September 30, deposits pledged for loans are as follows:

(In thousands of gourdes)		2021	2020
Deposits in gourdes	G	**491,900**	647,029
Deposits in US dollars		**843,120**	453,339
Total (note 10)	G	**1,335,020**	1,100,368

(17) LOANS AND DEBENTURES - BRH

As of September 30, the loans and debentures obtained from the Bank of the Republic of Haiti for the financing of programs and development projects are as follows, with the corresponding loans conditions disclosed in **note 10**.

(In thousands of gourdes)		2021	2020
LOANS BRH			
Gourdes :			
Haitian Government **(a)**	G	**3,338,888**	3,334,791
Free Zones **(b)**		**1,873,343**	1,915,203
Hotel sector **(c)**		**504,917**	504,916
Industrial sector **(d)**		**376,481**	380,000
		6,093,629	6,134,910
Dollars :			
Communications sector **(e)**		**1,343,884**	1,318,386
Total loans	G	**7,437,513**	7,453,296
DEBENTURES BRH			
Loan related to the Socabank acquisition **(f)**	G	**275,000**	275,000
Maturity		***September 2030***	*September 2030*
Interest rate		***1.0%***	*1.0%*
Hotel sector **(g)**		**500,000**	500,000
Maturity		***November 2023***	*November 2023*
Interest rate		***2.0%***	*2.0%*
Total debentures	G	**775,000**	775,000
Total loans and debentures - BRH (note 27)	G	**8,212,513**	8,228,296

(Continued)

(17) LOANS AND DEBENTURES – BRH (CONTINUED)

(a) The loan - Haitian Government of G 5.0 billion, granted on July 3, 2020 to finance a loan to the Ministry of Economy and Finance, with a balance of G 4.1 billion as of September 30, 2020, was repaid on December 3,2020. As of May 31, 2021, a new loan of G 5.0 billion was granted to finance another loan to the Ministry of Economy and Finance, the balance of which is G 3.3 billion as of September 30, 2021 **(note 10)**. The terms of repayment of the new loan are the same as those of the previous one, repayable in a single payment in 90 days at a variable rate of 1% per year. According to the loan agreement, the loan repayment is conditional on loan payments by the MEF.

(b) As of September 30, 2021 and 2020, the balances of the Free Zones loans of G 1,873 billion and G 1,915 billion are composed of:

- A loan of G 617 million disbursed in several instalments. This 15-year refinancing is at a fixed rate of 1.5% repayable monthly in equal tranches of G 3.9 million. In 2021 and 2020, a moratorium was granted for the repayment of the principal. As at September 30, 2021 and 2020, the balances of this loan are G 538 million and G 542 million.

- A loan of G 1.250 billion disbursed in several instalments. This 15-year refinancing is at a fixed rate of 3.0% repayable monthly in equal tranches of G 7.7 million starting in 2019. As at September 30, 2021 and 2020, the balances of this loan are G 1.024 billion and G 1.060 billion.

- A loan of G 340 million disbursed in several instalments. This 15-year refinancing is at a fixed rate of 3.0% repayable monthly in equal tranches of G 2.0 million. In 2021 and 2020, a moratorium was granted and no payments were made during these years. The repayment schedule has been amended and the balances of this loan as of September 30, 2021 and 2020, are G 311 million and G 313 million.

(c) The hotel sector loan is a G 459 million loan disbursed in a single instalment with a 24-month grace period. The interest is added monthly to the original principal to form, together with the principal, the basis for the repayment schedule. This 10-year financing is at a fixed rate of 1.0%. As of September 30, 2021 and 2020, the balance of this loan is G 505 million.

(Continued)

(17) LOANS AND DEBENTURES – BRH (CONTINUED)

(d) The industrial sector loan balance of G 380 million is a loan disbursed in one installment with a grace period of 12 months. This loan is repayable over a period of 10 years at the rate of 1%. As of September 30, 2021, the balances of this loan are G 376 million and 380 million.

(e) As at September 30, 2021 and 2020, the balances of the communications sector loan are G 1.343 billion and G 1.318 billion (US$ 20 million). This financing was loaned to a state enterprise **(note 10 d ii)** and, during 2021, this loan was restructured and converted in gourdes with a repayment schedule, as allowed in the original loan agreement. The repayment of the loan due to BRH will be made as and when loan payments are received from the state enterprise.

(f) BRH subordinated debenture as part of the replenishment of equity following the acquisition of Socabank in 2007.

(g) BRH subordinated debentures for the financing of loans granted to the hotel sector.

(18) LOCAL BANKS DEPOSITS

Local banks deposits by currency are as follows:

(In thousands of gourdes)		2021	2020
Local bank deposits in gourdes	G	**92,623**	105,069
Local bank deposits in US dollars		**51,125**	5,449
	G	**143,750**	110,518

These deposits do not bear interest.

(Continued)

(19) OTHER LIABILITIES

As of September 30, other liabilities are as follows:

(In thousands of gourdes)		2021	2020
Amounts received as collateral for loans:			
Letters of guarantee - US dollars **(a)**	G	**1,666,979**	1,150,714
Letters of guarantee -gourdes **(a)**		**281**	281
Loans - US dollars **(b)**		**589,935**	399,296
Loans -Gourdes **(b)**		**528,006**	501,495
		2,785,201	2,051,786
Due to employees and pensioners **(c)**		**2,566,040**	2,383,644
Prepaid debit cards		**660,031**	625,450
Certified and bank checks		**464,470**	981,976
Due to ministries and public entities **(note 27)**		**330,147**	456,177
Interest payable		**305,022**	283,800
Deposits received on properties held for sale **(note 13 a)**		**299,249**	198,564
Transfers payable		**229,873**	28,823
Restricted deposits		**194,322**	202,607
Mobile bank - deposits **(d)**		**69,152**	34,211
Provision for expected credit losses on credit commitments **(e)**		**64,051**	77,081
Due to Public Treasury **(note 27)**		**16,545**	16,545
Abandoned deposits		**13,094**	14,971
Varioustaxes		**10,185**	12,730
Due to BRH, non interest bearing **(note 27)**		**3,000**	3,000
Fiduciary funds – pension plan **(note 10)**		**386**	466
Construction guarantees		**-**	10,110
Others		**366,678**	234,202
Total other liabilities	G	**8,377,446**	7,616,143

(a) As of September 30, 2021 and 2020, the amounts received as collateral for the letters of guarantee - US$ are for two private companies. For one of these companies, the amounts were received from the Central Bank as collateral: G 1,326 billion in 2021 and G 898 million in 2020, or US$ 13.6 million **(note 27)**. As for the letters of guarantee-gourdes, the amounts were mainly received from one the of two private companies mentioned above.

(Continued)

(19) OTHER LIABILITIES (CONTINUED)

(b) The deposits received as a guarantee for loans in gourdes are as follows:

(In thousands of gourdes)		**2021**	**2020**
Guarantee deposits received from the MEF			
for a private company - US dollars (notes 10a and 27)	**G**	**581,560**	393,604
Other deposits received as guarantee		**8,375**	5,692
	G	**589,935**	399,296
Deposits received as guarantee from			
MEF- gourdes (notes 10 and 27)			
Guaranteed loans – Public Sector agents	**G**	**280,948**	344,468
Guaranteed loans – Transport sector **(i)**		**85,223**	85,223
Guaranteed loans – Members of Parliament		**16,875**	16,875
Guaranteed loans – Recapitalisation program **(ii)**		**45,666**	45,666
		428,712	492,232
Other deposits received in gourdes as guarantees		**99,294**	9,263
	G	**528,006**	501,495

(i) As of September 30, 2021 and 2020, these amounts are received from BRH as collateral for loans granted to the transport sector **(note 10a).** Since 2020, these loans are repaid by BRH.

(ii) The recapitalisation program is terminated; related loans were reimbursed or covered by the guarantee. This program had benefited victims of vandalism, hurricances and arson.

(c) As of September 30, due to employee and pensioners are as follows:

(In thousands of gourdes)		**2021**	**2020**
Provision for the pension plan **(i)**	**G**	**1,881,675**	1,709,005
Long-term benefit plan **(ii)**		**531,938**	552,437
Provision for bonuses to employees and pensioners		**74,566**	65,401
Special fund for contractual employees **(iii)**		**77,871**	56,801
	G	**2,566,040**	2,383,644

(Continued)

(19) OTHER LIABILITIES (CONTINUED)

(i) The provision for the pension plan is determined by the Board of Directors; this fund is replenished monthly by contributions from bank employees. In 2021 and 2020, allocations of G 186.5 million and G 279.4 million, approved by the Board of Directors, have been established according to the income earned on the investments made from these funds and the results of the financial year. The balance has evolved as such:

(In thousands of gourdes)		**2021**	**2020**
Balance at beginning of the year	G	**1,709,005**	1,477,066
Contribution to the pension plan **(note 23)**		**186,560**	279,435
Employees' contribution to the pension plan		**93,010**	87,477
Payroll of pensioners		**(117,371)**	(125,858)
Foreign exchange effect		**10,471**	(9,115)
Balance at end of year	G	**1,881,675**	1,709,005

(ii) Since August 1, 2009, a 2% deduction from their salaries has been accumulated in the long-term benefit plan payable to employees who have more than 20 years of service, payable when they retire. In 2021 and 2020, the Bank contributed G 21.6 million **(note 23)** to this plan. Furthermore, as at September 30, 2021 and 2020, the Board of Directors decided to add G 40 million and G 50 million **(note 23)** respectively to this plan, in order to increase this provision.

The balance has evolved as follows:

(In thousands of gourdes)		**2021**	**2020**
Balance at the beginning of the year	G	**552,437**	521,433
Contributions to the long-term benefit plan **(note 23)**		**21,600**	21,600
Additional contributions to the long-term benefit plan **(note 23)**		**40,000**	50,000
Employees' contributions		**14,999**	12,587
Translation adjustment		**140**	(336)
Payments made		**(97,238)**	(52,847)
Balance at end of year	G	**531,938**	552,437

There has been no actuarial valuation of the pension plan and the long-term benefit plan and therefore, the information disclosed does not comply with the requirements of International Financial Reporting Standards.

(Continued)

(19) OTHER LIABILITIES (CONTINUED)

(iii) This other special fund is for contractual employees and those who do not participate in the pension plan. The Bank and the employees contribute to that fund; the accumulated amount is remitted to the employees at their departure from the Bank. In 2021 and 2020, the Bank's contributions were G 6.8 million and G 5.8 million respectively **(note 23)**.

The balances have evolved as follows:

(In thousands of gourdes)		2021	2020
Balance at the beginning of year	G	**56,801**	61,984
Contributions to special fund **(note 23)**		**6,804**	5,836
Contributions from employees		**6,804**	5,836
Payments made		**(3,181)**	(7,559)
Foreign exchange effect		**10,643**	(9,296)
	G	**77,871**	56,801

(d) Mobile banking is a product that enables bank transactions through cell phones. As of September 30, 2021 and 2020, this liability represents customers' deposits for future transactions.

(e) The provision for expected credit losses on credit commitments **(note 26)** evolved as follows:

(In thousands of gourdes)		2021	2020
Balance at beginning of year	G	**77,081**	72,283
(Reversal) provision for credit losses **(note 20)**		**(15,947)**	7,339
Foreign exchange effect		**2,917**	(2,541)
Balance at end of year (note 26)	G	**64,051**	77,081

(Continued)

(20) PROVISION FOR CREDIT LOSSES

The provision (reversal of provision) for credit losses on balance sheet and off-balance sheet commitments items is as follows:

(In thousands of gourdes)		2021	2020
Local investments, at amortized cost **(note 7)**	G	**544**	(13)
Foreign investments, at amortized cost **(note 8)**		**1,971**	(50)
Loans **(note 10)**		**460,468**	1,557,349
Other assets **(note 15)**		**4,534**	24,516
Credit commitments – other liabilities **(note 19d)**		**(15,947)**	7,339
Total provision for credit losses	G	**451,570**	1,589,141

(21) CAPITAL FUND

As per the Decree of November 23, 2005, published in the Official Journal Le Moniteur no. 95 on December 19, 2005, reorganizing Banque Nationale de Crédit, the authorized capital of the Bank had been set at G 500 million, composed of the former capital increased by retained earnings up to the approved limit. On April 1, 2013, the Bank received the approval from the Ministry of Economy and Finance (MEF) to increase the authorized capital of the Bank to G 1.5 billion from retained earnings.

On February 1, 2017, the Bank received approval from the Ministry of Economy and Finance (MEF) to increase the Bank's authorized capital to G 3.0 billion from retained earnings.

(22) OTHER INCOME AND EXPENSES

Other income and expenses are as follows:

(In thousands of gourdes)		2021	2020
Miscellaneous provision **(note 12) (a)**	G	**(60,000)**	-
Capital gains (loss) on fixed maturity investments held for resale (**note 8 iii)**		**7,526**	(2,266)
Capital gain on equity instruments BLADEX **(note 8 iii)**		**2,870**	738
Capital loss on equity instruments – SCIOP **(note 7 c)**		-	(6,966)
Gain on sales of real estate **(note 13)**		-	52,434
Impairment loss on investment properties **(note 13)**		-	(47,686)
Others		**(633)**	424
Total other income and expenses	G	**(50,237)**	(3,322)

(a) As of September 30, 2021, this provision was created to adjust the advances paid to the construction company in relation to the work carried out.

(Continued)

(23) SALARIES AND OTHER EMPLOYEES BENEFITS

Salaries and other employees' benefits are as follows:

(In thousands of gourdes)		2021	2020
Salaries	G	**948,384**	804,813
Representation fees and bonuses		**329,047**	281,019
Other social benefits		**238,211**	183,252
Contributions to the pension plan **(note 19 c i)**		**186,560**	279,435
Payments to pensioners		**83,160**	75,600
Additional contribution to the long-term benefit plan **(note 19 c ii)**		**40,000**	50,000
Payroll taxes		**44,664**	35,912
Contributions to the long-term benefit plan for retiring employees **(note 19 c ii)**		**21,600**	21,600
Transport		**20,111**	19,573
Contributions to the special fund for contractual employees **(note 19 c iii)**		**6,804**	5,836
Other expenses		**105,082**	95,154
Total salaries and other employees' benefits	**G**	**2,023,623**	1,852,194

(24) OTHER RESERVE

In view of future activities, the Board of Directors decided to create a reserve of G 79.5 million from retained earnings.

The purpose of this decision is to provide the Bank with funding for special schooling and health programs, and/or for natural disasters. The annual amount that may be transferred to this reserve is limited to 4% of the Bank's net income. However, this percentage may be modified subsequently by a Board decision. No amount was added to the reserve in 2021.

(25) SPECIAL RESERVE

As of September 30, 2021, according to the authorization obtained from BRH, a special reserve is established by a transfer from retained earnings to constitute a general reserve for credit risk. This special reserve is not subject to distribution.

(Continued)

(26) COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of business, the Bank undertakes various commitments and has contingent liabilities as follows:

(In thousands of gourdes)		2021	2020
Letters of guarantee	G	**527,206**	340,182
Unused balance of authorized overdrafts		**1,519,013**	989,032
Unused balance on credit cards		**481,205**	523,809
Total credit commitments	G	**2,527,424**	1,853,023

The provision for expected credit losses on credit commitments totalling respectively G 64.0 million and G 77.0 million at September 30, 2021 and 2020 is presented in other liabilities **(note 19 d)**.

The above credit commitments represent the maximum amount of additional credit that the Bank could disburse on overdrafts and credit cards. These amounts are not necessarily representative of the credit risk because many of these agreements are contracted for a limited period of time of less than one year, and will expire or be terminated without being used.

As of September 30, 2021, the Bank was party to litigation both against and in favor of the Bank. According to the Bank's legal counsels, to date, the positions taken by the Bank are well founded. The Bank does not anticipate any eventual settlement of litigation that could materially affect its financial situation nor the results of its operations.

(27) RELATED PARTIES

The most significant related parties of BNC are the Cental Bank (BRH), other governement financial institutions, Ministries, governement corporations and entities. The Board members and their companies are also related parties.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(27) RELATED PARTIES (CONTINUED)

As of September 30, related party balances are as follows:

(In thousands of gourdes)	2021	2020
Assets:		
Deposits with BRH **(note 5)**	G 31,975,178	23,301,325
BRH bonds, Treasury bonds, net **(note 6)**	18,885,749	19,008,566
Foreign exchange contracts **(note 9)**	292,950	296,384
Loans to Government-owned corporations financed by BRH	2,845,183	2,693,296
Loans to Ministry of Economy and Finance **(note 10)**	3,971,963	4,091,180
Loans to state enterprises guaranteed by the MEF **(note 10)**	580,327	991,821
Loans to Board members **(note 10)**	25,196	22,715
	G 58,676,546	50,405,287
Liabilities:		
Deposits from Public sector liabilities:		
Gourdes **(note 16)**	G 6,549,318	6,474,350
US dollars **(note 16)**	4,085,505	3,454,263
Sub-total	10,634,823	9,928,613
Term deposits of the Civil Pension Plan **(note 16)**	3,331,282	3,298,932
Deposits of ministries and public enterprises **(note 16)**	4,130,443	3,831,651
Deposits held by Board members **(note 16)**	38,161	31,578
Sub-total	18,134,709	17,090,774
Forward exchange contracts **(note 9)**	301,914	272,296
Loans and debentures - BRH **(note 17)**	8,212,513	8,228,296
Loan-BRH **(note 19)**	3,000	3,000
Amounts received as collateral for loans from the Haitian Government:		
Letter of guarantee-US dollars **(note 19 a)**	1,326,366	897,747
Loans US dollars **(note 19 b)**	581,560	393,604
Loans gourdes **(note 19 b)**	428,712	492,232
Sub total	28,988,774	27,377,949
Amounts due to Ministries and public enterprises **(note 19)**	330,147	456,177
Due to Public Treasury **(note 19)**	16,545	16,545
Total	G 29,335,466	27,850,671

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(27) RELATED PARTIES (CONTINUED)

During the years, related party transactions are as follows:

(In thousands of gourdes)		2021	2020
Interest income:			
BRH bonds, Treasury bonds	G	**1,994,222**	2,154,079
Loans to Ministry of Economy and Finance		**58,527**	336,765
Loans to State companies		**109,485**	204,284
Loans to Government enterprises		**124,125**	157,322
		2,286,359	2,852,450
Interest expense:			
Loans and debentures BRH		**(46,750)**	(97,422)
Net interest income		**2,239,609**	2,755,028
Other expenses:			
Commissions for services rendered to BRH		**64,647**	-
Total revenue, net	G	**2,304,256**	2,755,028

BANQUE NATIONALE DE CRÉDIT
Balance Sheets
September 30, 2021 and 2020
(Expressed in thousands of US dollars)

		2021	2020
ASSETS			
CASH AND CASH EQUIVALENTS	$	**444,228**	470,921
BRH BONDS AND TREASURY BONDS, NET		**193,915**	288,361
LOCAL INVESTMENTS		**10,172**	14,162
FOREIGN INVESTMENTS		**107,677**	105,452
FORWARD EXCHANGE CONTRACTS		**3,008**	4,496
LOANS		**287,283**	377,543
Provision for expected credit losses		**(33,910)**	(38,711)
		253,373	338,832
RIGHT-OF-USE ASSETS, NET		**1,613**	2,457
FIXED ASSETS, NET		**22,442**	27,733
OTHERS			
Real estate		**5,111**	7,333
Goodwill		**15,127**	22,349
Other assets, net		**2,910**	6,173
Acceptances and letters of credit		**-**	5,161
		23,148	41,016
TOTAL ASSETS	$	**1,059,576**	1,293,430
LIABILITIES AND NET ASSETS			
DEPOSITS		**795,025**	922,560
LOANS AND DEBENTURES – BRH		**84,324**	124,824
OTHERS			
Local banks deposits		**1,476**	1,677
Other liabilities		**86,019**	115,536
Lease liabilities		**1,731**	1,678
Foreign exchange contracts		**3,100**	4,131
Commitments – acceptances and letters of credit		**-**	5,161
		92,326	128,183
TOTAL LIABILITIES		**971,675**	1,175,567
NET ASSETS			
Capital fund		**30,803**	45,510
Retained earnings		**36,625**	51,823
Legal reserve		**9,447**	12,566
General reserve for loan losses		**-**	1,235
General reserve for real estate		**3,757**	5,523
Special resrve		**6,453**	-
Other reserve		**816**	1,206
		87,901	117,863
TOTAL LIABILITIES AND NET ASSETS	$	**1,059,576**	1,293,430

BANQUE NATIONALE DE CRÉDIT
Statements of Income
Years ended September 30, 2021 and 2020
(Expressed in thousands of US dollars)

		2021	2020
INTEREST INCOME			
Loans	$	**26,862**	25,448
BRH bonds and Treasury bonds		**24,682**	21,758
Investments and others		**1,260**	4,303
		52,804	51,509
INTEREST EXPENSE			
Deposits		**4,544**	6,153
Others		**1,900**	1,508
		6,444	7,661
NET INTEREST INCOME		**46,360**	43,848
Provision for credit losses		**(5,589)**	(16,052)
Recoveries on loans written off		**100**	24
		40,871	27,820
OTHER INCOME (EXPENSES)			
Commissions		**10,646**	8,488
Exchange (loss) gain		**(622)**	3,238
Operations expenses		**(1,577)**	(1,543)
Others		**(1,708)**	(11)
		6,739	10,172
NET INTEREST INCOME AND OTHER INCOME		**47,610**	37,992
OPERATING EXPENSES			
Salaries and other employees' benefits		**25,046**	18,709
Premises and equipment		**2,373**	2,192
Rental charges		**1,941**	461
Depreciation		**557**	1,092
Other operating expenses		**6,347**	4,986
		36,264	27,440
NET INCOME FOR THE YEAR	$	**11,346**	10,552

Schedule III

BANQUE NATIONALE DE CRÉDIT
Statements of Changes in Net Assets
Years ended September 30, 2021 and 2020
(Expressed in thousands of US dollars)

		Capital fund	Retained earnings	Legal reserve	General reserve for loan losses	General reserve for real estate	Special reserve	Other reserve	Total
Balance as of September 30, 2019	**$**	**32,149**	**11,924**	**7,757**	**17,361**	**3,699**	**-**	**852**	**73,742**
Net income for the year		-	10,552	-	-	-	-	-	**10,552**
Payment to the Public Treasury		-	(1,580)	-	-	-	-	-	**(1,580)**
Transfer to the legal reserve		-	(1,055)	1,055	-	-	-	-	-
Transfer from the general reserve for loan losses		-	15,541	-	(15,541)	-	-	-	-
Transfer to the general reserve for real estate		-	(191)	-	-	191	-	-	-
Translation adjustment		**13,361**	16,632	3,754	(585)	1,633	-	**354**	**35,149**
Balance as of September 30, 2020	**$**	**45,510**	**51,823**	**12,566**	**1,235**	**5,523**	**-**	**1,206**	**117,863**
Net income for the year		-	11,346	-	-	-	-	-	**11,346**
Payment to the Public Treasury		-	(1,552)	-	-	-	-	-	**(1,552)**
Transfer to the legal reserve		-	(1,135)	1,135	-	-	-	-	-
Transfer from the general reserve for loan losses		-	1,008	-	(1,008)	-	-	-	-
Transfer to the general reserve for real estate		-	(22)	-	-	22	-	-	-
Tranfer to the special reserve		-	(7,778)	-	-	-	7,778	-	-
Translation adjustment		(14,707)	(17,065)	(4,254)	(227)	(1,788)	(1,325)	(390)	**(39,756)**
Balance as of September 30, 2021	**$**	**30,803**	**36,625**	**9,447**	**-**	**3,757**	**6,453**	**816**	**87,901**