

BANQUE NATIONALE DE CRÉDIT (BNC)

Financial Statements

September 30, 2024

(With Independent Auditors' Report Thereon)

BANQUE NATIONALE DE CRÉDIT (BNC)
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SEPTEMBER 30, 2024

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Independent auditors' report

The Management Board
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, 2024, 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 matter 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, 2024, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Our audit procedures were applied on the basic financial statements. 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 described in **note 3 (t)**, the Bank manages a defined benefit contributory pension plan and a long-term benefit plan payable to employees at their retirement. As shown in **note 19 (c)**, substantial provisions exist for both plans. However, expenses are recorded on a cash and lump-sum basis, and not on an actuarial basis, 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 were unable to determine the actuarial surplus or deficit and the related amortization.



The auditors' report for the prior year, covering the financial statements for the year ended September 30, 2023, included three qualifications related to:

- significant discrepancies between the subsidiary ledgers of some accounts and their general ledger balances related to credit/prepaid card transactions, and the absence of documentation required for control testing;
- the lack of adequate documentation to establish the fair value of the local investments in Lafito Industrial Free Zone S.A. and Port Lafito S.A.;
- the failure to recognize capital gains on investment properties recognized at their fair value through net income.

In the course of our audit:

- The adjustments required to reconcile the general ledger balances to the subsidiary accounts related to credit/prepaid card transactions (**note 19**) were recorded, and we obtained the required test documentation on a sample basis;
- Management decided to recognize an additional 25% impairment provision on the Lafito Industrial Free Zone S.A. and Port Lafito S.A. investments, based on the available documentation (**note 7i**);
- Management ceased accounting for investment properties at fair value and adopted the amortized cost model due to the volatility of real estate values. This change was applied retroactively, in accordance with IAS 8, and the comparative financial statements were restated. The quantitative impacts are described in **note 13**.

Consequently, these qualifications prevailing in 2023 are no longer relevant in 2024.

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.



Observation

We draw attention to the fact that the Bank granted loans to a private company between 2017 and 2019 for the acquisition of equipment. These loans totaled G 1.9 billion and G 2.0 billion as of September 30, 2024, and 2023, respectively (**note 10 g**), and matured in April 2023. However, this company was unable to repay these loans due to cash flow problems related to ongoing legal proceedings concerning its guarantees, which are closely tied to all of its operations (**note 19 a**). The Bank holds deposits that serve as full security against these loans. Consequently, the Bank did not set up the otherwise required provisions for these loans, despite their maturity. According to the Bank and the legal opinion received on June 24, 2025, the Bank has a good likelihood of recovering the amounts owed once legal proceedings are initiated. Our opinion is not modified by this observation, taking into account the legal opinion obtained from an external legal firm.

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, Haiti

September 22, 2025

BANQUE NATIONALE DE CRÉDIT
Balance Sheet
September 30, 2024
(Expressed in thousands of Haitian gourdes)

	Notes	2024	2023 (restated)
ASSETS			
CASH AND CASH EQUIVALENTS	5	G 47,529,895	47,185,864
BRH BONDS AND TREASURY BONDS, NET	6	32,018,889	26,877,609
LOCAL INVESTMENTS	7	191,406	465,334
FOREIGN INVESTMENTS	8	15,392,777	15,803,137
FORWARD EXCHANGE CONTRACTS	9	51,375	218,995
LOANS	10	22,820,841	25,942,618
Provision for expected credit losses		(5,304,026)	(4,805,970)
		17,516,815	21,136,648
RIGHT-OF-USE ASSETS, NET	11	318,425	287,030
FIXED ASSETS, NET	12	2,037,620	2,178,417
OTHERS			
Real estate	13	448,977	554,443
Goodwill and other intangible assets	14	1,506,431	1,532,261
Other assets, net	15	795,299	507,346
		2,750,707	2,594,050
TOTAL ASSETS	G	117,807,909	116,747,084
LIABILITIES AND NET ASSETS			
DEPOSITS	16	92,090,078	90,921,749
LOANS AND DEBENTURES BRH	17	2,315,399	2,623,169
OTHERS			
Local banks deposits	18	435,659	486,066
Other liabilities	19	11,420,603	11,880,370
Lease liabilities	11	330,693	285,019
Forward exchange contracts	9	51,089	219,068
		12,238,044	12,870,523
TOTAL LIABILITIES		106,643,521	106,415,441
NET ASSETS			
Capital fund	21	3,000,000	3,000,000
Retained earnings		6,719,639	5,856,277
Legal reserve		1,205,608	1,122,335
General reserve for real estate	13	159,641	273,531
Other reserve		79,500	79,500
		11,164,388	10,331,643
TOTAL LIABILITIES AND NET ASSETS	G	117,807,909	116,747,084

The notes are an integral part of the financial statements.

BANQUE NATIONALE DE CRÉDIT
Statement of Income
Year ended September 30, 2024
(Expressed in thousands of Haitian gourdes)

	Notes	2024	2023 (restated)
INTEREST INCOME			
Loans	G	2,206,927	2,587,796
BRH bonds and Treasury bonds		3,406,506	2,989,802
Investments and others		<u>846,908</u>	<u>709,109</u>
		6,460,341	6,286,707
INTEREST EXPENSE			
Deposits		499,445	438,691
Others		<u>155,332</u>	<u>181,794</u>
		654,777	620,485
NET INTEREST INCOME		5,805,564	5,666,222
Provision for credit losses	20	(1,054,560)	(1,074,854)
Recoveries on loans written off		<u>1,388</u>	<u>12,701</u>
		4,752,392	4,604,069
OTHER INCOME (EXPENSES)			
Commissions		1,105,803	1,175,195
Exchange gain (loss)		256,285	(244,248)
Operations expenses		(261,416)	(218,948)
Others	22	<u>(540,584)</u>	<u>(117,315)</u>
		560,088	594,684
NET INTEREST INCOME AND OTHER INCOME		5,312,480	5,198,753
OPERATING EXPENSES			
Salaries and other employees' benefits	23	2,771,651	2,798,317
Premises and equipment		592,319	465,919
Rental charges	11	54,818	43,072
Depreciation	12, 13 and 14	303,628	192,928
Other operating expenses		<u>757,319</u>	<u>795,293</u>
		4,479,735	4,295,529
NET INCOME FOR THE YEAR	G	832,745	903,224

The notes are an integral part of the financial statements.

BANQUE NATIONALE DE CRÉDIT
Statement of Changes in Net Assets
Year ended September 30, 2024
(Expressed in thousands of Haitian gourdes)

		Capital fund	Retained Earnings	Legal reserve	General reserve for real estate	Special reserve	Other reserve	Total
Balance as of September 2022 before adjustment	G	3,000,000	4,416,442	1,030,362	394,449	615,237	79,500	9,535,990
Adjustment - investment properties at amortized cost		-	(107,571)	-	-	-	-	(107,571)
Impact of the reserve on investment properties at amortized cost		-	107,571	-	(107,571)	-	-	-
		-	-	-	(107,571)	-	-	(107,571)
Balance as of September 30, 2022 – restated		3,000,000	4,416,442	1,030,362	286,878	615,237	79,500	9,428,419
Net income for the 2023 financial year before adjustment		-	919,727	-	-	-	-	919,727
Adjustment – depreciation expense on investment properties		-	(16,503)	-	-	-	-	(16,503)
Net income for the year – restated		-	903,224	-	-	-	-	903,224
						-		
Impact of the reserve on investment properties at amortized cost		-	16,503	-	(16,503)		-	-
Transfer to the legal reserve		-	(91,973)	91,973	-	-	-	-
Transfer to the general reserve for real estate		-	(3,156)	-	3,156	-	-	-
Transfer from the special reserve		-	615,237	-	-	(615,237)	-	-
Balance as of September 30, 2023 – restated	G	3,000,000	5,856,277	1,122,335	273,531	-	79,500	10,331,643
Net income for the year		-	832,745	-	-	-	-	832,745
Transfer to the legal reserve		-	(83,273)	83,273	-	-	-	-
Transfer from the general reserve for real estate		-	113,890	-	(113,890)	-	-	-
Balance as of September 30, 2024	G	3,000,000	6,719,639	1,205,608	159,641	-	79,500	11,164,388

The notes are an integral part of the financial statements.

BANQUE NATIONALE DE CRÉDIT
Statement of Cash Flows
Year ended September 30, 2024
(Expressed in thousands of Haitian gourdes)

	Notes	2024	2023 (restated)
OPERATING ACTIVITIES			
Net income for the year	G	832,745	903,224
<i>Adjustments to reconcile net income for the year to net cash flows resulting from operating activities:</i>			
Provision for credit losses	20	1,054,560	1,074,854
Foreign exchange revaluation effect of the provision for credit losses in US dollars		31,881	120,964
Depreciation of fixed assets	12	255,407	172,208
Amortization of other intangible assets	14	31,173	4,217
Amortization of right-of-use assets	11	52,421	40,027
Amortization of investment properties	13	17,048	16,503
Interest on lease liabilities	11	1,337	2,129
Exchange rate effect on lease liabilities	11	(11,789)	(11,979)
Loss on disposals of fixed assets	12	-	10,885
Gain on sales of real estate	22	-	(15,002)
Loss of value on local capital instruments	22	99,562	199,124
Capital gain on foreign investments	22	(38,291)	(64,714)
Modifications of lease contracts, net	11	9,769	-
Capital loss on investment properties	13	96,308	-
Losses related to riots and looting of fixed assets	22 i	39,443	-
<i>Changes in assets and liabilities resulting from operating activities:</i>			
(Increase) decrease of forward exchange contracts		(359)	35,463
Increase of BRH bonds and Treasury bonds, net		(5,141,280)	(653,453)
Decrease in local investments		175,223	14,663
Decrease (increase) of foreign investments		443,068	(1,880,140)
Loans repayments, net		2,644,357	635,086
Additions to investment properties	13	(7,890)	(33,341)
Proceeds from real estate disposals		-	33,509
Increase in deposits, net		1,168,329	160,739
Decrease of local banks deposits		(50,407)	(28,994)
Rent payments	11	(37,459)	(66,825)
Changes in other assets and liabilities		(853,959)	1,229,640
Net cash flows provided by operating activities		811,197	1,898,787
INVESTING ACTIVITIES			
Acquisitions of fixed assets	12	(154,053)	(382,299)
Acquisitions of other intangible assets	14	(5,343)	(12,251)
Net cash flows used in investing activities		(159,396)	(394,550)
FINANCING ACTIVITIES			
Decrease of loans and debentures BRH		(307,770)	(4,260,859)
Net cash flows used in financing activities		(307,770)	(4,260,859)
Net increase (decrease) in cash and cash equivalents		344,031	(2,756,622)
Cash and cash equivalents at beginning of year		47,687,863	45,988,774
Effect of foreign exchange rate fluctuations on cash and cash equivalents at beginning of year		(501,999)	3,953,712
Cash and cash equivalents at end of year	5 G	47,529,895	47,185,864

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’Haïti (BNRH) into two banks: A Central Bank, Banque de la République d’Haïti (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, appointed by Presidential decree. However, in accordance with the Law of May 14, 2012 relating to banks and other financial institutions, and with the decree of November 23, 2005 reorganizing the structure of BNC, the BRH at the request of the Ministry of Economy and Finance (MEF), in its letter dated August 5, 2024, appointed a Management Board to replace the Board of Directors then reduced to two members instead of five from May 2023 to July 2024.

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 38 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 qualification mentioned in the independent auditors’ report related the adjustments that might have been necessary if the actuarial valuations of the pension plan and of the long-term benefit plan had been obtained (**note 3 t**).

These financial statements were approved by the Management Board on December 15, 2025.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(2) BASIS FOR FINANCIAL STATEMENTS PREPARATION (CONTINUED)

Comparative figures

The significant accounting policies used have been applied consistently to all periods presented in the accompanying financial statements. To more closely align the financial statements with those of 2024, as of September 30, 2023, reclassifications have been made from fixed assets, net to intangible assets for an amount of G 51 million.

In accordance with the action plan developed by the Bank's Management as of September 30, 2023, investment properties ceased to be recorded at fair value and the amortized cost method was adopted. The 2023 financial statements have been restated accordingly. The net impact of this restatement totals G 124 million, as reported in **note 13**.

(b) Basis of measurement

These financial statements are presented on a historical cost basis, except for equity instruments held at fair value through net income (**notes 7 and 8**) and investment properties (**note 13**) which are presented at fair value. The methods used to measure the fair value are described in the corresponding notes (**3c**) and (**3e**).

(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.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(2) BASIS FOR FINANCIAL STATEMENTS PREPARATION (CONTINUED)

(d) Use of estimates and judgment (continued)

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 forward exchange contracts
Note 10	Valuation of the provision for expected credit 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, amortization and valuation of other intangible assets
Note 15	Valuation of some other assets.

Since 2023, the Haitian economy is subject to the shocks of a hostile external environment impeding the free movement of goods and services, thus affecting the normal functioning of private enterprises and State services causing an undue increase of prices of goods and services.

Since 2023, according to norm IAS 29 "Financial Reporting in Hyperinflationary Economies", this situation resulted in Haiti being classified as a hyperinflationary economy by major international audit firms, since, as a trigger, the cumulative inflation rate over three years exceeded the 100% mark for the first time, being 105%.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(2) BASIS FOR FINANCIAL STATEMENTS PREPARATION (CONTINUED)

(d) Use of estimates and judgment (continued)

This IAS 29 classification by the major international audit firms still applies as of September 30, 2024 but it has not yet been adopted by the monetary authorities in Haiti or by most of the local entities since the increase in the inflation index, that triggered this classification, is a consequence of a temporary situation. Indeed, the following factors tend to support an improved future:

- A transitional government has been installed, supported by a multinational force, to improve the overall security in the country and to lead to democratic elections;
- A decrease in the inflation yearly rate from 31.8% in 2023 to 27.8% in 2024;
- A reduction in the exchange rate of the local currency, the Gourde, versus the US Dollar with an average rate of 141 gourdes for one dollar US during 2023 compared to 132 gourdes for one dollar US during 2024;

In the event that the situation deteriorates, the Company will review its financial statements in light of the requirements of IAS 29 that also advocates concurrent application by all entities operating in an economy where this standard applies.

According to Management, except for the adjustments that could have been required if actuarial valuations had been obtained for the pension plan and the long-term benefit plan, as stated in the auditros' report, the financial statements were prepared on an adequate basis using fair judgment, in all material respects and in accordance with the accounting policies summarized below.

(3) SIGNIFICANT ACCOUNTING POLICIES

(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.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Conversion of foreign currencies (suite)

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, 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.

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 financial instruments
- The integration of forecasts
- Projections for the current environment (ie: changes in macroeconomic conditions such as inflation, interest rates, exchange rates and the Gross National Product)
- Political issues with significant economic consequences for the country which prevented free circulation in some zones of the country, affected the buying power of consumers and decapitalized several companies
- Sanctions taken by some countries against policial and economic agents in Haiti, increasing the climate of uncertainty and crisis.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Impairment of financial assets (continued)

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 v)**.

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 and Treasury bonds **(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.

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.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Impairment of financial assets (continued)

The definition 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 contractual 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)**.

(c) Impairment of non-financial assets

In accordance with IAS 36, non-financial assets measured at cost are measured at each reporting date to determine whether there is an indication of impairment. An impairment loss is recognized when the recoverable amount is less than the carrying amount of the asset. Impairment losses thus determined are recognized in the statement of income.

Previously recognized impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount, except in the case of goodwill **(note 3 n)**.

However, the reversal is limited to the carrying amount that would have been determined if no impairment loss had been previously recognized.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) 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 3**). For the valuation of land and buildings included in investment properties, some of which were held at fair value until September 30, 2023 (**note 13**), the Bank retained the services of real estate experts.

(e) 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)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investments

Investments are composed of local and foreign investments.

Local investments include BRH bonds and Treasury bonds, debentures and equity instruments in local companies.

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 net income, 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 (**note 6**), United States Treasury and Government bonds, private companies' bonds and term deposits (**note 8**) and bonds in local institutions (**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 private companies and term deposits (**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 net income. 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.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) 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.

In 2024, loans with moratorium are those which have received a delay on the repayment of principal in agreement with measures adopted by the Central Bank related to the political problems.

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 provision for expected credit 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 v**).

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Leases are recognized in accordance with the requirements of IFRS 16.

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 increased by 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.

Amortization 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)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) 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 some 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.

(i) 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)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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.

(k) Investment properties

Investment properties, presented under Real Estate, consist of land and buildings held by the Bank for an indefinite period and use. They were previously held at their fair value as estimated by independent appraisers and unamortized.

On October 1, 2023, in accordance with the alternative treatment permitted by IAS 40, this land and these buildings are reflected at amortized cost (**note 13 b**). In accordance with IAS 8, this change in accounting method, implemented by Management to reflect the volatility of the real estate market, was applied retroactively. The buildings are amortized on a straight-line basis at an amortization rate of 5%. The accumulated amortization expense was recognized in retained earnings for the accumulated amortization to the adjustment date, and in net income for the expense relating to 2023 and 2024.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Investment properties (continued)

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 l**) and is recorded in the general reserve for real estate in the statement of changes in net assets.

(l) General reserve for real estate

The general reserve for real estate is constituted from allocations of retained earnings and represents the reserve required by the BRH for non-operating real estate. It consists of the following:

- Annually, 20% of the registered value of assets legally seized through auction or received as payment in kind that remain unsold after a two-year period, up to a maximum of 100% of the registered value.
- Upon receipt, 30% of the estimated fair value of assets received as security for payment through auction or payment in kind. This 30% reserve was established until September 30, 2023. In a letter dated July 23, 2025, the Governor clarified the BRH's position regarding the non-necessity of establishing this reserve, based on the interpretation of Article 189 of the Law on Banks and Other Financial Institutions. Therefore, this previously established 30% reserve was transferred to retained earnings starting with the 2024 fiscal year.

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.

(m) Forward exchange contracts

Forward 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)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Goodwill and other intangible fixed assets

Goodwill represents the excess of the purchase price over the fair value of the net assets and liabilities acquired. This intangible asset is not amortized in accordance with IFRS 3. Upon initial recognition, goodwill is allocated to a Cash-Generating Unit (CGU) or a group (CGU) that benefits from aggregation synergies and for which Management assesses performance at a level exceeding that of the individual CGU. Goodwill is subject to an impairment test annually or more frequently if events or changes in circumstances indicate that its value would have been impaired. Goodwill is presented at cost less any impairment losses incurred. Impairment losses recognized cannot be reversed. There is no permanent impairment of the carrying amount of goodwill as of the date of these financial statements.

Intangible assets include identifiable non-monetary assets that have no physical substance, represent future economic benefits, and are controlled by the Bank.

Computer software, composing other intangible fixed assets, is amortized on a straight-line basis at rates between 20% and 50%.

(o) 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.

(p) 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.

(q) 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.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) 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, government duties and other taxes on its own operations.

(s) 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 Management Board.

For 2024 and 2023, the amounts to be paid to the Public Treasury have not yet been determined.

(t) 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.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) 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.

(v) 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.

(w) Special reserve

As of September 30, 2021, in accordance with authorization obtained from the BRH, a special reserve account was created from retained earnings to establish a general reserve for a specific loan to a state-owned enterprise (**note 10 f**). This special reserve is non-distributable. As of September 30, 2023, the Bank's Management deemed it appropriate to reverse this reserve.

(x) Other reserve

In order to carry out specific activities, the Bank's Management decided to set up a reserve of G 79.5 million from retained earnings.

The objective of this decision is to enable the Bank to intervene in financing special education and health programs, and/or natural disaster relief. The annual amount that can be transferred to this reserve is limited to 4% of the Bank's net income. However, this percentage may be modified subsequently by a decision of the Bank's Management. No amount was allocated to the reserve in 2024 and 2023.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) 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, loans, and local and foreign investments, as well as interest expense on deposits and debt.

(z) 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.

(aa) Regulatory reserve

According to the cash reserve requirements, as of September 30, 2024 and 2023, local banks must maintain at the Central Bank a reserve of 40% of liabilities in local currency and of 53% of the 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.

The regulatory reserve requirement rate for deposits of non financial public enterprises is 100%.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As of the date of these financial statements, some standards, amendments and interpretations have been issued but not yet in effect as of September 30, 2024. These standards have not been taken into account in the preparation of the financial statements of the Bank. They are mainly:

Amendments to IAS 1

*Classification of liabilities
as current or non-current*

Effective for years beginning on or after January 1st, 2024. The amendments specify that the classification of some liabilities as current or non-current may change. In addition, companies may need to provide new disclosures for liabilities subject to covenants.

Amendments to IAS 7 and IFRS 7
Suppliers finance arrangements

Effective for years beginning on or after January 1st, 2024. The amendments introduce additional disclosure requirements for companies that enter into finance arrangements with suppliers. This will allow for a better assessment of the impact on cash flows.

Amendment to IFRS 16
*Lease liability in a Sale and
Leaseback transaction*

Effective for years beginning on or after January 1st, 2024. This amendment impacts how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. It introduces a new accounting model for variable payments.

Amendment to IAS 21
Foreign exchange rate

Effective for years beginning on or after January 1st, 2025. This amendment clarifies how a company estimates a spot rate when a currency lacks exchangeability.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) New standards, amendments and interpretations not yet adopted (continued)

Amendments to IFRS 9 and IFRS 7
Classification and measurement of
Financial Instruments

Effective for years beginning on or after January 1st, 2026. The amendments include guidance on the classification of financial assets, including those with contingent features. Companies will now be required to provide additional disclosures on financial assets and financial liabilities that have contingent features.

IFRS 18
Presentation and disclosure in
financial statements

Effective for years beginning on or after January 1st, 2027. IFRS 18, which will replace IAS 1, Presentation of Financial Statements, aims to provide greater consistency in presentation of the income and cash flow statements. Also, some non IFRS Management Performance Measures (MPMs) will now form part of the audited financial statements.

IFRS 19
Subsidiaries without Public
Accountability disclosures

Effective for years beginning on or after January 1st, 2027. A subsidiary that does not have public accountability, and has a parent company that issues consolidated accounts under IFRS, is permitted to apply IFRS 19 which can substantially reduce their level of disclosure.

Amendments to IFRS 10 and IAS 28
Consolidated financial statements
and investments in associates and
joint ventures

No effective date is determined yet by IASB for these amendments that pertain to the sale or contribution of assets between investors, associates, and joint ventures.

Management does not expect that the adoption of the standards and amendments listed above will have a material impact on the Bank's financial statements in future periods.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(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.

Recognizing that achieving its financial objectives depends on effective risk management, Banque Nationale de Cr dit (BNC) applies coordinated and prudent risk management policies. It has developed a set of procedures to guide and direct management and has implemented a control system that complies with banking sector practices and the Central Bank's prudential standards. Risk management at BNC is carried out through an internal control framework that allows the Board of Directors to ensure control over the Bank's activities at all levels. During the 2024 fiscal year, the Board of Directors operated with only two of its five members and was replaced by a three-member Management Board in August 2024. In addition to the hierarchical operational structure, the control framework also includes specialized committees that analyze risks, oversee management activities, and define operational guidelines. Among these committees 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)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(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, 2024

(In thousands of gourdes)	Current	1-3 months	3 months-1 year	More than one year	Total
Deposits: (note 16)					
Demand deposits	G 41,789,103	-	-	-	41,789,103
Savings deposits	38,538,625	-	-	-	38,538,625
Term deposits	<u>1,950,545</u>	<u>5,943,997</u>	<u>3,867,808</u>	<u>-</u>	<u>11,762,350</u>
Total deposits	<u>82,278,273</u>	<u>5,943,997</u>	<u>3,867,808</u>	<u>-</u>	<u>92,090,078</u>
Loans and debentures					
BRH (note 17)	-	41,342	122,763	2,151,294	2,315,399
Local banks					
deposits (note 18)	435,659	-	-	-	435,659
Forward exchange					
contracts (note 9)	51,089	-	-	-	51,089
Lease liabilities (note 11)	-	-	62,806	267,887	330,693
Other liabilities, net of taxes					
payable (note 19)	<u>3,879,827</u>	<u>713,596</u>	<u>3,269,737</u>	<u>3,541,398</u>	<u>11,404,558</u>
Total – others	4,366,575	754,938	3,455,306	5,960,579	14,537,398
Total	G 86,644,848	6,698,935	7,323,114	5,960,579	106,627,476

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(4) RISK MANAGEMENT (CONTINUED)

A) LIQUIDITY RISK (CONTINUED)

September 30, 2023

(In thousands of gourdes)	Current	1-3 month	3 month-1 year	More than a year	Total
Deposits: (note 16)					
Demand deposits G	41,607,872	-	-	-	41,607,872
Savings deposits	37,731,734	-	-	-	37,731,734
Term deposits	<u>937,007</u>	<u>83,494</u>	<u>293,703</u>	<u>10,267,939</u>	<u>11,582,143</u>
Total deposits	<u>80,276,613</u>	<u>83,494</u>	<u>293,703</u>	<u>10,267,939</u>	<u>90,921,749</u>
Loans and debentures					
BRH (note 17)	149,320	7,176	25,485	2,441,188	2,623,169
Local banks deposits (note 18)	486,066	-	-	-	486,066
Forward exchange contracts (note 9)	219,068	-	-	-	219,068
Lease liabilities (note 11)	-	-	54,930	230,089	285,019
Other liabilities, net of taxes payable (note 19)	<u>4,684,348</u>	<u>575,189</u>	<u>3,297,717</u>	<u>3,300,615</u>	<u>11,857,869</u>
Total – others	<u>5,538,802</u>	<u>582,365</u>	<u>3,378,132</u>	<u>5,971,892</u>	<u>15,471,191</u>
Total	G 85,815,415	665,859	3,671,835	16,239,831	106,392,940

Forward exchange agreements

B) CREDIT RISK

The credit risk is the risk of financial loss resulting from the inability 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 thousands of gourdes)	2024	2023
Cash and cash equivalents (note 5):		
Deposits with BRH	G 35,435,330	38,537,903
Deposits with foreign banks	2,854,970	2,756,476
Items in transit	<u>363,314</u>	<u>689,027</u>
	<u>38,653,614</u>	<u>41,983,406</u>
Investments:		
BRH bonds, Treasury bonds, net (note 6)	32,018,889	26,877,609
Local investments (note 7)	-	174,366
Foreign investments (note 8)	<u>15,392,777</u>	<u>15,803,137</u>
	<u>47,411,666</u>	<u>42,855,112</u>
Forward exchange contracts (note 9)	<u>51,375</u>	<u>218,995</u>
Credit:		
Loans, net (note 10)	<u>17,516,815</u>	<u>21,136,648</u>
Other assets, net (note 15)	<u>459,989</u>	<u>63,738</u>
	G 104,093,459	106,257,899

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, 2024 and 2023, 92% 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)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(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.

Management considers the Treasury bonds, representing 36% and 62% of investments as of September 30, 2024 and 2023 as financial instruments at moderate risk. The Bank is confident that the Haitian Treasury will honor its commitments in due course.

Management considers BRH bonds, representing 31% of investments as of September 30, 2024 as financial instruments not at risk. Those bonds have a maturity not exceeding 30 days.

Management considers the risk on local investments (less than 1% of investments) in bonds and equity instruments to be moderate. It regularly requests financial information in order to ensure an adequate valuation.

As of September 30, 2024 and 2023, foreign investments are mainly composed of term deposits (66% and 63%) and debentures from government agencies (21% and 24%), representing 87% 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) Forward foreign Exchange Agreements

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

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(4) RISK MANAGEMENT (CONTINUED)

B) CREDIT RISK (CONTINUED)

iv) 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.
- 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.
- As of September 30, 2024 and 2023, loans guaranteed by the MEF and the Haitian State, and loans financed by the BRH represent 24% and 27% respectively.
- Delinquent customers are followed up by the Credit Department, the Recovery Unit, the Legal Department and finally, by external legal counsels.
- Adequate specific provision is established against default loans. They represent 46% and 49% of non performing loans as of September 30, 2024 and 2023.
- 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), of the 50% limit of the US dollar loans versus total US dollar liabilities (Circular no. 97), and of the concentration of credit risk (Circular no. 83.4) requirements, which limits, in relation 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.

v) Other assets

The Bank considers as low the risk of non payment of other financial assets that are related to current transactions settled in short delays.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(4) RISK MANAGEMENT (CONTINUED)

B) CREDIT RISK (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)	2024	2023
<u>Cash and cash equivalents</u>		
Haïti	G 35,798,644	39,226,930
United States	2,821,863	2,736,489
Panama	33,107	19,935
England	-	52
	<u>38,653,614</u>	<u>41,983,406</u>
<u>Investments</u>		
Haïti	32,018,889	27,051,975
Panama	10,988,965	10,546,472
United States	<u>4,403,812</u>	<u>5,256,665</u>
	<u>47,411,666</u>	<u>42,855,112</u>
<u>Forward exchange contracts</u>		
Haïti	<u>51,375</u>	<u>218,995</u>
<u>Credit</u>		
Haïti	<u>17,516,815</u>	<u>21,136,648</u>
<u>Other assets, net</u>		
Haïti	<u>459,989</u>	<u>63,738</u>
Total financial assets	G 104,093,459	106,257,899

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(4) RISK MANAGEMENT (CONTINUED)

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' money.

i) Foreign exchange risk

Foreign exchange risk results from significant matching differences between the financial assets and liabilities denominated in the same currency, following fluctuations 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. In 2023 (**see note 25 a**), net income of the Bank includes a significant foreign exchange loss resulting from the reimbursement in gourdes of a US dollar loan to the MEF, at rates different from the market rates. Circular no. 81-6 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. However, the Bank considers some local investments (equity instruments) paid in dollars as dollars financial instruments creating an imbalance of the foreign exchange position when adjusted at year end.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(4) RISK MANAGEMENT (CONTINUED)

C) MARKET RISK (CONTINUED)

i) Foreign exchange risk (continued)

As of September 30, 2024 and 2023, the net foreign exchange positions of the Bank, by currency, were as follows:

September 30, 2024

(In thousands of gourdes)	Gourdes	Dollars converted	Euros converted	Total
Cash and cash equivalents	G 25,783,583	21,737,616	8,696	47,529,895
BRH bonds, Treasury bonds	32,018,889	-	-	32,018,889
Local and foreign investments	-	15,392,777	-	15,392,777
Loans, net	13,477,641	4,039,174	-	17,516,815
Forward exchange contracts	51,375	-	-	51,375
Other assets, net	441,972	18,017	-	459,989
Total financial assets	G 71,773,460	41,187,584	8,696	112,969,740
Deposits	44,940,825	47,149,253	-	92,090,078
Loans and debentures – BRH	2,315,399	-	-	2,315,399
Deposits of local banks	144,651	291,008	-	435,659
Lease liabilities	4,016	326,677	-	330,693
Forward exchange contracts	-	51,089	-	51,089
Other liabilities, net of taxes payable	8,098,600	3,305,783	175	11,404,558
Total financial liabilities	G 55,503,491	51,123,810	175	106,627,476
Assets (liabilities), net	G 16,269,969	(9,936,226)	8,521	6,342,264

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 75.6 million and G 58.1 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, 2023

(In thousands of gourdes)	Gourdes	Dollars converted	Euros converted	Total
Cash and cash equivalents	G 22,954,378	24,224,290	7,196	47,185,864
BRH bonds, Treasury bonds	26,877,609	-	-	26,877,609
Local and foreign investments	-	15,977,503	-	15,977,503
Loans, net	17,444,998	3,691,650	-	21,136,648
Forward exchange contracts	218,995	-	-	218,995
Other assets, net	54,304	9,434	-	63,738
Total financial assets	G 67,550,284	43,902,877	7,196	111,460,357
Deposits	48,713,612	42,208,137	-	90,921,749
Loans and debentures – BRH	2,623,169	-	-	2,623,169
Deposits of local banks	188,636	297,430	-	486,066
Lease liabilities	5,290	279,729	-	285,019
Forward exchange contracts	-	219,068	-	219,068
Other liabilities, net of taxes payable	8,376,406	3,481,293	170	11,857,869
Total financial liabilities	G 59,907,113	46,485,657	170	106,392,940
Assets (liabilities), net	G 7,643,171	(2,582,780)	7,026	5,067,417

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 19.2 million and G 49.7 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)

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

	2024	2023
As of September 30		
US dollar	131.4767	134.2581
Euro	146.7543	141.4409
Average rates for the year		
US dollar	132.1912	140.9694
Euro	142.8953	147.2334

ii) Fair value risk of equity instruments

The Bank holds equity instruments at fair value through profit or loss in its local investments, totaling G 191.4 million and G 290.9 million as of September 30, 2024 and 2023, respectively (**note 7**).

The fair value of these instruments is determined using **Level 3** data.

The Bank is exposed to market price fluctuations, which correspond to the probability that a decline or rise in financial markets will result in a decrease in value (capital loss) or an increase in value (capital gain).

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(4) RISK MANAGEMENT (CONTINUED)

C) MARKET RISK (CONTINUED)

iii) 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, 2024 and 2023, 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.

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.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(4) RISK MANAGEMENT (CONTINUED)

C) MARKET RISK (CONTINUED)

iii) Interest rate risk (continued)

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

(In thousands of gourdes)	%	2024	%	2023
Fixed interest rates:				
Financial assets	73%	G 50,622,439	68%	47,561,620
Financial liabilities	23%	(14,408,442)	23%	(14,490,333)
Net		<u>36,213,997</u>		<u>33,071,287</u>
Variable interest rates:				
Financial assets	27%	19,193,730	32%	22,715,559
Financial liabilities	77%	(48,125,157)	77%	(47,716,055)
Net		<u>(28,931,427)</u>		<u>(25,000,496)</u>
Total of interest-bearing financial assets	100%	69,816,169	100%	70,277,179
Total of interest-bearing financial liabilities	100%	(62,533,599)	100%	(62,206,388)
Net		G 7,282,570		8,070,791

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)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(4) RISK MANAGEMENT (CONTINUED)

D) CAPITAL MANAGEMENT (CONTINUED)

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

- **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 the Government, including the capital fund, retained earnings and legal reserve less goodwill.
- 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 last five years, including issuance premiums for these instruments; of the general reserve for loan losses; of the provision for expected credit losses on loans and other assets in accordance with IFRS 9.

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)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(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:

Ratios required	Bank ratios	
	2024	2023
Maximum asset-equity ratio (20 times)	13 times	16 times
Minimum capital ratio of basic Tier 1 A (9.25%)	32.06%	23.67%
Minimum capital ratio Tier 1 (11.5%)	32.06%	23.67%
Minimum total capital (14.5%)	33.70%	25.38%

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 February 21, 2001, that of November 11, 2013 and that of September 28, 2016 dealing with the problems 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 95-4, 99-4, 100-4 and 107-3.

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 Management Board 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.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(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:

- the computer application FCRM (Financial Crime Risk Management) which assists in controlling transactions in order to prevent money laundering and the financing of terrorism;
- the "Swift Sanction Screening" computer application that ensures that principals and beneficiaries are not part of international blacklists of countries such as USA, Canada and some European countries, regularly updated by SWIFT (Society for Worldwide Interbank Financial Telecommunications);
- a computer application for the electronic routing of the declarations of transactions to UCREF (Unité Centrale de Renseignements Financiers);
- 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 are available in hybrid mode to continue to inform all employees of all changes/updates on issues related to money laundering and financing of terrorism.

(5) CASH AND CASH EQUIVALENTS

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

(In thousands of gourdes)		2024	2023
Cash	G	8,876,281	5,202,458
Deposits with Banque de la République d'Haïti (note 25)		35,435,330	38,537,903
Deposits with foreign banks		2,854,970	2,756,476
Items in transit		363,314	689,027
Total cash and cash equivalents	G	47,529,895	47,185,864

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(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)		2024	2023
Interest bearing accounts	G	2,813,166	2,729,345
Non-interest-bearing accounts		41,804	<u>27,131</u>
	G	2,854,970	2,756,476

Interest rates on interest bearing deposits with foreign banks were 2.25% in 2024, and between 0.05% and 3.05% in 2023.

Deposits in foreign banks include security deposits:

(In thousands of US\$ and gourdes)	2024		2023	
	US\$	Equivalent HTG	US\$	Equivalent HTG
Credit card transactions	4,472	588,007	4,257	571,561

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

(In thousands of gourdes)		2024	2023
Gourdes	G	25,783,583	22,954,378
US dollars		21,737,616	24,224,290
Euros		8,696	<u>7,196</u>
	G	47,529,895	47,185,864

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(6) BRH BONDS AND TREASURY BONDS

As of September 30, Treasury bonds, net are as follows:

(In thousands of gourdes)		2024	2023
<u>TREASURY BONDS</u>			
Face value	G	17,455,000	27,300,000
Unearned interest		(297,658)	(422,391)
Treasury bonds, net	G	17,157,342	26,877,609
Interest rates		11.75% to 12.00%	11.75% to 12.00%
Maturity		October to December 2024	October to December 2023
Total treasury bonds, net	G	17,157,342	26,877,609

As of September 30, BRH bonds, net are as follows:

(In thousands of gourdes)		2024	2023
<u>BRH BONDS</u>			
Face value	G	14,900,000	-
Unearned interest		(38,453)	-
BRH bonds, net	G	14,861,547	-
Interest rates		8.00%	-
Maturity		Octobre 2024	-
Total BRH bonds and treasury bonds, net (note 25)	G	32,018,889	26,877,609

Maturity of these bonds is 7 days at September 30, 2024.

(7) LOCAL INVESTMENTS

As of September 30, local investments are as follows:

(In thousands of gourdes)		2024	2023
Equity instruments at fair value through profit or loss, net (i)	G	191,406	290,968
Investments held to maturity at amortized cost, net (ii)		-	174,366
Total local investments	G	191,406	465,334

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(7) LOCAL INVESTMENTS (CONTINUED)

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

September 30, 2024

(In thousands of gourdes)		Cost	Loss	Net value	% of ownership	Number of common shares
Lafito Industrial Free-Zone S.A. (a)	G	332,256	(249,192)	83,064	8.78%	141,433
Port Lafito S.A. (a, b)		<u>65,992</u>	<u>(49,494)</u>	16,498	0.84%	<u>65,992</u>
		398,248	(298,686)	99,562		207,425
Société de Construction d'Immeubles et d'Ouvrages Publics S.A. (SCIOP S.A.) (c)		74,068	(48,144)	25,924	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	(419,676)	191,406		

September 30, 2023

(In thousands of gourdes)		Cost	Loss	Net value	% of ownership	Number of common shares
Lafito Industrial Free-Zone S.A. (a)	G	332,256	(166,128)	166,128	8.78%	141,433
Port Lafito S.A. (a, b)		<u>65,992</u>	<u>(32,996)</u>	32,996	0.84%	<u>65,992</u>
		398,248	(199,124)	199,124		207,425
Société de Construction d'Immeubles et d'Ouvrages Publics S.A. (SCIOP S.A.) (c)		74,068	(48,144)	25,924	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 instrument, net	G	611,082	(320,114)	290,968		

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

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(7) LOCAL INVESTMENTS (CONTINUED)

The loss evolved as follows:

(In thousands of gourdes)		2024	2023
Balance at beginning of the year	G	320,114	120,990
Provision of the year (note 22)		<u>99,562</u>	<u>199,124</u>
Balance at end of year	G	419,676	320,114

- (a) The lack of documentation does not allow the determination of the fair value of this investment. However, Management has estimated an additional loss in value during the year as reflected above.
- (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 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, 2024 and 2023 respectively: 50 Class A shares and 1,157 Class B shares.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(7) LOCAL INVESTMENTS (CONTINUED)

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

30 septembre 2023

(In thousands of gourdes)

E-Power's US dollar bonds at a cost of US\$ 1,276,000	G 171,336
Interest to be received	<u>3,887</u>
Total investments at amortized cost held at maturity and interest receivable	175,223
Provision for expected credit losses	(857)
Total investments at amortized cost held at maturity, net	G 174,366

This investment, which reached maturity, was repaid during the 2024 financial year and the related provision was reversed as follows:

(In thousands of gourdes)	Stage 1	
	2024	2023
Balance at of September 30, 2023	G 857	768
Reversal of provision (note 20)	(839)	(19)
Foreign exchange effect	(18)	108
Balance as of September 30, 2024	G -	857

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(8) FOREIGN INVESTMENTS

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

(In thousands of gourdes)	2024	2023
Investments at amortized cost, held to maturity, net (i)	G 14,266,550	14,717,797
Fixed maturity investments held for resale at fair value through profit or loss, net (ii)	318,896	418,542
Total fixed maturity investments	14,585,446	15,136,339
Interest receivable	531,348	415,367
Total fixed maturity investments and interest receivable	15,116,794	15,551,706
Equity instruments at fair value through profit or loss (iii)	275,983	251,431
Total foreign investments	G 15,392,777	15,803,137

- (i) As of September 30, 2024 and 2023, respectively G 4,051 million (US\$ 31 million) and G 4,680 million (US\$ 35 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 2024 and 2023 were 2.42% and 3.15%.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(8) FOREIGN INVESTMENTS (CONTINUED)

Investments at amortized cost held to maturity are as follows:

September 30, 2024

(In thousands of gourdes)	Cost	Fair value	Gain (loss) unrecorded	Interest rate	Maturity
Treasury bonds USA	G 726,349	702,755	(23,594)	0.75%-2.00%	February 2025 to August 2028
Debentures in US government agencies	3,193,640	2,934,615	(259,025)	1.50%-5.50%	December 2025 to July 2030
Debentures in private companies	131,477	156,363	24,886	3.10%-3.50%	August 2025 and August 2027
US dollars term deposits in foreign Banks	10,226,977	10,226,977	-	5.77% and 6.20%	October 2024 à June 2025
Total investments at amortized cost	G 14,278,443	14,020,710	(257,733)		
Provision for expected credit losses	(11,893)	-	-		
Total investments at amortized cost, net	G 14,266,550	-	-		

September 30, 2023

(In thousands of gourdes)	Cost	Fair value	Gain (loss) unrecorded	Interest rate	Maturity
Treasury bonds US	G 741,715	675,223	(66,492)	0.75% - 2.00%	February 2025 to August 2028
Debentures in US government agencies	3,848,849	3,343,418	(505,431)	0.25% - 6.10%	December 2023 to July 2030
Debentures in private companies	201,387	225,385	23,998	2.20% - 3.50%	November 2023 to August 2027
US dollars term deposits in foreign Banks	9,932,156	9,932,156	-	5.90% - 6.10%	January and February 2024
Total investments at amortized cost	G 14,724,107	14,176,182	(547,925)		
Provision for expected credit losses	(6,310)	-	-		
Total investments at amortized cost, net	G 14,717,797	-	-		

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(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)		2024	2023
Balance at beginning of year	G	6,310	5,532
Provision for credit losses (note 20)		5,714	-
Foreign exchange effect		(131)	778
Balance at the end of year	G	11,893	6,310

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

(In thousands of gourdes)		2024	2023
Debentures in private companies	G	318,896	385,227
<i>Interest rates</i>		1.85% to 5.10%	0.35% to 5.10%
<i>Maturity</i>		02/2025 to 02/2028	01/2024 à 02/2028
Term deposits	G	-	33,315
<i>Interest rates</i>		-	4.60%
<i>Maturity</i>		-	07/2024
	G	318,896	418,542

Capital gains related to these financial instruments amount to G 8.5 million and G 29.9 million recorded in the statement of income in 2024 and 2023 respectively (**note 22**).

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

(In thousands of gourdes)		2024	2023
Banco Latino Americano de Comercio Exterior S.A.	G	275,983	251,431
<i>Number of common shares</i>		58,947	58,947

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(8) FOREIGN INVESTMENTS (CONTINUED)

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

September 30, 2024

(In thousands of gourdes)	Balance 30/9/23	Exchange impact	Gain (note 22)	Fair value 30/9/24
Banco Latino Americano de Comercio Exterior S.A.	G 251,431	(5,209)	29,761	275,983

September 30, 2023

(In thousands of gourdes)	Balance 30/9/22	Exchange impact	Gain (note 22)	Fair value 30/9/23
Banco Latino Americano de Comercio Exterior S.A.	G 189,902	26,707	34,822	251,431

(9) FORWARD EXCHANGE CONTRACTS

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

(In thousands of gourdes)		2024	2023
Forward exchange contracts in assets:			
Contracts with BRH (a) (note 25)	G	-	21,584
Contracts with customers		<u>51,375</u>	<u>197,411</u>
	G	<u>51,375</u>	<u>218,995</u>
Forward exchange contracts in liabilities:			
Contracts with BRH (a) (note 25)	G	-	21,584
Contracts with customers		<u>51,089</u>	<u>197,484</u>
	G	<u>51,089</u>	<u>219,068</u>

- a) As of September 30, 2023, forward exchange contracts with BRH result from BRH monetary policy decisions to intervene in the foreign exchange market by injecting foreign currencies to be sold to the Bank customers.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(10) LOANS, NET

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

(In thousands of gourdes)		2024	2023
Commercial loans	G	<u>3,197,820</u>	<u>3,647,512</u>
<i>Loans guaranteed by the Ministry of 'Économy and Finance (MEF)</i>			
State enterprises (note 25) (a)		255,407	362,938
Loans to individuals, guaranteed by the Haitian State:			
Public sector agents (b)		<u>2,694,550</u>	<u>3,880,908</u>
		<u>2,949,957</u>	<u>4,243,846</u>
<i>Loans financed by BRH (c):</i>			
Hotel sector		444,970	494,199
Mortgages "Kay Pam" (e)		<u>1,136,251</u>	<u>1,292,076</u>
		<u>1,581,221</u>	<u>1,786,275</u>
Interbank loans (d)		1,050,000	1,650,000
Overdrafts		2,318,593	2,709,960
Consumer loans		467,290	769,454
Loans and advances to employees		240,396	435,831
Credit cards		128,823	160,472
Managed loans – pension plan (note 19)		386	386
<i>Restructured loans financed by BRH:</i>			
Communications sector (c) i) (note 25)		-	186,184
Agricultural sector (c)		954,833	880,066
Free zones - State enterprises (c), (f) (note 25)		1,300,505	1,331,276
Free zones – Other (c), (f)		<u>1,145,314</u>	<u>1,061,221</u>
		<u>3,400,652</u>	<u>3,458,747</u>
<i>Other restructured loans</i>		<u>2,006,877</u>	<u>1,820,197</u>
		<u>5,407,529</u>	<u>5,278,944</u>
Current loans		17,342,015	20,682,680
<i>Arrears of 90 days and more:</i>			
Energy sector (g)		1,924,833	1,965,553
Credit cards		347,664	307,727
Other loans		2,473,910	2,263,357
Arrears of 90 days and more		4,746,407	4,536,637
Total – loans	G	22,088,422	25,219,317
Interest receivable		732,419	723,301
Total loans and interest receivable		22,820,841	25,942,618
Provision for expected credit losses		(5,304,026)	(4,805,970)
Total loans, net	G	17,516,815	21,136,648

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(10) LOANS, NET (CONTINUED)

As of September 30, 2024 and 2023, loans in moratorium total respectively G 1.4 billion and G 0.7 billion.

(a) As of September 30, 2024 and 2023, the loan guaranteed by MEF are as follows:

	Interest rate	Maturity
State enterprises	6%	2025

(b) 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.

As of September 30, 2024 and 2023, the portfolio of loans to Public Sector agents, totaling G 2.7 billion and G 3.9 billion shows an overrun of G 0.4 billion and G 1.6 billion respectively over to the amount planned for the program in the memorandum of understanding.

(c) 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%, 9.0% and 14.0%	2033
Communications sector (i)	5.50%	October 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, 2024 and 2023, of the total loans financed by BRH, G 1.3 billion and G 1.5 billion are guaranteed by MEF.

(i) The loan to the communications sector granted to a state-owned enterprise at a rate of 5.5% has been settled.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(10) LOANS, NET (CONTINUED)

- (d) During 2024 and 2023, BNC granted short-term loans to local private banks. As of September 30, 2024 and 2023, the terms of these loans are as follows:

	Interest rate	Maturity
September 30, 2024	14.00%	October 2024, and December 2024
September 30, 2023	14.00% and 14.25%	October 2023, December 2023 and January 2024

- (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) **Free Zone – State-owned enterprise.** This refers to the outstanding balance of a loan refinanced by the BRH to a state-owned enterprise operating in a free zone. This loan is covered by a letter of guarantee from the Ministry of Economy and Finance (MEF) for G 1.2 billion. In 2021, this loan was restructured and a new repayment schedule was established. Following this restructuring, a special reserve representing 45% of the outstanding amount has been created from retained earnings with the authorization of the BRH (**note 3 w**). As of September 30, 2023, the restructuring conditions are met and the special reserve established in 2022 has been reversed. The conditions of the restructuring were met as of September 30, 2024.

Free Zone – other. These loans are to a private company operating in a free zone experiencing recurring payment delays. A restructuring was negotiated in September 2023. However, based on the perceived risks and the collateral held, the Bank has made provisions for these loans.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(10) LOANS, NET (CONTINUED)

(g) As of September 30, 2024 and 2023, the terms for business loans in the energy sector are as follows:

	Interest rate	Maturity
Energy sector	17.0%	April 2023

Loans to the energy sector were granted for the acquisition of equipment by a private company. They totaled G 1.9 billion and G 2.0 billion as of September 30, 2024 and 2023, respectively. The loans matured in April 2023 and are subject to litigation, as noted in the observation paragraph in the auditors' report and in **note 24**. The provisions that would otherwise be required on these loans have not been recognized, taking into account the security deposits in **note 19** and the related legal opinion obtained from an independent lawyer.

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

(In thousands of gourdes)		2024	2023
Loans in gourdes	G	13,477,641	17,444,998
Loans in US dollars		<u>4,039,174</u>	<u>3,691,650</u>
	G	17,516,815	21,136,648

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(10) LOANS, NET (CONTINUED)

As of September 30, 2024, the aging of loans is as follows:

(In thousands of gourdes)		Current 1-30 days	31-60 days	61-89 days	Total
Restructured loans	G	4,107,024	1,300,505	-	5,407,529
Loans financed by BRH		1,423,161	92,233	65,827	1,581,221
Interbank loans		1,050,000	-	-	1,050,000
Overdrafts		2,318,593	-	-	2,318,593
Credit cards		84,947	43,876	-	128,823
Other loan categories		<u>6,150,184</u>	<u>638,641</u>	<u>67,024</u>	<u>6,855,849</u>
	G	15,133,909	2,075,255	132,851	17,342,015
%		87%	12%	1%	100%

(In thousands of gourdes)		90 – 180 days	181 - 359 days	360 days and more	Total
Energy sector	G	-	-	1,924,833	1,924,833
Credit cards		61,696	285,968	-	347,664
Other loan categories		<u>741,579</u>	<u>485,347</u>	<u>1,246,984</u>	<u>2,473,910</u>
	G	803,275	771,315	3,171,817	4,746,407
%		17%	16%	67%	100%

As of September 30, 2024, loans were covered by the following guarantees:

(In thousands of gourdes)		Haitian Government	Mortgages	Cash collateral (note 16)	Total
Current loans	G	5,503,100	6,570,934	1,475,383	13,549,417
Default loans 90 days and more		<u>2,575,656</u>	<u>1,006,550</u>	<u>42,149</u>	<u>3,624,355</u>
	G	8,078,756	7,577,484	1,517,532	17,173,772
%		47%	44%	9%	100%

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(10) LOANS, NET (CONTINUED)

As of September 30, 2023, the aging of loans is as follows:

(In thousands of gourdes)		Current 1-30 days	31-60 days	61-89 days	Total
Restructured loans	G	5,278,944	-	-	5,278,944
Loans financed by BRH		1,786,275	-	-	1,786,275
Interbank loans		1,650,000	-	-	1,650,000
Overdrafts		1,446,900	1,205,453	57,607	2,709,960
Credit cards		134,591	-	25,881	160,472
Other loan categories		<u>7,077,691</u>	<u>1,065,037</u>	<u>954,301</u>	<u>9,097,029</u>
	G	17,374,401	2,270,490	1,037,789	20,682,680
%		84 %	11%	5%	100%

(In thousands of gourdes)		90 – 180 Days	181 - 359 days	360 days and more	Total
Energy sector	G	-	-	1,965,553	1,965,553
Credit cards		16,441	-	291,286	307,727
Other loan categories		<u>610,089</u>	<u>547,310</u>	<u>1,105,958</u>	<u>2,263,357</u>
	G	626,530	547,310	3,362,797	4,536,637
%		14 %	12%	74%	100%

As of September 30, 2023, loans were covered by the following guarantees:

(In thousands of gourdes)		Haitian Government	Mortgages	Cash collateral (note 16)	Total
Current loans	G	6,689,458	4,068,228	1,565,630	12,323,316
Default loans 90 days and more		<u>2,630,144</u>	<u>4,378,454</u>	<u>43,326</u>	<u>7,051,924</u>
	G	9,319,602	8,446,682	1,608,956	19,375,240
%		48%	44%	8%	100%

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(10) LOANS, NET (CONTINUED)

As of September 30, 2024 and 2023, the guarantees of the Haitian Government include:

(In thousands of gourdes)	2024	2023
Loans to Public Sector agents and Members of Parliament	G 2,694,550	3,880,908
Deposits received for loans and documentary credits	<u>441,978</u>	<u>488,136</u>
	G 3,136,528	4,369,044

Average interest rates on performing loans are as follows:

	2024	2023
Commercial loans:		
In gourdes	18%	14%
In US dollars	13%	8%
Loans to individuals, guaranteed by the Haitian State		
In gourdes	13%	13%
Overdrafts:		
In gourdes	14%	16%
In US dollars	3%	4%
Restructured loans :		
In gourdes	6%	4%
In US dollars	11%	13%
Loans financed by BRH	6%	8%
Commercial loans guaranteed by the Haitian State – gourdes	5%	5%
Credit cards-in gourdes	24%	28%
Loans and advances to employees – gourdes	6%	6%
Other loans in gourdes	15%	13%
Other loans in US dollars	15%	9%

As of September 30, 2024, the Management Board members held non impaired loans totaling G 5.7 million (**note 25**). As of September 30, 2023, the Board of Directors members held impaired loans totaling G 11.3 million (**note 25**). These loans were granted at the rates offered to Bank employees, in accordance with applicable procedures.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(10) LOANS, NET (CONTINUED)

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

(In thousands of gourdes)		Total 2024	Total 2023
Balance at beginning of the year	G	4,805,970	3,844,289
Provision for credit losses (note 20)		991,642	997,666
Foreign exchange effect		(16,166)	78,010
Write-offs		(477,420)	(113,995)
Balance at the end of the year	G	5,304,026	4,805,970

As of September 30, 2024 and 2023, the provision for expected credit losses required in accordance with the provisions of circular 87 of the Central Bank totaled G 3,067 million and G 2,720 million respectively. This provision is covered as follows:

(In thousands of gourdes)		2024	2023
Provision for expected credit losses – loans	G	5,304,026	4,805,970
Provision for expected credit losses on credit commitments (note 19 d)		97,545	114,400
	G	5,401,571	4,920,370

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(10) LOANS, NET (CONTINUED)

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

	Non impaired Loans	Impaired loans	Default loans	Total
(In thousands of gourdes)	Stage 1	Stage 2	Stage 3	
Balance as of September 2022, net	G 12,472,327	6,425,415	3,949,668	22,847,410
Variations of the year :				
Loans and interest receivable	1,083,227	(3,789,051)	1,956,743	(749,081)
<i>Provision for expected credit losses</i>	9,826	45,107	(1,016,614)	(961,681)
	1,093,053	(3,743,944)	940,129	(1,710,762)
Loans and interest receivable at September 30, 2023	13,706,020	2,714,906	9,521,692	25,942,618
<i>Provision for expected credit losses</i>	(140,640)	(33,435)	(4,631,895)	(4,805,970)
Balance as of September 2023, net	G 13,565,380	2,681,471	4,889,797	21,136,648
Variations of the year :				
Loans and interest receivable	(4,079,580)	(759,350)	1,717,153	(3,121,777)
<i>Provision for expected credit losses</i>	50,677	10,262	(558,995)	(498,056)
	(4,028,903)	(749,088)	1,158,158	(3,619,833)
Loans and interest receivable at September 30, 2024	9,626,440	1,955,556	11,238,845	22,820,841
<i>Provision for expected credit losses</i>	(89,963)	(23,173)	(5,190,890)	(5,304,026)
Balance as of September 2024, net	G 9,536,477	1,932,383	6,047,955	17,516,815

As of September 30, 2024 and 2023, default loans include:

(In thousands of gourdes)		2024	2023
Loans in arrears – 90 days and more	G	4,746,407	4,536,637
Other loans (i)		6,492,438	<u>4,985,055</u>
	G	11,238,845	9,521,692

- (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, NET (CONTINUED)

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

(In thousands of gourdes)		Total 2024	Total 2023
Balance at the beginning of year	G	302,796	190,102
Provision for expected credit losses		67,606	112,694
Write-off		(88,977)	-
Balance at end of year	G	281,425	302,796

The variations by stage for the portfolio are as follows:

		Non impaired Loans	Impaired loans	Default loans (i)	Total
(In thousands of gourdes)		Stage 1	Stage 2	Stage 3	
Balance as of September 2022, net	G	153,003	45,555	14,308	212,866

Variations of the year :

Loans	(18,927)	(21,546)	108,006	67,533
<i>Provision for expected credit losses</i>	202	841	(113,737)	(112,694)
	(18,725)	(20,705)	(5,731)	(45,161)

Loans and interest receivale

as of September 30, 2023		136,893	25,881	307,727	470,501
<i>Provision for expected credit losses</i>		(2,615)	(1,031)	(299,150)	(302,796)
Balance as of September 2023, net	G	134,278	24,850	8,577	167,705

Variations of the year :

Loans	(18,319)	(15,632)	39,937	5,986
<i>Provision for expected credit losses</i>	822	(560)	21,109	21,371
	(17,497)	(16,192)	61,046	27,357
Loans as of September 2024	118,574	10,249	347,664	476,487
<i>Provision for expected credit losses</i>	(1,793)	(1,591)	(278,041)	(281,425)
Balance as of September 2024, net	G 116,781	8,658	69,623	195,062

(i) As of September 30, 2024 and 2023, default loans are loans in arrears of 90 days or more.

(Continued)

BANQUE NATIONALE DE CREDIT
Notes to financial statements

(10) LOANS, NET (CONTINUED)

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

(In thousands of gourdes)	Total 2024	Total 2022
Balance at the beginning of the year	G 4,503,174	3,654,187
Provision for credit losses	924,036	884,972
Foreign exchange effect	(16,166)	78,010
Write-offs	(388,443)	(113,995)
Balance at the end of year	G 5,022,601	4,503,174

The variations by stage are as follows:

(In thousands of gourdes)	Non impaired Loans	Impaired loans	Default loans	Total
	Stage 1	Stage 2	Stage 3	
Solde au 30 septembre 30, 2022, net	G 12,319,324	6,379,860	3,935,360	22,634,544
Variations of the year :				
Loans and interest receivable	1,102,154	(3,767,505)	1,848,737	(816,614)
<i>Provision for expected credit losses</i>	9,624	44,266	(902,877)	(848,987)
	1,111,778	(3,723,239)	945,860	(1,665,601)
Loans and interest as of September 30, 2023	13,569,127	2,689,025	9,213,965	25,472,117
<i>Provision for expected credit losses</i>	(138,025)	(32,404)	(4,332,745)	(4,503,174)
Balance as of September 30, 2023, net	G 13,431,102	2,656,621	4,881,220	20,968,943
Variations of the year :				
Loans and interest receivable	(4,061,261)	(743,718)	1,677,216	(3,127,763)
<i>Provision for expected credit losses</i>	49,855	10,822	(580,104)	(519,427)
	(4,011,406)	(732,896)	1,097,112	(3,647,190)
Loans and interest as of September 30, 2024	9,507,866	1,945,307	10,891,181	22,344,354
<i>Provision for expected credit losses</i>	(88,170)	(21,582)	(4,912,849)	(5,022,601)
Balance as of September 30, 2024, net	G 9,419,696	1,923,725	5,978,332	17,321,753

(Continued)

BANQUE NATIONALE DE CREDIT
Notes to financial statements

(10) LOANS, NET (CONTINUED)

As at September 30, 2024 and 2023, default loans include:

(In thousands of gourdes)		2024	2023
Arrears loans – 90 days and more	G	4,398,743	4,228,910
Other loans (i)		<u>6,492,438</u>	<u>4,985,055</u>
	G	10,891,181	9,213,965

- (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.

(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)		2024	2023
Balance at the beginning of the year	G	451,129	242,739
Additions		93,585	208,390
Adjustments (a)		(114,847)	-
Balance at the end of the year	G	429,867	451,129

Accumulated amortization

(In thousand of gourdes)		2024	2023
Balance at the beginning of the year	G	164,099	124,072
Amortization of the year		52,421	40,027
Adjustment (a)		(105,078)	-
Balance at the end of the year		111,442	164,099
Balance of right-of-use assets, net	G	318,425	287,030

- (a) This adjustment comes from the reversal of expired contracts.

(Continued)

BANQUE NATIONALE DE CREDIT
Notes to financial statements

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

Lease liabilities

Lease liabilities have evolved as follows:

(In thousands of gourdes)		2024	2023
Balance at the beginning of the year	G	285,019	153,304
Contracts adjustments		93,585	208,390
Foreign exchange effect on contracts in US dollars		(11,789)	(11,979)
Interest on lease liabilities		1,337	2,129
Rent payments		(37,459)	(66,825)
Balance as of September 30, 2024	G	330,693	285,019

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

(In thousands of gourdes)		Contracts in gourdes	Equivalent in gourdes of contracts in US dollars	Total
Less than 1 year	G	1,386	63,730	65,116
Between 1 year and 2 years		1,386	57,693	59,079
Between 2 and 5 years		1,386	226,877	228,263
More than 5 years		-	85,723	85,723
Total	G	4,158	434,023	438,181

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

(In thousands of gourdes)		2024	2023
Interest of lease liabilities	G	1,337	2,129
Amortization of right-of-use assets		52,421	40,027
Expenses recognized in leasing contracts, of which the underlying asset is of low value		1,060	916
Total	G	54,818	43,072

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(12) FIXED ASSETS

Fixed assets, at cost, have evolved as follows:

Fixed asset at cost

(In thousands of gourdes)	Balance 30/9/23	Acquisitions	Transfers	Adjustments and disposals (c)	Balance 30/9/24
Land	G 103,805	-	-	-	103,805
Land and buildings (a)	1,534,328	397	2,877	-	1,537,602
Computer equipment	124,287	73,336	211	(3,751)	194,083
Fixtures and equipment	274,632	12,242	4,150	(56,366)	234,658
Vehicles	94,758	7,522	111,870	(33,913)	180,237
Electrical equipment	179,787	12,659	2,290	(5,209)	189,527
Communication equipment	22,200	5,780	29,718	(1,100)	56,598
Air conditioning system	36,176	13,252	211	(3,196)	46,443
Security equipment	122,626	78	-	-	122,704
Leasehold improvements	44,577	-	-	(15,074)	29,503
Investments in progress (b)	<u>301,580</u>	<u>28,787</u>	<u>(151,327)</u>	<u>-</u>	<u>179,040</u>
G	2,838,756	154,053	-	(118,609)	2,874,200

Accumulated depreciation has evolved as follows:

Accumulated depreciation

(In thousands of gourdes)	Balance 30/9/23	Acquisitions	Adjustments and disposals (c)	Balance 30/9/24
Buildings	G 262,019	52,529	-	314,548
Computer equipment	35,012	27,326	(3,751)	58,587
Fixtures and equipment	121,783	40,982	(56,366)	106,399
Vehicles	42,475	44,942	(33,913)	53,504
Electrical equipment	55,917	18,482	(5,209)	69,190
Communication equipment	12,098	10,180	(1,100)	21,178
Air conditioning system	12,641	8,104	(3,196)	17,549
Security equipment	63,569	24,526	-	88,095
Leasehold improvements	34,608	5,568	(15,074)	25,102
Investments in progress (b)	<u>20,217</u>	<u>22,768</u>	<u>-</u>	<u>42,985</u>
G	660,339	255,407	(118,609)	797,137
G	2,178,417		-	2,077,063
Loss related to riots and looting (note 22 a) (d)				(39,443)
Fixed assets, net				2,037,620

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(12) FIXED ASSETS (CONTINUED)

- (a) The subledger of the Bank does not present separately the cost of land and buildings acquired several years ago.
- (b) As of september 30, 2024, investments in progress consisted of G 105 million for equipment and G 74 million for branch construction and set up. The estimated depreciation of G 43 million allocated to investments in progress relates to obsolete assets.
- (c) The disposals represent fully depreciated assets.
- (d) During the year, the Bank incurred losses in cash and fixed assets (**note 22 a**) as a result of the riots and looting. It was unable to determine the extent of the damage as of September 30, 2024, and recorded a provision on an estimated basis at that date.

(13) REAL ESTATE

As of September 30, real estate includes the impact on the opening balances of investment properties, which have been adjusted as follows:

		2024	2023
(In thousands of gourdes)			(Restated)
Properties held for sale (a)	G	<u>78,708</u>	<u>19,265</u>
Investment properties, net (b)		370,269	659,252
Adjustment (amortization of prior periods)		<u>-</u>	<u>(124,074)</u>
Investment properties restated (b)		<u>370,269</u>	<u>535,178</u>
Total real estate	G	<u>448,977</u>	<u>554,443</u>

(a) Properties held for sale have evolved as follows :

		2024	2023
(In thousands of gourdes)			
Balance the beginning of the year	G	19,265	12,936
Transfers from investment properties		59,443	11,054
Sales during the year		<u>-</u>	<u>(4,725)</u>
Balance at end of year	G	<u>78,708</u>	19,265

As of September 30, 2024 and 2023, sales contracts exist for properties held for sale and deposits have been received in the process (**note 19**).

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(13) REAL ESTATE (CONTINUED)

- (b) In accordance with the alternative treatment permitted by IAS 40 and as of October 1, 2023, the Bank recorded its investment properties at amortized cost. The properties are amortized from the date of their acquisition either by legal means or dation. The amortized cost and accumulated amortization are as follows:

Cost

(In thousands of gourdes)	Balance at 30/09/23	Additions ¹	Transfers to properties held for resale	Impairment (note 22) (i)	Balance at 30/09/24
Land	G 287,970	3,845	(58,226)	(83,405)	150,184
Buildings	<u>371,282</u>	<u>4,045</u>	<u>(1,217)</u>	<u>(30,608)</u>	<u>343,502</u>
	G 659,252	7,890	(59,443)	(114,013)	493,686

Accumulated amortization

(In thousands of gourdes)	Balance at 30/09/23	Amortization	Impairment (note 22)	Balance at 30/09/24
Buildings	G 124,074	17,048	(17,705)	123,417
Net balance corrected in 2023	G 535,178		(96,308)	370,269

In 2023, sales of real estate investments generated gains of G 15.0 million (**note 22**).

- (i) This impairment was estimated by the Bank on illegally occupied properties and properties to which it has no access due to the security situation.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(13) REAL ESTATE (CONTINUED)

Reserve for real estate

The general reserve for real estate has evolved as follows:

(In thousands of gourdes)		2024	2023 (Restated)
<u>Reserve 30%</u>			
Balance at beginning of year	G	100,158	94,289
Reversal of the year (ii)		(100,158)	<u>5,869</u>
Balance at end of year	G	-	100,158
<u>Reserve 20%</u>			
Balance at beginning of year	G	173,373	300,160
Reserve of the year		23,395	-
Reversal of the year		(37,127)	(2,713)
Balance at the end of the financial year before adjustment		159,641	297,447
Adjustment		-	(124,074)
Reserve 20% balance adjusted		159,641	173,373
Total - reserve for real estate	G	159,641	273,531

The 20% reserve does not apply to investment properties being rented, amounting to G 24.3 million.

- (ii) Following BRH directives, this reserve is no longer in effect and the balance has been transferred to retained earnings.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(13) REAL ESTATE (CONTINUED)

The real estate, net of reserves, is as follows:

(In thousands of gourdes)		2024	2023 (Restated)
Properties held for resale	G	78,708	19,265
Reserve 30% of the financial year		<u>-</u>	<u>(4,708)</u>
Properties held for resale, net		<u>78,708</u>	<u>14,557</u>
Investment properties restated		493,686	659,252
Accumulated amortization		<u>(123,417)</u>	<u>(124,074)</u>
Investment properties, net		370,269	535,178
Reserve 20%		(159,641)	(173,373)
Reserve 30%		<u>-</u>	<u>(195,449)</u>
		<u>210,628</u>	166,356
Total real estate, net of reserves	G	289,336	180,913

Reserve 30% of the financial year

(14) GOODWILL AND OTHER INTANGIBLE ASSETS

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

(In thousands of gourdes)		2024	2023
Goodwill (a)	G	1,473,256	1,473,256
Other intangible assets (b)		<u>33,175</u>	<u>59,005</u>
	G	<u>1,506,431</u>	1,532,261

(a) Goodwill results from the transfer of the assets and liabilities of SOCABANK to BNC as of March 1, 2007. Goodwill was not impaired in 2024.

Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(14) GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

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

Cost

(In thousands of gourdes)		Balance of 30/9/23	Acquisitions	Balance of 30/9/24
Computer software	G	12,251	5,343	17,594
On-going disbursements (i)		<u>81,507</u>	<u>-</u>	<u>81,507</u>
	G	93,758	5,343	99,101

Accumulated amortization

(In thousands of gourdes)		Balance of 30/9/23	Amortization	Balance of 30/9/24
Computer software	G	3,840	8,352	12,192
On-going disbursements (i)		<u>30,913</u>	<u>22,821</u>	<u>53,734</u>
		34,753	31,173	65,926
	G	59,005		33,175

(i) On-going disbursements include computer software in use. The estimated accumulated amortization of G 53.7 million thereon relates to intangible assets subject to obsolescence.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(15) OTHER ASSETS, NET

As of September 30, other assets are as follows:

(In thousands of gourdes)		2024	2023
Account receivable net – Lajan Cash (a)	G	335,209	11,400
Accounts receivable – customers		307,395	292,902
Others		<u>283,353</u>	<u>102,310</u>
		925,957	406,612
Provision for expected credit losses (b)		<u>(465,968)</u>	<u>(342,874)</u>
		<u>459,989</u>	<u>63,738</u>
Prepaid expenses		185,530	253,486
Office supplies		127,914	120,535
Fuel stock		7,594	55,328
Artwork		<u>14,272</u>	<u>14,259</u>
		335,310	443,608
Total other assets, net	G	795,299	507,346

(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, 2024 and 2023, the balance represents net transfers.

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

(In thousands of gourdes)		2024	2023
		Stage I	
Balance at the beginning of the year	G	342,874	249,803
Provision for credit losses (note 20)		74,600	52,077
Foreign exchange effect		48,494	40,994
Balance at end of the year	G	465,968	342,874

Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(16) DEPOSITS

As of September 30, deposits are as follows:

(In thousands of gourdes)		2024	2023
Demand deposits:			
Gourdes	G	17,230,144	22,794,916
US dollars		<u>24,558,959</u>	<u>18,812,956</u>
	G	41,789,103	41,607,872
Savings deposits:			
Gourdes	G	22,168,833	20,410,353
US dollars		<u>16,369,792</u>	<u>17,321,381</u>
	G	38,538,625	37,731,734
Term deposits:			
Gourdes	G	5,541,848	5,508,343
US dollars		<u>6,220,502</u>	<u>6,073,800</u>
	G	11,762,350	11,582,143
Total deposits	G	92,090,078	90,921,749
Deposits in Gourdes	G	44,940,825	48,713,612
Deposits in US Dollars		<u>47,149,253</u>	<u>42,208,137</u>
Total deposits	G	92,090,078	90,921,749

Average interest rates on deposits are as follows:

		2024	2023
Savings deposits:			
Gourdes		0.18%	0.17%
US dollars		0.14%	0.13%
Term deposits:			
Gourdes		5.82%	5.80%
US dollars		1.60%	1.34%
Savings-checking deposits:			
Gourdes		0.04%	0.04%
US dollars		0.01%	0.01%

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(16) DEPOSITS (CONTINUED)

As of September 30, 2024 and 2023, two public sector entities hold demand deposits in gourdes totaling G 6.4 billion (**note 25**). In addition, these same public sector entities also hold US dollar demand deposits totaling G 3.2 billion and G 4.1 billion as of September 30, 2024 and 2023, respectively (**note 25**). These demand deposits carry overnight interest rates of 0.05% and 6.00% on gourde accounts, and 0.01% on US dollar accounts.

As at September 30, 2024, deposits by members of the Management Board totaled G 3.4 million (**note 25**). As of September 30, 2023, Board of Directors members had deposits totaling G 13.0 million (**note 25**). These deposits bear interest under the Bank's normal conditions.

As at September 30, 2024 and 2023, demand deposits of Haitian government ministries, corporations and agencies totaled G 6.5 billion and G 4.2 billion respectively and do not bear interest (**note 25**). In addition, at those dates, the Fonds de Pension Civile holds three term deposits in gourdes totaling G 3.4 billion (**note 25**) bearing interest of 4.0% for two of them and 8.5% for the third one in 2024 and 2023.

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

(In thousands of gourdes)		2024	2023
Deposits in gourdes	G	513,874	561,053
Deposits in US dollars		<u>1,003,658</u>	<u>1,047,903</u>
Total (note 10)	G	1,517,532	1,608,956

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(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)		2024	2023
<u>LOANS BRH</u>			
<i>Gourdes :</i>			
Free Zones (a)	G	1,421,167	1,478,664
Hotel sector (b)		341,269	400,000
Industrial sector (c)		277,963	320,185
		2,040,399	2,198,849
<i>Dollars :</i>			
Communications sector (d)		-	149,320
Total loans	G	2,040,399	2,348,169
<u>DEBENTURES BRH</u>			
Loan related to the Socabank acquisition (e)	G	275,000	275,000
<i>Maturity</i>		September 2030	September 2030
<i>Interest rate</i>		1%	1%
Total DEBE		275,000	275,000
Total loans and debentures BRH (note 25)	G	2,315,399	2,623,169

(a) As of September 30, 2024 and 2023, the balances of the Free Zones loans of G 1,421 million and G 1,478 million 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 starting in 2018. A moratorium was granted in 2024 and 2023 respectively for the repayment of the principal. As at September 30, 2024 and 2023, the balances of this loan are G 427 million and G 475 million.
- A loan of G 1,253 million 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, 2024 and 2023, the balances of this loan are G 994 million and G 1,004 million.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(17) LOANS AND DEBENTURES – BRH (CONTINUED)

- (b) The hotel sector loan is a G 500 million loan disbursed in a single instalment with a 24-month grace period. This 10-year financing is at a fixed rate of 1.0% with monthly installments of G 5.3 million. As of September 30, 2024 and 2023, the balances of this loan were G 341 million and G 400 million.
- (c) The industrial sector loan balance of G 380 million is a loan disbursed in two installments with a grace period of 12 months. This loan is initially repayable over a period of 10 years at the rate of 1.0% repayable monthly in equal tranches of 3.5 million on September 30, 2024 and 2023 respectively, the balances of this loan are G 278 million and G 320 million.
- (d) This loan was used to finance a loan to a State enterprise (**note 10 c i**). During 2021, this loan was converted in gourdes with a repayment schedule. The loan initially disbursed in US dollars was converted into gourdes following the restructuring of the loan, 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 at a rate of 1.5%. It was repaid in 2024.
- (e) BRH subordinated debenture as part of the replenishment of equity following the acquisition of Socabank in 2007.

(18) LOCAL BANKS DEPOSITS

Local banks deposits by currency are as follows:

(In thousands of gourdes)		2024	2023
Local banks deposits in gourdes	G	144,651	188,636
Local banks deposits in US dollars		291,008	297,430
Total local banks deposits	G	435,659	486,066

These deposits do not bear interest.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(19) OTHER LIABILITIES

As of September 30, other liabilities are as follows:

(In thousands of gourdes)	2024	2023
Amounts received as collateral for loans:		
Deposits on letters of guarantee - US dollars (a)	G 2,649,453	2,651,981
Loans -Gourdes (b)	619,454	644,891
Loans - US dollars (b)	710	725
Deposits on letters of guarantee -gourdes (a)	120	120
	<u>3,269,737</u>	<u>3,297,717</u>
Due to employees and pensioners (c)	3,541,398	3,300,615
Prepaid cards	1,347,579	1,590,556
Certified and bank cheques	758,898	1,140,300
Interest payable	713,596	575,190
Amounts due to ministries and public enterprises (note 25)	566,047	789,264
Non-operating deposits	269,103	253,588
Mobile bank – Lajan cash (e)	182,593	82,374
Provision for expected credit losses on credit commitments (d)	97,545	114,400
Deposits received on properties held for sale (note 13 a)	73,042	41,792
Transfers payable	72,562	124,896
Due to the Public Treasury (note 25)	16,547	16,547
Various taxes	16,045	22,501
Abandoned deposits	7,436	9,285
Due to BRH, non-interest bearing (note 25)	3,000	3,000
Fiduciary funds – pension plan (note 10)	386	386
Others	485,089	517,959
Total other liabilities	G 11,420,603	11,880,370

- (a) As of September 30, 2024 and 2023, the amounts received as collateral for the letters of guarantee - US dollars are for private companies and one State enterprise. For one of these private companies, the amounts were received from the Central Bank as collateral: G 2.5 billion in 2024 and G 2.6 billion in 2023 (note 25) and are part of a legal situation (note 24). As for the letters of guarantee-gourdes, the amounts were mainly received from one of the private companies mentioned above.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(19) OTHER LIABILITIES (CONTINUED)

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

(In thousands of gourdes)		2024	2023
Other deposits received as guarantees – dollars US	G	710	725
Deposits received as guarantee from MEF- gourdes (note 25)			
Guaranteed loans – Public Sector agents (note 10 b)	G	441,978	471,261
Guaranteed loans – Transport sector (i)		85,223	85,223
Guaranteed loans – Members of Parliament		16,875	16,875
Guaranteed loans – Recapitalization program (ii)		<u>45,666</u>	<u>45,666</u>
		589,742	619,025
Other deposits received in gourdes as guarantees		<u>29,712</u>	<u>25,866</u>
	G	619,454	644,891

(i) This amount was received from BRH as collateral for loans, granted to the transport sector, that have been repaid by BRH since 2020.

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

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

(In thousands of gourdes)		2024	2023
Provision for the pension plan (i)	G	2,738,807	2,433,568
Long-term benefit plan (ii)		575,727	642,272
Special fund for contractual employees (iii)		81,937	102,766
Provision for bonuses to employees and pensioners		76,498	82,320
Benefiit plan for temporary employees		<u>68,429</u>	<u>39,689</u>
	G	3,541,398	3,300,615

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(19) OTHER LIABILITIES (CONTINUED)

- (i) **The provision for the pension plan** is determined by the Management Board; this fund is replenished monthly by contributions from bank employees. In 2024 and 2023, allocations of G 281.0 million and G 338.1 million, approved by the Management Board have been established according to the income earned on the Treasury bonds investments made from these funds, and the results of the year. The balances have evolved as such:

(In thousand of gourdes)	2024	2023
Balance at beginning of the year	G 2,433,568	2,125,739
Contribution to the pension plan (note 23)	281,007	338,172
Employer contribution (10%) to the pension plan (note 23)	102,000	112,723
Amounts paid to pensioners	(187,648)	(270,375)
Employees contributions (6%) to the pension plan	110,805	121,802
Foreign exchange effect	(925)	5,507
Balance at end of year	G 2,738,807	2,433,568

- (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 2024 and 2023, the Bank contributed G 60.0 million (note 23) to this plan. Furthermore, for those same periods, the Management Board decided to add G 25.5 million and G 71.3 million (note 23) respectively to this plan, in order to increase this provision.

The balance has evolved as follows:

(In thousands of gourdes)	2024	2023
Balance at the beginning of the year	G 642,272	574,106
Contributions to the long-term benefit plan (note 23)	60,000	60,000
Additional contributions to the long-term benefit plan (note 23)	25,467	71,290
Employees' contributions	18,378	18,425
Translation adjustment	(3)	18
Payments made	(170,387)	(81,567)
Balance at end of year	G 575,727	642,272

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)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(19) OTHER LIABILITIES (CONTINUED)

- (iii) **This 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 2024 and 2023, the Bank's contributions were G 9.1 million and G 9.9 million respectively (**note 23**).

The balance has evolved as follows:

(In thousands of gourdes)		2024	2023
Balance at the beginning of year	G	102,766	92,594
Contributions to the special fund (note 23)		9,092	9,905
Contributions from employees		6,810	9,905
Payments made		(34,798)	(16,774)
Foreign exchange effect		(1,933)	<u>7,136</u>
Balance at end of year	G	81,937	102,766

- (iv) **This administrative bonus fund** was created in 2022 for temporary staff. The Bank's contributions for the 2024 and 2023 financial years are G 30.0 million and G 32.2 million, and are recorded in other operating expenses in the statement of income.

The provision for this fund has evolved as follows:

(In thousands of gourdes)		2024	2023
Balance at beginning of year	G	36,689	10,220
Contributions to the fund		30,000	32,269
Payments made		(1,260)	<u>(2,800)</u>
Balance at end of year	G	68,429	39,689

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(19) OTHER LIABILITIES (CONTINUED)

- (d) The provision for expected credit losses on credit commitments (**note 24**) evolved as follows:

(In thousands of gourdes)		2024	2023
Balance at beginning of year	G	114,400	88,196
(Revesal) provision for credit losses (note 20)		(16,557)	25,130
Foreign exchange effect		(298)	1,074
Balance at end of year (note 24)	G	97,545	114,400

- (e) The Lajan Cash account balance consists of transactions made through Mobile Banking. This product allows users to conduct transactions from their mobile phones. As of September 30, 2024 and 2023, this liability represents customers' deposits for future transactions.

(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)		2024	2023
Local investments, at amortized cost (note 7)	G	(839)	(19)
Foreign investment, at amortized cost (note 8)		5,714	-
Loans (note 10)		991,642	997,666
Other assets (note 15)		74,600	52,077
Credit commitments – other liabilities (note 19d)		(16,557)	25,130
Total provision for credit losses	G	1,054,560	1,074,854

(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 Cr dit, the authorized capital of the Bank had been set at G 500 million, composed of the former capital increased by retained earnings. 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.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(22) OTHER INCOME AND EXPENSES

Other income and expenses are as follows:

(In thousand of gourdes)		2024	2023
Losses related to riots and looting, net (a)	G	(201,370)	-
Net losses arising from the regularization of accounts related to the credit/prepaid cards		(124,912)	-
Capital loss on equity instruments (note 7 i)		(99,562)	(199,124)
Capital loss on real estate investments (note 13 b)		(96,308)	-
Capital gain on fixed maturity investments held for resale (note 8 ii)		8,530	29,892
Capital gain on equity instruments - BLADEx (note 8 iii)		29,761	34,822
Profit on sales of real estate (note 13)		-	15,002
Others		(56,723)	2,093
Total other expenses	G	(540,584)	(117,315)

(a) In 2024, the Bank suffered significant damage during riots and looting to its branch network and buildings housing some departments, particularly in:

- Croix-des-Bouquets
- Cabaret
- Pro Crédit – Mgr. Guilloux
- Rue Pavée

The losses related to the riots and looting are as follows:

(In thousands of gourdes)		2024	2023
Cash losses	G	161,927	-
Loss on fixed assets (i)		39,443	-
Total losses related to riots and looting	G	201,370	-

(i) This is a provision established on an estimated basis. The offsetting entry is recorded in net fixed assets. The Bank has not yet received any payment from its insurers.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(23) SALARIES AND OTHER EMPLOYEES' BENEFITS

Salaries and other employees' benefits are as follows:

(In thousands of gourdes)		2024	2023
Salaries and bonuses	G	1,169,184	1,167,539
Representation fees and commissions		482,863	458,933
Contributions to the pension plan (note 19 c i)		281,007	338,172
Other social benefits		279,757	315,653
Payments to pensioners		102,000	112,723
Additional contribution to the long-term benefit plan (note 19 c ii)		60,000	60,000
Taxes on salaries		52,152	48,915
Contributions to the long-term benefit plan for retiring employees (note 19 c ii)		25,467	71,290
Transport		18,307	19,642
Contributions to the special fund for contractual employees (note 19 c iii)		9,092	9,905
Other expenses		291,822	195,545
Total salaries and other employees' benefits	G	2,771,651	2,798,317

(24) 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)		2024	2023
Letters of guarantee	G	11,724	11,729
Unused balances of authorized overdrafts		1,205,998	1,205,998
Unused balances on credit cards		633,777	609,568
Total credit commitments	G	1,851,499	1,827,295

The provision for expected credit losses on credit commitments totaling respectively G 97.5 million and G 114.4 million at September 30, 2024 and 2023 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.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(24) COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

The Bank's commitments relating to the IT system amount to G 379.5 million as of September 30, 2024.

In the context of the provision on fixed assets noted during the construction of a branch in June 2021, the Bank sent a summons, delivered by bailiff, to the construction firm of the said branch. In this summons, the Bank claims the sum of US\$ 737,736 (G 99.0 million) representing the excess amount collected for the work done, following a Supervision report, as provided for under the terms of article 12 of the contract binding the parties. No action has yet been taken on this summons because in February 2022 the said construction firm went before the Chamber of Conciliation and Arbitration of Haiti (CAAH) to have the BNC fined US\$ 580,780 (G 78.0 million) in damages and interest following the breach of the construction contract which bound the parties. However, to date, the fees not having been paid to the CCAH, the hearing has not resumed. Furthermore, the case has been pleaded in front of the Dean of the Court of First Instance of Port-au-Prince and a decision is awaited.

As of September 30, 2024, the Bank was party to other 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.

As described in the independent auditors' report, the Bank granted loans to a private company for the acquisition of equipment. These loans totaled G 1.9 billion and G 2.0 billion as of September 30, 2024, and 2023, respectively (**note 10 g**). They matured in April 2023 and have not been repaid. The company has outstanding invoices from the Haitian government for an amount exceeding these loans, which are secured by irrevocable letters of credit from the Bank of the Republic of Haiti (BRH). The company is awaiting payment of these invoices before repaying the loans. The security deposits related to these letters of credit are being held at BNC as security deposits. The BRH argues that letters of credit cover only this client's receivables related to the energy contract. these

According to the Bank's lawyer handling this case, these loans are directly and intrinsically linked to the aforementioned energy supply contract. This is because, firstly, their purpose was to establish working capital or cash advances intended either for the purchase of heating oil and diesel or for the purchase of spare parts for engines. Secondly, several contracts between BNC and the company stipulate that the loans granted are guaranteed by letters of guarantee from BRH. In his legal opinion dated June 4, 2025, the legal advisor believes that the Bank will be able to recover these amounts owed once the legal process is initiated.

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(25) RELATED PARTIES

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

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

(In thousands of gourdes)	2024	2023
Assets :		
Deposits with BRH (note 5)	G 35,435,330	38,537,903
BRH bonds and Treasury bonds, net (note 6)	32,018,889	26,877,609
Forward exchange contracts (note 9)	-	21,584
Loans to State-owned enterprises financed by BRH (note 10)	1,300,505	1,517,460
Loans to State-owned enterprises guaranteed by the MEF (note 10)	255,407	362,938
Loans to Board members (note 10)	5,707	11,371
Total assets	G 69,015,838	67,328,865
Liabilities :		
Deposits from Public sector entities:		
Gourdes (note 16)	G 6,389,214	6,369,857
US dollars (note 16)	3,197,320	4,060,613
	9,586,534	10,430,470
Term deposits from the Civil Pension Plan (note 16)	3,436,405	3,435,524
Deposits from ministries and public enterprises (note 16)	6,459,622	4,238,612
Deposits held by Board members (note 16)	3,384	13,002
Total deposits	19,485,945	18,117,608
Forward exchange contracts (note 9)	-	21,584
Loans and debentures - BRH (note 17)	2,315,399	2,623,169
Loan-BRH (note 19)	3,000	3,000
Amounts due to Ministries and public enterprises (note 19)	566,047	789,264
Due to Public Treasury (note 19)	16,547	16,547
Letters of guarantee-US dollars (note 19 a)	2,575,656	2,630,144
Guarantee deposit MEF for loans in gourdes (note 19 b)	589,742	619,025
	3,165,398	3,249,169
Total liabilities	G 25,552,336	24,820,341

(Continued)

BANQUE NATIONALE DE CRÉDIT
Notes to financial statements

(25) RELATED PARTIES (CONTINUED)

During the years, related party transactions are as follows:

(In thousands of gourdes))	2024	2023
Interest income:		
BRH bonds and Treasury bonds	G 3,406,506	2,989,802
Loans to Ministry of Economy and Finance	-	36,505
Loans to State companies	17,172	23,012
Loans to Government enterprises	27,633	55,684
	<u>3,451,311</u>	<u>3,105,003</u>
Interest expense:		
Deposit from a Public Sector organization	(141,834)	(141,276)
Loans and debentures BRH	(13,499)	(40,517)
Net interest income	<u>3,295,978</u>	<u>2,923,210</u>
Exchange loss – MEF (a)	-	(351,164)
Other income:		
Commissions for services rendered to BRH	167,988	120,114
Total revenue, net	G 3,463,966	2,692,160

(a) The 2023 foreign exchange loss is G 244.2 million. This is net of a loss of G 351.2 million related to repayments in gourdes of the MEF's US dollar-denominated loan at exchange rates below market rates. The loss was caused by delays in transmitting repayments.

BANQUE NATIONALE DE CRÉDIT
Balance Sheet
September 30, 2024
(Expressed in thousands of US dollars)

	2024	2023 (restated)
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 361,508	351,456
BRH BONDS AND TREASURY BONDS, NET	243,533	200,194
LOCAL INVESTMENTS	1,456	3,466
FOREIGN INVESTMENTS	117,076	117,707
FORWARD EXCHANGE CONTRACTS	391	1,631
LOANS	173,573	193,229
Provision for expected credit losses	(40,342)	(35,796)
	133,231	157,433
RIGHT-OF-USE ASSETS, NET	2,422	2,138
FIXED ASSETS, NET	15,498	16,226
OTHERS		
Real estate	3,415	4,130
Goodwill and other intangible assets	11,458	11,412
Other assets, net	6,049	3,779
	20,922	19,321
TOTAL ASSETS	\$ 896,037	869,572
LIABILITIES AND NET ASSETS		
DEPOSITS	700,429	677,216
LOANS AND DEBENTURES BRH	17,611	19,538
OTHERS		
Local banks deposits	3,314	3,620
Other liabilities	86,863	88,489
Lease liabilities	2,515	2,123
Forward exchange contracts	389	1,632
	93,081	95,864
TOTAL LIABILITIES	811,121	792,618
NET ASSETS		
Capital fund	22,818	22,345
Retained earnings	51,109	43,620
Legal reserve	9,170	8,360
General reserve for real estate	1,214	2,037
Other reserve	605	592
	84,916	76,954
TOTAL LIABILITIES AND NET ASSETS	\$ 896,037	869,572

BANQUE NATIONALE DE CRÉDIT
Statement of Income
Year ended September 30, 2024
(Expressed in thousands of US dollars)

	2024	2023 (restated)
INTEREST INCOME		
Loans	\$ 16,695	18,357
BRH bonds and Treasury bonds	25,770	21,209
Investments and others	<u>6,407</u>	<u>5,030</u>
	48,872	44,596
INTEREST EXPENSE		
Deposits	3,778	3,112
Others	<u>1,175</u>	<u>1,290</u>
	4,953	4,402
NET INTEREST INCOME	43,919	40,194
Provision for credit losses	(7,978)	(7,625)
Recoveries on loans written off	<u>10</u>	<u>90</u>
	35,951	32,659
OTHER INCOME (EXPENSES)		
Commissions	8,365	8,337
Exchange gain (loss)	1,939	(1,732)
Operations expenses	(1,978)	(1,553)
Others	<u>(4,089)</u>	<u>(832)</u>
	4,237	4,220
NET INTEREST INCOME AND OTHER INCOME	40,188	36,879
OPERATING EXPENSES		
Salaries and other employees' benefits	20,967	19,851
Premises and equipment	4,481	3,305
Rental charges	415	306
Depreciation	2,297	1,368
Other operating expenses	<u>5,729</u>	<u>5,642</u>
	33,889	30,472
NET INCOME FOR THE YEAR	\$ 6,299	6,407

BANQUE NATIONALE DE CRÉDIT
Statement of Changes in Net Assets
Year ended September 30, 2024
(Expressed in thousands of US dollars)

	Capital fund	Retained earnings	Legal reserve	General reserve for real estate	Special reserve	Other reserve	Total
Balance as of September 2022 before adjustment	\$ 25,488	37,521	8,754	3,351	5,227	675	81,016
Adjustment - investment properties at amortized cost	-	(1,004)	-	-	-	-	(1,004)
Impact of the reserve on investment properties at amortized cost	-	1,004	-	(1,004)	-	-	-
Translation adjustment	-	-	-	90	-	-	90
Balance as of September 30, 2022 – restated	25,488	37,521	8,754	2,437	5,227	675	80,102
Net income for the 2023 financial year before adjustment	-	6,524	-	-	-	-	6,524
Adjustment – depreciation expense on investment properties	-	(117)	-	-	-	-	(117)
Net income for the year – restated	-	6,407	-	-	-	-	6,407
Impact of the reserve on investment properties at amortized cost	-	117	-	(117)	-	-	-
Transfer to the legal reserve	-	(652)	652	-	-	-	-
Transfer to the general reserve for real estate	-	(22)	-	22	-	-	-
Transfer from the special reserve	-	4,364	-	-	(4,364)	-	-
Translation adjustment	(3,143)	(4,115)	(1,046)	(305)	(863)	(83)	(9,555)
Balance as of September 30, 2023 – restated	\$ 22,345	43,620	8,360	2,037	-	592	76,954
Net income for the year	-	6,299	-	-	-	-	6,299
Transfer to the legal reserve	-	(630)	630	-	-	-	-
Transfer from the general reserve for real estate	-	862	-	(862)	-	-	-
Translation adjustment	473	958	180	39	-	13	1,663
Balance as of September 30, 2024	\$ 22,818	51,109	9,170	1,214	-	605	84,916