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CAPITAL BANK, S.A.

Consolidated Financial Statements

September 30, 2023

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

The Board of Directors
CAPITAL BANK, S.A.:

Opinion

We have audited the consolidated financial statements of CAPITAL BANK, S.A. and its subsidiaries (the Group), which comprise the consolidated balance sheet as of September 30, 2023, and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) 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 opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

Mérové-Pierre Cabinet d'Experts-Comptables

MÉROVÉ-PIERRE - CABINET D'EXPERTS-COMPTABLES
7, rue Lechaud Bourdon
Port-au-Prince, Haïti
January 12, 2024

CAPITAL BANK, S.A.
Consolidated Balance Sheet
September 30, 2023
(Expressed in thousands of Haitian Gourdes)

	Notes		2023	2022
ASSETS				
CASH AND CASH EQUIVALENTS	5	G	**27,329,857**	24,191,890
BRH BONDS, NET	6		**549,724**	-
FOREIGN INVESTMENTS	7		**2,614,140**	2,138,720
LOCAL INVESTMENTS, NET	8		**372,216**	330,689
LOANS	9		**13,261,785**	14,382,982
Provision for expected credit losses			**(427,071)**	(348,970)
LOANS, NET			**12,834,714**	14,034,012
FIXED ASSETS, NET	10		**1,523,538**	1,243,326
OTHERS				
Rights-of-use assets, net	11		**722,605**	654,561
Real estate development – Capital Immobilier	12		**235,488**	235,006
Real estate properties	13		**841,336**	769,946
Other assets, net	14		**2,697,065**	2,907,910
Acceptances			**47,497**	56,144
			4,543,991	4,623,567
TOTAL ASSETS		G	**49,768,180**	46,562,204
LIABILITIES AND SHAREHOLDERS' EQUITY				
DEPOSITS	15		**35,382,320**	35,760,649
OTHERS				
Loans	16		**1,085,058**	802,238
Lease liabilities	11		**692,922**	640,258
Other liabilities	17		**4,805,061**	2,558,246
Commitments- acceptances			**47,497**	56,144
			6,630,538	4,056,886
SUBORDINATED DEBT	18		**1,388,066**	1,216,924
TOTAL LIABILITIES			**43,400,924**	41,034,459
SHAREHOLDERS' EQUITY				
Paid-in capital	19		**2,025,000**	2,025,000
Paid-in surplus			**1,384**	1,384
Retained earnings			**2,271,211**	1,825,956
Reserves			**658,661**	469,878
Shareholders' equity- Capital Bank			**4,956,256**	4,322,218
Minority interest	23		**1,411,000**	1,205,527
			6,367,256	5,527,745
TOTAL LIABITILITIES AND SHAREHOLDERS' EQUITY		G	**49,768,180**	46,562,204

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

CAPITAL BANK, S.A.
Consolidated Statement of Income
Year ended September 30, 2023
(Expressed in thousands of Haitian Gourdes
except for net income per equivalent share of paid-in capital)

	Notes		2023	2022
INTEREST INCOME				
Loans		G	**2,261,682**	1,907,090
BRH bonds, investments and others			**304,455**	117,073
			2,566,137	2,024,163
INTEREST EXPENSE				
Deposits			**284,580**	312,414
Loans, subordinated debt and others			**205,574**	136,400
			490,154	448,814
NET INTEREST INCOME			**2,075,983**	1,575,349
Provision for credit losses	**20**		**(304,653)**	(230,440)
			1,771,330	1,344,909
OTHER INCOME (EXPENSES)				
Commissions			**1,581,855**	1,263,298
Gross margin on petroleum products - CapInvest			**1,385,259**	934,216
Gain de change			**886,320**	1,448,504
Gain (loss) on foreign exchange			**15,988**	(316,730)
Operating expenses			**(424,269)**	(367,498)
Other			**53,341**	(7,319)
			3,498,494	2,954,471
NET INTEREST INCOME AND OTHER REVENUES			**5,269,824**	4,299,380
OPERATING EXPENSES				
Salaries and other employee benefits	**21**		**1,495,841**	1,187,766
Premises and equipments			**691,516**	455,382
Depreciation	**10**		**197,092**	160,227
Other operating expenses			**1,053,628**	813,946
			3,438,077	2,617,321
INCOME BEFORE INCOME TAXES			**1,831,747**	1,682,059
INCOME TAXES	**22**		**495,784**	467,703
NET INCOME FOR THE YEAR		G	**1,335,963**	1,214,356
Net income attributable to shareholders of Capital Bank			**958,990**	810,879
Net income attributable to minority interest			**376,973**	403,477
		G	**1,335,963**	1,214,356
Net income per equivalent share of paid-in capital attributable to shareholders of Capital Bank		G	**2,841**	2,403

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

CAPITAL BANK, S.A.
Consolidated Statement of Comprehensive Income
Year ended September 2023
(Expressed in thousands of Haitian Gourdes
except for comprehensive income per equivalent share of paid-in capital)

		2023	2022
Net income attributable to shareholders of Capital Bank	G	**958,990**	810,879
Net income attributable to minority interest		**376,973**	403,477
Net income for the year		**1,335,963**	1,214,356
Components of comprehensive income:		**-**	-
COMPREHENSIVE INCOME FOR THE YEAR	G	**1,335,963**	1,214,356
Comprehensive income attributable to shareholders of Capital Bank		**958,990**	810,879
Comprehensive income attributable to minority interests		**376,973**	403,477
COMPREHENSIVE INCOME FOR THE YEAR	G	**1,335,963**	1,214,356
Comprehensive income for the year per equivalent share of paid-in capital	G	**2,841**	2,403

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

CAPITAL BANK, S.A.
Consolidated Statement of Changes in Shareholders' Equity
Year ended September 30, 2022
(Expressed in in thousands of Haitian gourdes)

	Note		Paid-in capital	Paid-in surplus	Retained earnings	Reserves: Legal reserve	Reserves: Revaluation reserve-land and buildings	Reserves: Reserve on real estate properties	Reserves: Total reserves	Minority interest	Total
Balance as of September 30, 2021		G	**810,000**	**1,384**	**2,256,556**	**515,462**	**165,621**	**100,728**	**781,811**	**976,235**	**4,825,986**
Components of comprehensive income:											
Net income for the year			-	-	810,879	-	-	-	-	403,477	**1,214,356**
Transfer to legal reserve			-	-	(158,225)	158,225	-	-	158,225	-	**-**
Annual transfer of the reserve of revaluation-land and buildings			-	-	7,310	-	(7,310)	-	(7,310)	-	**-**
Transfer from revaluation reserve-land and buildings			-	-	106,941	-	(106,941)	-	(106,941)	-	**-**
Transfer from reserve on real estate properties			-	-	30,907	-	-	(30,907)	(30,907)	-	**-**
Total			-	-	797,812	158,225	(114,251)	(30,907)	13,067	403,477	**1,214,356**
Transactions with shareholders:											
Transfer to paid-in capital			1,215,000	-	(890,000)	(325,000)	-	-	(325,000)	-	**-**
Cash dividends			-	-	(330,036)	-	-	-	-	(174,185)	**(504,221)**
Capital increase costs	**19**		-	-	(8,376)	-	-	-	-	-	**(8,376)**
Total			1,215,000	-	(1,228,412)	(325,000)	-	-	(325,000)	(174,185)	**(512,597)**
Balance as of September 30, 2022		G	**2,025,000**	**1,384**	**1,825,956**	**348,687**	**51,370**	**69,821**	**469,878**	**1,205,527**	**5,527,745**

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

CAPITAL BANK, S.A.
Consolidated Statement of Changes in Shareholders' Equity
Year ended September 30, 2023
(Expressed in in thousands of Haitian gourdes)

	Note		Paid-in capital	Paid-in surplus	Retained earnings	Reserves: Legal reserve	Reserves: Revaluation reserve-land and buildings	Reserves: Reserve on real estate properties	Reserves: Total reserves	Minority interest	Total
Balance as of September 30, 2022		G	2,025,000	1,384	1,825,956	348,687	51,370	69,821	469,878	1,205,527	5,527,745
Components of comprehensive income:											
Net income for the year			-	-	958,990	-	-	-	-	376,973	**1,335,963**
Transfer to legal reserve			-	-	(173,477)	173,477	-	-	173,477	-	**-**
Annual transfer from revaluation reserve-land and buildings			-	-	1,344	-	(1,344)	-	(1,344)	-	**-**
Transfer from reserve on real estate properties			-	-	(16,650)	-	-	16,650	16,650	-	-
Total			-	-	770,207	173,477	(1,344)	16,650	188,783	376,973	**1,335,963**
Transactions with shareholders:											
Cash dividends			-	-	(327,800)	-	-	-	-	(171,500)	**(499,300)**
Capital increase costs	**19**		-	-	2,848	-	-	-	-	-	**2,848**
Total			-	-	(324,952)	-	-	-	-	(171,500)	**(496,452)**
Balance as of September 30, 2023		G	**2,025,000**	**1,384**	**2,271,211**	**522,164**	**50,026**	**86,471**	**658,661**	**1,411,000**	**6,367,256**

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

CAPITAL BANK, S.A.
Consolidated Statement of Cash Flows
Year ended September 30, 2023
(Expressed in thousands of Haitian Gourdes)

	Notes		2023	2022
OPERATING ACTIVITIES				
Net income for the year		G	**1,335,963**	1,214,356
Adjustments to net income to determine net cash flows provided by operating activities:				
Depreciation of fixed assets	10		**197,092**	160,227
Interest on lease liabilities	11		**69,275**	49,368
Amortization of rights-of-use assets	11		**169,337**	110,836
Provision for credit losses	20		**304,653**	230,440
Foreign exchange effect on financial assets			**20,283**	24,129
(Gain) loss on disposals of fixed assets	10		**(1,626)**	32,018
Gain on termination of leases	11		**(656)**	(532)
Loss on disposals of fixed assets	13		**-**	19,949
Foreign exchange effect on lease liabilities	11		**16,023**	35,049
Changes in assets and liabilities resulting from operating activities:				
(Decrease) increase of BRH bonds, net			**(549,724)**	148,583
Increase of investments, net			**(517,366)**	(625,995)
Decrease (increase) of loans, net			**944,679**	(3,154,671)
(Decrease) increase in deposits			**(378,329)**	7,233,223
Increase in real estate properties	13		**(71,390)**	-
Disbursements – real estate development– Capital Immobilier	12		**(482)**	(8,455)
Lease payments	11		**(269,359)**	(191,624)
Increase (decrease) in borrowings			**282,820**	(66,966)
Changes in other assets and liabilities			**2,685,060**	(1,063,918)
Income taxes paid			**(297,298)**	(472,937)
Net cash flows provided by operating activities			**3,938,955**	3,673,080
INVESTING ACTIVITIES				
Acquisitions of fixed assets	10		**(477,554)**	(518,650)
Proceeds from sales of fixed assets			**1,876**	126
Net cash flows used in investing activities			**(475,678)**	(518,524)
FINANCING ACTIVITIES				
Cash dividends			**(499,300)**	(504,221)
Increase of subordinated debt			**171,142**	189,559
Capital increase costs			**2,848**	(8,376)
Net cash flows used in by financing activities			**(325,310)**	(323,038)
Net increase in cash and cash equivalents			**3,137,967**	2,831,518
Cash and cash equivalents at beginning of year			**21,697,904**	17,873,948
Effect of exchange rate fluctuations on cash and cash equivalents at beginning of the year			**2,493,986**	3,486,424
Cash and cash equivalents at end of year	5	G	**27,329,857**	24,191,890

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

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(1) ORGANIZATION

CAPITAL BANK, S.A. is a banking corporation owned by private investors. Its official authorization to operate was published in Le Moniteur on February 20, 1997. Its principal activity consists of banking operations in Haiti. The head office of CAPITAL BANK, S.A. is located at no. 38, Faubert Street, Petionville.

CAPITAL IMMOBILIER, S.A. is a wholly owned subsidiary of CAPITAL BANK, S.A., created on August 20, 1997. The official authorization to operate by the Ministry of Commerce was published in Le Moniteur on January 29, 1998. Its main purpose is to promote real estate transactions.

CAPINVEST S.A. is a corporation authorized to operate by a presidential decree published in Le Moniteur on June 21, 2016. It is an investment company that can take part in the capital of other companies through equities and bonds, acquire marketable securities and securities of all kinds and participate in various markets such as: foreign exchange, raw materials or metals. CAPITAL BANK, S.A. holds 51% of the share capital of this company.

FONDATION CAPITAL BANK is a philanthropic institution founded on August 7, 2009 by the shareholders of CAPITAL BANK, S.A. Its mission is to intervene in any field contributing to improve the living conditions of the Haitian population, namely health, education, sports and culture. The financial statements of the Foundation are not consolidated in these financial statements.

These financial statements include the consolidation of the financial statements of the following companies:

- CAPITAL BANK, S.A.
- CAPITAL IMMOBILIER, S.A.
- CAPINVEST, S.A.

(2) BASIS FOR CONSOLIDATED FINANCIAL STATEMENTS PREPARATION

(a) Accounting framework

The consolidated financial statements of CAPITAL BANK, S.A. and its subsidiaries were prepared in conformity with International Financial Reporting Standards (IFRS).

The consolidated financial statements were approved by the Board of Directors on January 25, 2024.

(Continued)

(2) BASIS FOR CONSOLIDATED FINANCIAL STATEMENTS PREPARATION (CONTINUED)

(b) Basis of measurement

The consolidated financial statements are presented on an historical cost basis, except for the following items which are carried at fair value:

- Foreign investments **(note 7)**
- Equity instruments - Local investments, net **(note 8)**
- Land and buildings **(note 10)**
- Real estate properties **(note 13).**

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

(c) Functional currency

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

(d) Use of estimates and judgment

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

These estimates and underlying assumptions are reviewed periodically. The impact of revisions to accounting estimates is recognized in the period in which such revisions take place as well as future periods affected.

(Continued)

(2) BASIS FOR CONSOLIDATED FINANCIAL STATEMENTS PREPARATION (CONTINUED)

(d) Use of estimates and judgment (continued)

Information about significant areas of estimation and critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are included in the following notes:

Note 6	BRH bonds, net
Note 7	Foreign investments
Note 8	Local investments, net
Note 9	Loans, net
Note 10	Fixed assets, net
Note 11	Right-of-use assets and lease liabilities
Note 12	Real estate development - Capital Immobilier
Note 13	Real estate properties
Note 14	Other assets, net

In 2023, the Haitian economy suffered the shocks of an increasingly volatile external environment affected in particular by high global inflation and the repercussions from the war in Ukraine. In Haiti, socio-economic tensions have intensified, causing obstruction to free movement, a shortage of petroleum products and the devaluation of the gourde. Consequently, there was a significant increase in the monthly inflation rate of 11% in October 2022 which brought the cumulative year end rate to 47.2% at that date. This situation resulted in the classification of Haiti, by major international audit firms, as a country with a hyperinflationary economy, since, as a trigger, the cumulative inflation rate over three years exceeded for the first time the bar of 100 % (105% as of September 30, 2023). However, this classification is not yet adopted by the monetary authorities in Haiti nor by the vast majority of local entities given that the increase in the inflation index was due to a context deemed temporary.

Indeed, an opposite trend has been observed since this ranking as a result of measures taken by the Government, in particular to increase public revenue. The monthly inflation rate increased from 11% in October 2022 to a monthly average of 1.6% for the year 2023. The exchange rate decreased from 154 gourdes per US dollar in March 2023 to 134 gourdes per US dollar in September 2023. Inflation forecasts for the year 2024, as published by the IMF, is estimated at 13%. In the event that these inflation index forecasts are not confirmed and the cumulative inflation index over three years remains above 100% in 2024, the Company will review its financial statements in the light of the requirements of IAS 29 “Financial Reporting in Hyperinflationary Economies”. This standard recommends the restatement of non-monetary assets and liabilities as well as all elements of comprehensive income using a general price index as well as the recognition in net results of the net profit or loss on the monetary position.

(Continued)

(2) BASIS FOR CONSOLIDATED FINANCIAL STATEMENTS PREPARATION (CONTINUED)

(d) Use of estimates and judgment (continued)

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

(3) SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Capital Bank have been prepared in accordance with International Financial Reporting Standards (IFRS)

(a) Principles of consolidation

The consolidated financial statements include the assets and liabilities as well as the results of operations of Capital Bank, S.A. and its subsidiaries. Subsidiaries are companies controlled by Capital Bank. The bank holds control when it is exposed or is entitled to variable returns because of its relationship with an entity and has the ability to influence those returns because of its power over that entity. The bank is presumed to have control when it holds directly or indirectly more than 50% of the voting rights of an entity. A list of the Group's subsidiaries is presented in **note 23**.

A subsidiary is consolidated from the date on which the control over its operations is effectively transferred to the Group. Intercompany balances and transactions are eliminated in the consolidation process. The net assets and net income of the minority interest in CapInvest are presented separately in the consolidated financial statements.

In the event of a change in the ownership interest of the Parent Company in the When the proportion of the equity held by the parent company changes without losing control in the subsidiary, the carrying values of the controlling and non-controlling interests are adjusted to reflect the change in their relative ownership interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity.

When the Company transfers control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary as well as the minority interest on the date of transfer of control; it recognizes the retained interest at fair value on the date of transfer of control, with a counterpart in the statement of net income. This value becomes the new cost basis for the remaining investment.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Conversion of foreign currency

In accordance with IAS 21, monetary assets and liabilities stated in foreign currencies are translated in Haitian gourdes at the exchange rate prevailing at year-end. Exchange gains and losses resulting from these translations are included in the consolidated statement of income.

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

The consolidated financial statements presented in **schedules I to V** were translated in US dollars according to the requirements of International Financial Reporting Standards. Under this standard, assets and liabilities are translated at the year-end exchange rate. Shareholders' equity is translated at the exchange rate prevailing at the balance sheet date. Income and expenses are translated at the average rate of exchange for the year. All exchange differences resulting from such translation are reflected, when applicable, as a separate component in shareholders' equity.

(c) Impairment of financial assets

In accordance with the requirements of IFRS 9, the Bank applies a three-stage impairment approach to measure the expected credit losses (ECL) on all debt instruments and off-balance sheet items measured at amortized cost, except accounts receivables from customers and accounts receivables from the Haitian government of CapInvest **(note 14)** for which the simplified method is applied.

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

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Impairment of financial assets (continued)

This provision for expected credit losses under IFRS 9 is based on changes in the credit quality of financial assets since initial recognition and takes into consideration a series of assumptions and credit methodologies specific to the Bank and the banking system in general, which includes:

- Changes in the credit risk rating of borrowers
- The expected life of financial instruments
- The integration of forecasts
- Projections on the economic environment (ie: changes in macroeconomic conditions such as inflation, interest rates, the exchange rate of the gourde to the US dollar and Gross National Product)
- Political turmoil with significant economic consequence for the country which: hindered free movement in certain areas of the country; affected the purchasing power of consumers and decapitalized several companies.
- The sanctions taken by certain countries against political and economic agents in Haiti accentuating the climate of uncertainty and crisis.

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 policies 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 between the application of IFRS 9 and the regulatory requirements are reflected in the General reserve for loan losses **(note 3 s)**.

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 for which the credit risk has not increased significantly (less than 31 days in arrears): BRH bonds **(note 6)**, local investments at amortized cost **(note 8)**, loans **(note 9)**, financial assets in other assets **(note 14)** and off-balance sheet commitments **(note 25)** are considered in this stage. Expected credit losses for this stage are recognized for the next 12 months.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Impairment of financial assets (continued)

Stage 2 Financial assets listed above for which there is a significant increase in credit risk since their initial recognition are migrated to stage 2. Financial assets (31-90 days in arrears) are included in this stage. Expected credit losses for this stage are recognized over the lifetime of the financial assets.

Stage 3 Financial assets for which significant events have a negative impact on their future cash flows are considered in default. Financial assets (more than 90 days in arrears) are considered in this stage. Expected credit losses for this stage are also recognized over the lifetime of the financial assets.

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

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. Therefore, this 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), in the event of default.
- Loss given default (LGD) represents the magnitude of the likely loss taking into account the amount at 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 expected credit losses in the consolidated statement of net income **(note 20)**.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Impairment of financial assets (continued)

For the accounts receivable from clients and the Haitian government, CapInvest applies the **simplified method**, permitted by IFRS 9, which requires the assessment of expected credit losses over the life of the financial asset from the initiation of the credit and at each valuation date. As a practical expedient, a provision matrix is used to determine the provision for expected credit losses for these receivables. This matrix takes into account the historical default rates for each segment of the portfolio, the impact of forecast and macroeconomic conditions.

(d) Fair value

IFRS 13 establishes a fair value hierarchy to enhance the consistency and comparability for fair value measurements and disclosures. It 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 and non-active markets for identical or similar assets.

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

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

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

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Cash and cash equivalents

Cash and cash equivalents are reflected at amortized cost and represent amounts held in cash, deposits with BRH and BNC as mandatory reserve requirements, short-term deposits in other banks, and items in transit.

(f) Investments

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

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

i) ***At amortized cost***. These investments include the following debt instruments: BRH bonds **(note 6)**, bonds in local institutions **(note 8)** for which the contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest. 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, after deduction of the provision for expected credit losses. Premiums and discounts and related transaction costs are amortized over the expected life of each instrument in interest income. Changes in value are not recognized but are disclosed in the notes to the consolidated financial statements.

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

ii) ***Fair value through profit and loss***. These investments consist of debt instruments: on financial and private companies **(note 7)** and equity instruments in local companies **(note 8)** which are recorded at fair value through profit and loss. These investments are generally acquired for resale or for the purpose of generating capital gain.

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investments (continued)

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

(g) Loans

Loans are recorded at amortized cost using the effective interest method, net of the provision 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.

Certain loans have received a moratorium on the principal repayments in relation to the measures taken by the Central Bank during Covid-19 and the political turmoil in the country. These loans are in compliance with interest payments. Loans which, at the end of the moratorium, are current are reclassified in their respective categories. Loans that require more significant modifications to the loan terms due to the deterioration of the borrower's situation are classified as restructured loans.

Restructured loans are loans for which the Bank has revised the terms due to the deterioration in the financial situation of the borrower. When changes in loan terms do not have a material impact on contractual cash flows, the restructured loan is not derecognized. The risk of default under the modified terms is compared to the risk of default under the original contractual terms to determine whether there has been a significant increase in credit risk since initial recognition. When the modification of the terms results in the derecognition of an existing loan and the inception of a new loan, the modification date becomes the date of initial recognition of the new loan according to the impairment model. This treatment can generate a gain or a loss on derecognition.

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. Credit card and micro-credit loans are generally written off when they have been in arrears for over 180 days, except for loans that are being negotiated with clients. Recovery of loans previously written off are recorded directly in the consolidated statement of income.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Loans (continued)

Management establishes a provision for expected credit losses on loans at year-end which represents an estimate of the expected credit losses on the loan portfolio at this date in accordance with **note 3 c**.

For the credit card and Microcredit portfolios, specific provisioning criteria, different from those of the order portfolio categories, are applied to each group in order to take into account the higher risks associated with these sectors.

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

The Bank also meets the Central Bank's requirements for provisions on loans as defined in Circular 87. When the required provision for loan losses in accordance with the Central Bank's regulations exceeds the provision for loan losses reflected in the consolidated balance sheet, the provision surplus is recorded in the general reserve for loan losses in shareholders' equity **(note 3 s)**.

(h) Fixed assets

Fixed assets are recorded at cost, except for land and buildings which have been revalued and stated at fair value in accordance with IAS 16. Except for land, leasehold improvements and investments in progress, depreciation is calculated based on the useful life using the straight-line method.

Leasehold improvements are amortized over the lesser of the expected life of the related assets or the leases terms using the straight-line method. Investments in progress are to be depreciated over their estimated useful lives from the time they are ready to be put into use.

Fair value of land and buildings was determined as of September 30, 2020 based on appraisals of independent real estate appraisers. The book values were adjusted to fair market values accordingly. The revaluation surplus was recorded, net of deferred incomes taxes, in the revaluation reserve-land and buildings, a separate account of shareholders' equity **(note 3t)**. The buildings life duration was estimated at 25 years and they will be depreciated over that period with a residual value of 10%.

(Continued)

CAPITAL BANK, S.A.
Notes to Consolidated Financial Statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Fixed assets (continued)

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

Buildings	4%
Software	33%
Computer equipment	20%
Furniture and office equipment	10% - 20%
Installations	10%
Vehicles	20%
Leasehold improvements– CapInvest	7% - 20%
Petroleum equipment	10%

Residual value, useful life and depreciation methods of the various categories of fixed assets are reviewed at each reporting period.

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

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

(i) Rights-of-use of 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 assets 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 lease liabilities, 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 expected duration of the lease.

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Rights-of-use of assets and lease liabilities (continued)

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 consolidated 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, the effect of indexation is capitalized in the right-of-use asset and amortized over the remaining term of the contract.

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

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

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Properties held for sale

In accordance with IFRS 5, properties held for sale, reflected in real estate properties, consist of land and buildings repossessed in settlement of unpaid loans plus interest receivable at the time of default, and recovery fees incurred by the Bank. They are recorded at their estimated fair value, at the date of transaction. This value is considered as the new cost basis, taking into account the terms of conditional repossession agreements as well as the terms of any agreement regarding the retrocession of capital gain in the event of resale of these assets within a set period.

The Bank has established a sales program where these properties will be actively marketed in their current state for a period not exceeding one year, unless circumstances beyond the control of the Bank arise. The properties that do not meet these criteria are reclassified in 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 estimated based on appraisals from independent real estate appraisers.

In conformity with banking regulations, a reserve on real estate properties **(note 3 u)** is recorded in the consolidated statement of changes in shareholders' equity.

(k) Investments properties

Investment properties, reflected in real estate properties, represent land and buildings held by the Bank, and land held by the subsidiary Capital Immobilier, S.A. for an unspecified period and use, with the objective that these properties will have an increase in value compared to their original book value.

These land and buildings are kept at fair value and are not depreciated, in conformity with IAS 40. The fair values were estimated based on appraisals carried out by independent real estate appraisers.

All increases or decreases in value resulting from a change in fair value of these investment properties are recorded in the consolidated statement of income.

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Investments properties (continued)

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

In conformity with banking regulations, a reserve on real estate is recorded in the consolidated statement of changes in shareholders' equity **(note 3 u)**.

(l) Real estate development

The Board of Directors of Capital Immobilier and Capital Bank decided to proceed with a real estate development on the property of Capital-Immobilier in Tabarre.

This real estate development includes the costs of land, transferred from real estate investments at fair value and infrastructure work carried out by the Company. The book value of this development is analyzed at each reporting period to determine if there is any indication of impairment. If such an indication exists, the book value is reduced to the net realizable value corresponding to the estimated selling price in the normal course of business.

(m) Acceptances

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

(n) Deposits, loans and subordinated debt

Deposits, loans and subordinated debt are financial liabilities which are initially measured at fair value and presented net of transaction costs directly attributable to the issuance of these instruments and then recorded at amortized cost using the effective interest rate method. The fair value of these financial liabilities is comparable to the book value, since interest rates are indexed to market rates. Interest expenses on these securities are recorded in the consolidated statement of income.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Paid-in capital

Paid-in capital, reflected in shareholders' equity, is comprised of common shares. Direct costs related to the issuance of new shares are recorded, net of income taxes, in retained earnings.

Dividends on ordinary shares are recorded in retained earnings when approved by the General Assembly of shareholders.

(p) Paid-in surplus

The excess over par value received by the Bank in capital stock transactions is recorded in paid-in surplus. The excess of purchase price over the par value of treasury shares is charged to paid-in surplus, then to retained earnings when the paid-in surplus is depleted.

(q) Treasury shares

Treasury shares represent shares repurchased by the Bank and are stated at par value.

(r) Legal reserve

In agreement with the Law on financial institutions, an amount of 10% of income before income taxes, reduced by prior years losses, if any, is transferred every year in a reserve account in order to constitute the legal reserve, until such reserve reaches a maximum of 50% of the paid-in capital of each subsidiary. When authorized by the Central Bank, the legal reserve can be used to the increase paid-in capital, with prior approval of the Boards of the Bank and its subsidiaries.

(s) General reserve for loan losses

The general reserve for loan losses established by Management is comprised of appropriations of retained earnings and represents the excess of the provision required by the Central Bank compared to the provisions calculated according to the International Financial Reporting Standard IFRS 9.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Revaluation reserve-land and buildings

The revaluation surplus on land and buildings is reflected, net of deferred tax, in the revaluation reserve-land and buildings, a component of shareholders' equity. On an annual basis, the difference between depreciation calculated on the revalued amount of buildings and depreciation calculated on the original cost is transferred to retained earnings.

All revaluation losses are recorded directly as expenses in the consolidated statement of income unless they relate to an existing revaluation surplus for the same property, in which case the revaluation loss will first be applied to the revaluation reserve-land and buildings in shareholders' equity.

This revaluation reserve is not subject to distribution and is excluded from the calculation of regulatory capital.

(u) Reserve on real estate properties

The reserve on real estate properties, required by banking regulations, is comprised of appropriations of retained earnings and represents the reserves required by BRH on real estate properties according to the Banking Law of July 20, 2012. They consist of the following:

- At the time of recording, 30% of the estimated fair value of real estate properties received as collateral payment of loans starting at the effective date of the law.

- An annual provision of 20% of the book value of the real estate properties not sold after two years, up to 100%. This addition to the reserve has been considered only after December 3, 2015 according to BRH interpretation Note no. 1 dated December 3, 2015 on the application of Article 189 of the Banking Law.

This reserve is not subject to distribution and is not considered in the calculation of regulatory capital. When the Bank disposes of these properties, the reserves already recorded on these assets are reclassified to retained earnings.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Interest

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

(w) Commissions

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

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

(x) Income taxes

As per IAS 12, income taxes are recognized in the consolidated statement of income except for income taxes generated by items recognized in other comprehensive income or directly in equity. In those circumstances, the related income tax impact is also recorded in shareholders' equity and in the consolidated statement of comprehensive income.

Income taxes include current and deferred income taxes, when applicable. Current tax is payable on the taxable income for the year using statutory tax rates, including any other adjustments that may affect income taxes payable.

Deferred income taxes resulting from timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes are reflected in other assets and/or liabilities.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Income taxes (continued)

The Bank has recorded, in other liabilities:

- The deferred tax resulting from the revaluation of land and buildings which will be reversed for the land at their disposal and is annually amortized over the useful lives of the revalued buildings.

- The deferred tax on change of fair value on real estate purchased by the bank or held by Capital Immobilier that will be reversed upon the sale of these investments.

- The deferred tax on user-right-assets and lease liabilities which is depreciated annually over the life of the lease contracts.

- The deferred tax for the temporary differences between the present value of the advances to CapInvest service stations and their nominal value. The deferred taxes will be reversed with the passage of time through the recording of the increase in value of these advances until maturity.

(y) Regulatory reserve

According to the reserve requirements of the Central Bank, as of September 30, 2022 and 2021, 40% of liabilities in local currency and 53% of liabilities in foreign currencies, must be held in deposits at the Central Bank. Reserves on liabilities denominated in foreign currencies must be maintained in gourdes at the rate of 12.5%.

Starting June 2015, the reserve requirement rate for deposits of nonfinancial public entities is 100%.

(z) Net income per equivalent share of paid-in capital for shareholders of Capital Bank S.A.

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

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Standards, amendments and interpretations not yet adopted

As of the date of these financial statements, certain standards, modifications and interpretations have been issued but have not yet come in effect as of September 30, 2023. These standards have not been taken into account in the preparation of the consolidated financial statements of the Group. These are:

IFRS 17 – Insurance contract	Effective for years beginning on or after January 1st, 2023. IFRS 17 replaces IFRS 4.
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 this change that pertains to the sale or contribution of assets between an investor and its associate or joint ventures.
Amendment to IAS 1 *Presentation of financial statements*	Effective for years beginning on or after January 1st, 2023 narrow scope amendments to improve accounting disclosures and also concerns the classification of liabilities as current and non -current
Amendment to IAS 8 *Accounting policies, change in accounting estimates and errors*	Effective for years beginning on or after January 1st, 2023 with early adoption permitted. It introduces a new definition for accounting estimates and clarifies the relationship between accounting policies and accounting estimates.
Amendment to IAS 12 *Income taxes*	Effective for years beginning on or after January 1st 2023. It clarifies how companies should account for deferred tax on certain transactions i.e. – leases and decommissioning provisions.

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

(Continued)

(4) RISK MANAGEMENT

Risk management is of crucial importance in the operations of the Bank.

Among the financial risks that the Bank must manage are included the risks of liquidity, credit and market risks that include foreign exchange and interest rate risks, as well as operational risks.

Money laundering risk remains crucial to the operations of the Bank. To this end, the Anti-Money Laundering Committee covers all issues related to money laundering (AML) and terrorism financing. Thus, it ensures that the operations of CAPITAL BANK S.A. are conducted in a manner consistent with the laws, rules, regulations and treaties established both nationally and internationally so that its facilities and its network are not used for criminal purposes. This committee is managed by the AML Director who answers to the Board of Directors that is kept informed, on a regular basis, of the work performed by this committee and the related department.

Reports generated from the existing software and the AML Department enable the various departments of the Bank to daily manage the risk of money laundering and thus ensure Bank's management that the anti-money laundering operational procedures are performant.

The assessment by Management of the main risks of CAPITAL BANK, S.A. is as follows:

A) LIQUIDITY RISK

The Bank is exposed to liquidity risk when it does not have, on a timely basis, the liquidity to meet all its cash commitments. Effective management of liquidity is essential to maintain the confidence of the market and protect the Bank's capital.

To manage this risk, the Bank performs daily cash surveillance through the Treasury Committee that monitors the maturities of deposits, loans, investments and subordinated debt as well as the resources and commitments to ensure proper matching between resources and commitments, while complying with the statutory requirements applicable to the Bank.

At September 30, 2023 and 2022, the Bank complies with the prudential norms of the Central Bank with regards to regulatory reserves required by Circular 111.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

A) LIQUIDITY RISK (CONTINUED)

The maturity profile of the Bank's financial liabilities is as follows as of September 30:

September 30, 2023

(In thousands of gourdes)		Current	1-3 months	4-6 months	7 months -1 year	More than a year	Total
Deposits: **(note 15)**							
Demand deposits	G	9,635,200	-	-	-	-	**9,635,200**
Saving deposits – checking		6,894,301	-	-	-	-	**6,894,301**
Saving deposits		10,655,271	-	-	-	-	**10,655,271**
Term deposits		-	6,518,383	179,880	1,499,285	-	**8,197,548**
		27,184,772	**6,518,383**	**179,880**	**1,449,285**	**-**	**35,382,320**
Lease liabilities **(note 11)**		-	45,248	45,248	90,496	511,930	**692,922**
Loans **(note 16)**		-	666,768	16,768	50,304	351,218	**1,085,058**
Other liabilities, net of taxes payable and deferred taxes **(note 17)**		4,180,633	228,394	-	-	2,059	**4,411,086**
Subordinated debt **(note 18)**		-	-	-	-	1,388,066	**1,388,066**
Commitments – acceptances		-	27,358	20,139	-	-	**47,497**
Total	**G**	**31,365,405**	**7,486,151**	**262,035**	**1,640,085**	**2,253,273**	**43,006,949**

September 30, 2022

(In thousands of gourdes)		Current	1-3 months	4-6 months	7 months -1 year	More than year	Total
Deposits: **(note 15)**							
Demand deposits	G	10,480,063	-	-	-	-	**10,480,063**
Saving deposits – checking		6,843,288	-	-	-	-	**6,843,288**
Saving deposits		9,364,539	-	-	-	-	**9,364,539**
Term deposits		-	5,434,967	2,098,917	1,538,875	-	**9,072,759**
		26,687,890	**5,434,967**	**2,098,917**	**1,538,875**	**-**	**35,760,649**
Lease liabilities **(note 11)**		-	39,570	39,570	79,138	481,980	**640,258**
Loans **(note 16)**		300,000	16,875	16,768	33,536	435,059	**802,238**
Other liabilities, net of taxes payable and deferred taxes **(note 17)**		2,055,369	178,029	-	-	2,726	**2,236,124**
Subordinated debt **(note 18)**		-	-	-	-	1,216,924	**1,216,924**
Commitments – acceptances		-	17,656	38,488	-	-	**56,144**
Total	**G**	**29,043,259**	**5,687,097**	**2,193,743**	**1,651,549**	**2,136,689**	**40,712,337**

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(4) RISK MANAGEMENT (CONTINUED)

B) CREDIT RISK

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 as well as the Federal Reserve of the United States and other international organizations in the territories where the Bank holds assets have an impact on the Bank's activities, its results and financial position.

This risk includes the following key financial assets:

(In thousands of gourdes)		**2023**	**2022**
Cash and cash equivalents: (note 5)			
Deposits with BRH and BNC	G	**17,960,444**	17,708,076
Deposits in foreign banks		**6,896,424**	5,012,192
Deposits in local banks		**16,036**	-
Items in transit		**449,999**	220,158
		25,322,903	22,940,426
Investments:			
BRH bonds **(note 6)**		**549,724**	-
Foreign investments **(note 7)**		**2,614,140**	2,138,720
Local investments **(note 8)**		**372,216**	330,689
		3,536,080	2,469,409
Credit:			
Loans, net **(note 9)** :		**12,834,714**	14,034,012
Acceptances		**47,497**	56,144
		12,882,211	14,090,156
Other assets (note 14):			
Duties and taxes receivable		**-**	1,109,038
Receivables – CapInvest customers		**190,184**	114,703
Advance to petroleum distributors		**77,148**	110,698
Receivable from customers and other		**216,286**	166,468
Receivable from Western Union		**369,507**	109,851
Security deposits		**22,042**	19,575
		875,167	1,630,333
Allowance for expected credit losses		**(27,998)**	(16,182)
Other assets, net		**847,169**	1,614,151
Total	G	**42,588,363**	41,114,142

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

B) CREDIT RISK (CONTINUED)

i) Cash and cash equivalents

Cash and cash equivalents are held at important financial institutions that the Bank considers as being solid. The financial health of these institutions is reviewed periodically by Management. As of September 30, 2023, and 2022, 74% and 77% of these cash and cash equivalents are kept at the Central Bank and BNC, as reserve coverage.

ii) Investments

This risk arises when investment securities lose value due to poor financial performance, real or expected, of the issuer.

The Bank considers BRH bonds, representing 16% of investments at September 30, 2023, as non-risk financial instruments. Maturity of these financial instruments is short-term and the Bank is confident that BRH will honor its commitments in due course.

The Bank considers as moderate the risk of foreign investments, which represent respectively 74% and 87% of investments at September 30, 2023 and 2022. In 2022, economic conditions in the United States deteriorated, resulting in a significant drop in the stock market. Consequently, foreign investments experienced an unrealized loss of G 316 million recorded in the consolidated statement of net income for the year then ended. During the 2023 financial year the stock market recovered, hence the capital gain of G 15.9 million recorded for the 2023 financial year. To manage this risk, CAPITAL BANK, S.A., and its subsidiaries invest in instruments where the Bank monitors the operational and financial aspects, with a return proportional to the risks.

The Bank considers as moderate the risk on local investments which represent 10% and 13% of investments as of September 30, 2023 and 2022. The financial information on these institutions are periodically reviewed by Management to determine their viability.

iii) Credit

The political and economic situation has had a negative impact on the credit portfolio of the banking sector.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

B) CREDIT RISK (CONTINUED)

iii) Credit (continued)

As mentioned in **note 3b**, the sanctions taken against certain political and economic agents in Haiti also led the Bank to take precautionary measures concerning banking transactions with these parties.

To manage this risk, the Bank has set up a Credit Committee which is mandated to supervise, on an operational basis, the overall credit risk management. The Bank performs a rigorous and systematic monitoring of its loan portfolio by different mechanisms and policies. Policies that have been adopted by the Bank's credit risk management ensure a proper risk assessment and weighting of the Bank rates accordingly.

Within its policies, the Bank is in compliance as of September 30, 2023 and 2022 with the requirements and prudential norms of Central Bank Circular no. 87 on loans classification and calculation of provisions for loan losses, and Circular no. 83-4 on credit concentration, which limits the credit, by borrower and by economic sector, to a percentage of the Bank's statutory capital.

iv) Other assets

The Bank considers the risk of non-payment on other financial assets as follows:

- For CapInvest, a low risk on duties and taxes to be recovered from the State that are continuously monitored with the Government.
- A low risk on accounts receivable from customers that mainly represent insurance costs and notary fees paid on behalf of credit customers.
- A moderate risk on CapInvest's clients accounts which are regularly analyzed by management to assess the expected credit losses based on to a provision matrix taking into account the repayment history and the potential risks.
- A low risk on accounts receivable from Western Union representing transfer operations that are settled on short notice.
- A moderate risk on receivables and advances made to petroleum distributors.
- A low risk on security deposits, that will be reimbursed at the end of the related contracts.

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(4) RISK MANAGEMENT (CONTINUED)

B) CREDIT RISK (CONTINUED)

iv) Other assets (continued)

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

(In thousands of gourdes)		2023	2022
Cash and cash equivalents			
Haïti	G	**18,426,479**	17,928,234
United States		**6,632,440**	4,051,071
Canada		**262,955**	960,302
Europe		**1,029**	819
		25,322,903	22,940,426
Investments			
United States		**2,614,140**	2,138,720
Haïti		**921,940**	330,689
		3,536,080	2,469,409
Credit			
Haïti		**12,882,211**	14,090,156
Other assets			
Haïti		**453,906**	1,438,046
United States		**393,263**	176,105
		847,169	1,614,151
Total financial assets	G	**42,588,363**	41,114,142

C) MARKET RISK

Market risk arises from changes in market conditions affecting prices and mainly includes foreign currency risk and 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 depositors' assets.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

C) MARKET RISK (CONTINUED)

i) Foreign exchange risk

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

Circular no. 81-6 of the Central Bank on the foreign exchange risk, which stipulates that the unconsolidated foreign exchange position at September 30, 2023 and 2022, in absolute value, must not exceed, 0.5% of net assets on a daily basis, limits the gain or loss the Bank could incur on its foreign currency position. As of September 30, the Bank is in compliance with these requirements.

As of September 30, the net positions of the Group by currency were as follows:

September 30, 2023

(In thousands of gourdes)		**Gourdes**	**Other currencies**	**Total**
Cash and cash equivalents	**G**	5,929,368	21,400,489	**27,329,857**
Investments		585,129	2,950,951	**3,536,080**
Loans, net		5,451,754	7,382,960	**12,834,714**
Acceptances		-	47,497	**47,497**
Other assets, net		324,102	523,067	**847,169**
Total financial assets	**G**	**12,290,353**	**32,304,964**	**44,595,317**
Deposits		8,866,327	26,515,993	**35,382,320**
Leases liabilities		573,492	119,430	**692,922**
Loans		1,085,058	-	**1,085,058**
Subordinated debt		-	1,388,066	**1,388,066**
Commitments - acceptances		-	47,497	**47,497**
Other liabilities		1,469,105	2,941,981	**4,411,086**
Total financial liabilities	**G**	**11,993,982**	**31,012,967**	**43,006,949**
Net assets	**G**	**296,371**	**1,291,997**	**1,588,368**

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(4) MARKET RISK (CONTINUED)

C) CREDIT RISK (CONTINUED)

i) Foreign exchange risk (continued)

September 30, 2022

(In thousands of gourdes)		Gourdes	Other currencies	Total
Cash and cash equivalents	G	6,458,136	17,733,754	**24,191,890**
Investments		35,405	2,434,004	**2,469,409**
Loans, net		5,616,132	8,417,880	**14,034,012**
Acceptances		-	56,144	**56,144**
Other assets, net		1,208,167	405,984	**1,614,151**
Total financial assets	**G**	**13,317,840**	**29,047,766**	**42,365,606**
Deposits		9,892,960	25,867,689	**35,760,649**
Leases liabilities		525,720	114,538	**640,258**
Loans		802,238	-	**802,238**
Subordinated debt		-	1,216,924	**1,216,924**
Commitments - acceptances		-	56,144	**56,144**
Other liabilities		1,075,674	1,160,450	**2,236,124**
Total financial liabilities	**G**	**12,296,592**	**28,415,745**	**40,712,337**
Net assets	**G**	**1,021,248**	**632,021**	**1,653,269**

Net positions in foreign currencies as of September 30, 2023 and 2022 amount to US$ 9,623M and US$ 5,370M respectively. As of September 30, 2023 and 2022, for every fluctuation of a gourde versus the US dollar, the currency position in US dollars would result in an exchange gain or loss of 9.6 million and 5.4 million, as applicable.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

C) MARKET RISK (CONTINUED)

i) Foreign exchange risk (continued)

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

	2023	2022
As of September 30		
US dollar	**134.2581**	117.7047
Euro	**141.9376**	115.3506
CAD dollar	**98.8811**	87.7474
Averate rate of year		
US dollar	**140.9694**	107.1990

ii) Interest rate risk

This risk is related to the potential impact of interest rates fluctuations on net income and consequently, on net assets. It results from the inability to adjust interest rates as the market evolves, to the extent that net interest margin decreases significantly or becomes negative. The risk depends on the magnitude and the evolution of interest rate changes, and on the importance and the maturities of the related financial instruments.

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

- Loans and deposits from the Bank's customers
- Local investments and BRH bonds
- Foreign investments
- Loans and subordinated debt.

The positions on these portfolios are continuously reviewed by the Treasury Committee that establishes the positioning of the Bank in light of anticipated movements in interest rates and recommends hedging the risk of unwanted or unexpected rates.

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(4) RISK MANAGEMENT (CONTINUED)

C) MARKET RISK (CONTINUED)

ii) Interest rate risk (continued)

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

(In thousands of gourdes)	%		2023	%	2022
Fixed interest rates:					
Financial assets	**23%**	G	**5,157,446**	20%	4,002,684
Financial liabilities	**52%**		**(11,363,594)**	56%	(11,732,179)
Net		G	**(6,206,148)**		(7,729,495)
Variable interest rates:					
Financial assets	**77%**	G	**17,543,055**	80%	16,380,297
Financial liabilities	**48%**		**(10,655,271)**	44%	(9,364,539)
Net		G	**6,887,784**		7,015,758
Total Total interest-bearing financial assets	**100%**	G	**22,700,501**	100%	20,382,981
Total Total interest-bearing financial liabilities	**100%**	G	**(22,018,865)**	100%	(21,096,718)
NET		G	**681,636**		(713,737)

Based on the following observations, the Bank estimates that a fluctuation of interest rate would not have a significant impact on the future results:

- The majority of financial assets of the Bank at fixed interest rates are short-term and fixed-rate liabilities, the largest being term deposits, are amply covered by floating-rate assets. The Bank is also able to adjust its risk given the composition of assets and liabilities at variable rates.

- 77% of financial assets are at variable interest rates.

D) CAPITAL MANAGEMENT

Capital is defined as paid-in-capital, paid-in surplus, certain reserves and retained earnings. The Bank periodically evaluates its return on capital and aims at paying a reasonable level of dividends to its shareholders, while maintaining a stable capital position to sustain its future development.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

D) CAPITAL MANAGEMENT (CONTINUED)

Regulatory capital essentially consists of:

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

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

The Central Bank in its capacity as regulator of all banks operating in Haïti sets and monitors capital requirements. Banks must adhere to the following capital ratios under Central Bank Circular no. 88-1:

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

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

In addition to the minimum requirement of 12% set above, financial institutions must constitute permanently, on an individual basis and on a consolidated basis, an additional capital buffer set at 2.5% of the weighted risks which must be composed entirely of (Tier 1A capital).

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

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

D) CAPITAL MANAGEMENT (CONTINUED)

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

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

As of September 30, the capital ratios were as follows:

Ratios required	**2023**	**2022**
Asset/equity ratios **(maximum 20 times)**	**6.91**	7.43
Minimum tier 1 capital ratio of category 1 A **(9.25%)**	**21.02%**	18.98%
Minimum tier 1 capital ratio 1 **(11.5%)**	**26.19%**	23.70%
Minimum total capital ratio **(14.5%)**	**27.28%**	24.69%

(5) CASH AND CASH EQUIVALENTS

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

(In thousands of gourdes)		**2023**	**2022**
Cash	**G**	**2,006,954**	1,251,464
Deposits in BRH and BNC		**17,960,444**	17,708,076
Deposits in foreign banks		**6,896,424**	5,012,192
Deposits in local banks		**16,036**	-
Items in transit		**449,999**	220,158
TOTAL CASH AND CASH EQUIVALENTS	**G**	**27,329,857**	24,191,890

Cash and deposits with BRH (Bank of the Republic of Haiti) and BNC (Banque Nationale de Crédit) are part of the cash reserve requirements on total liabilities that must be maintained in accordance with the related provisions of BRH (Central Bank) circulars. These deposits do not bear interest.

(Continued)

(5) CASH AND CASH EQUIVALENTS (CONTIUED)

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

(In thousands of gourdes)		2023	2022
Non-interest-bearing deposits	G	**432,809**	1,097,227
Interest-bearing deposits		**6,463,615**	3,914,965
	G	**6,896,424**	5,012,192

The interest-bearing accounts are overnight deposits bearing interest of 3.00% and 2.00% on average at September 30, 2023 and 2022, respectively.

At September 30, 2023 and 2022, deposits with foreign banks include amounts pledged as guarantees on letters of credit totaling G 47.5 million (US$ 354 thousand) and G 56.1 million (US$ 477 thousand), respectively.

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

(In thousands of gourdes)		2023	2022
In gourdes	G	**5,929,367**	6,458,136
US dollars		**21,400,490**	17,733,754
TOTAL CASH AND CASH EQUIVALENTS	G	**27,329,857**	24,191,890

(6) BRH BONDS, NET

As of September 30, BRH bonds are debt instruments recorded at amortized cost and are as follows:

(In thousands of gourdes)		2023	2022
BRH bonds	G	**550,000**	-
Unearned interest		**(276)**	-
BRH bonds, net		**549,724**	-
Maturity		***7 jours***	-
Interest rate		***6.1%***	-
TOTAL TREASURY BONDS, NET	*G*	**549,724**	-

Management did not consider it necessary to establish a provision for expected credit losses on BRH bonds, which are very short-term treasury instruments.

(Continued)

(7) FOREIGN INVESTMENTS

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

(In thousands of gourdes)		2023	2022
Fixed maturity investments at fair value through profit or loss	G	**2,576,784**	2,122,472
Interest receivable		**37,356**	16,248
TOTAL FOREIGN INVESTMENTS	G	**2,614,140**	2,138,720

These investments include the following debt instruments:

(In thousands of gourdes)		2023	2022
Bonds in financial and private companies in the United States:			
Fair value	G	**2,576,784**	2,122,472
Maturity		***5 month to 8 years***	*1 to 9 years*
Interest rates		***1.35% to 6.80%***	*0.99% to 3.88%*

(8) LOCAL INVESTMENTS, NET

As of September 30, local investments, net are as follows:

(In thousands of gourdes)		2023	2022
Local investment at amortized cost:			
Bonds held in private companies	G	**335,645**	294,262
Interest receivable		**4,568**	4,005
		340,213	298,267
Provision for expected credit losses		**(3,402)**	(2,983)
TOTAL INVESTMENTS AT AMORTIZED COST, NET		**336,811**	295,284
Equity instruments		**35,405**	35,405
TOTAL LOCAL INVESTMENTS, NET	G	**372,216**	330,689

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(8) LOCAL INVESTMENTS, NET (CONTINUED)

Bonds held in private companies include the following instruments:

(In thousands of gourdes)		2023	2022
US dollar bonds held in a Financial institution for development **(a)**	G	**67,129**	58,852
Interest rate		***3.00%***	*3.00%*
Maturity		***October 23, 2025***	*October 23, 2022*
US dollar bonds held in a commercial enterprise **(b)**	G	**268,516**	235,410
Interest rate		***6.00%***	*6.00%*
Maturity		***March 31, 2026***	*March 31, 2026*
	G	**335,645**	294,262

The provision for expected credit losses on local investments has evolved as follows:

		Stage 1 Non impaired assets	
(In thousands of gourdes)		**2023**	**2022**
Balance at beginning of year	G	**(2,983)**	(2,526)
Reversals credit losses for the year **(note 20)**		**-**	70
Foreign exchange effect		**(419)**	(527)
Balance at end of year	G	**(3,402)**	(2,983)

(a) According to the Law of August 30, 1982 on financial institution for development, investments in these institutions are deductible from taxable income. For the year ended September 30, 2023, the deduction relating to this investment totaled G 20,139 **(note 22)**.

(Continued)

(8) LOCAL INVESTMENTS, NET (CONTINUED)

(b) This amount represents a bond issued by in E-Power S.A. According to article 34-1 of the contract between the Haitian Government and E-Power S.A., this investment is deductible from taxable income, and related interest revenue is exonerated from income tax **(note 22).** This investment is subordinated to the rights of privileged debtors concerning the reimbursement of capital and interest as provided for in the various financial agreements. For 2023 and 2022, the effect of tax on exempt interest income amounted to G 5,086 and G 3,866, respectively **(note 22)**.

The fair value of these investments is practically equivalent to the cost since the contractual interest rate is similar to the market rate.

Equity instruments are as follows:

(In thousands of gourdes)		2023	2022
PORT LAFITO S.A.			
66,500 class A common voting shares	G	**34,455**	34,455
HÔPITAL DU CANAPÉ VERT			
75 common shares		**750**	750
BANQUE DE L'UNION HAÏTIENNE		**200**	200
80 common shares			
	G	**35,405**	35,405

Management believes that there is no significant change in value of these equity instruments.

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(9) LOANS

As of September 30, loans are categorized as follows:

(In thousands of gourdes)		2023	2022
Commercial loans	G	**5,310,210**	7,069,082
Overdrafts		**3,226,121**	2,729,237
Credit card loans		**1,084,401**	1,112,734
Micro-credit loans		**1,143,959**	1,228,483
Mortgage loans		**1,023,099**	1,053,775
Consumer loans		**174,836**	183,273
Unsecured loans to employees		**307,196**	235,212
Mortgage loans to employees		**80,460**	103,004
Restructured loans **(a)**		**389,843**	80,133
		12,740,125	13,794,933
Loans financed by BRH:			
Residential real estate projects		**251,108**	258,862
Capital Housing loans **(b)**		**114,938**	133,621
		366,046	392,483
Current loans		**13,106,171**	14,187,416
Non-performing loans		**99,035**	105,024
TOTAL LOANS	G	**13,205,206**	14,292,440
Interest receivable		**56,579**	90,542
TOTAL LOANS AND INTEREST RECEIVABLE		**13,261,785**	14,382,982
Provision for expected credit losses		**(427,071)**	(348,970)
TOTAL LOANS, NET	G	**12,834,714**	14,034,012

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

(In thousands of gourdes)		2023	2022
Loan in gourdes	G	**5,451,754**	5,616,132
Loan in US dollars		**7,382,960**	8,417,880
TOTAL LOANS, NET	G	**12,834,714**	14,034,012

(a) As of September 30, 2023, and 2022, restructured loans include G 110,641 and G 46,796 of micro-credit loans.

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(9) LOANS (CONTINUED)

(b) Capital Housing loan is a product related to the financing of middle-class mortgage loans for the construction or rehabilitation of residential buildings. In an agreement signed on December 11, 2014, the Bank of the Republic of Haiti (BRH) has pledged to support the financing of Capital Bank through this program aimed at granting housing loans in gourdes to individuals for a period not exceeding 30 years. The interest rate on these loans may not exceed 10% during the first ten years. After this period, the interest rate will be variable and revisable by Capital Bank, by mutual agreement with BRH, taking into account the prevailing interest rate on the market. Borrowings relating to these projects and the related terms and conditions are described in **note 16**.

As of September 30, 2023, and 2022, housing loans for the construction or rehabilitation of residential buildings included a loan to a related party for G 64,693M and G 79,478M, respectively.

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

September 30, 2023

(In thousands of gourdes)		Current	1-30 days	31-60 days	61-90 days	Total
Current loans						
Overdrafts	G	3,212,373	-	11,397	2,351	**3,226,121**
Micro-credit (including restructured loans)		1,139,026	60,089	21,770	33,715	**1,254,600**
Credit card loans		810,688	151,674	61,895	60,144	**1,084,401**
Other loans		6,535,924	297,169	596,214	111,742	**7,541,049**
	G	**11,698,011**	**508,932**	**691,276**	**207,952**	**13,106,171**
%		**89%**	**4%**	**5%**	**2%**	**100%**

(In thousands of gourdes)		91-180 days	181-360 days	More than 360 days	Total
Non-performing loans					
Overdrafts	G	470	1,615	1,591	**3,676**
Micro-credit loans		54,042	2,396	-	**56,438**
Credit card loans		21,273	17,648	-	**38,921**
	G	**75,785**	**21,659**	**1,591**	**99,035**
%		**76%**	**22%**	**2%**	**100%**

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(9) LOANS (CONTINUED)

September 30, 2022

(In thousands of gourdes)		Current	1-30 days	31-60 days	61-90 days	Total
Current loans						
Overdrafts	G	2,549,234	-	179,763	240	2,729,237
Micro-credit (including restructured loans)		820,766	407,277	31,716	15,520	1,275,279
Credit card loans		728,026	266,018	86,562	32,127	1,112,733
Other loans		5,705,690	2,166,143	508,968	689,366	9,070,167
	G	**9,803,716**	**2,839,438**	**807,009**	**737,253**	**14,187,416**
%		**69%**	**20%**	**6%**	**5%**	**100%**

(In thousands of gourdes)		90-180 days	181-360 days	More than 360 days	Total
Performing loans					
Overdrafts	G	1,722	1,177	1,777	4,676
Micro-credit loans		37,372	6,181	-	43,553
Credit card loans		25,640	10,208	-	35,848
Other loans		14,717	3,523	2,707	20,947
	G	**79,451**	**21,089**	**4,484**	**105,024**
%		**76%**	**20%**	**4%**	**100%**

(Continued)

(9) LOANS (CONTINUED)

September 30, 2023

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

(In thousands of gourdes		Mortgages	Cash collateral (note 15)	Vehicles	Other	Total
Current loans	G	6,459,660	738,495	290,543	40,277	**7,528,975**
Non-performing loans		-	-	-	-	**-**
	G	**6,459,660**	**738,495**	**290,543**	**40,277**	**7,528,975**

September 30, 2022

(In thousands of gourdes)		Mortgages	Cash collateral (note 15)	Vehicles	Other	Total
Current loans	G	6,748,651	1,726,494	247,121	35,311	**8,757,577**
Non-performing loans		6,035	-	-	-	**6,035**
	G	**6,754,686**	**1,726,494**	**247,121**	**35,311**	**8,763,612**

Loans to Board Members and their related companies amount to G 1.9 billion and G 1.6 billion respectively as of September 30, 2023 and 2022. Interest rates on these loans average 8% to 22% in 2023 and 8% to 16% in 2022, for loans in gourdes, and interest of 8% to 16% in 2023 and 5% to 16% in 2022 for loans in dollars. The majority of these loans are secured by mortgages or pledged funds.

(Continued)

(9) LOANS (CONTINUED)

The average yield of the loan portfolio was as follows:

	2023	2022
Commercial loans		
Gourdes	15%	14%
US dollars	9%	8%
Overdrafts		
Gourdes	18%	13%
US dollars	13%	12%
Mortgage loans		
Gourdes	14%	13%
Dollars US	11%	10%
Capital housing in gourdes	10%	9%
Credit card loans in gourdes and US dollars	36%	30%
Micro-credit loans in gourdes	39%	41%
Consumer loans		
Gourdes	18%	17%
US dollars	18%	12%
Loans to employees	8%	8%

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(9) LOANS (CONTINUED)

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

(In thousands of gourdes)		Total 2023	Total 2022
Balance at beginning of year	G	**(348,970)**	(227,366)
Credit losses for the year **(note 20)**		**(236,309)**	(208,550)
Write-offs		**176,518**	108,114
Foreign exchange effect		**(18,310)**	(21,168)
Balance at end of year	G	**(427,071)**	(348,970)

The fluctuations are as follows:

(In thousands of gourdes)		Not impaired Loans Stage 1	Impaired loans Stage 2	Default loans Stage 3	Total
Balance as of September 30, 2021					
Loans and interest receivable	G	10,030,464	1,216,956	89,005	**11,336,425**
Provision		(145,269)	(37,486)	(44,611)	**(227,366)**
Total net	G	**9,885,195**	**1,179,470**	**44,394**	**11,109,059**
Variations of the years 2021-2022					
Loans and interest receivable	G	1,266,327	1,681,484	98,746	3,046,557
Provision		(41,578)	(32,430)	(47,596)	(121,604)
Total net	G	**1,224,749**	**1,649,054**	**51,150**	**2,924,953**
Balance as of September 30, 2022					
Loans and interest receivable	G	11,296,791	2,898,440	187,751	14,382,982
Provision		(186,847)	(69,916)	(92,207)	(348,970)
Total net	G	**11,109,944**	**2,828,524**	**95,544**	**14,034,012**

(Continued)

(9) LOANS (CONTINUED)

		Not impaired loans	Impaired loans	Default loans	Total
(In thousands of gourdes)		**Stage 1**	**Stage 2**	**Stage 3**	
Variations of the years 2022-2023					
Loans and interest receivable	**G**	225,066	(1,512,118)	165,855	**(1,121,197)**
Provision		3,210	(39,434)	(41,877)	**(78,101)**
Total net	**G**	**228,276**	**(1,551,552)**	**123,978**	**(1,199,298)**
Balance as of September 2023					
Loans and interest receivable	**G**	11,521,857	1,386,322	353,606	**13,261,785**
Provision		(183,637)	(109,350)	(134,084)	**(427,071)**
Total net	**G**	**11,338,220**	**1,276,972**	**219,522**	**12,834,714**

The provision for loan losses required under Circular 87 of the Central Bank amounts to G 414.0 million and G 322.2 million respectively as of September 30, 2023 and 2022. This provision is covered by the following financial statement captions:

(In thousands of gourdes)		**2023**	**2022**
Balance sheet amount **(above)**	**G**	**427,071**	348,970
Off-balance sheet amounts **(note 25)**		**112,020**	52,700
Total provision	**G**	**539,091**	401,670

As of September 30, 2023 and 2022, default loans include:

		2023	**2022**
Non-performing loans	**G**	**99,035**	105,024
Other loans		**254,571**	82,727
	G	**353,606**	187,751

The other loans are classified in stage 3 although they are current because in management's judgment, based on the criteria described in **note 3c,** they require larger provisions.

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(9) LOANS (CONTINUED)

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

(In thousands of gourdes)		Total 2023	Total 2022
Balance at beginning of the year	**G**	**(178,841)**	(135,640)
Credit losses for the year		**(67,863)**	(25,973)
Write-offs		**12,184**	3,940
Foreign exchange effect		**(18,310)**	(21,168)
Balance at end of year	**G**	**(252,830)**	(178,841)

The fluctuations are as follows:

		Not impaired Loans	Impaired loans	Default loans	TOTAL
(In thousands of gourdes)		**Phase 1**	**Phase 2**	**Phase 3**	
Balance as of September 30, 2021					
Loans and interest receivable	**G**	8,230,473	963,395	36,858	**9,230,726**
Provision		(107,098)	(21,849)	(6,693)	**(135,640)**
Total net	**G**	**8,123,375**	**941,546**	**30,165**	**9,095,086**
Variations for the years 2021-2022					
Loans and interest receivable	**G**	1,092,069	1,499,202	71,492	**2,662,763**
Provision		(2,029)	(18,331)	(22,841)	**(43,201)**
Total net	**G**	**1,090,040**	**1,480,871**	**48,651**	**2,619,562**
Solde au 30 septembre 2022					
Loans and interest receivable	**G**	9,322,542	2,462,597	108,350	**11,893,489**
Provision		(109,127)	(40,180)	(29,534)	**(178,841)**
Total net	**G**	**9,213,415**	**2,422,417**	**78,816**	**11,714,648**

(Continued)

(9) LOANS (CONTINUED)

(In thousands of gourdes)		Not impaired loans	Impaired loans	Default loans	TOTAL
Variations of the years 2022-2023					
Loans and interest receivable	G	188,216	(1,409,496)	141,750	**(1,079,530)**
Provision		(24,763)	(28,072)	(21,154)	**(73,989)**
Total net	G	**163,453**	**(1,437,568)**	**120,596**	**(1,153,519)**
Balance as of September 30, 2023					
Loans and interest receivable	G	9,510,758	1,053,101	250,100	**10,813,959**
Provision		(133,890)	(68,252)	(50,688)	**(252,830)**
Total net	G	**9,376,868**	**984,849**	**199,412**	**10,561,129**

As of September 2023 and 2022, loans in default include:

		2023	2022
Non-performing loans	G	**3,676**	25,623
Other loans		**246,424**	82,727
	G	**250,100**	108,350

The other loans are classified in phase 3 although they are current because in management's judgment, based on the criteria described in note 3c, they require larger provisions. During the year ended September 30, 2023, the Bank granted significant moratoria of G 390 million on the loan portfolio because of the economic situation related to political unrest. Additional provisions for credit losses have been recorded on this portfolio.

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(9) LOANS (CONTINUED)

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

In thousands of gourdes)		Total 2023	Total 2022
Balance at beginning of the year	**G**	**(123,820)**	(49,906)
Credit losses for the year		**(123,792)**	(139,275)
Write-offs		**124,653**	65,361
Balance at end of year	**G**	**(122,959)**	(123,820)

The fluctuations are as follows:

(In thousands of gourdes)		Not impaired loans Stage 1	Impaired loans Stage 2	Default loans Stage 3	TOTAL
Balance as of September 30, 2021					
Loans and interest receivable	**G**	1,060,020	30,820	24,097	**1,114,937**
Provision		(22,753)	(10,998)	(16,155)	**(49,906)**
Total net	**G**	**1,037,267**	**19,822**	**7,942**	**1,065,031**
Variations of the years 2021-2022					
Loans and interest receivable	**G**	186,203	20,316	19,456	**225,975**
Provision		(39,711)	(10,712)	(23,491)	**(73,914)**
Total net	**G**	**146,492**	**9,604**	**(4,035)**	**152,061**
Balance as of September 30, 2022					
Loans and interest receivable	**G**	1,246,223	51,136	43,553	**1,340,912**
Provision		(62,464)	(21,710)	(39,646)	**(123,820)**
Total net	**G**	**1,183,759**	**29,426**	**3,907**	**1,217,092**

(Continued)

(9) LOANS (CONTINUED)

(In thousands of gourdes)		Not impaired loans Stage 1	Impaired loans Stage 2	Default loans Stage 3	TOTAL
Variations of the years 2022-2023					
Loans and interest receivable	**G**	(45,812)	8,372	21,032	**(16,408)**
Provision		29,905	(13,578)	(15,466)	**861**
Total net	**G**	**(15,907)**	**(5,206)**	**5,566**	**(15,547)**
Balance as of September 30, 2023					
Loans and interest receivable	**G**	1,200,411	59,508	64,585	**1,324,504**
Provision		(32,559)	(35,288)	(55,112)	**(122,959)**
Total net	**G**	**1,167,852**	**24,220**	**9,473**	**1,201,545**

As of September 30, 2023 and 2022, defaulted loans consist exclusively of non-performing loans.

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(9) LOANS (CONTINUED)

d) The provision for expected credit losses for the **credit card** loans evolved as follows:

(In thousands of gourdes)		Total 2023	Total 2022
Balance at beginning of the year	**G**	**(46,309)**	(41,820)
Credit losses for the year		**(44,654)**	(43,302)
Write-offs		**39,681**	38,813
Balance at end of year	**G**	**(51,282)**	(46,309)

The fluctuations are as follows:

(In thousands of gourdes)		Not impaired loans Stage 1	Impaired loans Stage 2	Default loans Stage 3	TOTAL
Balance as of September 30, 2021					
Loans and interest receivable	G	739,971	222,741	28,050	**990,762**
Provision		(15,418)	(4,639)	(21,763)	**(41,820)**
Total net	**G**	**724,553**	**218,102**	**6,287**	**948,942**
Variations of the years 2021- 2022					
Loans and interest receivable	G	(11,945)	161,966	7,798	**157,819**
Provision		162	(3,387)	(1,264)	**(4,489)**
Total net	**G**	**(11,783)**	**158,579**	**6,534**	**153,330**
Balance as of September 30, 2022					
Loans and interest receivable	G	728,026	384,707	35,848	**1,148,581**
Provision		(15,256)	(8,026)	(23,027)	**(46,309)**
Total net	**G**	**712,770**	**376,681**	**12,821**	**1,102,272**

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(9) LOANS (CONTINUED)

(In thousands of gourdes)		Non-performing loans Stage 1	Impaired loans Stage 2	Default loans Stage 3	TOTAL
Variations of the years 2022- 2023					
Loans and interest receivable	**G**	82,422	(110,994)	3,073	**(25,499)**
Provision		(1,932)	2,216	(5,257)	**(4,973)**
Total net	**G**	**80,490**	**(108,778)**	**(2,184)**	**(30,472)**
Balance as of September 30, 2023					
Loans and interest receivable	**G**	810,448	273,713	38,921	**1,123,082**
Provision		(17,188)	(5,810)	(28,284)	**(51,282)**
Total net	**G**	**793,260**	**267,903**	**10,637**	**1,071,800**

As at September 20, 2023 and 2022, defaulted loans consist exclusively of non-performing loans.

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(10) FIXED ASSETS, NET

Fixed assets, at cost, have evolved as follows:

Cost

(In thousands of gourdes)		Balance as of 9/30/22	Acquisitions	Transfers	Dispositions and adjustments	Balance as of 9/30/23
Land	G	59,216	-	-	-	**59,216**
Buildings		80,509	-	-	-	**80,509**
Computer software		66,819	10,104	-	(9,925)	**66,998**
Furniture and office equipment		292,896	83,918	4,972	(33,705)	**348,081**
Installations		182,556	52,438	3,139	(4,298)	**233,835**
Computer equipment		106,034	18,784	2,072	(9,185)	**117,705**
Vehicles		75,228	38,638	28,043	(4,745)	**137,164**
Leasehold improvements- CapInvest		129,731	-	16,996	(817)	**145,910**
Petroleum equipment		445,498	-	174,641	-	**620,139**
Investment in progress **(a)**		272,702	273,672	(229,863)	1,872	**318,383**
	G	1,711,189	477,554	-	(60,803)	**2,127,940**

Accumulated depreciation has evolved as follows:

(In thousands of gourdes)		Balance as of 9/30/22	Depreciation of the year	Disposals and adjustments	Balance as of 9/30/23
Buildings	G	3,712	3,040	-	**6,752**
Computer software		27,294	18,148	(9,925)	**35,517**
Furniture and office equipment		127,605	47,803	(31,657)	**143,751**
Installations		61,103	18,498	(4,296)	**75,305**
Computer equipment		56,845	17,255	(9,113)	**64,987**
Vehicles		38,960	8,818	(4,745)	**43,033**
Leasehold improvements-CapInvest		39,412	14,291	(817)	**52,886**
Petroleum equipment		112,932	69,239	-	**182,171**
	G	467,863	197,092	(60,553)	**604,402**
IMMOBILISATIONS, NET	G	1,243,326		(250)	**1,523,538**

(a) Investments in progress include advances on the implementation of new software as well as improvements of new branches, and construction work at gas stations.

(Continued)

(10) FIXED ASSETS, NET (CONTINUED)

As at September 30, the net book value of land and buildings excluding the effect of revaluation is as follows:

(In thousands of gourdes)		2023	2022
Land	G	**25,797**	25,797
Buildings		**35,872**	37,568
	G	**61,669**	63,365

(11) RIGHTS-OF-USE ASSETS AND LEASE LIABILITIES

Rights-of-use assets

The application of IFRS 16 as disclosed in **note 3i** relates to the spaces leased by the Bank for its administrative offices, its branches network and CapInvest gas stations.

Rights-of-use assets have evolved as follows:

Cost

(In thousands of gourdes)		2023	2022
Balance at beginning of year	G	**973,431**	724,486
Additions and adjustments of contracts		**154,078**	221,443
Indexation on variable contracts		**91,694**	107,023
Termination of contracts		**(22,182)**	(79,521)
Balance at end of the year	G	**1,197,021**	973,431

Accumulated amortization

		2023	2022
Balance at beginning of year	G	**318,870**	238,165
Amortization for the year		**169,337**	110,836
Termination of contracts		**(13,791)**	(30,131)
Balance at end of the year	G	**474,416**	318,870
RIGHTS OF USE ASSETS, NET	G	**722,605**	654,561

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(11) RIGHTS-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Lease liabilities

Lease liabilities in US dollars and gourde equivalents, have evolved as follows:

(In thousands of Gourdes)		2023	2022
Balance at beginning of year	G	**640,258**	468,921
Additions and adjustments of contracts		**154,078**	221,443
Indexation – variable contracts		**91,694**	107,023
Interest on lease liabilities		**69,275**	49,368
Foreign exchange effect on contracts in US dollars		**16,023**	35,049
Rent payments		**(269,359)**	(191,624)
Termination of contracts		**(9,047)**	(49,922)
Balance at end of the year	G	**692,922**	640,258

Terminated contracts have evolved as follows:

		2023	2022
Cost	G	**22,182**	79,521
Accumulated depreciation		**(13,791)**	(30,131)
		8,391	49,390
Lease liabilities		**(9,047)**	(49,922)
Gain on termination of leases	G	**(656)**	(532)

Undiscounted contractual payments to be made for lease liabilities are as follows:

(In thousands of gourdes)		Contracts in gourdes	Equivalent in gourdes contracts in dollars	Total
1 year	G	216,963	21,846	**238,809**
Between 2 years and 5 years		587,983	81,973	**669,956**
More than 5 years		74,341	80,676	**155,017**
Total	G	**879,287**	**184,495**	**1,063,782**

(Continued)

(11) RIGHTS-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Lease expenses recognized in the consolidated statement of income, under the premises and equipment caption, are as follows:

(In thousands of gourdes)		2023	2022
Amortization of rights-of-use assets	G	169,337	110,836
Interest on lease liabilities		69,275	49,368
		238,612	160,204
Expenses recognized for leases with low value underlying assets and contracts write-offs		15,951	10,120
Total accounting expenses	G	254,563	170,324

Taxable expenses differ from accounting expenses as follows:

(In thousands of gourdes)		2023	2022
Accounting expenses	G	238,612	160,204
Taxable expense		245,443	187,677
Difference		(6,831)	(27,473)
Deferred tax **(note 22)**	G	(2,122)	(8,455)

(12) REAL ESTATE DEVELOPMENT – CAPITAL IMMOBILIER

The real estate development includes land and building improvements in Tabarre. They have evolved as follows:

(In thousands of gourdes)		2023	2022
Balance at the beginning of the year	G	235,006	226,551
Addition of the year		482	8,455
Balance at end of the year	G	235,488	235,006

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(13) REAL ESTATE PROPERTIES

As of September 30, real estate properties include:

(In thousands of gourdes)		2023	2022
Properties held for sale	G	**-**	111,933
Investments properties:			
Investments properties – other	G	**337,268**	153,945
Investments properties acquired by the bank		**441,381**	441,381
Investments properties – Capital Immobilier		**62,687**	62,687
Total investment properties	G	**841,336**	658,013
TOTAL REAL ESTATE INVESTMENTS	G	**841,336**	769,946

Properties held for sale have evolved as follows:

(In thousands of gourdes)		2023	2022
Balance at beginning of year	G	**111,933**	111,933
Addition of the year		**(111,933)**	-
Balance at end of year	G	**-**	111,933

Investment properties have evolved as follows:

(In thousands of gourdes)		2023	2022
Balance at beginning of the year	G	**153,945**	127,441
Transfers from properties held for sale		**111,933**	-
Additions of the year		**71,390**	-
Transfer to fixed assets **(note 10)**		**-**	(61,327)
Transfer net to fixed assets **(note 10)**		**-**	107,780
Unrealized loss on change of fair value for the year		**-**	(19,949)
Balance at end of year	G	**337,268**	153,945

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(13) REAL ESTATE PROPERTIES (CONTINUED)

Investment properties acquired by the Bank are as follows:

(In thousands of gourdes)		2023	2022
Balance at beginning of year	G	**441,381**	254,764
Transfer from fixed assets **(note 10)**		-	186,617
Balance at end of year	G	**441,381**	441,381

Investments in properties held by Capital Immobilier evolved as follows:

(In thousands of gourdes)		2023	2022
Balance at beginning and at the end of year	G	**62,687**	62,727

Real estate properties, net of general reserves as required by BRH, are as follows:

(In thousands of gourdes)		2023	2022
Investment properties	G	**841,336**	658,013
Less reserve – 20%		**(41,458)**	(22,391)
Less reserve – 30%		**(45,013)**	(13,850)
Total reserves		**(86,471)**	(36,241)
Balance at end of year, net	G	**754,865**	621,772
Properties held for sale	G	-	111,933
Less reserve - 30%		-	(33,580)
Balance at end of year, net	G	-	78,353
Total real estate properties	G	**841,336**	769,946
Total reserve 20%		**(41,458)**	(22,391)
Total reserve 30%		**(45,013)**	(47,430)
Reserves on real estate properties		**(86,471)**	(69,821)
Balance at end of year	G	**754,865**	700,125

(Continued)

(13) REAL ESTATE PROPERTIES (CONTINUED)

Reserves on Real estate properties, have evolved as follows:

(In thousands of gourdes)		2023	2022
Reserve 30%			
Balance at beginning of the year	G	**47,430**	68,083
Reversal on sales of the year		**-**	(18,398)
Reserve of the year		**(2,417)**	(2,255)
Adjustment on previous balances	G	**45,013**	47,430
Reserve 20%			
Balance at beginning of the year	G	**22,391**	32,645
Adjustment on previous balances		**-**	(15,589)
Reserve of the year		**19,067**	5,335
Reversal on sales of the year	G	**41,458**	22,391
Total reserves	G	**86,471**	69,821

(14) OTHER ASSETS

As of September 30, other assets are as follows:

(In thousands of gourdes)		2023	2022
Receivable- Western Union	G	**369,507**	109,851
Receivable from customers		**216,286**	166,468
Receivable from customers – CapInvest		**190,184**	114,703
Advance to petroleum distributors **(a)**		**77,148**	110,698
Security deposits		**22,042**	19,575
Duties and taxes receivable – petroleum products		**-**	1,109,038
		875,167	1,630,333
Provision for expected credit losses		**(27,998)**	(16,182)
		847,169	1,614,151
Stocks and materials- petroleum products		**1,561,212**	1,081,981
Prepaid expenses and others		**171,714**	118,428
Stationery and office supplies		**109,210**	82,971
Deferred income taxes **(note 22)**		**7,760**	10,379
		1,849,896	1,293,759
TOTAL OTHER ASSETS, NET	G	**2,697,065**	2,907,910

(a) Advances to petroleum distributors are presented at their net present value, based on future cash flows at the marginal borrowing rate estimated over the period of these advances. Financial costs, net of the exchange effect for an amount of G 1,221 and G 11,167 as of September 30, 2023 and 2022, resulted in deferred taxes of G 379 and G 3,469 respectively **(note 22)**.

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(14) OTHER ASSETS (CONTINUED)

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

		Not impaired Stage 1	
(In thousands of gourdes)		**2023**	**2022**
Balance at beginning of the year	G	**(16,182)**	(4,216)
Credit losses for the year **(note 20)**		**(11,432)**	(11,620)
Write offs of the year		**750**	-
Foreign exchange effect		**(1,134)**	(346)
Balance at end of year	G	**(27,998)**	(16,182)

(15) DEPOSITS

As of September 30, deposits are as follows:

(In thousands of gourdes)		**2023**	**2022**
Demand deposits:			
Gourdes	G	**2,736,099**	4,249,482
US dollars		**6,899,101**	6,230,581
		9,635,200	10,480,063
Savings deposits – checking:			
Gourdes		**1,284,114**	1,424,472
US dollars		**5,610,187**	5,418,816
		6,894,301	6,843,288
Savings deposits:			
Gourdes		**2,917,268**	2,704,131
US dollars		**7,738,003**	6,660,408
		10,655,271	9,364,539
Term deposits:			
Gourdes		**1,928,846**	1,514,875
US dollars		**6,268,702**	7,557,884
		8,197,548	9,072,759
TOTAL DEPOSITS	G	**35,382,320**	35,760,649
Deposits in gourdes	G	**8,866,327**	9,892,960
Deposits in US dollars		**26,515,993**	25,867,689
TOTAL DEPOSITS	G	**35,382,320**	35,760,649

(Continued)

(15) DEPOSITS (CONTINUED)

As of September 30, pledged deposits are as follows:

(In thousands of gourdes)		2023	2022
Deposits in gourdes	G	**5,060**	1,093,231
Deposits in US dollars		**733,435**	633,263
TOTAL (note 9)	G	**738,495**	1,726,494

Average rates of interest on deposits are as follows:

(In thousands of gourdes)	2023	2022
Demand deposits (overnight)		
Gourdes	**0.42%**	0.39%
US dollars	**0.32%**	0.21%
Savings deposits - check		
Gourdes	**0.01%**	0.01%
US dollars	**0.03%**	0.03%
Savings deposits **(a)**		
Gourdes	**1.36%**	0.64%
US dollars	**0.07%**	0.07%
Term deposits		
Gourdes	**6.49%**	9.00%
US dollars	**1.65%**	1.87%

Deposits from Board Members of the Bank and their affiliated companies amount to G 2.3 billion and G 3.4 billion respectively as of September 30, 2023 and 2022.

(Continued)

(15) DEPOSITS (CONTINUED)

(a) As of September 30, 2023 and 2022, savings deposits include G 614 million and G 503 million in retirement savings which represent accounts blocked by the Bank for pension fund management contracts signed with companies for the benefit of their employees, as well as the retirement plan for the Group employees. The interest rates are revised according to market conditions.

The Bank and its subsidiaries contribute to employees' retirement savings plan at a fixed contribution rate of 2% of gross salary. These contributions are invested in savings deposits in US dollars, remunerated at fixed rates of 3.5% in 2023 and 2022. The contributions, for the years 2023 and 2022, amount to G 15.1 million and G 12.3 million **(note 21).** The balances of these savings deposits in US dollars as of September 30, 2023 and 2022 are US$ 2.7 million and US$ 2.4 million, respectively.

(16) LOANS

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

(In thousands of gourdes)		2023	2022
Loans BRH (a):			
Loans BRH – Capital Housing	G	252,111	296,223
Loans BRH – Capital Housing– real estate projects		182,947	206,015
Total LOANS BRH	G	435,058	502,238
Interbank loan	G	650,000	300,000
Maturity		December 6 and 20, 2023	October 28, 2022
Interest rate		13.75%	13.75%
TOTAL LOANS	G	1,085,058	802,238

(16) LOANS (CONTINUED)

As of September 30, Loans in gourdes represent borrowings from Bank of the Republic d'Haiti (BRH), to finance the « Capital Housing Program » **(note 9).** They are presented as follows:

Sector	Amount approved (G millions)	Date of approval	Date of maturity	Balance as of 09/30/23 G thousands)	Balance as of 09/30/22	Interest rates	Monthly payment (G thousands)
Loan Capital Housing	G 95,508	June 2015	June 2025	**G 16,635**	G 26,141	3%	792
	74,000	September 2015	September 2025	**14,800**	22,200	3%	617
	87,580	March 2016	March 2026	**21,895**	30,653	3%	730
	34,173	June 2017	May 2027	**12,815**	16,232	3%	285
	31,640	March 2017	April 2032	**17,929**	20,039	3%	176
	22,803	February 2018	February 2038	**16,437**	17,577	3%	95
	26,788	December 2014	June 2038	**19,756**	21,095	3%	112
	49,100	October 2018	October 2038	**37,030**	39,484	3%	205
	14,950	October 2019	October 2038	**12,022**	12,770	3%	62
	14,190	March 2015	March 2039	**10,997**	11,707	3%	59
	32,209	June 2019	July 2039	**18,520**	21,848	1%	268
	19,375	July 2019	July 2039	**15,339**	16,307	3%	81
	10,683	August 2020	August 2040	**9,036**	9,570	3%	44
	17,000	September 2020	September 2040	**14,450**	15,300	3%	71
	17,000	September 2020	September 2040	**14,450**	15,300	3%	71
Sub - total	**546,999**			**252,111**	**296,223**		
Loan Capital Housing-real estate projects							
	175,000	March 2017	June 2031	**135,625**	153,125	3%	1,458
	68,200	March 2017	January 2032	**47,322**	52,890	3%	464
Sub - total	**243,200**			**182,947**	**206,015**		
Total loans – BRH	**G 790,199**			**G 435,058**	**G 502,238**		

(Continued)

(17) OTHER LIABILITIES

As of September 30, other liabilities are as follows:

(In thousands of gourdes)		2023	2022
Suppliers payable – petroleum products	G	**1,161,354**	-
Cashiers' checks and certified checks		**854,882**	566,955
Transfers payable		**658,451**	394,851
Unclaimed deposits		**562,525**	324,842
Other deposits- customer		**281,076**	29,808
Salaries and benefits payable		**228,394**	178,029
Income taxes payable		**155,288**	148,768
Deferred income taxes **(note 22)**		**144,898**	145,301
Deposits on prepaid credit cards		**139,669**	114,873
Payable to the Haitian Government – petroleum products		**113,979**	107,958
Provision for expected credit losses on off-balance sheet commitments **(a)** **(note 25)**		**112,020**	52,700
Duties and taxes payable		**93,789**	28,053
Interest payable		**56,197**	37,530
Special funds in administration		**2,059**	2,726
Other		**240,480**	425,852
TOTAL OTHER LIABILITIES	**G**	**4,805,061**	2,558,246

(a) The provision for expected credit losses on off-balance sheet commitments (guarantees) is recorded in other liabilities and has evolved as follows:

		Not impaired assets Stage 1	
(In thousands of gourdes)		**2023**	**2022**
Balance at the beginning of the year	G	**(52,700)**	(40,272)
Credit losses for the year **(note 20)**		**(56,912)**	(10,340)
Foreign exchange effect		**(2,408)**	(2,088)
Balance at end of year	**G**	**(112,020)**	(52,700)

(Continued)

(18) SUBORDINATED DEBT

As of September 30, subordinated debt is as follows:

(In thousands of gourdes)		2023	2022
Amount	G	**13,425**	11,770
Interest rate		***5.5%***	*5.5%*
Maturity		**2028**	*2028*
Amount	G	**366,525**	321,334
Interest rate		***5.5%-6.0%***	*5.5%-6.0%*
Maturity		***2029***	*2029*
Amount	G	**296,711**	260,128
Interest rate		***6.0%***	*6.0%*
Maturity		***2030***	*2030*
Amount	G	**362,334**	317,660
Interest rate		***6.0%***	*6.0%*
Maturity		***2031***	*2031*
Amount	G	**13,425**	11,770
Interest rate		***5.5%***	*5.5%*
Maturity		***2032***	*2032*
TOTAL SUBORDINATED DEBT	**G**	**1,052,420**	922,662
Subordinated debt issued by CapInvest S.A.			
Amount	G	**335,646**	294,262
Interest rate		***6.00%***	*6.00%*
Maturity		***2029***	*2029*
TOTAL SUBORDINATED DEBT ISSUED BY CAPINVEST	**G**	**335,646**	294,262
TOTAL SUBORDINATED DEBT	**G**	**1,388,066**	1,216,924

Subordinated debts with related parties amount to G 575,018 and G 504,121 respectively as of September 30, 2023 and 2022.

(Continued)

CAPITAL BANK, S.A.

Notes to Consolidated Financial Statements

(19) PAID-IN CAPITAL

Following the Extraordinary General Assembly dated March 29, 2021, the shareholders approved an increase in capital of G 1,215,500 to bring the capital to G 2,025,000. Class A and B shares were unified into a single class of shares with voting rights and the nominal value of the share increased from G 2,400 to G 6,000.

As of September, authorized and paid-in capital is composed of the following:

(In thousands of gourdes)		2023	2022
Authorized and paid-in capital			
337,500 class A voting shares	G	**2,025,000**	2,025,000

(20) PROVISION FOR CREDIT LOSSES

The (credit losses) reversals are as follows:

		Provision for the year	
(In thousands of gourdes)		**2023**	**2022**
Local investments, net **(note 8)**		**-**	70
Loans **(note 9)**	G	**(236,309)**	(208,550)
Other assets **(note 14)**		**(11,432)**	(11,620)
Off-balance sheet commitments **(note 17)**		**(56,912)**	(10,340)
TOTAL PROVISION FOR CREDIT LOSSES	G	**(304,653)**	(230,440)

(21) SALARIES AND OTHER EMPLOYEE BENEFITS

Salaries and other employee benefits are as follows:

(In thousands of gourdes)		2023	2022
Salaries	G	**817,236**	659,762
Social benefits		**436,245**	355,062
Payroll taxes		**81,068**	65,460
Contributions to the retirement savings plan		**15,122**	12,348
Other employee expenses		**146,170**	95,134
TOTAL SALARIES AND EMPLOYEE BENEFITS	G	**1,495,841**	1,187,766

(Continued)

(22) INCOME TAXES

Income tax is calculated based on the consolidated income before income taxes and differs from the amounts computed using the statutory rates as follows:

(In thousands of gourdes)		2023	2022
Income before income taxes	G	1,831,747	1,682,059
Income taxes based on statutory rate		549,524	504,617
Effect of item considered in taxable income:			
Transfer to legal reserve **(a)**		(67,734)	(64,269)
Difference between provisions for expected credit losses for tax purpose and provision reflected in the financial statements		(12,413)	(27,768)
Tax exempt interest on investments **(note 8 a and b)**		(25,225)	(3,866)
Territorial taxes and others		51,632	58,989
TOTAL INCOME TAXES	G	495,784	467,703

(a) The impact of the transfer to the legal reserve was calculated on transfers of Capital Bank and its subsidiaries totaling G 225,780 and G 214,231 in 2023 and 2022 respectively.

Tax expense includes:

(In thousands of gourdes)		2023	2022
Current taxes	G	493,568	464,174
Deferred income taxes:			
Lease contracts		2,998	9,191
Advances to gas stations		(379)	(3,469)
Amortization of reevaluation surplus on land and buildings		(403)	(2,193)
Total deferred taxes		2,216	3,529
TOTAL INCOME TAXES	G	495,784	467,703

(Continued)

(22) INCOME TAXES (CONTINUED)

As of September 30, deferred income taxes assets are as follows:

(In thousands of gourdes)		2023	2022
Advances to gas stations:			
Balance at the beginning of the year	G	**5,684**	2,215
Financial costs, net of foreign exchange effect **(note 14)**		**379**	3,469
		6,063	5,684
Lease contracts:			
Balance at the beginning of the year		**4,695**	13,886
Effect of the difference between accounting depreciation expense and interest on lease liabilities and fiscal expense **(note 11)**		**(2,122)**	(8,455)
Termination of contracts		**(876)**	(736)
Balance at the end of the year		**1,697**	4,695
TOTAL DEFERRED TAX ASSETS (NOTE 14)	G	**7,760**	10,379

As at September 30, deferred tax accounts payable are as follows:

(In thousands of gourdes)		2023	2022
Land and buildings:			
Balance at the beginning of the year	G	**20,657**	78,131
Depreciation of the year		**(403)**	(2,193)
Transfers to real estate properties		**-**	(55,281)
Balance at end of year	G	**20,254**	20,657
Real estate properties held by Capital Immobilier			
Balance at beginning and end of year	G	**50,423**	50,423
Real estate properties acquired by the Bank			
Balance at beginning of the year	G	**74,221**	18,940
Transfers from lands and buildings		**-**	55,281
Balance at the end of the year	G	**74,221**	74,221
TOTAL DEFERRED TAX LIABILITIES (NOTE 17)	G	**144,898**	145,301

(Continued)

(23) GROUP COMPANIES AND MINORITY INTEREST

The parent company of the Group is Capital Bank. Capital Bank's interest in its subsidiaries is as follows as of September 30, 2023 and 2022.

Capital Immobilier, S.A. (100%)	100%
CapInvest, S.A.(51%)	51%

The operations of the subsidiaries are summarized as follows:

(In thousands of gourdes)		2023	2022
CapInvest, S.A.			
Total assets	G	**5,085,195**	4,041,932
Total liabilities	G	**2,205,603**	1,581,672
Net assets	G	**2,879,592**	2,460,260
Net income for the year	G	**769,333**	823,423
Capital Immobilier, S.A.			
Total assets	G	**685,937**	636,856
Total liabilities	G	**74,710**	59,313
Net Assets	G	**611,227**	577,543
Income (loss), net for the year	G	**33,684**	40,308

As of September 30, 2023 and 2022, the minority interest (49%) in the subsidiary CapInvest, S.A., is as follows:

(In thousands of gourdes))		2023	2022
Investment at acquisition cost	G	**735,000**	563,500
Interest in retained earnings		**418,690**	437,019
Interest in legal reserve		**257,310**	205,008
TOTAL MINORITY INTEREST	G	**1,411,000**	1,205,527

(24) TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Bank provides banking services to and receives services from related entities to the Board of Directors. These transactions are carried out at conditions similar to those applied to third parties.

(Continued)

(24) TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Loans granted to employees and Board Members of the Bank and their related companies as well as its subsidiaries are disclosed in **note 9.**

Deposits and subordinated debt relating to the Members of the Board of Directors of the Bank and its subsidiaries and related companies are disclosed in **notes 15 and 18.**

Expenses incurred with related parties are as follows:

(In thousands of gourdes)		2023	2022
Premises and equipments	G	76,040	105,267
Other expenses		463,221	247,859
TOTAL	G	539,261	353,126

The Bank also purchased fixed assets from companies related to members of the Board of Directors totaling G 24,882 and G 16,628 for 2023 and 2022.

(25) COMMITMENTS AND CONTINGENT LIABILITIES

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

As of September 30, amounts outstanding in respect of commitments are as follows:

(In thousands of gourdes)		2023	2022
Guarantee and letters of credit	G	321,666	379,331
Provisions for expected credit losses		(11,152)	(5,016)
Guarantees and letters of credit, net	G	310,514	374,315
Unused credit lines:			
Unused credit lines on overdraft **(a)**	G	2,432,115	1,696,882
Unused credit lines on credit cards		1,316,226	1,211,712
Total unused credit lines		3,748,341	2,908,594
Provision for expected credit losses		(100,868)	(47,684)
Total unused credit lines, net	G	3,647,473	2,860,910
Total off-balance sheet commitments, net	G	3,957,987	3,235,225

(Continued)

(25) COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(a) These amounts bear no commitment fees. They are not necessarily representative of credit risk as many of these arrangements are contracted for a limited period of time, usually less than one year, and could expire or be terminated without being used.

The provision for expected credit losses on off-balance sheet commitments is as follows:

(In thousands of gourdes)		2023	2022
Provision on guarantees and letters of credit	G	(11,152)	(5,016)
Provisions on unused credit lines		(100,868)	(47,684)
	G	(112,020)	(52,700)

At September 30, 2023, the Bank deals with some pending litigation cases brought by or against some customers. The evaluation of the facts to date, in the opinion of the legal counsels, indicates that the positions taken by the Bank are well founded. It is not anticipated that any settlement could materially affect its consolidated financial position or its consolidated results.

As of the date of the consolidated financial statements, the Bank has also entered into non-IFRS 16 lease commitments for an amount of G 43.2 million and CapInvest for storage lease commitments of approximately US$ 1.3 million.

(Continued)

SCHEDULE I

CAPITAL BANK, S.A.
Consolidated Balance Sheet
September 30, 2023
(Expressed in thousands of US dollars)

		2023	2022
ASSETS			
CASH AND CASH EQUIVALENTS	US$	**203,562**	205,530
BRH BONDS, NET		**4,095**	-
FOREIGN INVESTMENTS		**19,471**	18,170
LOCAL INVESTMENTS		**2,772**	2,809
LOANS		**98,778**	122,195
Provision for expected credit losses		**(3,181)**	(2,965)
		95,597	119,230
FIXED ASSETS, NET		**11,348**	10,563
OTHERS			
Right-of-use assets, net		**5,382**	5,561
Real estate development – Capital Immobilier		**1,754**	1,999
Real estate properties		**6,267**	6,541
Other assets		**20,089**	24,705
Acceptances		**354**	477
		33,846	39,283
TOTAL ASSETS		**370,691**	395,585
LIABILITIES AND SHAREHOLDERS' EQUITY			
DEPOSITS		**263,540**	303,816
OTHERS			
Loans - BRH		**8,082**	6,816
Lease liabilities		**5,161**	5,440
Other liabilities		**35,789**	21,734
Commitments - acceptances		**354**	477
		49,386	34,467
SUBORDINATED DEBT		**10,339**	10,339
TOTAL LIABILITIES		**323,265**	348,622
SHAREHOLDERS' EQUITY			
Paid-in capital		**15,083**	17,204
Paid-in surplus		**10**	12
Retained earnings		**16,917**	15,513
Reserves		**4,906**	3,992
Shareholders' equity - Capital Bank		**36,916**	36,721
Minority interest		**10,510**	10,242
TOTAL SHAREHOLDERS' EQUITY		**47,426**	46,963
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	US$	**370,691**	395,585

SCHEDULE II

CAPITAL BANK, S.A.
Consolidated Statement of Income
Year ended September 30, 2023
(Expressed in thousands of US dollars
except for net income per equivalent share of paid-in capital)

		2023	2022
INTEREST INCOME			
Loans	US$	16,040	17,823
BRH bonds, investments and others		2,159	1,094
		18,199	18,917
INTEREST EXPENSE			
Deposits		2,018	2,920
Loans, subordinated debt and others		1,458	1,275
		3,476	4,195
NET INTEREST INCOME		14,723	14,722
Provision for credit losses		(2,160)	(2,153)
		12,563	12,569
OTHER INCOME			
Foreign exchange gain		6,286	13,537
Commissions		11,219	11,807
Gross margin on petroleum products – CapInvest		9,825	8,731
Operating expenses		(3,009)	(3,435)
Unrealized gain on foreign investments		113	(2,960)
Others		378	(68)
		24,812	27,612
NET INTEREST INCOME AND OTHER INCOME		37,375	40,181
ADMINISTRATIVE EXPENSES			
Salaries and other employee benefits		10,609	11,101
Premises and equipments		4,904	4,256
Depreciation		1,398	1,497
Other operating expenses		7,473	7,607
		24,384	24,461
INCOME BEFORE INCOME TAXES		12,991	15,720
INCOME TAXES – CURRENT		3,516	4,371
NET INCOME FOR THE YEAR	US$	9,475	11,349
Net income attributable to shareholders of Capital Bank		6,801	7,578
Net income attributable to minority interest		2,674	3,771
Net income for the year		9,475	11,349
Net income per equivalent share of paid-in capital	US$	20	22

CAPITAL BANK, S.A.
Consolidated Statement of Comprehensive Income
Year ended September 2023
(Expressed in thousands of US dollars
except for comprehensive income per equivalent share of paid-in capital)

		2023	2022
Net income attributable to shareholders of Capital Bank	US$	6,801	7,578
Net income attributable to minority interest		2,674	3,771
Net income for the year		9,475	11,349
COMPREHENSIVE INCOME OF THE YEAR		-	-
Comprehensive income attributable to shareholders of Capital Bank		6,801	7,578
Comprehensive income attributable to minority interest		2,674	3,771
COMPREHENSIVE INCOME FOR THE YEAR		9,475	11,349
Comprehensive income for the year per equivalent share of paid-in capital	US$	20	22

CAPITAL BANK, S.A.
Consolidated Statement of Changes in Shareholders' equity
Year ended September 30, 2022
(Expressed in thousands of US dollars)

-		Paid-in capital	Paid-in surplus	Retained earnings	Reserves: Legal reserve	Reserves: Revaluation reserve-land and buildings	Reserves: Revaluation reserve on real estate	Reserves: Total reserves	Minority interest	Total
Balance as of September 30, 2021	**US$**	**8,317**	**14**	**23,170**	**5,293**	**1,700**	**1,034**	**8,027**	**10,024**	**49,552**
Components of comprehensive income for the year:										
Net income for the year		-	-	7,578	-	-	-	-	3,771	**11,349**
Transfer to legal reserve		-	-	(1,479)	1,479	-	-	1,479	-	-
Annual transfer from revaluation reserve-land and buildings		-	-	68	-	(68)	-	(68)	-	-
Transfer from revaluation reserve – land and buildings		-	-	999	-	(999)	-	(999)	-	-
Transfer to reserve on real estate properties		-	-	289	-	-	(289)	(289)	-	-
Total		-	-	**7,455**	1,479	(1,067)	(289)	123	3,771	**11,349**
Transactions with shareholders:										
Transfer to paid in capital		11,355	-	(8,318)	(3,037)	-	-	(3,037)	-	-
Cash dividends		-	-	(3,084)	-	-	-	-	(1,628)	**(4,712)**
Capital increase costs		-	-	(78)	-	-	-	-	-	**(78)**
Total		11,355	-	(11,480)	(3,037)	-	-	(3,037)	(1,628)	**(4,790)**
Translation adjustment		**(2,468)**	**(2)**	**(3,632)**	**(772)**	**(197)**	**(152)**	**(1,121)**	**(1,925)**	**(9,148)**
Balance as of September 30, 2022	**US$**	**17,204**	**12**	**15,513**	**2,963**	**436**	**593**	**3,992**	**10,242**	**46,963**

CAPITAL BANK, S.A.
Consolidated Statement of Changes in Shareholders' equity
Year ended September 30, 2023
(Expressed in thousands of US dollars)

					Reserves					
		Paid-in capital	Paid-in surplus	Retained earnings	Legal reserve	Revaluation reserve-land and buildings	Revaluation reserve on real estate	Total reserves	Minority interest	Total
Balance as of September 30, 2022	**US$**	**17,204**	**12**	**15,513**	**2,963**	**436**	**593**	**3,992**	**10,242**	**46,963**
Components of comprehensive income for the year:										
Net income for the year		-	-	6,801	-	-	-	-	2,674	**9,475**
Transfer to legal reserve		-	-	(1,230)	1,230	-	-	1,230	-	-
Annual transfer from revaluation reserve-land and buildings		-	-	10	-	(10)	-	(10)	-	-
Transfer from revaluation reserve – land and buildings		-	-	-	-	-	-	-	-	-
Transfer to reserve on real estate properties		-	-	(118)	-	-	118	118	-	-
Total		-	-	**5,463**	1,230	(10)	118	1,338	2,674	**9,475**
Transactions with shareholders:										
Cash dividends		-	-	(2,325)	-	-	-	-	(1,235)	**(3,560)**
Capital increase costs		-	-	20	-	-	-	-	-	**20**
Total		-	-	(2,305)	-	-	-	-	(1,235)	**(3,540)**
Translation adjustment		**(2,121)**	**(2)**	**(1,754)**	**(304)**	**(53)**	**(67)**	**(424)**	**(1,171)**	**(5,472)**
Balance as of September 30, 2023	**US$**	**15,083**	**10**	**16,917**	**3,889**	**373**	**644**	**4,906**	**10,510**	**47,426**