Iris Financial Services Limited

Consolidated Financial Statements
for the year ended December 31, 2021
and Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Iris Financial Services Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Iris Financial Services Limited (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda 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 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company 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 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.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
July 22, 2022

(Expressed in United States dollars)

	Note		At December 31st of: 2021	2020
ASSETS				
Cash and cash equivalents	3	$	20,830,508	14,787,237
Financial instruments	4		18,002,830	10,753,242
Loans	5		9,999,414	9,870,297
Insurance contracts assets	6		6,146,131	2,695,366
Other receivables	7		2,148,350	1,721,011
Current tax assets	9		113,941	295,456
Other non-financial assets			256,080	91,206
Total current assets			**57,497,254**	**40,213,815**
Loans	5		99,493,148	81,039,231
Property and equipment	8		3,107,064	3,328,765
Intangible assets	10		2,434,051	1,189,781
Deferred tax assets	11		-	8,375
Deferred expenses			603,739	-
Total non-current assets			**105,638,002**	**85,566,152**
Total assets		$	**163,135,256**	**125,779,967**

(Expressed in United States dollars)

	Note		At December 31st of: 2021	2020
LIABILITIES				
Loans and other interest-bearing liabilities	12		47,337,927	20,341,151
Trade and other payables	13		14,559,694	13,855,709
Employee benefits	14		565,926	293,217
Other non-financial liabilities	15		613,311	294,126
Total current liabilities			**63,076,858**	**34,784,203**
Loans and other interest-bearing liabilities	12		45,144,802	55,638,122
Insurance contracts liabilities	16, 28		2,190,553	771,504
Non-current deferred tax liabilities	11		720,005	-
Unearned Premiums	22		7,156,702	-
Bond issuance			9,478,571	-
Total non-current liabilities			**64,690,633**	**56,409,626**
Total liabilities		$	**127,767,491**	**91,193,829**
EQUITY				
Share capital and contributed surplus	17		33,741,952	33,741,952
Retained earnings	18		9,011,778	5,516,989
Accumulated other comprehensive income	19		(7,487,570)	(4,673,091)
Non-Controlling Interest			101,605	288
Total equity		$	**35,367,765**	**34,586,138**
Total liabilities and equity		$	**163,135,256**	**125,779,967**

The notes are an integral part of the consolidated financial statements

Approved by the Board of Directors

Director　　　　Director

Date　　　　Date

(Expressed in United States dollars)

	Note		For the years ended on December 2021	2020
Interest and other similar income	20	$	19,087,539	16,561,187
Interest and other similar expense	24		(10,578,388)	(9,036,490)
NET INTEREST INCOME			**8,509,151**	**7,524,697**
Allowance for loans impairment	5		(2,959,043)	(2,657,678)
Other Financial Income	21		12,271,233	5,140,841
NET INTEREST INCOME AFTER LOAN LOSSES			**17,821,341**	**10,007,860**
Insurance contracts premiums written	22		9,057,544	6,846,221
Insurance contracts losses incurred	26		(2,951,108)	(1,519,947)
Insurance contracts acquisition costs	25		(902,352)	(580,099)
NET UNDERWRITING INCOME			**5,204,084**	**4,746,175**
NET FINANCIAL INCOME			**23,025,425**	**14,754,035**
Other income	23		403,637	1,370,255
Administrative expenses	27		(12,319,561)	(8,930,585)
Other operating expenses			(1,672,594)	(1,023,079)
NET INCOME BEFORE INCOME TAXES			**9,436,907**	**6,170,626**
Income taxes	11		(425,129)	(652,865)
NET INCOME		$	**9,011,778**	**5,517,761**

The notes are an integral part of the consolidated financial statements

(Expressed in United States dollars)

	Note		For the years ended on December 31st of: 2021	2020
NET INCOME			**9,011,778**	**5,517,761**
OTHER COMPREHENSIVE INCOME				
Items that are or may be reclassified subsequently to profit or loss:				
Movement in foreign subsidiaries hedge reserve			899,328	(1,291,135)
Exchange differences in foreign subsidiaries' currency translation	19		(3,715,670)	(1,135,943)
		$	**(2,816,342)**	**(2,427,078)**
TOTAL COMPREHENSIVE INCOME (LOSS)		$	**6,195,436**	**3,090,683**

The notes are an integral part of the consolidated financial statements

IRIS FINANCIAL SERVICES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in United States dollars)

For the period from December 31, 2019, to December 31, 2021	Note	Share capital and contributed surplus	Retained earnings	Other Comprehensive Income	Non-controlling Interest	Total equity
BALANCE AT DECEMBER 31, 2019		**21,763,099**	**4,146,372**	**(2,246,014)**		**23,663,457**
Changes in equity:						
Issuance of shares		11,978,853			783	**11,979,636**
Net income for the year			5,516,989		773	**5,517,762**
Other comprehensive income for the year				(2,427,077)	(1,268)	**(2,428,345)**
Dividends declared	18		(4,146,372)			**(4,146,372)**
BALANCE AT DECEMBER 31, 2020		**33,741,952**	**5,516,989**	**(4,673,091)**	**288**	**34,586,138**
Changes in equity:						
Net income for the year			9,011,778		11,912	**9,023,690**
Other comprehensive income for the year				(2,814,479)	(595)	**(2,815,074)**
Dividends declared	18		(5,516,989)			**(5,516,989)**
Acquisition of subsidiary with NCI					90,000	**90,000**
BALANCE AT DECEMBER 31, 2021		**33,741,952**	**9,011,778**	**(7,487,570)**	**101,605**	**35,367,765**

The notes are an integral part of the consolidated financial statements

IRIS FINANCIAL SERVICES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in United States dollars)

	Note	For the years ended on December 31st of: 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period		9,011,778	5,517,761
Adjustments for:			
Depreciation		535,776	573,404
Amortization		204,561	112,872
Impairment, net		2,959,043	2,657,678
Unpaid insurance contracts losses incurred		1,249,521	210,280
Interest expense accrued		9,674,612	8,277,462
Interest income accrued		(15,686,546)	(12,710,555)
Gain from payroll loans sold		(3,400,993)	(2,305,655)
Current and deferred tax expense		425,129	652,865
Unrealised fair value gains on derivatives		96,146	436,880
Changes in assets and liabilities:			
Unearned premiums		7,156,702	-
Insurance contracts assets		(3,450,765)	(212,268)
Loans		(21,542,077)	(7,241,295)
Other receivables		(427,339)	(196,847)
Other non-financial assets		(255,782)	(41,589)
Trade and Other payables		703,985	4,115,286
Other non-financial liabilities		319,185	49,544
Increase in employee benefits		272,709	51,766
Insurance contracts liabilities		169,528	291,030
Interest income received		19,087,539	12,217,385
Deferred Tax Assets and liabilities		909,895	-
Deferred expenses		(603,739)	-
Income Tax paid		(425,129)	(511,727)
Net cash generated by in operating activities		**6,983,739**	**11,944,278**

IRIS FINANCIAL SERVICES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in United States dollars)

		For the years ended on December 31st of:	
		2021	**2020**
CASH FLOWS FROM INVESTING ACTIVITIES			
Financial investments		(7,254,826)	(6,607,911)
Purchase of property and equipment		(314,075)	(307,460)
Purchase of intangibles		(1,448,831)	(695,577)
Net cash used in investing activities		**(9,017,732)**	**(7,610,948)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the increase in loans and structured financing		16,503,456	4,070,300
Interest paid		(9,674,612)	(8,300,185)
Proceeds from the issuance of shares	19	-	11,979,636
Proceeds from the issuance of bonds		9,478,571	-
Dividends paid		(5,516,989)	(5,747,161)
Net cash provided from financing		**10,790,426**	**2,002,590**
Effect of foreign exchange rate changes on cash and cash equivalents		**(2,713,162)**	**(1,135,944)**
Net increase in cash and cash equivalents		6,043,271	5,199,976
Cash and cash equivalents at the beginning of the period		14,787,237	9,587,261
CASH AND CASH EQUIVALENTS END OF YEAR		**20,830,508**	**14,787,237**

The notes are an integral part of the consolidated financial statements

NOTE 1. GENERAL INFORMATION

Iris Financial Services Ltd. ("Iris" or "the Parent") is an exempted company continued, domiciled, and registered on November 2, 201,8 in accordance with the Companies Act 1981 of the laws of Bermuda. Prior to the continuation the company was a private company incorporated by shares in the British Virgin Islands ("BVI") on June 27th, 2016. The address of its registered office is Crawford House 50 Cedar Avenue, Hamilton, HM 11, Bermuda. Iris together with all entities in which it has a controlling financial interest (the "Group") is a provider of credit services, specifically payroll loans, operating in Colombia and a provider of insurance services operating in Bermuda.

The Company's activities are managed and administered by Silver Tree Capital Ltd., a company continued in Bermuda (the "Manager").

NOTE 2. SUMMARY OF ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), and their interpretations issued by the International Accounting Standards Board ("IASB").

The financial statements were authorised for issue by The Board of Directors on July 21, 2022.

The consolidated financial statements have been prepared on a going concern basis.

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

2.1.1 PRINCIPLES OF CONSOLIDATION

The financial information in the Consolidated Financial Statements includes the parent company, Iris Financial Services Limited, together with its consolidated subsidiaries.

- The Group's subsidiaries are those entities which it directly or indirectly controls. Control over an entity is evidenced by the Group's ability to exercise its power in order to affect any variable returns that the Group is exposed to through its involvement with the entity.

Where voting rights are relevant, the Group is deemed to have control where it holds, directly or indirectly, more than half of the voting rights over an entity unless there is evidence that another investor has the practical ability to unilaterally direct the relevant activities.

The Group also assesses the existence of control where it does not control the majority of the voting power but has the practical ability to unilaterally direct the relevant activities. This may arise in circumstances where the size and dispersion of holdings of the shareholders give the Group the power to direct the activities of the investee.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

The Group reassesses the consolidation status at least every annually reporting date. Therefore, any changes in the structure leading to a change in one or more of the control factors, require reassessment when they occur. This includes changes in decision-making, changes in contractual arrangements, changes in the financing, ownership or capital structure as well as changes following a trigger event which was anticipated in the original documentation. All intercompany transactions, balances and, unrealized gains on transactions between Group companies are eliminated on consolidation.

Consistent accounting policies are applied throughout the Group for the purposes of consolidation. Issuances of a subsidiary's stock to third parties are treated as noncontrolling interests. Profit or loss attributable to noncontrolling interests is reported separately in the Consolidated Statement of Income and Consolidated Statement of Comprehensive Income.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (Cont.)

2.1.1 PRINCIPLES OF CONSOLIDATION

The Parent has the following investments in subsidiaries at December 31st of each year:

Subsidiaries' Name	Registered office address	Class of instrument held	Ownership 2021	Ownership 2020
ExcelCredit S.A.S.	Carrera 14 No. 93a – 30, Bogotá, Colombia.	Common Stock	94,94%	100%
IFS II Ltd.	Crawford House 50 Cedar Av, Hamilton HM 11, Bermuda	Common Stock	100%	-
/Golden Tree Reinsurance Limited	Crawford House 50 Cedar Av, Hamilton HM 11, Bermuda	Common Stock	100%	100%
Kanguro LLC	251 Little Falls Drive, Wilmington, County of New Castle, Delaware	Common Stock	80%	-

The following are the main financial figures of each subsidiary:

Concept	ExcelCredit SA	Golden Tree Reinsurance Limited	IFS II Ltd.	Kanguro LLC
Assets	131,603,363	37,266,652	1,207,907	386,866
Liabilities	108,163,075	10,286,673	41,278	-
Equity (excluding [a] and [b])	29,760,658	26,979,979	75,000	450,000
Net income for the year [a]	1,300,295	8,832,046	(59,228)	(63,164)
Currency translation differences [b]	(7,620,665)	-	382,263	-

2.2. MEASUREMENT CONVENTION

The consolidated financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets, except for loans measured at amortised cost.

2.3. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Group are measured in the currency of the primary economic environment in which the Group operates (the “functional currency”). The financial statements of the Group are presented in United States Dollars (“US$” or “USD”), which is the Parent’s functional and presentation currency. The primary objective of the Group is to generate returns in US$, its capital-raising currency. The liquidity of the Group is managed on a day-to-day basis primarily in COP which is the currency of Colombia, the country in which most of the operations of the Group are located. All information is presented in US dollars and has been approximated to the nearest round unit.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (Cont.)

2.4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. A substantial source of uncertainty relates to the emergence of the COVID-19 pandemic.

The Company's subsidiaries carry credit and insurance business that was not materially affected. The Company's management is monitoring the developments closely.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effects on the financial statements are disclosed in the following items of the financial statements:

- Income taxes (note 9 and note 11)
- Impairment (note 5)
- Reserves for insurance contracts incurred losses but not reported (note 16 and note 26)
- Gain from payroll loans sold (note 5 and note 20)

2.5 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the Parent's functional currency at the foreign exchange rate ruling at the date of the transaction or average rates of exchange where these approximate actual rates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising from translation are recognized in the income statement except for differences arising on the translation of qualifying foreign operations, which are recognized in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

2.6 CLASSIFICATION OF FINANCIAL INSTRUMENTS ISSUED BY THE GROUP

Following the guidelines of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavorable to the group; and

- where the instrument will or may be settled in the group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of the issue are classified as a financial liability. Where the instrument so classified takes the legal form of the group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (Cont.)

2.7 DERIVATIVE AND NON-DERIVATIVE FINANCIAL INSTRUMENTS

Non-derivative financial instruments comprise other financial instruments, trade and other receivables, cash and cash equivalents, loans, interest-bearing liabilities, and trade and other payables.

- Trade and other receivables: Trade and other receivables are recognized initially at fair value. Subsequent to initial recognition they are measured at amortized cost using the effective interest method, less any impairment losses.

- Trade and other payables: Trade and other payables are recognized initially at fair value. Subsequent to initial recognition they are measured at amortized cost using the effective interest method.

- Other financial instruments: Investments in debt securities are stated at amortized cost less impairment. Financial instruments held for trading are stated at fair value, with any resultant gain or loss recognized in profit or loss.

- Interest-bearing liabilities: Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. After initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method, less any impairment losses.

- Cash and cash equivalents: Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Derecognition: Financial assets are derecognized when the contractual rights to the cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership. Financial liabilities at fair value through profit or loss are derecognized when the obligation specified in the contract is discharged, cancelled or expires. Realized gains and realized losses on derecognition are determined using the specific identified cost method and are included in profit or loss for the period in which they arise.

- Derivatives: Derivative financial instruments are measured at fair value through profit or loss except for those classified as a hedging instrument accounted under the hedge accounting method established on IFRS9.

2.8 IMPAIRMENT

2.8.1 Financial assets (including receivables)

The Group's portfolio impairment model is based on four variables:

1. Days in default

It is equal to the number of days of default that the obligation presents at the cut-off date, the ranges are: **(30 - 60 / 60 -90 / 90-120 / 120-150 / greater than 150 days).**

2. Incorporation rate

The Incorporation rate is the percentage canceled of the expected current installment. If the client has canceled their full monthly installment, this value would be 100%

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (Cont.)

2.8 IMPAIRMENT (Cont.)

2.8.1 Financial assets (including receivables) (Cont.)

3. Cause of impairment

The impairment can be permanent or temporary according to the cause that generated the default. For example, vacations generate a temporary cause and embargoes generate a permanent cause.

4. Term extension

The pension agencies can lower the incorporation rate and extend the loan term. Not all pension agencies allow this operation to be carried out and the client's ability to pay is assessed before admitting a term extension.

Application of the Model

The impairment model applies the following steps:

• The model consolidates the demographic information and incorporation rates and analyzes the information using 8 statistical models (Logistics with smote, logistics are smote, AdaBoost with smote, Adaboost without smote, trees with smote, trees with smote prune, trees without smote, trees without smote prune).

• The best model is selected according to quality metrics (Accuracy, Sensitivity, Specificity or AUC).

• The portfolio is classified into three categories according to the combination of variables in its payment behavior, this measurement is made as follows:

✓ **Non-deteriorated portfolio**

Portfolio with a default of fewer than 60 days, has a temporary cause, and has an incorporation rate of 100%, in addition to the credits that do not meet all the variables to be classified with significant increase or deterioration.

✓ **Significant increase**

Portfolio with a default greater than 60 days and less than 90 days and has a permanent cause, this classification generates an early warning to show the credits that are prone to deteriorate.

✓ **Deterioration**

Portfolio with a default greater than 90 days, has a permanent cause and a incorporation rate of less than 100% and the payment does not allow extension.

Definition of expected credit loss and formula to use

It is the expected average value of the losses caused by the materialization of the credit risk. The loans at the impairment stage are estimated and, taking into account the methodology mentioned above and the expected loss is calculated using the according formula for each stage.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (Cont.)

2.8 IMPAIRMENT (Cont.)

2.8.1 Financial assets (including receivables) (Cont.)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2.8.2 Non-financial assets

The carrying amounts of the Group's non-financial assets, property and equipment and intangibles, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

There was no impairment on non-financial assets during 2021 and 2020.

2.9 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (Cont.)

2.9 PROPERTY AND EQUIPMENT (Cont.)

- Fixtures and fittings: 120 months
- Office equipment: 120 months
- Computers: 60 months
- Telecommunication equipment: 36 months
- Use rights: Time available for use

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

2.10 INTANGIBLE ASSETS

Intangible assets are software and licenses acquired by the Group and are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. The estimated useful lives are as follows:

- Software: estimated life of the intangible asset.

- Licences: contract duration.

2.11 EMPLOYEE BENEFITS

All employee benefit obligations are short-term benefit obligations measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. They include benefits and contributions demanded by the Colombian Law for employees, such as social security and other benefits.

The Group does not have any post-employment benefit plans, post-employment contribution plans nor any share-based payment transactions.

2.12 INSURANCE CONTRACTS

These are life and credit reinsurance policies under which the Group (acting as reinsurer) has accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specific uncertain future event adversely affects the policyholder. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire.

Premiums written are recorded when advised by the ceding companies and are included in income on a straight-line basis over the period of the primary insurer's insurance contract. Any unearned premiums are deferred on the balance sheet in consistency with the insurance contract. Acquisition costs, consisting of commissions and taxes relating to business underwritten by the Company and are expensed on a pro rata basis over the terms of the policy and are recognized in the statement of income.

The policies provide for premium adjustments based on the results of premium base reviews. The Company has considered such adjustments using estimates of the ultimate premiums, and in the opinion of management, future adjustments to premiums will not have a material effect on the financial position of the Company.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (Cont.)

2.12 INSURANCE CONTRACTS (Cont.)

The reserve for losses and loss related expenses include estimates for outstanding claims and settlement expenses incurred at the balance sheet date including an estimate for the cost of claims incurred but not reported at that date. Such reserve is based on loss adjusters' evaluations and management's best estimates on an undiscounted basis and, in the opinion of management, is reasonable.

Future adjustments to the amounts recorded as of December 31, 2021, resulting from the continual review process, as well as differences between estimates and ultimate settlements, will be reflected in the Company's statement of income and comprehensive income of future year when such adjustments become known. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the liability. A substantial source of uncertainty relates to the emergence of the COVID-19 pandemic. This uncertainty could impact the estimation of ultimate claims in several different ways including distortion of development patterns as companies handle claims differently and sudden changes in exposure to specific coverages as the peril emerges. There are not any specific impacts of COVID-19 in the exposure and loss data used for losses and loss related expenses.

2.13 INTEREST INCOME

Interest from all interest-bearing assets and liabilities is recognized as net interest income using the effective interest method. The effective interest rate is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant period using the estimated future cash flows. The estimated future cash flows used in this calculation include those determined by the contractual terms of the asset or liability, all fees that are considered to be integral to the effective interest rate, direct and incremental transaction costs and all other premiums or discounts.

Once an impairment loss has been recognized on a loan, held-to-maturity investment or available for sale debt instruments, although the accrual of interest in accordance with the contractual terms of the instrument is discontinued, interest income is recognized based on the rate of interest that was used to discount future cash flows for the purpose of measuring the impairment loss. For a loan this would be the original effective interest rate, but a new effective interest rate would be established each time an available for sale debt instrument is impaired as impairment is measured to fair value and would be based on a current market rate.

2.14 EXPENSES

All expenses are recognized in the statement of profit or

loss on the accrual basis.

2.14.1 Operating lease payments

Payments made under operating leases are recognised in the expenses on a straight-line basis over the term of the lease.

2.15 INCOME TAXES AND OTHER TAXES

2.15.1 Income taxes

Under the current laws of Bermuda, the Parent is not subject to income, estate, corporation or capital gains taxes, as neither do its subsidiary Golden Tree Reinsurance Limited in Bermuda. In the case of subsidiary ExcelCredit S.A.S. it is subject to Colombian income and wealth taxes and a provision has been made for these taxes in these financial statements with the following policy.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (Cont.)

2.15 INCOME TAXES AND OTHER TAXES (Cont.)

2.15.1 Income taxes (Cont.)

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value deferred tax is provided at the rate applicable to the sale of the property except for that part of the property that is depreciable and the group's business model is to consume substantially all of the value through use. In the latter case the tax rate applicable to income is used. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2.16 ADOPTED IFRS NOT YET APPLIED

The following Adopted IFRSs have been issued but have not been applied in these financial statements.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short-duration contracts which typically applies to certain non-life insurance contracts.

The main features of the new accounting model for insurance contracts are, as follows:

• The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows);

• A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognized in profit or loss over the service period (i.e., coverage period);

• Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognized in profit or loss over the remaining contractual service period;

2.16 ADOPTED IFRS NOT YET APPLIED (Cont.)

• The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;

• The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period;

• Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in profit or loss, but are recognized directly on the Statement of financial position;

• Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense;

Extensive disclosures to provide information on the recognized amounts from insurance contracts and the nature and extent of risks arising from these contracts.

Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach. IFRS 17 has been deferred an additional year and is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, on or before the date it first applies.

The Company plans to adopt the new standard on the required effective date. The Company expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company and is likely to have a significant impact on profit and total equity together with presentation and disclosure. The Company is still evaluating the impact of the standard.

(Expressed in United States dollars)

NOTE 3. CASH AND CASH EQUIVALENTS

		2021	2020
Cash at hand	$	3,956	3,336
Cash at banks		15,799,736	7,578,320
Short term deposits (1)		5,026,816	7,205,581
TOTAL	$	**20,830,508**	**14,787,237**

(1) Following is the detail of short-term deposits (SPV: Special Purpose Vehicle):

		2021	*2020*
Fiduciaria Bancolombia -Money Market Fund	*$*	*1,674*	*82,326*
Fiduciaria Bogotá		*4,941*	*185,551*
Investment Fund - Fiduciaria Alianza		*1,201*	*1,403*
Fiduprevisora Money Market Fund		*224*	*260*
SPV - Fiduciaria central		*-*	*549*
SPV - GNB Sudameris		*280,981*	*472,770*
SPV - Renta 4 Global		*3,687,527*	*4,130,394*
BTG Pactual Money Market Fund		*982,969*	*1,133,884*
BBVA Money Market Fund		*67,299*	*1,198,444*
TOTAL	*$*	***5,026,816***	***7,205,581***

There were no restrictions on cash or equivalents at each reporting period.

NOTE 4. FINANCIAL INSTRUMENTS

		2021	2020
Derivatives - USD/COP Currency Forwards (1)	$	90,908	-
Retained interests from payroll loans sold (2)		4,459,381	4,145,331
Investment Portfolio (3)		13,452,541	6,607,911
Total	$	**18,002,830**	**10,753,242**

(1) These amounts represent gross derivatives balances that are offset within the loans and interest-bearing liabilities balance sheet account. The Group acquired financial derivatives contracts (forwards) with counterparty BTG Pactual (Cayman Branch) for hedging loan obligations exposed to currency risk. The derivatives contracts are used for hedging exposure to foreign currency that Excelcredit has with their liabilities.

(2) As of December 31, 2021 and 2020, due to portfolio sale operation, the Company has retained interest in portfolio sold to Iris CF- Compañía de Financiamiento S.A.I, which is reflected as a right recorded at its fair value located at level 3 of the fair value hierarchy. For its measurement, level 3 input data is used, according to the discounted cash flow methodology adjusted for risk. The main variables used are the projection of the collection of the portfolio according to internal historical data of prepayment, amortization, and delinquency of the clients.

(3) Investment portfolio includes Golden Tree Reinsurance Limited investments in the Aqua Multistrategy Fund Limited (AMF). AMF's investment portfolio consists mainly in investments in Fund of Funds carried at fair value

(Expressed in United States dollars)

NOTE 5. LOANS

The following is a detail of payroll loans originated and held by the Group as of December 31 of each year:

		2021	2020
Payroll loans current portion	$	9,885,316	9,402,441
Payroll entities receivables (1)		114,098	467,856
Total current		**9,999,414**	**9,870,297**
Payroll loans non-current portion		100,818,343	82,026,222
Impairment allowance (2)		(1,325,195)	(986,991)
Total non-current		**99,493,148**	**81,039,231**
TOTAL	$	**109,492,562**	**90,909,528**

(1) Payroll loans include principal balance and interest accrued not yet paid as well as sales commissions according to the effective interest method. The following is the detail of payroll loans by days past due as of December 31 of:

Stages of loan deliquency	***2021***	***2020***
Less than 30 days past due [0 to 30 days]	*100,740,447*	*80,142,318*
past due [31 to 60 days]	*521,387*	*341,468*
past due [61 to 90 days]	*410,561*	*169,523*
past due [91 to 120 days]	*402,791*	*281,233*
past due [121 to 150 days]	*354,144*	*179,204*
past due [more than 150 days]	*1,321,023*	*2,190,833*
Total payroll loans principal outstanding	***103,750,353***	***83,304,579***
Interest accrued	*2,766,388*	*2,387,596*
Other receivables from clients	*4,186,918*	*5,736,488*
Total Gross Payroll loan oustanding	***110,703,659***	***91,428,663***
Gross Impairment allowance	*(1,991,150)*	*(1,842,835)*
Financial Guarantee Rights -FGA	*665,955*	*855,844*
Impairment allowance	***(1,325,195)***	***(986,991)***
Payroll entities receivables	*114,098*	*467,856*
Total for payroll loans	***109,492,562***	***90,909,528***

(2) The movement in the allowance for impairment in respect of payroll loans during the year was as follows:

		2021	***2020***
Initial impairment allowance	*$*	*986,991*	*2,593,949*
*Impairment loss recognized**		*3,445,853*	*2,953,381*
*Impairment loss reversed**		*(486,810)*	*(295,703)*
Write-offs		*66,507*	*(2,936,215)*
Portfolio sale		*(2,458,918)*	*(1,187,783)*
Effect of movements in FX		*(228,428)*	*(140,638)*
TOTAL	*$*	***1,325,195***	***986,991***

The net impairment loss that was recognized in the income statement was $2,959,043 for 2021 and $2,657,678 for 2020.

(Expressed in United States dollars)

NOTE 6. INSURANCE CONTRACTS ASSETS

The following is a detail of assets arising in insurance contracts in which the Group acts as reinsurer, at of each year:

		2021	2020
Commercial credit premiums receivable	$	532,336	551,123
Creditlife premiums receivable		3,232,806	1,362,003
Fund withheld		2,380,989	782,240
TOTAL	$	**6,146,131**	**2,695,366**

NOTE 7. OTHER RECEIVABLES

The following is a detail of other receivables as of December 31st of each year:

		2021	2020
Other receivables from clients		21,971	18,245
Loans to employees		3,371	20,901
Other loans		61,111	277,668
Other receivables		853,558	482,506
Insurance claims collectable		445,116	583,801
Loan to Silver Tree Capital		763,223	337,890
TOTAL	$	**2,148,350**	**1,721,011**

NOTE 8. PROPERTY AND EQUIPMENT

The following is a detail of property and equipment at December 31st of each year:

		2021	2020
Office equipment	$	365,975	358,771
Computers and telecommunication equipment		243,270	199,927
Depreciation		(1,343,306)	(851,956)
Leased property and equipment		3,595,222	3,437,243
Improvements on third-party property		245,903	184,780
TOTAL	$	**3,107,064**	**3,328,765**

(1) Property use rights item is due to adoption on IFRS 16 requiring an asset recognition for the headquarters offices lease as use rights.
At December 31st of 2021 and 2020 there were no legal restrictions and/or pledges on these assets.
There are no changes in the following aspects related to the accounting policies:

- *Useful life*
- *Residual value*
- *Depreciation method*

Property and equipment are covered by an insurance policy contracted with Suramericana de Seguros S.A.

(Expressed in United States dollars)

NOTE 8.1. LEASED PROPERTIES AND EQUIPMENT

The Group leases land and buildings for its own use.

Golden Tree Reinsurance Limited and ExcelCredit SA have lease contracts for the offices they use as their main headquarters. Lease payments are fixed.

Information about leases for which the Group is a lessee is presented below:

Right-of-use assets

2020	**Land and buildings**	**Total**
Gross balance of RoU at 1 January	3,567,637	3,567,637
Additions/disposal of right-of-use assets	28,605	28,605
FX effect	(158,998)	(158,998)
Gross balance of RoU at 31 December	**3,437,244**	**3,437,244**

2021	**Land and buildings**	**Total**
Gross balance of RoU at 1 January	3,437,244	3,437,244
Additions/disposal of right-of-use assets	628,655	628,655
FX effect	(470,676)	(470,676)
Gross balance of RoU at 31 December	**3,595,222**	**3,595,222**

2020	**Land and buildings**	**Total**
Accumulated depreciation of RoU at 1 January	(86,299)	(86,299)
Depreciation charge for the year	(399,689)	(399,689)
Additions/disposal of right-of-use assets	12,740	12,740
FX effect	(29,617)	(29,617)
Accumulated depreciation of RoU at 31 December	**(502,865)**	**(502,865)**

2021	**Land and buildings**	**Total**
Accumulated depreciation of RoU at 1 January	(502,866)	(502,866)
Depreciation charge for the year	(486,889)	(486,889)
FX effect	91,704	91,704
Accumulated depreciation of RoU at 31 December	**(898,051)**	**(898,051)**

(Expressed in United States dollars)

NOTE 9. CURRENT TAX LIABILITIES AND ASSETS

The following is a detail of current tax assets and liabilities at December 31st of each year:

		2021	2020
Income tax payable	$	(230,457)	(37,885)
Withholding income taxes		30,012	26,424
Positive balance		200,399	125,410
Self-withholding income taxes		113,987	181,507
Current tax assets	$	**113,941**	**295,456**

NOTE 10. INTANGIBLE ASSETS

The following is a detail of intangibles assets at December 31st of each year:

		2021	2020
Intangibles, gross	$	2,995,312	657,179
Amortization		(561,261)	(50,103)
Intangibles, net		**2,434,051**	**607,076**

NOTE 11. CURRENT AND DEFERRED INCOME TAXES

Income tax

The following is a detail of income taxes recognized at December 31st of each year:

		2021	2020
Current tax	$	222,915	(15,191)
Subtotal		**222,915**	**(15,191)**
Deferred tax		202,214	668,056
Total	$	**425,129**	**652,865**

Effective Rate Reconciliation

		2021
Excel Credit Income before taxes	$	1,792,394
Theoretical tax (31%)		555,642
Non-deductible expenses		134,676
Rates differences effect		(3,743)
Tax discounts		(223,457)
Adjust prior periods		(48,565)
Fx effects		10,576
Income Tax Expense		**425,129**

(Expressed in United States dollars)

NOTE 11. CURRENT AND DEFERRED INCOME TAXES (Cont.)

Deferred tax assets/Liabilities

		Balance at December 31, 2020	Charged in income statement	Charged in Other comprehensive income	FX effect	**Balance at December 31, 2021**
Unrealised fair value gain	$	**(1,243,599)**	(513,800)	-	196,615	**(1,560,784)**
IFRS 16 effect		**51,828**	52,426	-	(9,717)	**94,537**
Loans impairment		**593,932**	202,296	-	16,549	**375,087**
Tax benefits		**-**	(86,840)	-	4,264	**(82,576)**
Prior period losses		**-**	160,077	-	(7,861)	**152,216**
FX gain/loss on loans		**606,214**	(179,117)	(399,823)	(274,241)	**301,515**
Total deferred tax	$	**8,375**	**(364,958)**	**(399,823)**	**(74,391)**	**(720,005)**

		Balance at December 31, 2019	Charged in income statement	Charged in Other comprehensive income	FX effect	**Balance at December 31, 2020**
Unrealised fair value gain	$	**(551,902)**	(671,451)	-	(20,246)	**(1,243,599)**
IFRS 16 effect		**5,756**	43,409	-	2,663	**51,828**
Loans impairment		**1,078,440**	(408,201)	-	(76,307)	**593,932**
FX gain/loss on loans		**(174,502)**	368,187	355,861	56,668	**606,214**
Total deferred tax	$	**357,792**	**(668,056)**	**355,861**	**(37,222)**	**8,375**

(Expressed in United States dollars)

NOTE 12. LOANS AND OTHER INTEREST-BEARING LIABILITIES

The following is a detail of loans and other interest-bearing liabilities at December 31st of each year:

Current		**2021**	**2020**
Structured financing (1)	$	663,574	1,473,376
Loan obligations (2)		46,674,353	18,867,775
TOTAL	$	**47,337,927**	**20,341,151**

Non-current		**2021**	**2020**
Loan obligations (2)		45,144,802	55,638,122
TOTAL	$	**45,144,802**	**55,638,122**

(1) The following is a disclosure of structured financing:

Structured financing	***2021***	***2020***
Iris CF- Compañía de Financiamiento S.A.	*663,574*	*1,473,376*
TOTAL	***663,574***	***1,473,376***

(2) The following is a disclosure of loan obligations

Loan obligations	***2021***	***Term (Months)***	***2020***	***Term (Months)***
Banco de Bogotá S.A. (COP)	*8,511,072*	*36*	*5,219,092*	*36*
GNB Sudameris S.A. (COP)	*13,238,131*	*36*	*7,623,261*	*36*
Investment Funds/Renta4 Global S.A. (COP)	*20,222,763*	*36*	*21,817,021*	*36*
Kawa Capital Partners LLC (USD)	*20,550,965*	*36*	*24,075,155*	*36*
Credit cards (COP)	*-*	*1*	*41,686*	*1*
BTG Pactual (COP)	*20,745,695*	*36*	*10,825,450*	*36*
AV Securities (COP)	*-*	*36*	*2,904,232*	*36*
AV Securities (USD)	*-*	*24*	*2,000,000*	*24*
Bancolombia (COP)	*4,933,813*	*36*	*-*	*-*
Bancoomeva (COP)	*534,489*	*24*	*-*	*-*
Banco Occidente (COP)	*1,945,430*	*36*	*-*	*-*
Pichincha (COP)	*1,136,797*	*24*	*-*	*-*
TOTAL	***91,819,155***		***74,505,897***	

The Group does not have any significant special condition to be fulfilled on any of their debt and no loan agreements have breach.

Most loan obligations are collateralized with the Group's payroll loan portfolio. None of the Group's debt and assets are rate sensitive.

(Expressed in United States dollars)

NOTE 13. TRADE AND OTHER PAYABLES

The following is a detail of trade and other payables at December 31st of each year:

Trade and other payables		2021	2020
Administration fees (1)	$	16,175	6,600
Audit fees		42,598	51,900
Loan interest		16,694	8,970
Management fee (2)		112,113	22,241
Difference in transfer received from Ocean		106	319
Insurance loss reserve actuarial certification fees		27,675	23,525
Third-party insurance premiums collections (3)		2,803,845	1,507,510
Unfunded loan commitments (4)		871,810	1,451,532
Suppliers		1,789,558	1,072,700
Unidentified cash receipts		3,343	13,596
Other		27,068	34,972
Client refunds payable (5)		4,087,930	3,209,745
Retentions and law contributions		161,564	104,451
Interests received in advance		544,392	1,668,827
Lease obligations under IFRS 16 (6)		2,855,618	3,101,684
Loans sold collections payable (7)		1,191,520	1,050,227
Loans third-party financial guarantees collections		5,376	522,222
Other third-party collections payable		2,309	4,688
Trade and other payables total	$	**14,559,694**	**13,855,709**

(1) Due to Atlas Fund Services (Curacao) N.V: Under the terms of an administration agreement dated July 1st, 2016 the Administrator was responsible for providing record keeping, valuation and accounting services, and for discharging other administrative functions at the direction of the Investment Manager. The Group paid expenses incurred by the Administrator in connection with the performance of its duties and obligations under the agreement, as is the case of FATCA Fees. On February 2022 the administration contract with Atlas was terminated and their responsibilities were transferred to Silver Tree Capital.

(2) Due to Silver Tree Capital: Under the terms of the Group's Confidential Information Memorandum, the Investment Manager has agreed to render investment management services to the Group. The Investment Manager receives a monthly management fee equal to 2% per annum of the last closing Group's net assets revalued each quarter.

(3) Corresponds to insurance premiums collected by the Group, acting as a collection agent for third-party insurance companies.

(4) Due to loan disbursements pending to be wired to borrowers after the completion of the loan origination process.

(5) These are funds payroll entities mistakenly discount from borrowers' salaries and its increase relate to a growing loan book and received prepayments, they are available for clients' collection.

(6) Lease obligations item is due to adoption on IFRS 16 requiring a liability recognition for the future headquarters offices lease payments at present value.

(7) In 2019 the Group started a payroll loan portfolio sale program, remaining as a manager, collector and reporting agent for those loans under an administration agreement.

(Expressed in United States dollars)

NOTE 14. EMPLOYEE BENEFITS

The following is a detail of employee benefits at December 31st of each year:

		2021	2020
Salaries	$	90,353	1,616
Statutory severance pay		250,771	183,490
Statutory interest on severance pay		27,086	28,538
Statutory leave		197,716	-
Statutory bonuses		-	79,573
TOTAL	$	**565,926**	**293,217**

NOTE 15. OTHER NON-FINANCIAL LIABILITIES

The following is a detail of other non-financial liabilities at December 31st of each year:

		2021	2020
Withholding income tax	$	93,200	63,102
Withholding industry and trade tax		10,435	6,342
Value added tax		8,980	100,179
Industry and trade tax		90,418	124,503
Commissions payable		363,288	-
Tax Expenses payable		46,990	-
TOTAL	$	**613,311**	**294,126**

NOTE 16. INSURANCE CONTRACTS LIABILITIES

The following is a detail of liabilities arising in insurance contracts in which the Group acts as reinsurer, at of each year:

Concept		**2021**	**2020**
Reserves for insurance losses incurred but not reported		1,249,521	240,000
Insurance losses payable		941,032	531,504
TOTAL	$	**2,190,553**	**771,504**

NOTE 17. AUTHORIZED SHARE CAPITAL

The Group is authorized to issue up to 30.000 Shares of par value $0,10 each, comprising three classes:

(a) Class A Ordinary Shares;
(b) Class B Ordinary Shares;
(c) Class C Preference Shares
(d) Class D Preference Shares

(Expressed in United States dollars)

NOTE 17. AUTHORIZED SHARE CAPITAL (Cont.)

Issued capital

At December 31, 2021, 12,000 Class A Shares, 645.38 Class B Shares, 1,477.12 Class C Shares and 796,95 Class D Shares were issued and fully paid.

At December 31, 2020, 12.000 Class A Shares, 392,46 Class B Shares, 1.730,03 Class C Shares and 796,95 Class D Shares were issued and fully paid.

Class rights

Class A Ordinary Shares have voting rights and the right to an equal share in any distribution paid by the company if no Class C Shares are outstanding. Class B Ordinary Shares have no voting rights and the right to an equal share in any distribution paid by the company if no Class C Shares are outstanding. Class C Preference Shares have no voting rights and have the right to receive a preferred return at a rate of 8% per annum and 75% share in any distribution until conversion to Class B Shares. Class D Preference Shares have no voting rights and have the right to receive a preferred return at rate of 10% per annum. All types of shares are not redeemable but can be repurchased to be cancelled or held as treasury shares at Management discretion.

Dividends and distributions

Under Iris Bye-laws the Board of the Group may, in accordance to the Companies Act 1981, declare a dividend to be paid to the Members, in proportion to the number of shares held by them, and no unpaid dividend shall bear interest as against the Group. The Group's distribution policy is to distribute each year at least fifty percent (50%) of all of the Group's net earnings.

Allocation of income and expenses between share classes

There will be no difference in the allocation of income and expenses between different shares Classes.

Share transaction summary:

	Class A shares		Class B shares		Class C shares		Class C Treasury Shares		Class D shares		Share capital and contributed surplus
BALANCE AT DECEMBER 31, 2019	**707,599**	**+**	**1,215,118**	**+**	**24,509,882**	**+**	**(4,669,500)**	**+**	**-**	**=**	**21,763,099**
Issuance of shares	-		-		-		-		11,978,853		11,978,853
Conversion of Shares	-		2,709,580		(2,709,580)		-		-		-
BALANCE AT DECEMBER 31, 2020	**707,599**	**+**	**3,924,698**	**+**	**21,800,302**	**+**	**(4,669,500)**	**+**	**11,978,853**	**=**	**33,741,952**
Conversion of Shares			2,529,115		(2,529,115)						-
BALANCE AT DECEMBER 31, 2021	**707,599**	**+**	**6,453,813**	**+**	**19,271,187**	**+**	**(4,669,500)**	**+**	**11,978,853**	**=**	**33,741,952**

NOTE 18. RETAINED EARNINGS

The following is a detail of retained earnings or accumulated loss at of each year:

		2021	2020
Beginning balance	$	5,516,989	4,146,372
Net income for the year		9,011,778	5,516,989
Dividends declared		(5,516,989)	(4,146,372)
Total retained earnings	$	**9,011,778**	**5,516,989**

NOTE 19. OTHER COMPREHENSIVE INCOME

Other comprehensive income is due to the currency translation differences of subsidiary ExcelCredit which would be reclassified to profit or loss in the event of the sale of the investment.

	2021	2020
Other comprehensive income from previous years	**(4,673,091)**	**(2,246,014)**
(+) Movement in foreign subsidiaries hedge reserve	899,328	(1,291,134)
(+) Other Comprehensive Income for translation	**(3,715,670)**	**(1,135,943)**
(-) Balance at the end of 2021	(7,619,974)	(3,904,304)
(+) Balance at the end of 2020	3,904,304	(2,768,361)
Other Comprehensive Income	**(7,489,433)**	**(4,673,091)**

Detail for the year ended December 31st, 2021 is as follows:

ExcelCredit Accounts	**COP (Thousands)**	**Exchange Rate**		**USD**
Assets (+)	523,934,046	3,981	Closing rate	131,437,460
Liabilities (-)	430,614,509	3,981	Closing rate	107,836,150
Post-acquisition earnings (-)	15,973,133	3,403	Average rates	4,694,409
Post-acquisition other comprehensive income (-)	489,597	3,810	Average rates	128,492
All other equity accounts (-)	77,497,862	2,936	Historical cost	26,398,383
Other Comprehensive Income from translation	=	**Exchange Differences**	**=**	**(7,619,974)**

Detail for the year ended December 31st, 2020 is as follows:

ExcelCredit Accounts	**COP (Thousands)**	**Exchange Rate**		**USD**
Assets (+)	389,107,986	3,433	Closing rate	113,359,938
Liabilities (-)	303,119,852	3,433	Closing rate	88,308,770
Post-acquisition earnings (-)	11,392,207	3,424	Average rates	3,327,144
Post-acquisition other comprehensive income (-)	(2,901,936)	3,768	Average rates	(770,055)
All other equity accounts (-)	77,497,862	2,936	Historical cost	26,398,383
Other Comprehensive Income from translation	**=**	**Exchange Differences**	**=**	**(3,904,304)**

(Expressed in United States dollars)

NOTE 20. INTEREST AND OTHER SIMILAR INCOME

The following is a detail of interest income for the years ended of:

		2021	2020
Payroll loans interest (1)	$	15,686,546	12,710,555
Gain from payroll loans sold (2)		3,400,993	3,850,632
TOTAL	$	**19,087,539**	**16,561,187**

(1) Increase interest income is due to the Group's loan book growth.

(2) Since 2019, the Group started a payroll loan portfolio sale program, retaining rights on future interest cashflows from those loans sold. The measurement of this gain is based on the fair value from retained interests using the discounted cash flow method adjusted for risk.

NOTE 21 OTHER FINANCIAL INCOME

		2021	2020
Credit survey fees	$	1,891,660	2,567,599
Financial guarantees reclaim		4,608,843	2,266,765
Recovery from defaulted loans		5,770,730	306,477
TOTAL	$	**12,271,233**	**5,140,841**

NOTE 22. INSURANCE CONTRACTS PREMIUMS WRITTEN

The following is a detail of insurance contracts premiums written for the years ended December 31st of:

		2021	2020
Commercial Credit premiums written		2,145,334	2,010,793
Credit Life premiums written		14,068,912	4,835,428
Change in unearned premiums		(7,156,702)	-
TOTAL	$	**9,057,544**	**6,846,221**

Increase premiums written is due to the Group's increase in the number of people insured. Please refer to notes 2.13 and 22 for more information on the insurance contracts.

NOTE 23. OTHER INCOME

The following is a detail of other income for the years ended December 31 of each year:

		2021	2020
Collection commission	$	-	123,901
Loan certificates		36,955	41,478
Leases costs		-	72,547
Expenditure reimbursement		-	(883)
Collection costs reimbursement		89,197	70,324
Reimbursement and others		42,347	12,744
Employee medical leaves reimbursement		-	235,710
Prior periods income		283	6,312

(Expressed in United States dollars)

NOTE 23. OTHER INCOME (Cont.)

		2021	2020
Prepayment penalty fees		-	187,988
Interest on bank accounts	$	-	205,977
Investment income		25,333	414,157
Foreign exchange gain on foreign operations		305,668	-
Gain on FX derivatives under hedge accounting		(96,146)	-
TOTAL	$	**403,637**	**1,370,255**

NOTE 24. INTEREST AND OTHER SIMILAR EXPENSE

The following is a detail of interest expense for the years ended December 31st of each year:

		2021	2020
Interest on structured financing	$	405,530	293,803
Interest on loan obligations		9,015,747	7,696,514
Interest on non-financial leases		253,335	287,145
Currency forwards effect on debt in foreign		903,776	759,028
TOTAL	$	**10,578,388**	**9,036,490**

NOTE 25. INSURANCE CONTRACTS ACQUISITION COSTS

The following is a detail of insurance contracts acquisition costs for the years ended December 31st of:

		2021	2020
Commissions	$	811,804	511,637
Reinsurance tax		90,548	68,462
TOTAL	$	**902,352**	**580,099**

NOTE 26. INSURANCE CONTRACTS LOSSES INCURRED

The following is a detail of insurance contracts losses incurred for the years ended December 31st of:

		2021	2020
Insurance losses incurred and reported	$	2,491,108	1,309,667
Insurance losses incurred but not reported		460,000	210,280
TOTAL	$	**2,951,108**	**1,519,947**

(Expressed in United States dollars)

NOTE 27. ADMINISTRATIVE EXPENSES

The following is a detail of administrative expenses (segregated between general and related to business promotion) for the years ended December 31st of each year:

General		**2021**	**2020**
Staff costs	$	2,610,414	1,921,245
Fees paid for services		260,834	197,677
Operating leases		330,068	172,477
Other leases		78,322	55,651
Building administration		16,208	12,165
Utilities		662,609	498,441
Maintenance and repairs		38,060	21,740
Adaptation and installation		62,918	44,700
Virtual access licenses		478,247	190,022
Legal fees		26,839	16,768
Travel expenses		14,053	810
Insurance expenses (1)		1,919,563	1,725,132
Depreciation		535,776	573,404
Amortization		204,561	112,872
Public relations and representation expenses		1,529	442
Cleaning and basic cafeteria expenses		21,218	17,823
Stationery and copies		39,422	25,551
Employee transportation		31,345	32,425
Restaurant		1,781	2,052
Other diverse expenses		156,801	14,283
Parking		170	212
Books, magazines and subscriptions		2,989	2,144
Industry and trade Tax		629,374	162,026
Other taxes		1,055	12
Value added tax		751,892	580,040
Loss reserve certification		22,000	22,000
Legal and professional services		7,200	51,138
Administration fees		24,770	107,810
Intertrust fees		34,129	18,771
Audit fees		80,000	83,509
Director fees		27,166	4,667
FATCA Fees		3,400	3,400
Legal & professional fees		20,343	5,012
Management fees		711,552	313,784
Total general expenses	$	**9,806,608**	**6,990,205**

(Expressed in United States dollars)

NOTE 27. ADMINISTRATIVE EXPENSES (Cont.)

Business promotion		**2021**	**2020**
Staff costs	$	1,552,590	1,307,108
Freelance origination fees		-	114
Payroll entities fees		295,822	186,768
Electronic data processing		56,055	39,550
Phone and internet		21,738	13,759
Other services		18,961	23,244
Advertising		481,097	204,980
Travel expenses		16,413	4,958
Collection costs		12,046	11,903
Licenses and formalities		1,774	617
Public Relations and representation expenses		4,001	1,117
Credit bureau inquiry fees		27,365	129,667
Maintenance and repairs		828	600
Stationery and copies		1,937	803
Cleaning and basic cafeteria expenses		3,745	2,358
Other diverse expenses		18,581	12,834
Operating leases			-
Total business promotion expenses	$	**2,512,953**	**1,940,380**
Total administrative expenses (General and business promotion)		**12,319,561**	**8,930,585**

(1) These are insurance premiums contracted to protect the Group in case of borrower's delinquency.

NOTE 28. INSURANCE CONTRACTS

The Group has two types of insurance contracts in which it is involved as reinsurer:

Credit Life Proportional Facultative Reinsurance: This insurance policy is a reinsurance policy of mandatory policies offered to borrowers of finance companies to protect them in the event of their death and total or permanent disability.

Commercial Credit Proportional Facultative Reinsurance for Non-Bank lenders: This insurance policy coverage is protecting a percentage of the loan book of finance companies in the event their borrowers default on their loans.

Risk factors of insurance operations

The Group's results of operations and financial condition depend upon its ability to accurately assess the potential losses associated with the risks that it reinsures.

The Group has exposure to counterparties through reinsurance that exposes it to credit risk, and credit life risk if counterparties or final insured people, fail to perform their obligations.

(Expressed in United States dollars)

NOTE 28. INSURANCE CONTRACTS (Cont.)

Loss development for all insurance products

Development years	2016	2017	2018	2019	2020	2021	2021
1	8,282	222,796	345,901	550,044	757,156	2,304,672	2,304,672
2	58,526	285,545	448,271	1,087,750	1,564,172		1,564,172
3	51,237	285,545	467,620	1,130,716			1,130,716
4	48,565	285,545	467,620				467,620
5	48,565	285,545					285,545
6	48,160						48,160
						Total incurred losses	5,800,885
						Losses paid	4,551,364
						Reserve for losses and loss expenses	1,249,521

Reconciliation of insurance loss reserves and losses payable

		2021		2020
Beginning of year				
Outstanding loss reserves (OSLR)	$	-	$	–
Incurred but not reported (IBNR)		240,000		32,060
Total beginning of year		**240,000**		**32,060**
Losses incurred:				
- current year losses		1,666,351		992,228
- prior year losses		1,284,757		533,814
Losses incurred in year		**2,951,108**		**1,526,042**
Losses paid:				
- current year		(1,321,684)		(764,228)
- prior year		(598,452)		(545,438)
Losses paid in year		**(1,920,136)**		**(1,309,666)**
Foreign exchange and other		(21,451)		(8,436)
Total end of year		**(21,451)**		**240,000**
OSLR		549,521		–
IBNR		700,000		240,000
Total end of year	**$**	**1,249,521**	**$**	**240,000**

The Company has incurred losses as of December 31, 2021, of $1,666,351 related to the current accident year and adverse development of $1,284,757 related to the prior years. The main driver of the adverse development resulted from the adverse impact that Covid-19 has had on the credit life business line. On credit life historical data indicates that on average, claims are reported 4 months after the date of death and therefore it is possible for claims to be reported late.

(Expressed in United States dollars)

NOTE 29. FINANCIAL INSTRUMENTS

29.1 MEASUREMENT

The relevant financial instruments of the Group, on the asset side, are payroll loans originated in Colombia, which are measured at amortized cost and the effective interest method and are classified as held until maturity. The Group may have to measure the fair value on some other financial instruments.

The Group has a structure in which fair value measurement is performed and revised constantly by a professional team.

Fair Value Hierarchy

Fair value is defined within the following categories based on the inputs used for its measurement:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable inputs for the asset or liability.

	2021			
Financial instruments measured at fair value	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial instruments classified as hedging				
Derivatives USD/COP Currency Forwards	90,908	-	90,908	-
Financial instruments a fair value through				
Retained interests from payroll loans sold	4,459,381	-	-	4,459,381
Investment Portfolio	13,452,541			13,452,541
Financial instruments not measured at fair	**Carrying**	**Level 1**	**Level 2**	**Level 3**
Financial instruments at amortised cost				
Cash and cash equivalents	20,830,508	20,830,508	-	-
Loans (to customers)	109,583,470	-	-	109,583,470
Loans and other interest-bearing liabilities	92,391,821	-	-	92,391,821
Bond payable	9,478,571			9,478,571
Trade and other payables	14,084,433	-	-	14,084,433

(Expressed in United States dollars)

NOTE 29. FINANCIAL INSTRUMENTS (Cont.)

29.1 MEASUREMENT (Cont.)

		2020		
Financial instruments measured at fair value	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial instruments classified as hedging				
Derivatives USD/COP Currency Forwards	143,020	-	143,020	-
Derivatives USD/COP Currency Forwards	4,094,321		4,094,321	
Financial instruments a fair value through				
Retained interests from payroll loans sold	4,145,331	-	-	4,145,331
Investment Portfolio	6,607,911		1,028,931	5,578,980
Financial instruments not measured at fair	**Carrying**	**Level 1**	**Level 2**	**Level 3**
Financial instruments at amortised cost				
Cash and cash equivalents	14,787,237	14,787,237	-	-
Loans (to customers)	90,909,528	-	-	90,909,528
Loans and other interest-bearing liabilities	72,027,971	-	-	72,027,971
Trade and other payables	13,855,709	-	-	13,855,709

Financial instruments measured at fair value	**Valuation technique**
Derivatives USD/COP Currency Forwards	The Group measures the fair value of the derivates contract, Non-delivery forwards (NDF), as the net present value of the rights and obligations entitled due to the derivate contracts. The Group estimates of both obligations and rights on inputs gathered from the Hedging Bank quotes. The value of the Obligation is estimated using the Contractual forward rate, which is based on the exchange rates observable in the market at the time that derivate contract is established. The exchange rate is projected using the expected depreciation or appreciation of the exchange rate during the term of the derivate contract. The hedging bank provides the expected depreciation or appreciation. The value of the rights is estimated using the current forward rate based on the exchange rates observable in the market at the valuation date and projected using the expected devaluation or appreciation of the exchange rate during the remaining term between the contract maturity and the valuation date. The hedging bank provides the expected devaluation or appreciation. The net amount is discounted using the risk-free rate of Colombian markets, an input observable in the market. The present value resulting from the above is the measure used by the company as the fair value of the instrument. The Group performs this valuation process in a monthly basis
Retained interests from payroll loans sold	The expected payment reflects the calculated present value of residual cashflows from payroll loans sold using default, prepayment, and amortisation curves gathered from the Group's portfolio historical data.

(Expressed in United States dollars)

NOTE 29. FINANCIAL INSTRUMENTS (Cont.)

29.2 MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments

Group exposure to market risk from a USD perspective arises in the translation of foreign operations in Colombia to the capital raising currency of the Parent. Nevertheless, the investments are held as a long-term involvement in the Country for generating long term cash flows. All foreign operations translation differences form part of other comprehensive income and will only form part of profit or loss in the event of sale of the investment.

Monetary assets and liabilities which generate foreign currency exposure in income statement for being in a currency different than each of the subsidiaries' functional currencies are as follows:

		2021	2020	Functional	Currency
Insurance contracts assets	$	6,146,131	2,695,366	USD	COP
Insurance contracts liabilities		2,190,553	531,504	USD	COP
Loan obligations ("Hedged")*		20,550,965	26,979,387	COP	USD
TOTAL	$	**28,887,649**	**30,206,257**		

*Loan obligations are presented net of any derivate contract used for hedging purposes.

The items shown as "Hedged" are excluded from the following sensitivity analysis. The financial instruments are forward contracts acquired to hedge currency risk from the future interest and capital payments on the only two loan obligations that were contracted by the Colombian subsidiary ExcelCredit in a currency different (USD) than its functional currency (COP).

<u>Sensitivity analysis of currency risk at which profit or loss and other comprehensive income is exposed:</u>

The reasonable possible changes in foreign exchange rate until the next reporting date (one year) was determined as the annualized monthly volatility of FX rate, according to the monthly variations presented during the last year in the representative market rate (TRM), with a 95 (1-i) confidence and assuming a standard normal distribution (z) for the TRM variations.

Sensitivity analysis at December 31, 2021

Reasonable possible change up or down = $\sigma_{(last\ year\ monthy\ \Delta\%\ TRM)} * z_{i/2} * \sqrt{12}$ =16,19%

Effect on other comprehensive income for reasonable possible changes in foreign exchange rate (COP/USD) in one year may be positively of $4,559,184 or negatively by $3,288,264.

Sensitivity analysis at December 31, 2020

Reasonable possible change up or down = $\sigma_{(last\ year\ monthy\ \Delta\%\ TRM)} * z_{i/2} * \sqrt{12}$ = 33,18%

Effect on other comprehensive income for reasonable possible changes in foreign exchange rate (COP/USD) in one year may be positively of $12,338,742 or negatively by $6,193,045.

NOTE 29. FINANCIAL INSTRUMENTS (Cont.)

29.3 CAPITAL MANAGEMENT

Capital management is supervised by the Board under a policy of a maintaining a maximum debt to equity ratio of 5 times, wide and stable liquidity sufficient to cover the projected growth of Group's loan book and maintaining always a superior maturity in its debts rather that its assets in order to reduce possible liquidity risk temporary gaps. The Group has also worked towards having the lowest possible debt cost. During 2021 and 2020 the Group has complied successfully with such policies.

29.4 CREDIT AND COUNTERPARTY RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

The Group manages credit risk through comprehensive principles and credit policies, which mitigates exposures:

- Credit risk management function is independent from other business areas.
- A key principle of credit risk management is client credit due diligence.
- The Group aims to prevent undue concentration and tail-risks (large unexpected losses) by maintaining a diversified credit portfolio among a large number of borrowers, reducing single-name credit risk
- The Group manages credit exposures on the basis of the “one obligor principle”.

The Group is an active participant in the credit market of Colombia as a provider of direct salary-discount loans (also called payroll loans) regulated by the Colombian legislation in Law 1527 of April 27, 2012. This credit modality provides better credit risk mitigation as the payments are not subject to the borrower's willingness to pay.

The Group also has defined three lower risk market segments in which it aims to grow. These are:

- Public schools and universities teachers.
- Public servants hired by any entity that is part of the Colombian Government
- Pensioners who receive lifetime monthly pension allowance due to their age and/or time served in favor of an entity.

By defining these segments most of the Group's counterparty risk is concentrated in the Colombian Government (BBB- rated by S&P, local currency long term), as well as some of the most important pension funds and insurance companies in the Country. Loans paid directly by borrowers are a consequence of numerous reasons that end the link between the borrower and the payroll entities, including but not limited to:

- Voluntary or involuntary job contract end
- Leaves and vacation
- Medical leaves for sickness or disability
- Garnishments limiting payment capacity by law
- Bribes from other market participants
- Other debts remaining

During 2021 there was a reduction on the percentage of loans paid directly by borrowers than the prior year.

NOTE 29. FINANCIAL INSTRUMENTS (Cont.)

29.4 CREDIT AND COUNTERPARTY RISK (Cont.)

Even if borrowers agree to automatically deduct from their salary the monthly loan payments, there is still a risk that borrower's salary is insufficient to satisfy the payments. For this matter the Group has establish origination policies and processes that creates an environment of control and compliance of local regulation for this type of loans.

Within its structure the Group has adopted high standards of control through the implementation of a Credit Risk Committee with the support of the Board, the Management Team and the Risk area. The Committee stablishes general policies for loan origination purposes.

General policies

In order to be eligible for a payroll loan with the Group, borrower must:

- Be an employee or have a link with an active payment operating as a salary or monthly pension.
- Be at least 20 years old and younger than 84 years old.
- Demonstrate payment capacity according to the payment conditions, within the context of the legal framework, for example, Law 1527.
- Able to satisfy loan payments with a 50% wage deduction.
- Comply with ExcelCredit requirements.
- Authorize and deliver sufficient guarantees requested by ExcelCredit.
- Authorize the enquiry and report to the credit bureau.
- Not be reported in restrictive lists or involved in criminal activities that imply money laundering, terrorist financing and other legal dispositions.
- Be ready to accept ExcelCredit granting policies and reserve and right of admission of the credit application.
- Not be contractor officers, provisional contractors, on permanent leave, in a position that is temporary or freely appointed and removable by a superior.

The authorized lines of credit are any purpose, portfolio purchase and credit recovery (in the case of purchasing portfolio through credit recovery, the credit recovery prevails).

The disbursements that do not correspond to portfolio purchase or restructures will only be transferred to an account held on behalf of who was granted the credit, or failing this by the PEC-Spanish abbreviation system (Payment in Cash), meaning that under no circumstances a transfer will be done on behalf of third parties.

The Group has also defined policies in regards to the use of credit bureau information, purchasing and restructures, limits on granting amounts depending on the segment, policies in regards to seizures on the borrowers' salaries, and policies specific to the validation of documentation authenticity, as well as in regards to enquiry logs. The Group also defined different attributions levels for credit approvals and has specific disbursement policies all of which aim to work towards reducing loan book defaults and delinquency.

(Expressed in United States dollars)

NOTE 29. FINANCIAL INSTRUMENTS (Cont.)

29.5 LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group manages and measures liquidity risk with the construction of a projected cashflow with the help of all areas of the organization, including new originations, expenses and debts payable.

The Group also measures its structural liquidity risk at the close of each month through the measurement of various liquidity bands and gaps. At this moment the Group considers that its high loan prepayment rate reduces significantly the average maturity of its loan book, and therefore it's liquidity risk, even more, in the long term, for this reason the liquidity gaps and liabilities maturities are observed on a short-term basis (less than a year).

			2021			
Financial liabilities	**Carrying amount**	**1 month**	**2 - 3 months**	**4 - 6 months**	**6 - 12 months**	**More than 12 months**
Bank loans and structured financing	92,482,729	4,936,236	2,140,461	6,421,384	33,017,461	45,967,186
Trade and other payables	12,098,614	3,429,902	740,787	779,507	1,559,013	5,589,404
Insurance contract liabilities	2,190,553		2,190,553			
Bond payable	9,478,571					9,478,571

			2020			
Financial liabilities	**Carrying amount**	**1 month**	**2 - 3 months**	**4 - 6 months**	**6 - 12 months**	**More than 12 months**
Bank loans and structured financing	75,979,272	3,303,634	3,416,738	5,054,634	15,549,946	48,654,320
Trade and other payables	13,855,709	3,821,413	3,175,953	842,680	1,696,759	4,318,903
Insurance contract liabilities	771,504	-	771,504	-	-	-

NOTE 30. RELATED PARTY TRANSACTIONS

Due to related parties transactions consists of:

1) Management fees that are payable to Silver Tree Capital for the activities of managing the Group (refer to Note 13 (2) for more information).

2) Loans disbursed to Silver Tree Limited for an amount of $763.223 (refer to note 7) for more information)

3) Liabilities the Group has with Iris CF- Compañía de Financiamiento S.A. (refer to note 12)

4) Loans sold to Iris CF- Compañía de Financiamiento S.A. which are under ExcelCredit's management. Total capital sold during 2021 sums $34,321,404. Total outstanding capital under management at December 31, 2020, was $33,972,397.

5) The Group has payables with Iris CF- Compañía de Financiamiento S.A. for an amount of $1,772,216 at December 31, 2021. This payable are related with the operations of portfolio sales that Excelcredit has with this company.

(Expressed in United States dollars)

NOTE 30. RELATED PARTY TRANSACTIONS (Cont.)

6) Transactions with key management personnel: the compensation of key management personnel is as follows:

Concept		2021	2020
Key management emoluments including social security costs	$	192,823	186,484
	$	**192,823**	**186,484**

NOTE 31. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

On March 29, 2022, the Board of Directors approved to subscribe 15,000 common shares of par value US$0.10 each in IB Holding Ltd. ("IBH"), a Bermuda exempted company.

It has also approved a contribution surplus of US$5,998,500

Management has evaluated subsequent events occurring through July 21, 2022, the date that these financial statements were available to be issued and determined that neither adjusting or non-adjusting events occurred.