Iris Financial Services Limited

Consolidated Financial Statements
for the year ended December 31, 2022
and Independent Auditor's Report

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the 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 and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statements of profit or loss, 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 Group as at December 31, 2022, 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 Group 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.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

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 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.

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 Group'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 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 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 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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The Engagement Partner on the audit resulting in this independent auditor's report is Bron Turner.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
July 31, 2023

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

	Note		At December 31: 2022	2021
ASSETS				
Cash and cash equivalents	5	$	11,861,275	20,830,508
Financial investments	20		5,988,079	4,550,289
Loans	6		8,502,907	9,999,414
Insurance contracts assets	19		6,967,168	6,146,131
Other receivables			2,036,032	2,148,350
Current tax assets	9		283,565	113,941
Other non-financial assets			205,674	256,080
Total current assets			**35,844,700**	**44,044,713**
Equity-accounted investees	3.2		9,767,103	-
Financial investments	20		20,554,092	13,452,541
Loans	6		97,890,835	99,493,148
Property and equipment	7		2,528,469	3,107,064
Intangible assets	8		3,527,613	2,434,051
Deferred expenses			766,871	603,739
Total non-current assets			**135,034,983**	**119,090,543**
Total assets		$	**170,879,683**	**163,135,256**

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

	Note	At December 31: 2022	2021
LIABILITIES			
Loans and other interest-bearing liabilities	10	$ 44,196,401	47,337,927
Trade and other payables	11	6,069,304	14,559,694
Employee benefits	12	501,999	565,926
Other non-financial liabilities	13	648,708	613,311
Unearned Premiums	19	7,336,018	-
Total current liabilities		**58,752,430**	**63,076,858**
Loans and other interest-bearing liabilities	10	60,852,941	54,623,373
Trade and other payables	11	7,236,622	-
Insurance contracts liabilities	19	2,166,472	2,190,553
Non-current deferred tax liabilities	9	1,159,739	720,005
Unearned Premiums	19	2,125,291	7,156,702
Total non-current liabilities		**73,541,065**	**64,690,633**
Total liabilities		**132,293,495**	**127,767,491**
EQUITY			
Share capital and contributed surplus	14	43,741,952	33,741,952
Retained earnings		6,615,462	9,011,778
Accumulated other comprehensive income		(11,838,950)	(7,487,570)
Non-Controlling Interest		67,724	101,605
Total equity		**38,586,188**	**35,367,765**
Total liabilities and equity		**$ 170,879,683**	**163,135,256**

- *The notes are an integral part of the consolidated financial statements*

Approved by the Board of Directors

Director Giles Carmichael

7/31/2023

Date

Nicolas Santos

Director Nicolas Santos

7/31/2023

Date

IRIS FINANCIAL SERVICES LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(Expressed in United States dollars)

	Note	For the year ended December 31: 2022	2021
Interest and other similar income	15	$ 17,130,218	15,686,546
Gains from loan portfolio sales	15	3,861,379	3,400,993
Interest and other similar expense	16	(15,089,040)	(10,578,388)
NET INTEREST INCOME		**5,902,557**	**8,509,151**
Allowance for loans impairment	6	(3,412,257)	(2,959,043)
Other financial income	17	8,281,756	12,271,233
Loss from equity-accounted investees	3.2	(206,897)	-
NET INTEREST INCOME AFTER LOAN LOSSES		**10,565,159**	**17,821,341**
Insurance contracts premiums written	19	10,594,982	9,057,544
Insurance contracts losses incurred	19	(1,653,243)	(2,951,108)
Insurance contracts acquisition costs		(1,054,633)	(902,352)
NET UNDERWRITING INCOME		**7,887,106**	**5,204,084**
NET FINANCIAL INCOME		**18,452,265**	**23,025,425**
Other income		1,364,773	403,637
Administrative expenses	18	(12,780,813)	(12,319,561)
Other expenses		(284,070)	(1,672,594)
NET PROFIT BEFORE INCOME TAXES		**6,752,155**	**9,436,907**
Income taxes	9	(653,164)	(425,129)
PROFIT		**$ 6,098,991**	**9,011,778**
PROFIT ATTRIBUTABLE TO:			
Owners of the Company		6,291,772	9,023,690
Non-controlling interest		(192,781)	(11,912)
Total		**6,098,991**	**9,011,778**

- *The notes are an integral part of the consolidated financial statements*

IRIS FINANCIAL SERVICES LIMITED
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
(Expressed in United States dollars)

	Note		For the year ended on December 31: 2022	2021
NET PROFIT		$	**6,098,991**	**9,011,778**
OTHER COMPREHENSIVE INCOME				
Items that are or may be reclassified subsequently to profit or loss:				
Movement in foreign subsidiaries hedge reserve			49,508	899,328
Exchange differences in foreign subsidiaries' currency translation			(4,410,076)	(3,715,670)
			(4,360,568)	**(2,816,342)**
TOTAL COMPREHENSIVE INCOME		$	**1,738,423**	**6,195,436**
OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company		$	(4,351,380)	(2,814,479)
Non-controlling interest			(9,188)	11,317
Total			**(4,360,568)**	**(2,816,342)**

- *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, 2020, to December 31, 2022	Note		Attributable to owners of the Company				
			Share capital and contributed surplus	Retained earnings	Other Comprehensive Income	Non-controlling Interest	Total Equity
BALANCE AT DECEMBER 31, 2020		$	**33,741,952**	**5,516,989**	**(4,673,091)**	**288**	**34,586,138**
Changes in equity:							
Profit for the year				9,023,690		(11,912)	9,011,778
Other comprehensive income for the year					(2,814,479)	11,317	(2,803,162)
Dividends declared	14			(5,516,989)			(5,516,989)
NCI contributions to subsidiaries						90,000	90,000
BALANCE AT DECEMBER 31, 2021			**33,741,952**	**9,023,690**	**(7,487,570)**	**89,693**	**35,367,765**
Changes in equity:							
Issuance of shares	14		10,000,000				10,000,000
Profit for the year				6,291,772		(192,781)	6,098,991
Other comprehensive income for the year					(4,351,380)	(9,188)	(4,360,568)
Dividends declared	14			(8,700,000)			(8,700,000)
NCI contributions to subsidiaries						180,000	180,000
BALANCE AT DECEMBER 31, 2022		$	**43,741,952**	**6,615,462**	**(11,838,950)**	**67,724**	**38,586,188**

- 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 year ended on December 31: 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the period		$	6,098,991	9,011,778
Adjustments for:				
Depreciation			663,347	535,776
Amortization			675,331	204,561
Impairment, net			3,412,257	2,959,043
Unpaid insurance contracts losses incurred			988,664	1,249,521
Interest expense accrued			14,516,131	9,674,612
Interest income accrued			(17,130,218)	(15,686,546)
Gain from payroll loans sold			(3,861,379)	(3,400,993)
Current and deferred tax expense			653,164	425,129
Unrealised fair value gains			(466,609)	96,146
Changes in assets and liabilities:				
Unearned premiums			2,304,607	7,156,702
Insurance contracts assets			(821,037)	(3,450,765)
Loans			(21,173,375)	(21,542,077)
Other receivables			(2,358,638)	(427,339)
Other non-financial assets			768,520	(255,782)
Trade and Other payables			798,072	703,985
Other non-financial liabilities			607,723	319,185
Employee benefits			25,793	272,709
Insurance contracts liabilities			(1,012,745)	169,528
Deferred tax assets and liabilities			441,487	909,895
Deferred expenses			(163,132)	(603,739)
Income Tax paid			(653,164)	(425,129)
Interest income received			20,991,597	19,087,539
Net cash generated from in operating activities		**$**	**5,305,387**	**6,983,739**

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

	Note	For the year ended on December 31: 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment in associate		(10,000,000)	-
Acquisition of financial assets FVTPL		(5,497,496)	(7,254,826)
Acquisition of financial assets at amortised cost		(2,342,339)	-
Purchase of property and equipment		(442,119)	(314,075)
Purchase of intangibles		(2,387,698)	(1,448,831)
Net cash used in investing activities		**(20,669,652)**	**(9,017,732)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the increase in loans and structured financing		21,218,641	16,503,456
Interest paid		(14,516,131)	(9,674,612)
Proceeds from the issuance of shares	14	10,000,000	-
Proceeds from the issuance of bonds		-	9,478,571
NCI contribution to subsidiaries		180,000	-
Dividends paid		(8,700,000)	(5,516,989)
Net cash provided from financing activities		**8,182,510**	**10,790,426**
Effect of foreign exchange rate changes on cash and cash equivalents		**(1,787,485)**	**(2,713,162)**
Net (decrease) in cash and cash equivalents		(8,969,233)	6,043,271
Cash and cash equivalents at the beginning of the period		20,830,508	14,787,237
CASH AND CASH EQUIVALENTS END OF YEAR		**$ 11,861,275**	**20,830,508**

- *The notes are an integral part of the consolidated financial statements.*

NOTE 1. GENERAL INFORMATION

Iris Financial Services Ltd. ("Iris" or "the Company") is an exempted company continued, domiciled, and registered on November 2, 2018 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 27, 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.

As at December 31, 2022, Meridian PTC Limited, incorporated in Bermuda, indirectly held 77.82% (2021: 80.43%) of Iris' issued share capital.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group") and includes the result of equity-accounted investees.

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 consolidated financial statements were authorised for issue by the board of directors on July 31, 2023.

The Company and the subsidiaries financial statements have been prepared on a going concern basis.

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

2.2. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in these consolidated financial statements are presented in the currency of the primary economic environment in which the Company operates (the "functional currency"). The consolidated financial statements are presented in United States Dollars ("US$" or "USD"), which is the Company's functional and presentation currency. The primary objective of the Group is to generate returns in USD, its capital-raising currency.

2.3. MEASUREMENT CONVENTION

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that have been measured at fair value.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (cont.)

2.4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

During the preparation of consolidated financial statements, 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.

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:

Impairment Losses on financial assets held at amortised cost

Management judgment is required in the estimation of the amount and expected credit losses and timing of future cash flows when determining impairment loss. These estimates are based on assumptions about several factors and actual results may differ from current estimates resulting in future changes to the allowance.

2.5. BASIS OF CONSOLIDATION

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (cont.)

2.5. BASIS OF CONSOLIDATION (cont.)

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.
Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.6 FOREIGN CURRENCY TRANSACTIONS

Monetary assets and liabilities in other currencies are translated into USD at the rates of exchange prevailing at the reporting date and non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into USD at historic rates or the rates of exchange prevailing at the dates of the transactions.

Income and expense items in other currencies are translated into USD at the rates prevailing at the dates of the transactions. Realised and changes in unrealised gains and losses on investments denominated in foreign currencies and foreign currency positions are reported under other income/other expenses in the consolidated statement of profit or loss.

Where subsidiaries are consolidated, the assets and liabilities of foreign operations are translated into USD at the rate of exchange on the reporting date, and their statements of profit or loss and comprehensive income are translated at the weighted average exchange rates for the period. Exchange differences arising on translation of foreign consolidated subsidiaries are recognised in other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated statement of profit or loss as part of the gain or loss on sale.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (cont.)

2.7 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.

If the previously mentioned conditions aren't fulfilled, the funds received from the issuance of the financial instrument are categorized as a financial liability. If such a liability instrument legally appears to be the company's own shares, the values presented in these consolidated financial statements for allocated share capital and contributed surplus account do not include the values related to those shares.

2.8 FINANCIAL INSTRUMENTS

Recognition and initial measurement

Receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the entity becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):

• it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost, as described above, are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (cont.)

2.8 FINANCIAL INSTRUMENTS (cont.)

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by any impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the entity changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial liabilities

Financial liabilities are classified at amortised cost and subsequent to initial recognition, are measured at amortised cost using the effective interest method.
Financial liabilities at amortised cost includes loans and other interest-bearing liabilities, trade and other payables, and insurance contracts liabilities

<u>Derecognition of Financial Assets and Financial Liabilities</u>

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

• The rights to receive cash flows from the asset have expired; or
• The Company has transferred substantially all the risks and rewards of the asset.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (cont.)

2.8 FINANCIAL INSTRUMENTS (cont.)

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

2.9 IMPAIRMENT

Financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

– the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
– the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

The Group uses a provision matrix to measure expected credit losses (ECL) from trade receivables of its individual customers which encompasses a great number of small balances.

The impairment model used to evaluate the portfolio focuses on four main aspects:

• Duration of Default: Time that a loan payment has been overdue, broken down into defined intervals.
• Gross-Up Percentage: The portion of expected monthly payments already received.
• Default Cause: The reason for payment failure, categorized as either temporary or permanent.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (cont.)

2.9 IMPAIRMENT (cont.)

• Potential for Term Extension: The ability and willingness of a borrower to extend the loan term to ensure full payment.

To apply this model, a series of statistical analyses are performed to assess the portfolio. The best model is chosen based on specific metrics, and the loans are then categorized into stages. These stages are further consolidated into three broader stages to comply with IFRS 9 rules.

Finally, the expected credit loss is calculated using the appropriate formula for each stage. This is an estimate of the potential average loss due to possible loan defaults, determined based on the company's write-off policy.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

– significant financial difficulty of the debtor;
– a breach of contract such as a default or being more than 90 days past due;
– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of loans

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.

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.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (cont.)

2.9 IMPAIRMENT (cont.)

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 2022 and 2021.

2.10 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.

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 in note 2.18

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:

- Fixtures and fittings: 120 months
- Office equipment: 120 months
- Computers: 60 months
- Telecommunication equipment: 36 months
- Right of use assets: Time available for use

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

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (cont.)

2.11 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 reporting date.

2.12 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.

2.13 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 Group and are expensed on a pro rata basis over the terms of the policy and are recognized in the statement of profit or loss.

The policies provide for premium adjustments based on the results of premium base reviews. The Group 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 Group.

The reserve for losses and loss related expenses include estimates for outstanding claims and settlement expenses incurred at the reporting 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, 2022, resulting from the continual review process, as well as differences between estimates and ultimate settlements, will be reflected in the Group's statement of profit or loss and comprehensive income of future year when such adjustments become known.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (cont.)

2.14 FINANCE INCOME AND FINANCE COSTS

The Group's finance income and finance costs include:

- Interest and other similar income
- Interest and other similar expense

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

• the gross carrying amount of the financial asset; or
• the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.15 NET FINANCIAL INCOME

Net financial income is the total profit from a company's core financial operations, calculated as the sum of net interest income after loan losses and net underwriting income. It excludes administrative costs, other incomes or expenses, and income taxes.

2.16 EXPENSES

All expenses are recognized in the statement of profit or loss on the accrual basis.

2.17 INCOME TAXES AND OTHER TAXES

Income taxes

Under the current laws of Bermuda, the Company 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.

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 reporting date, and any adjustment to tax payable in respect of previous years.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (cont.)

2.17 INCOME TAXES AND OTHER TAXES (cont.)

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 reporting date. 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.

2.18 LEASES

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.
The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (cont.)

2.18 LEASES (cont.)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2.19 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;

• 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;

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (cont.)

2.19 ADOPTED IFRS NOT YET APPLIED (cont.)

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

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences-e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented. The Group is still evaluating the impact of the standard.

Classification of Liabilities as Current or Non-Current (Amendments to B. IAS 1)

The amendments, as issued in 2020, aim to clarify the requirements for determining whether a liability is current or non-current. These include conditions under which a liability could be classified as non-current, based on the right to defer settlement, the impact of covenants in loan agreements on liability classification, and the treatment of liabilities that can be settled with the company's own shares, such as convertible debt.

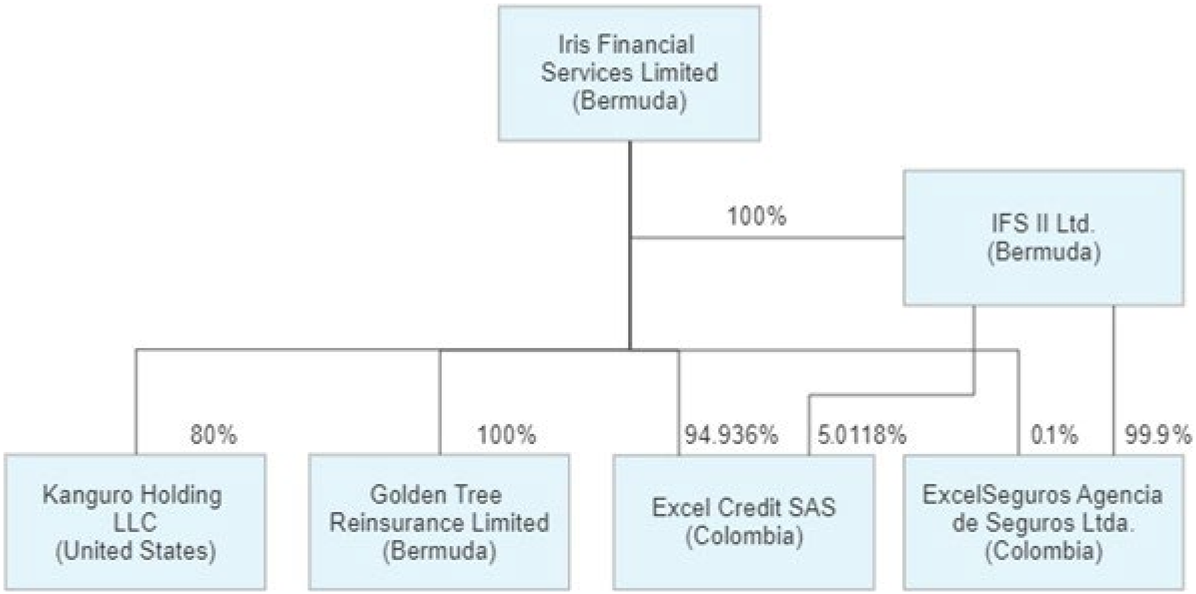
The Group has assessed these amendments and their potential impact on the classification of liabilities. Based on a preliminary evaluation, it was determined that there will be no material impact on the financial statements from the application of these amendments. The Group will continue to monitor the circumstances and potential future impacts of these amendments.

The amendments apply for annual reporting periods beginning on or after 1 January 2024.

NOTE 3. LIST OF SUBSIDIARIES AND ASSOCIATES

NOTE 3.1 SUBSIDIARIES

Set out below is a list of the subsidiaries of the group which are consolidated in these financial statements and recorded as described in note 2.5:



ExcelCredit S.A.:

ExcelCredit, a Colombian company, specializes in employer-based loans and has been in operation since January 24, 2013. Iris directly and indirectly owns 99.95% of ExcelCredit's issued capital, amounting to approximately US$1.6 million. Although currently unregulated, ExcelCredit is in the process of acquiring a Colombian bank license via a merger with a new company. The company's operating address is Carrera 14 # 93A-30, Bogotá, Colombia.

Golden Tree:

Incorporated under Bermudan law on October 18, 2018, Golden Tree is a regulated Class 3A insurer according to the Insurance Act 1978. Iris owns 100% of Golden Tree's issued capital, which is USD 120,000. The company primarily manages casualty and credit risks. The company's operations are located at Innovation House, 46 Reed Street, Hamilton, Bermuda.

ExcelSeguros:

ExcelSeguros, another subsidiary of Iris, was incorporated under Colombian law on July 31, 2020. It is a insurance broker company that currently provides less than US$1 million in annual premium. ExcelSeguros, which is not currently regulated, offers five different consumer insurance products in the Colombian market. Its operating address is the same as ExcelCredit: Carrera 14 # 93A-30, Bogotá, Colombia. Iris owns 100% of ExcelSeguros' issued capital, approximated at USD 5,000.

NOTE 3. LIST OF SUBSIDIARIES AND ASSOCIATES (cont.)

NOTE 3.1 SUBSIDIARIES (cont.)

IFS II Ltd

IFS II Ltd is a Bermuda exempted company, is directly wholly owned by Iris and serves to hold 99.9% of the shares of ExcelSeguros as well as 5.0118% ownership in ExcelCredit.

Kanguro Holding Inc.

Kanguro is a Managing General Agent (MGA) that specializes in providing property and casualty insurance products, with an initial focus on pet insurance, to the Hispanic market in the USA. Kanguro controls the complete customer journey, underwriting, rating, quoting, binding, issuing, and servicing the policy. All the risks associated with Kanguro's products are reinsured by Golden Tree Reinsurance, diversifying the risk exposure for Golden Tree which was initially primarily based in Colombia. Consequently, Kanguro contributes to USD premium generation for Golden Tree.

NOTE 3.2 ASSOCIATES

IB Holding Ltd.

IB Holdings Ltd., an exempted corporation, was established and registered on February 2, 2022, under the Companies Act 1981 of Bermuda. The company's registered office is located at Crawford House, 50 Cedar Avenue, Hamilton, HM 11, Bermuda.

On March 29, 2022, the group acquired 10,000 ordinary shares in IB Holdings Ltd. for a per-share exercise price of USD 0.1, and contributed a total of USD 3,999,000 to the surplus. Subsequently, on May 31, 2022, the group acquired an additional 15,000 ordinary shares at the same exercise price, contributing another USD 5,998,500 to the surplus. The group acquired 100% shareholding in IB Holdings Ltd., thereby gaining control and consolidating the assets and liabilities of IB Holdings Ltd.

The group fully integrated the capital on three separate dates: May 3, 2022 (USD 2,001,000), August 3, 2022 (USD 1,999,000), and August 19, 2022 (USD 6,000,000).

On December 5, IB Holdings Ltd.'s board of directors approved the issue of 66,634 common shares with a par value of US$0.1 per common share to Fondo De Capital Privado Aqua Compartimento Tres – Aqua III in exchange for shares of IBH LLC at a fair value of USD 26,653,600, which led to a dilution of the group's ownership in IB Holdings Ltd. to 27.28%. Consequently, the group lost its control over IB Holdings Ltd. and derecognized its assets and liabilities.

Following the loss of control, the group's retained interest in IB Holdings Ltd. was reassessed at fair value on the date control was lost. This valuation was then considered as the cost at the initial recognition of the investment in IB Holdings Ltd. The fair value was determined at USD 9,982,072, and the company did not record any profit or loss resulting from this transaction.

As of December 31, 2022, the carrying amount of the investment is USD 9,767,103, equivalent to 27.28% of the equity of IB Holdings Ltd.

During 2022, the Group recorded a loss of USD 206,897 for its investment in IB Holdings Ltd.

(Expressed in United States dollars)

NOTE 4. OPERATING SEGMENT

The Group has the following two strategic divisions, which are its reportable segments. These divisions offer different services and are managed separately. The following summary describes the operations of each reportable segment.

Reportable segment	Operations
Lending	The lending division operates through ExcelCredit, a Colombian based company specializing in employer-based loans. The operations for this segment are conducted in Colombia. It serves more than 30,000 clients and manages over US$100M in loans
Reinsurance	The reinsurance division operates through Golden Tree, a Bermuda-based company licensed as a Class 3A insurer. The operations for this segment are conducted in Bermuda. Golden Tree manages mainly life and credit risks.

Iris serves as a holding company for the operating subsidiaries and does not offer any products or services itself.

Other operations include broker activities conducted through ExcelSeguros and Kanguro. However, this segment didn't meet the quantitative thresholds to be considered as a reportable segment in either 2022 or 2021.

The Board reviews the internal management reports of each division separately and in conjunction.

Information related to each reportable segment is set out below. Segment profit (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

2022		**Lending**	**Reinsurance**	**Total**
Interest income net of allowances	$	17,579,339	-	**17,579,339**
Other Financial Income		7,526,836	-	**7,526,836**
Interest and other similar expense		(14,265,852)	-	**(14,265,852)**
Underwriting income		-	7,887,106	**7,887,106**
Investment income			754,919	**754,919**
Administrative expenses		(10,193,634)	(446,429)	**(10,640,063)**
Other income and expenses		1,121,011	(103,325)	**1,017,686**
Profit before tax		**1,767,700**	**8,092,271**	**9,859,971**
Segment Assets		**125,487,873**	**33,588,133**	**159,076,006**
Segment Liabilities	$	**105,078,880**	**12,441,123**	**117,520,003**

(Expressed in United States dollars)

NOTE 4. OPERATING SEGMENT (cont.)

2021		**Lending**	**Reinsurance**	**Total**
Interest income net of allowances		16,056,263	-	**16,056,263**
Other Financial Income	$	6,113,079	-	**6,113,079**
Interest and other similar expense		(10,320,893	-	**(10,320,893)**
Underwriting Income		-	5,204,084	**5,204,084**
Investment Income			4,346,306	**4,346,306**
Administrative expenses		(10,313,758	(349,461)	**(10,663,219)**
Other income and expenses		260,091	(368,885)	**(108,794)**
Profit before tax		**1,794,782**	**8,832,044**	**10,626,826**
Segment Assets		**131,400,608**	**28,691,546**	**160,092,154**
Segment Liabilities	$	**107,799,297**	**10,283,893**	**118,083,190**

Reconciliation of information on reportable segments to the amounts reported in the financial statements.

Profit before tax		**2022**	**2021**
Total profit before tax for reportable segments	$	9,859,971	10,626,826
Profit or loss before tax for other reportable segments		(3,107,816)	1,189,919
Consolidated profit before tax		**6,752,155**	**9,436,907**
Assets			
Total assets from reportable segments		159,076,006	160,092,154
Assets for other segments		11,803,677	3,043,102
Consolidated assets		**170,879,683**	**163,135,256**
Liabilities			
Total liabilities from reportable segments		117,520,003	118,083,190
Liabilities for other segments		14,773,492	9,684,301
Consolidated Liabilities	**$**	**132,293,495**	**127,767,491**

NOTE 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31 were as follows:

		2022	**2021**
Cash at hand	$	3,046	3,956
Cash at banks		9,417,542	15,799,736
Short term deposits		2,440,687	5,026,816
Total	$	**11,861,275**	**20,830,508**

NOTE 5. CASH AND CASH EQUIVALENTS (cont.)

Cash and cash equivalents comprise cash on hand and on demand deposits and short-term deposits. Short-term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

NOTE 6. LOANS

The payroll loans are denominated in Colombian pesos (COP). The loans are retranslated into USD using the exchange rate at year end (December 31, 2022: COP 4,810 per USD and December 31, 2021: COP 3,981 per USD). Loans and receivables at December 31 were as follows:

		2022	2021
Payroll loans current portion	$	8,502,907	9,885,316
Payroll entities receivables		-	114,098
Total current		**8,502,907**	**9,999,414**
Payroll loans non-current portion		98,821,420	100,818,343
Impairment allowance		(930,585)	(1,325,195)
Total non-current		**97,890,835**	**99,493,148**
TOTAL	$	**106,393,742**	**109,492,562**

Payroll loans include principal balance and interest accrued not yet paid, and any sales commissions calculated using the effective interest method. The following is a breakdown of the payroll loans categorized by the number of days they are overdue as of December 31 of:

Stages of loan delinquency		**2022**	**2021**
Less than 30 days past due [0 to 30 days]	$	96,745,224	100,740,447
past due [31 to 60 days]		1,004,324	521,387
past due [61 to 90 days]		623,394	410,561
past due [91 to 120 days]		452,148	402,791
past due [121 to 150 days]		371,434	354,144
past due [more than 150 days]		1,567,456	1,321,023
Total payroll loans principal outstanding		**100,763,980**	**103,750,353**
Interest accrued		4,124,977	2,766,388
Other receivables from clients		2,435,370	4,186,918
Total Gross Payroll loan outstanding		**107,324,327**	**110,703,659**
Gross Impairment allowance		(1,913,981)	(1,991,150)
Financial Guarantee Rights -FGA (1)		983,396	665,955
Impairment allowance		**(930,585)**	**(1,325,195)**
Payroll entities receivables		-	114,098
Total of payroll loans	$	**106,393,742**	**109,492,562**

(1) : The company signed a contract in 2019 with FGA Fondo de de Garantia to back customers' debt default without waiver of liability for payment. This security is paid by customers on disbursement of the credit. This guarantee covers the amount of defaulted loans and it does not form part of the impairment provision.

(Expressed in United States dollars)

NOTE 6. LOANS (cont.)

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

		2022	2021
Impairment allowance opening balance	$	1,325,195	986,991
Impairment increase		5,105,623	3,445,853
Allowance recovery		(1,143,301)	(486,810)
Write-offs (*)		(550,065)	66,507
Portfolio sale (**)		(3,692,385)	(2,458,918)
Effect of movements in FX		(114,482)	(228,428)
Total	$	**930,585**	**1,325,195**

(*) The net impairment loss that was recognized in the income statement was $3,412,257 for 2022 and $2,959,043 for 2021.

(**) The decrease in impairment was primarily due to the sale of the delinquent portfolio with 100% impairment and the write-offs for the period, which resulted in the decrease in impairment. The Group sold the defaulting portfolio, which had a 100% provision, to Patrimonio Autónomo Aqua NPLs de Fiduciaria Colpatria.

NOTE 7. PROPERTY AND EQUIPMENT

Reconciliation of carrying amount for the year ended on December 31, 2022 and 2021:

2022	2021	Additions	Disposals	Depr.	FX	2022
Office Equip.	146,351	13,186	-	(17,086)	(24,769)	117,682
Comp. & Telecom.	63,980	412,715	-	(124,978)	(3,527)	348,190
Leased Prop./Equip. (1)	2,697,172	23,710	-	(490,270)	(320,108)	1,910,504
Improvements on third-party property	199,561	16,218	-	(31,013)	(32,673)	152,093
Total	**3,107,064**	**465,829**	-	**(663,347)**	**(381,077)**	**2,528,469**

2021	2020	Additions	Disposals	Depr.	FX	2021
Office Equip.	170,375	60,005	-	(60,581)	(23,448)	146,351
Comp. & Telecom.	65,618	75,095	-	(67,251)	(9,482)	63,980
Leased Prop./Equip. (1)	2,934,377	690,250	(62,039)	(485,870)	(379,546)	2,697,172
Improvements on third-party property	158,394	91,718	-	(24,990)	(25,561)	199,561
Total	**3,328,764**	**917,068**	**(62,039)**	**(638,692)**	**(438,037)**	**3,107,064**

(1): Golden Tree Reinsurance Limited and ExcelCredit SA have entered into fixed lease contracts for the premises used as their respective headquarters. The annual lease payments amount to $114,342 for Golden Tree Reinsurance Limited and $618,557 for ExcelCredit SA. These lease contracts have a remaining term of 4 years. The lease liability was determined by measuring the present value of the anticipated lease payments over the lease term. The incremental borrowing rate applied at the commencement of the leases reflects the fixed rate at which the companies could have borrowed a similar amount for a similar term at the start date. The borrowing rate is subject to reassessment in case of substantial modifications to the lease agreements.

(Expressed in United States dollars)

NOTE 8. INTANGIBLE ASSETS

Reconciliation of carrying amount for the year ended on December 31, 2022:

	2021	Additions	Amortisation	FX	2022
Software	2,400,594	2,163,255	(675,331)	(586,918)	3,301,600
Banking licence acquisition	33,457	224,443	-	(31,887)	226,013
Total	**2,434,051**	**2,387,698**	**(675,331)**	**(618,805)**	**3,527,613**

Reconciliation of carrying amount for the year ended on December 31, 2021

	2020	Additions	Amortisation	FX	2021
Software	1,189,781	60,005	(127,832)	1,278,640	2,400,594
Banking licence acquisition	-	75,095	-	(41,638)	33,457
Total	**1,189,781**	**135,100**	**(127,832)**	**1,237,002**	**2,434,051**

During 2021 and 2022 the Company invested in technology in line with the medium-term strategic plan and strengthening of its core processes. These intangibles are amortised over ten years.

NOTE 9. INCOME TAX

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

Current tax assets

		2022	2021
Income tax payable	$	(25,021)	(230,457)
Withholding income taxes		57,787	30,012
Tax credits		218,023	200,399
Self-withholding income taxes		32,776	113,987
Current tax assets	$	**283,565**	**113,941**

Income tax

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

		2022	2021
Current tax	$	45,926	222,915
Subtotal		**45,926**	**222,915**
Deferred tax		607,238	202,214
Total	$	**653,164**	**425,129**

(Expressed in United States dollars)

NOTE 9. INCOME TAX (cont.)

Effective Rate Reconciliation

		2022	2021
Excel Credit Income before taxes	$	1,767,700	1,792,394
Theoretical tax (2022:35% - 2021:31%)		618,695	555,642
Non-deductible expenses		193,170	134,676
Effect on deferred taxes due to change in tax rates other than nominal rate		(57,759)	(3,743)
Tax discounts		(85,194)	(223,457)
Income tax adjustment from previous periods		(12,365)	(48,565)
Fx effects		(3,383)	10,576
Income Tax Expense	$	**653,164**	**425,129**

Deferred tax assets/(Liabilities)

The following tables present a detailed breakdown of deferred tax assets/liabilities for the years ending on December 31, 2022 and 2021. Deferred tax assets arise from temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, as well as from unused tax losses and credits.

		Balance at December 31, 2021	Charged in income statement	Charged in OCI	FX effect	**Balance at December 31, 2022**
Unrealised gains	$	**(1,560,784)**	(383,428)	-	314,592	**(1,629,620)**
IFRS 16 effect		**94,537**	19,312	-	(18,589)	**95,260**
Loans impairment		**375,087**	(83,176)	-	(54,757)	**237,154**
Tax credits		**(82,576)**	90,600	-	3,460	**11,484**
Prior period losses		**152,216**	-	-	(26,233)	**125,983**
FX gain/loss on loans		**301,515**	(332,733)	49,508	(18,290)	**-**
Total deferred tax	$	**(720,005)**	**(689,425)**	**49,508**	**200,183**	**(1,159,739)**

		Balance at December 31, 2020	Charged in income statement	Charged in OCI	FX effect	**Balance at December 31, 2021**
Unrealised gains	$	**(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	-	(421,141)	**375,087**
Tax credits		-	(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)**	**36,401**	**(720,005)**

(Expressed in United States dollars)

NOTE 10. 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		**2022**	**2021**
Structured financing	$	290,627	663,574
Loan obligations (2)		43,905,774	46,674,353
Total		**44,196,401**	**47,337,927**

Non-current		**2022**	**2021**
Loan obligations (2)		51,348,974	45,144,802
Unsecured unsubordinated fixed rate bonds (1)		9,503,967	9,478,571
Total	$	**60,852,941**	**54,623,373**

(1) On October 1, 2021, the Group issued unsecured unsubordinated fixed rate bonds amounting to USD 9,500,000 and a redemption period of 3 years at a fixed interest rate of 8.5% per annum and quarterly payments.

(2) The table below offers detailed information about the loan obligations, including specifics about counterparties, currency, and the terms of each individual loans.

Loan obligations	***2022***	***Term (Months)***	***2021***	***Term (Months)***
Banco de Bogotá S.A. (COP)	4,777,217	36	8,511,072	36
Bancolombia (COP)	4,293,478	36	4,933,813	36
Bancoomeva (COP)	583,931	24	534,489	24
Banco Occidente (COP)	2,644,786	36	1,945,430	36
GNB Sudameris S.A. (COP)	10,175,982	36	13,238,131	36
Kawa Capital Partners LLC (USD)	-	36	20,550,965	36
FCP Aqua (COP)	16,341,035	29	20,222,763	36
BTG Pactual (COP)	20,210,783	24-42	20,745,695	24-42
Pichincha (COP)	613,106	24	1,136,797	24
Syndicated Credit (COP)	29,640,697	36	-	
Av Villas (COP)	524,220	36	-	
Rentek (COP)	257,459	24	-	
BBVA (Bank overdraft) (COP)	192,054	n/a	-	
IBH LLC (USD)	5,000,000	12		
Total	**95,254,748**		**91,819,155**	

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 are rate sensitive.

(Expressed in United States dollars)

NOTE 11. TRADE AND OTHER PAYABLES

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

		2022	2021
Customer credit balances	$	3,076,058	4,091,273
Lease liability IFRS 16		2,090,430	2,855,618
Accounts payable		1,972,293	1,848,331
Balance payable to insurance companies		1,608,274	2,831,626
Credits to be disbursed		860,492	2,309
Other liabilities		118,640	1,168,048
Retained funds received from third parties (1)		3,579,739	1,762,489
Total	$	**13,305,926**	**14,559,694**

(1) "Retained funds from third parties" includes:
- USD 3,228,648 represents balances collected on behalf of the purchasers of loan portfolio sales.
- USD 350,929 guarantee paid by customers for a contract with FGA Fondo de Garantías S.A.
- USD 162 from collections of various insurances and minor items.

NOTE 12. EMPLOYEE BENEFITS

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

		2022	2021
Salaries	$	54,984	90,353
Statutory severance pay		243,539	250,771
Statutory interest on severance pay		27,472	27,086
Statutory leave		176,004	197,716
Total	$	**501,999**	**565,926**

NOTE 13. OTHER NON-FINANCIAL LIABILITIES

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

		2022	2021
Withholding income tax	$	51,923	93,200
Withholding industry and trade tax		2,245	10,435
Value added tax		79,459	8,980
Industry and trade tax		121,268	90,418
Commissions payable		357,991	363,288
Tax Expenses payable		35,821	46,990
Total	$	**648,707**	**613,311**

NOTE 14. AUTHORIZED SHARE CAPITAL

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

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

Issued capital

At December 31, 2022, 12,000 Class A Shares, 1,089.87 Class B Shares, 1,032.63 Class C Shares, 796.95 Class D Shares and 500 Class E Shares were issued and fully paid.

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

During 2022, the company has issued 500 Class E Shares for a total value of USD 10,000,000, and 444.49 Class C Shares were converted to Class B Shares

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 and E 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 Directors of the Company may, in accordance to the Companies Act 1981, declare a dividend to be paid to the shareholders, in proportion to the number of shares held by them, and no dividend payable shall bear interest against the Company.

The Company’s distribution policy is to distribute each year at least fifty percent (50%) of all of the Company’s net earnings.

During 2022, the company has paid dividends of USD 8,700,000 (2021: 5,516,989).

NOTE 15. INTEREST AND OTHER SIMILAR INCOME

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

		2022	2021
Payroll loans interest	$	17,130,218	15,686,546
Gain from payroll loans sold (1)		3,861,379	3,400,993
Total	$	**20,991,597**	**19,087,539**

(1) Represents the gain from the selling of loan portfolios to third parties.

NOTE 16. INTEREST AND OTHER SIMILAR EXPENSE

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

		2022	2021
Interest on funding of portfolio promissory notes	$	505,725	405,530
Financial liability interest		13,801,109	9,015,747
Lease interest		209,297	253,335
Gains for exchange rate effect (1)		572,909	903,776
Total	$	**15,089,040**	**10,578,388**

(1) : This amount is the cost of the exchange rate hedges taken to hedge debt denominated in USD; it is measured as the net exchange rate difference between gain and losses from hedging.

NOTE 17. OTHER FINANCIAL INCOME

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

		2022	2021
Income from credit study	$	1,969,809	1,891,660
Financial guarantees reclaim		5,170,487	4,608,843
Financial returns from investments		1,141,460	5,770,730
Total	$	**8,281,756**	**12,271,233**

NOTE 18. ADMINISTRATIVE EXPENSES

The following is a detail of administrative expenses for the years ended December 31:

		2022	2021
Staff expenses	$	4,875,667	5,089,002
Non-income taxes		1,485,153	1,381,337
Fees and services		1,936,223	1,631,067
Management Fees		812,459	711,550
Audit Fees		171,003	108,092
Depreciation and amortisation		848,408	843,873
Depreciation of right of use		490,270	341,413
Other operating expenses		2,161,630	2,213,227
Total general expenses	$	**12,780,813**	**12,319,561**

(Expressed in United States dollars)

NOTE 19. INSURANCE CONTRACTS

The Group, via its subsidiary Golden Tree Reinsurance Limited, offers reinsurance services in two main areas: Credit Life for lenders and borrowers in cases of borrower's death or disability, and Commercial Credit to cover lenders against borrowers' loan defaults. Additionally, Golden Tree entered into an agreement with Kanguro Insurance and Cimarron Insurance to provide pet insurance in the U.S., with Kanguro managing policies and underwriting, Cimarron fronting the program without retention, and all risk being retained by the Golden Tree.

- Insurance Contracts Assets: As of December 31, 2022, the insurance contract assets (premium receivables and fund withheld) were $6,967,168 (2021: $6,146,131).

- Unearned Premiums: As of the year-end December 31, 2022, the balance of unearned premiums was $9,461,309 (2021: $7,156,702).

- Insurance Contracts Premiums Written: The insurance contracts premiums written amounted to $10,594,982 as of December 31, 2022 (2021: $9,057,544).

- Insurance contract liabilities The Company has incurred losses as of December 31, 2022, of $1,060,315 related to the current accident year and adverse development of $592,928 related to the prior years. Credit life policy 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.

Reconciliation of insurance loss reserves and losses payable

	2022	2021
Beginning of year		
Outstanding loss reserves (OSLR)	$ 549,521	$ –
Incurred but not reported (IBNR)	700,000	240,000
Total beginning of year	**1,249,521**	**240,000**
Losses incurred:		
- current year losses	1,060,315	1,666,351
- prior year losses	592,928	1,284,757
Losses incurred in year	**1,653,243**	**2,951,108**
Losses paid:		
- current year	(1,009,554)	(1,321,684)
- prior year	(738,167)	(598,452)
Losses paid in year	**(1,747,721)**	**(1,920,136)**
Foreign exchange and other	(166,379)	(21,451)
Total forex and other	**(166,379)**	**(21,451)**
OSLR	329,704	549,521
IBNR	658,960	700,000
Total end of year	**$ 988,664**	**$ 1,249,521**

In addition to the outstanding loss reserves and incurred but not reported losses, the company recorded liabilities for losses payable amounting to $ 1,177,808 in 2022, and $ 941,032 in 2021. These amounts represent the obligations due to the insurance companies.

(Expressed in United States dollars)

NOTE 19. INSURANCE CONTRACTS (cont.)

Claims development on all the coverage is shown below:

Development years	2016	2017	2018	2019	2020	2021	2022	Total
1	8,282	222,796	345,901	550,044	757,156	2,304,672	1,855,298	1,855,298
2	58,526	285,545	448,271	1,087,750	1,564,172	2,153,854		2,153,854
3	51,237	285,545	467,620	1,130,716	1,350,388			1,350,388
4	48,565	285,545	467,620	1,115,596				1,115,596
5	48,565	285,545	465,875					465,875
6	48,160	285,545						285,545
7	61,193							61,193
							Total incurred losses	7,287,749
							Losses paid	6,299,085
							Reserve for losses and loss expenses	988,664
							Losses payable	1,177,808
							Insurance contract liabilities	2,166,472

(Expressed in United States dollars)

NOTE 20. FINANCIAL INVESTMENTS

The Group's financial investments comprise assets classified as 'Investments at Fair Value Through Profit or Loss' and 'Investments at Amortized Cost', as detailed below.

		2022	2021
Financial instruments at FVTPL	$	23,911,521	18,002,830
Investments at amortized cost		2,630,650	-
Total	$	**26,542,171**	**18,002,830**

Investments at fair value through profit or loss

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.

		2022		
Financial instruments at fair value	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Investment in Fund of Funds	17,923,442	-	-	17,923,442
JP Morgan managed investments	1,332,027	1,332,027	-	-
Retained interests from payroll loans sold	4,656,052	-	-	4,656,052
		2021		
Derivatives USD/COP Currency Forwards	90,908	-	90,908	-
Investment in Fund of Funds	13,452,541	-	-	13,452,541
Retained interests from payroll loans sold	4,459,381	-	-	4,459,381

Movement in Level 3 financial instruments measured at fair value:

		2022	2021
Opening balance	$	17,911,922	10,792,023
Total gains recorded		514,516	4,203,698
Purchases		4,153,056	2,916,201
Total	$	**22,579,494**	**17,911,922**

NOTE 20. FINANCIAL INVESTMENTS (cont.)

Financial instruments measured at fair value	Description and valuation technique
Retained interests from payroll loans sold	At 31 December 2022 and 2021, as a result of operations portfolio sale made since 2019, the Company has accrued interest as a right to portfolio sold to IRIS CF – Compañía de Financiamiento S.A., recognized at fair value, which falls into the level 3 of the fair value hierarchy. Level-3 Input data are used for its measurement by the method of discounted risk-adjusted flows of cash. The major variables used are portfolio collection projection according to in-house advanced payment historical data, amortisation, and customers default.
Investment in Fund of Funds	This investment involves direct participation in a fund whose Net Asset Value (NAV) is calculated and reported to the investor on a monthly basis, based on the performance of their underlying investments. Investors have the right to redeem their participation with a 95 days notice, using the valuation of the most recent quarter. Based on these characteristics, management has decided to classify the investment as Level III, using the estimated NAV reported by the fund's administrator each month.
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
JP Morgan managed investments	The investment is a separately account managed by J.P. Morgan Securities LLC. The money invested here is allocated mainly in cash, fixed income and equity. All the securities invested are denominated in USD dollar, with defined maturities, rates and issuers, therefore, the entire account represents a pool of bonds. The account manager acts as broker for all the transactions with these securities, each bond or deposit bought or sold under this account is valued based on quoted prices observed in active markets in the US. Since the value is determined directly by observable prices, in the management judgement, these investments fall within level I inputs

(Expressed in United States dollars)

NOTE 20. FINANCIAL INVESTMENTS (cont.)

Investments at amortized cost

During 2022, the Company purchased a 23.33% participation interest in a Loan Agreement between BPA Funding I, LLC and Elevva Holdings Limited. The Loan Agreement, with a fixed interest rate of 16%, expires on February 20, 2026.

Under the terms of the agreement, interest and principal will be repaid with a combination of cash and an equivalent value of shares in Elevva Holdings Limited.

The investment is accounted for at amortized cost. Interest income is recognized on an effective interest basis. At each reporting date, the Company assesses whether there has been a significant increase in credit risk of the investment since initial recognition, considering both quantitative and qualitative information. If such evidence exists, the loss allowance is measured at an amount equal to the lifetime expected credit losses. No significant increase in credit risk has been noted since initial recognition.

In assessing the credit risk of the investment, the Company considered various factors including Elevva Holdings Limited's financial information, the future prospects of the industry in which Elevva Holdings Limited operates, and the performance of the underlying loan.

As of the reporting date, the gross carrying amount of this investment, before deduction of any loss allowance, recorded at amortized cost, was $ 2,630,650. The loss allowance for this investment was $0.

NOTE 21. FINANCIAL RISK MANAGEMENT

The Company is exposed to market risk, credit risk, liquidity risk, interest rate risk, and currency risk among others, arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below

NOTE 21.1 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 Group. 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 the profit or loss statements for being in a currency different than each of the subsidiaries' functional currencies are as follows:

		2022	2021	Functional	Currency
Insurance contracts assets	$	6,967,168	6,146,131	USD	COP
Insurance contracts liabilities		2,166,472	2,190,553	USD	COP
Loan obligations ("Hedged") *		-	20,550,965	COP	USD
Total	$	**9,133,640**	**28,887,649**		

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

NOTE 21. FINANCIAL RISK MANAGEMENT (cont.)

NOTE 21.1 MARKET RISK *(cont.)*

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).

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

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, 2022

Reasonable possible change up or down = $\sigma_{(last\ year\ monthy\ \Delta\%\ TRM)} * z_{i/2} * \sqrt{12}$ = 19.18% effect on other comprehensive income for reasonable possible changes in foreign exchange rate (COP/USD) in one year may be positively of $4,843,039 or negatively by $3,284,310.

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 $3,288,624.

NOTE 21.2 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 2022 and 2021 the Group has complied successfully with such policies.

One subsidiary within the Group, Golden Tree, is a regulated entity and is thus subject to externally imposed capital requirements under the Insurance Act. It is required to maintain a solvency margin and an Enhanced Capital Requirement (ECR), filed annually with the Bermuda Monetary Authority within four months of the financial year-end. The ECR is calculated in accordance with the Bermuda Solvency Capital Requirement (BSCR), which mandates Golden Tree to uphold capital at a target level of 120% of the minimum BSCR-calculated amount. The Group has consistently complied with these additional requirements.

NOTE 21.3 CREDIT AND COUNTERPARTY RISK

The Group recognizes credit risk as the potential financial loss if a customer or a counterparty to a financial instrument defaults on their contractual obligations. The main sources of credit risk for the Group stem from customers' receivables and investment securities.

NOTE 21. FINANCIAL RISK MANAGEMENT (cont.)

NOTE 21.3 CREDIT AND COUNTERPARTY RISK (cont.)

The Group manages credit risk through a comprehensive strategy that includes:

1. Independence of the credit risk management function from other business areas.
2. Rigorous due diligence on clients' creditworthiness.
3. Diversification of the credit portfolio to prevent undue concentration and tail-risks.
4. Managing credit exposures based on the "one obligor principle".

The Group is actively involved in the Colombian credit market, primarily providing payroll loans regulated by Colombian Law 1527 of April 27, 2012. This loan type is more secure as repayments are directly deducted from the borrower's salary, reducing dependence on the borrower's willingness to pay.

The Group focuses on expanding within three low-risk market segments:

1. Public school and university teachers.
2. Public servants employed by any Colombian Government entity.
3. Pension recipients.

This focus causes a large part of the Group's counterparty risk to be concentrated in the Colombian Government, along with notable pension funds and insurance companies. In accordance with IFRS 9, the Group measures expected credit losses (ECLs) on these financial instruments to make prudent provisions for potential losses.

The Group acknowledges that automatic deduction of loan payments from salaries does not eliminate all risk, especially if a borrower's salary does not cover the loan payments. To manage this risk, the Group adheres to stringent loan origination policies and processes that align with local regulations and IFRS 9, including assessing the credit risk of borrowers at the time of initial recognition and at each reporting date.

The Group's Credit Risk Committee, supported by the Board, the Management Team, and the Risk area, formulates general loan origination policies while ensuring compliance with IFRS 9. The Committee also regularly reviews the effectiveness of the Group's credit risk management activities.

Eligibility criteria for a payroll loan with the Group reflect both domestic regulations and the requirements of IFRS 9.

The Group calculates ECLs based on reasonable and supportable forward-looking information, which is incorporated into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and following measurement of ECL.

The group formulates three scenarios where the economic variables will have an effect on the probability of default. One base case with the highest weight and central for strategic planning and budgeting and two less likely scenarios, one upside, and one downside.

(Expressed in United States dollars)

NOTE 21. FINANCIAL RISK MANAGEMENT (cont.)

NOTE 21.3 CREDIT AND COUNTERPARTY RISK (cont.)

The scenario probability weightings applied in measuring ECL are as follows:

	2022 Upside	2022 Base	2022 Downside	2021 Upside	2021 Base	2021 Downside
Scenario probability weighting	25%	50%	25%	25%	50%	25%

The group has identified and documented key drivers of credit risk and, using analysis of historical data, has estimated the relationship between macroeconomic variables and credit risk and losses. The key drivers for credit risk on the loan portfolio are GDP growth, inflation rate, and unemployment rate. The group updates the economic variables on a quarterly basis.

As of December 2022	Unemployment rate	GDP Growth	Inflation rate
Central Economic Assumptions 3-year average	10.1%	4.0%	7.0%
Upside Economic Assumptions 3-year average	9.1%	4.5%	6.0%
Downside Economic Assumptions 3-year average	11.1%	3.5%	8.0%

As of December 2021	Unemployment rate	GDP Growth	Inflation rate
Central Economic Assumptions 3-year average	9.5%	5.0%	3.9%
Upside Economic Assumptions 3-year average	8.5%	6.0%	2.9%
Downside Economic Assumptions 3-year average	10.5%	4.0%	4.9%

In addition, the groups perform backtesting on the model base on the defaulted loans one year later to verify if the provision for losses estimated accurately represented the realized default.

The Group's policies on credit bureau information usage, purchasing and restructures, granting amounts limits, wage garnishments, documentation authenticity validation, enquiry logs, credit approvals, and disbursement are all designed with the aim of reducing loan book defaults and delinquency, in compliance with IFRS 9.

Credit risk exposure

The credit risk exposure for loans and receivables at the closing date, 31 December 2022 and 2021 was as shown below:

General		**2022**	**2021**
Loans net of acquisition costs	$	103,507,050	106,437,184
Other receivables		2,036,032	2,148,350
Total	$	**105,543,082**	**108,585,534**

NOTE 21. FINANCIAL RISK MANAGEMENT (cont.)

NOTE 21.3 CREDIT AND COUNTERPARTY RISK (cont.)

Loans and other receivables

The Group's credit risk exposure is mainly impacted by the individual characteristics of each customer. However, the products offered by the Group are not addressed to the general public and are not for mass consumption, but their target market are State-run entities' workers or pensioners from public or private funds who meet the Group's credit profile. The resources with which customers cover their obligations to the Group are derived specifically from their salary or pension, according to the method of payment of salary direct discount. This type of credit provides a better credit risk mitigation because payments are not subjected to the borrower's willingness to repay.

The Group has set up a credit policy whereby every new customer is analysed individually regarding his or her financial situation and his data reported by credit bureaus.

Attribution levels have been assigned by job positions for the credit approval and credit amount related policies by age and type of contract or pension for each applicant have been established. Credit policies are monitored on a continued basis by the credit risk committee and in the event that any adjustments are required, it is at this point that such adjustments are reviewed and approved.

Evaluation of expected credit loss for individual customers as of 31 December 2022.

The Group uses a provision matrix to measure expected credit losses (ECL) from trade receivables of its individual customers which encompasses a great number of small balances.

The impairment model used to evaluate the portfolio focuses on four main aspects:

- Duration of Default: Time that a loan payment has been overdue, broken down into defined intervals.
- Gross-Up Percentage: The portion of expected monthly payments already received.
- Default Cause: The reason for payment failure, categorized as either temporary or permanent.
- Potential for Term Extension: The ability and willingness of a borrower to extend the loan term to ensure full payment.

To apply this model, a series of statistical analyses are performed to assess the portfolio. The best model is chosen based on specific metrics, and the loans are then categorized into stages. These stages are further consolidated into three broader stages to comply with IFRS 9 rules

Finally, the expected credit loss is calculated using the appropriate formula for each stage. This is an estimate of the potential average loss due to possible loan defaults, determined based on the company's write-off policy.

(Expressed in United States dollars)

NOTE 21. FINANCIAL RISK MANAGEMENT (cont.)

NOTE 21.3 CREDIT AND COUNTERPARTY RISK (cont.)

The table below presents the data of credit risk exposure and ECL's for loans at 31 December 2022.

		31 December 2022			31 December 2021		
	Stage	Avg. Loss Rate	Capital at risk (a)	Impairment	Avg. Loss Rate	Capital at risk (a)	Impairment
No-overdue		0.51%	97,291,764	495,440	0.57%	101,144,358	524,128
1-30 days	I	0,67%	1,494,816	9,914	2,31%	1,379,477	20,920
31-60 days	I	0,57%	1,110,144	6,335	20,43%	643,195	15,067
61-90 days	II	2,71%	698,039	18,906	34,77%	512,231	129,099
Over 90 days	II	22,78%	520,496	118,611	31,68%	419,665	106,665
Over 121 days	III	52,16%	2,391,791	1,264,775	57,43%	2,338,258	1,195,271
Total			**103,507,050**	**1,913,981**		**106,437,184**	**1,991,150**

(a) The exposed balance at risk includes outstanding balances of paid-in capital, accounts receivable and surety financing capital without transaction costs.

Given that IFRS 9 contemplates 3 stages for the impairment calculation proposed under this method, credits are re-categorised by risk management as follows:

Stage I = 1 to 60 days
Stage II = 61 to 120 days
Stage III = Over 121 days

Other receivables are assessed for credit risk and potential impairment at each reporting date. The Group conducts an evaluation at each reporting date to determine whether there's a significant increase in the credit risk of these receivables since their initial recognition. This review considers both qualitative and quantitative data, including the Group's reasoned and supported future expectations. As of December 31, 2022, the Group identified no substantial increases in credit risk or signs of impairment on these receivables based on this evaluation. There is no collateral associated with these receivables. As of December 31, 2022, the Group identified no substantial increases in credit risk or signs of impairment on these receivables based on this evaluation, even without the impact of collateral.

21.4 LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. For the current financial year, it is observed that the Group's total current liabilities exceed its current assets. However, through various strategic implementations and liquidity risk management measures, the Group maintains robust control over its liquidity risk.

At the subsidiary level, the Group employs an Asset and Liability Management (ALM) model to measure liquidity risk. This model allows for the prediction of potential mismatches between asset and liability positions, forecasting cash inflows and outflows. Subsequently, liquidity control is monitored on a weekly basis by estimating the cash inflows from operations and cash outflows for new outlays and operational expenses.

(Expressed in United States dollars)

NOTE 21. FINANCIAL RISK MANAGEMENT (cont.)

21.4 LIQUIDITY RISK *(cont.)*

Additionally, the Group considers the high loan prepayment rate, which significantly reduces the average maturity of its loan book, thereby mitigating its liquidity risk, especially in the long term. Therefore, the emphasis remains primarily on observing liquidity gaps and liabilities maturities on a short-term basis (less than a year).

In addition, the Group holds investments in funds amounting to $17,923,442. These investments are categorized as non-current assets because the intention is to realize a gain in the long term. However, if necessary, these can be redeemed by the group with a 95-day notice, thereby providing an additional source of liquidity.

Table of maturities of financial assets and liabilities:

Financial asset by type

		2022			
		Less than 3 months	**3 month to 1 year**	**1 to 5 years**	**Total**
Cash and cash equivalents	$	11,861,275			11,861,275
Financial instruments		2,036,904	3,951,175	20,554,092	26,542,171
Loans		5,000,795	3,502,112	97,890,835	106,393,74
Insurance contracts assets		6,967,168			6,967,168
Other receivables		1,372,130	663,902		2,036,032
Current tax assets		283,565			283,565
Total	$	**27,521,837**	**8,117,189**	**118,444,927**	**154,083,953**

Financial liability by type

		2022			
		Less than 3 months	**3 month to 1 year**	**1 to 5 years**	**Total**
Loans and other interest-bearing liabilities	$	17,908,703	26,287,698	60,852,941	105,049,342
Trade and other payables		4,714,534	1,354,770	7,236,622	13,305,926
Employee benefits		369,996	132,003	-	501,999
Insurance contracts liabilities		-	-	2,166,472	2,166,472
	$	**22,993,233**	**27,774,471**	**70,256,035**	**121,023,739**

(Expressed in United States dollars)

NOTE 21. FINANCIAL RISK MANAGEMENT (cont.)

21.4 LIQUIDITY RISK *(cont.)*

Financial asset by type

	2021			
	Less than 3 months	**3 month to 1 year**	**1 to 5 years**	**Total**
Cash and cash equivalents	$ 20,830,508	-	-	20,830,508
Financial instruments	1,179,949	3,370,340	13,452,541	18,002,830
Loans	5,133,689	4,865,725	99,493,148	109,492,56
Insurance contracts assets	6,146,131	-	-	6,146,131
Other receivables	923,148	1,225,202	-	2,148,350
Current tax assets	113,941	-	-	113,941
	$ **34,327,366**	**9,461,267**	**112,945,689**	**156,734,322**

Financial liability by type

	2021			
	Less than 3 months	**3 month to 1 year**	**1 to 5 years**	**Total**
Loans and other interest-bearing liabilities	$ 7,899,081	39,438,846	54,623,373	101,961,300
Trade and other payables	4,170,690	2,338,520	8,050,484	14,559,694
Employee benefits	417,639	148,287	-	565,926
Insurance contracts liabilities	2,190,553	-	-	2,190,553
Total	$ **14,677,963**	**41,925,653**	**62,673,857**	**119,277,473**

21.5 INSURANCE RISK

The Group accepts insurance risk through its insurance contracts where it assumes the risk of loss from affiliated entities that are directly subject to the underlying loss. The Group is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Group predominantly funds its insurance liabilities through its cash and in the normal course of its operations. In the event of a significant amount of claims, the insurance liabilities may require to be funded through the disposal of the Group's portfolio of investments.

The Group employs a dynamic strategy of asset-liability management, risk diversification, and prudent underwriting practices to manage its risk.

NOTE 22. RELATED PARTY TRANSACTIONS

During the normal course of the Group's operations, several transactions were conducted with related parties. These transactions have been documented and disclosed in the financial statements.

In addition to the entities mentioned in note 3, the Group also conducted operations with the following parties:

• **IRIS CF - Compañía de Financiamiento S.A. (Iris F.C.):** The Group has an indirect stake in Iris F.C., amounting to 19.03%.

• **Blue Palm Advisors SAS**: Blue Palm Advisors SAS is considered a related party, as it shares common ownership with the Group.

• **Silver Tree Capital Limited**: Silver Tree Capital Limited is considered a related party, as it shares common ownership with the Group.

Further details and the nature of these transactions are elaborated in the following page:

(Expressed in United States dollars)

NOTE 22. RELATED PARTY TRANSACTIONS (cont.)

Balances and transactions with related parties

Group Component	Related party	Type of operation	Amount recorded in P&L		Balance at		Ref
			31/12/2022	31/12/2021	31/12/2022	31/12/2021	
Excel Credit S.A.	BPA SAS (4)	Intercompany loans	-	-	-	61,111	(a)
Excel Credit S.A.	BPA SAS (4)	Synergy Contract	31,598	99,468	-	-	(b)
Excel Credit S.A.	ExcelSeguros SAS	Synergy Contract	4,235	20,369	364	-	(b)
Excel Credit S.A.	IRIS FC (5)	Synergy Contract	59,181	64,905	5,176	-	(b)
Excel Credit S.A.	IRIS FC (5)	Account receivables	-	-	328,942	335,023	(c)
Excel Credit S.A.	IRIS FC (5)	Account payable	-	-	2,836,078	1,538,281	(c)
IFS Ltd. (1)	STC Ltd (2)	Management Fees	707,275	611,553	49,100	112,114	(d)
IFS Ltd. (1)	GT Ltd (3)	Intercompany loans	84,574	-	13,925,239	7,809,101	(e)
IFS Ltd. (1)	IBH LLC	Intercompany loans	-	-	5,000,000	-	(f)
Excel Credit S.A.	IRIS FC (5)	Cash in banks	-	-	848,239	-	(g)

(1) IFS Ltd.: Iris Financial Services Limited; (2) STC Ltd.: Silver Tree Capital Limited; (3) GT Ltd: Golden Tree Reinsurance Limited
(4) BPA SAS: Blue Palm Advisors SAS; (5) IRIS FC: IRIS CF - Compañía de Financiamiento S.A.

(a) Corresponds to an intercompany loan granted by Excel Credit S.A. to Blue Palm Advisors SAS, which was fully repaid in 2022, leaving a zero balance at the end of the year.

(b) Refers to agreements entered into by Excel Credit S.A., Blue Palm Advisors S.A.S., ExcelSeguros SAS, and IRIS F.C., meant to ensure operational and commercial advantages while maintaining each party's independence. The parties share a space within Excel Cre dit S.A.'s headquarters building, considering mutual interest operations between them.

(c) Certain loans are transferred from Excel Credit S.A. to IRIS FC. IRIS FC assumes complete ownership, along with all associate d rights and risks related to the repayment of these loans. Therefore, IRIS FC is entitled to receive all principal and interest payments that derive from these loans. Excel Credit offers client management and collection services to IRIS FC, and in return, IRIS FC compensate s Excel Credit with a premium. This premium corresponds to the difference between the loan's interest rate and a fixed rate, which is mutually agreed upon by both parties.

(Expressed in United States dollars)

NOTE 22. RELATED PARTY TRANSACTIONS (cont.)

Balances and transactions with related parties

(d): Silver Tree Capital Limited is engaged in the provision of managerial services to the Group. Balance payable to Silver Tree Capital Limited amounted to $ 49,100 as of December 31, 2022. The management fees related to these services have been disclosed in the statement of profit or loss for the year 2022 under the heading "Administrative expenses" and amounted to $ 707,275.

(e): On January 5, 2020, Iris entered into a loan agreement with its subsidiary, Golden Tree Reinsurance Limited. The initial agreement was for a loan facility of up to USD 10,000,000, with a fixed interest rate of 1% over a maturity term of 3 years. On May 2, 2022, the terms of this loan facility were amended, increasing the borrowing limit to USD 16,000,000 and making the maturity term indefinite. The agreement stipulates that the loan can be terminated by either party with 7 days prior notice. As of December 31, 2022, Iris had utilized USD 13,800,000 of this facility and accrued interest of USD 125,239. This intra-group transaction was eliminated in the consolidated financial statements.

(f): Effective September 2, 2022, Iris entered into a loan agreement with IB Holding Limited, an associate of Iris. The arrangement consisted of an unsecured promissory note with a principal value of USD 5,000,000, repayable on demand by the Company. On September 21, 2022, the creditor rights of this loan were transferred from IB Holding Limited to IBH LLC, a related party. This constituted an in-kind contribution from IB Holding Ltd. to IBH LLC, with a value of USD 5,000,000, effectively shifting the loan obligation from IB Holding Ltd. to IBH LLC. During 2023, repayments totaling USD 2,200,000 were made against this loan by Iris.

(g) Refers to cash held by Excel Credit S.A. in IRIS FC, which as of December 31, 2022, and December 31, 2021, was USD 849,239 and zero, respectively.

Transactions with Key Management Personnel:

The compensation awarded to key management personnel during the years 2022 and 2021 is detailed below. These compensations are in line with the Group's remuneration policy and reflective of the market rates for such positions.

Concept		**2022**	**2021**
Key management emoluments including social security costs	$	162,897	192,823
	$	**162,897**	**192,823**

NOTE 23. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

Subsequent to the end of the reporting period and up to the date of approval of the financial statements, the Group carried out its capital-raising plan through the issuance of Series E shares, successfully generating a total of USD 3,000,000.

Management evaluated all subsequent events occurring through July 31, 2023, the date when these financial statements were available to be issued, and determined that no additional adjusting or non-adjusting events occurred.