ISLAND FINANCE TRINIDAD & TOBAGO LIMITED

Financial Statements for the year ended December 31, 2023 and Independent Auditors' Report as of March 29, 2024

Directors' Report
For the year ended December 31, 2023

The directors have pleasure in submitting their Report and the Financial Statements for the year ended December 31, 2023.

Financial results (expressed in Trinidad & Tobago dollars)

	Common stock	Paid in capital	Statutory reserves	Retained earnings	Total stockholder's equity
Balance at January 1, 2022	20,000,000	23,620,858	43,620,858	800,071,143	887,312,859
Net earnings	-	-	-	12,555,869	12,555,869
Dividends declared	-	-	-	(254,358,750)	(254,358,750)
Balance at December 31, 2022	20,000,000	23,620,858	43,620,858	558,268,262	645,509,978
Net earnings	-	-	-	57,058,947	57,058,947
Dividends declared	-	-	-	(67,550,000)	(67,550,000)
Balance at December 31, 2023	20,000,000	23,620,858	43,620,858	547,777,209	635,018,925

See notes to financial statements.

Directors
Chip Sa Gomes
Michael Glenn Hamel-Smith
Mr. Thomas Shippee
Mr. Carlos Garcia

Dividends
Dividends of 67,550,000 were declared for the year ended December 31, 2023.

Auditors
The auditors, Deloitte & Touche, retire and being eligible, offer themselves for reappointment.

BY ORDER OF THE BOARD

Carlos M. Garcia
Carlos M. Garcia (Mar 28, 2024 19:15 EDT)

Carlos García
Chairman
March 28, 2024

Statement of management's responsibilities
For the year ended December 31, 2023

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Island Finance Trinidad & Tobago Limited, ('the Company') which comprise the statement of financial position as at December 31, 2023, the statement of comprehensive income, the statement of changes in stockholder's equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

IIn preparing these financial statements, management utilized the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorized for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Carlos M. Garcia Carlos M. Garcia (Mar 28, 2024 19:15 EDT)	Daniel Lavoie Daniel Lavoie (Mar 28, 2024 15:41 EDT)	
Chairman Carlos García March 28, 2024	Chief Financial Officer Daniel Lavoie March 28, 2024	President & Chief Executive Officer Kenneth Goldman March 28, 2024

Independent Auditors' Report

To the stockholders of Island Finance Trinidad & Tobago Limited

Opinion

We have audited the financial statements of Island Finance Trinidad & Tobago Limited (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in stockholder's equity and statement of cash flows for the year then ended, and notes to the financial statements, including a material accounting policy information..

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board..

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Information other than the financial statements

Management is responsible for the other information. The other information comprises the information included in the director's report and statement of management's report and the statement of management's responsibilities but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with the audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte & Touche

March 30, 2024

ISLAND FINANCE TRINIDAD & TOBAGO LIMITED

Financial Statements for the year ended December 31, 2023 and Independent Auditors' Report as of March 29, 2024

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2023 & 2022

(Expressed in Trinidad and Tobago dollars)

ASSETS	**Notes**	**2023**	**2022**
Cash and cash equivalents		47,291,458	23,114,900
Certificate of deposits	6	-	226,868,204
Restricted short-term investments	6	76,550,000	50,000,000
Total cash and cash equivalents		123,841,458	299,983,104
Finance receivables:			
Consumer loans		863,936,362	813,356,078
Interest receivables		18,436,196	17,892,402
Total	3	882,372,558	831,248,480
Less: allowance for expected credit losses	3	(66,124,160)	(88,107,538)
Finance receivables – net		816,248,398	743,140,942
Furniture, fixtures, equipment and leasehold improvements – net	7	4,416,370	4,815,632
	10	19,801,401	24,880,690
Due from affiliates	5	402,551,942	54,752,785
Prepaid income tax	8	2,417,690	552,174
Deferred tax assets	8	23,025,956	29,901,779
Other assets		6,949,778	4,177,234
TOTAL ASSETS		1,399,252,993	1,162,204,340
LIABILITIES AND STOCKHOLDER'S EQUITY			
LIABILITIES:			
Accounts payable and accrued liabilities		13,968,394	13,094,037
Income tax payable		-	164,571
Lease liabilities	10	23,410,159	29,342,368
Due to affiliates	5	262,617,189	207,065,249
Note payables	6	464,238,326	267,028,137
Total liabilities		764,234,068	516,694,362
STOCKHOLDER'S EQUITY:			
Common stock		20,000,000	20,000,000
Additional Paid in capital		23,620,858	23,620,858
Statutory reserves	14	43,620,858	43,620,858
Retained earnings		547,777,209	558,268,262
Total stockholder's equity		635,018,925	645,509,978
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		1,399,252,993	1,162,204,340

See notes to financial statements.

Financial statements were approved by the Board of Directors on March 28, 2024 and are signed on its behalf by:

Daniel Lavoie
Daniel Lavoie (Mar 28, 2024 15:41 EDT)
Chief Financial
Daniel Lavoie

Carlos M. Garcia
Carlos M. Garcia (Mar 28, 2024 19:15 EDT)
Officer Chairman
Carlos García

President & CEO
Kenneth Goldman

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 & 2022

(Expressed in Trinidad and Tobago dollars)

INCOME:			
Interest income and fees		343,181,182	336,216,558
Other Income	5	2,291,829	20,313,711
Total income		345,473,011	356,530,269
EXPENSES:			
Personnel		34,665,485	31,165,300
Occupancy		11,559,931	12,902,056
Other		86,200,826	70,520,974
Total operating expenses		132,426,242	114,588,330
Provision for expected credit losses	3	32,858,792	78,124,838
Net loss on sale of equity securities, bonds and foreign currencies	5	25,126,643	92,832,077
Interest expense	5	70,775,223	41,521,527
Total expenses		261,186,900	327,066,772
PROFIT BEFORE INCOME TAX EXPENSE (BENEFIT)		84,286,111	29,463,497
INCOME TAX EXPENSE (BENEFIT):			
Current	8	20,351,340	21,687,135
Deferred	8	6,875,824	(4,779,507)
Total income tax expense		27,227,164	16,907,628
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		57,058,947	12,555,869

See notes to financial statements.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 & 2022

(Expressed in Trinidad and Tobago dollars)

	Common stock	Paid in capital	Statutory reserves	Retained earnings	Total stockholder's equity
Balance at January 1, 2022	20,000,000	23,620,858	43,620,858	800,071,143	887,312,859
Net earnings	-	-	-	12,555,869	12,555,869
Dividends paid	-	-	-	(254,358,750)	(254,358,750)
Balance at December 31, 2022	20,000,000	23,620,858	43,620,858	558,268,262	645,509,978
Net earnings	-	-	-	57,058,947	57,058,947
Dividends paid	-	-	-	(67,550,000)	(67,550,000)
Balance at December 31, 2023	20,000,000	23,620,858	43,620,858	547,777,209	635,018,925

See notes to financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Trinidad and Tobago dollars)

	Notes	**2023**	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year		57,058,947	12,555,869
Adjustments to reconcile profit for the year to net cash used in operating activities:			
Provision for expected credit losses	3	32,858,792	78,124,838
Depreciation and amortization		8,961,252	9,021,041
Interest income		(343,181,182)	(336,216,558)
Deferred income tax expense (benefit)	8	6,875,824	(4,779,507)
Interest expense	5	70,775,223	41,521,527
Changes in operating assets and liabilities:			
Increase in finance receivables		(105,422,454)	(55,471,842)
Decrease in trading equity securities		-	2,239,263
Increase in due from affiliates – net		(269,423,292)	(61,081,950)
Increase in other assets		(2,772,545)	(1,184,053)
Increase in accounts payable and accrued liabilities		874,357	702,364
Decrease in income tax payable		-	21,687,135
Increase in prepaid income tax		22,382,032	-
Subtotal		(521,013,046)	(292,881,873)
Interest received		342,637,388	336,506,213
Interest paid		(39,274,809)	(42,074,746)
Withholding taxes paid on dividend payments	8	(2,026,500)	7,866,765
Income taxes paid		(22,385,620)	(23,638,136)
Net cash used in operating activities:		(242,062,587)	(14,221,777)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of furniture, equipment and leasehold improvements	7	(1,882,499)	(2,089,122)
Net cash used in investing activities		(1,882,499)	(2,089,122)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from Notes	7	50,000,000	226,868,204
Dividends paid		-	(254,358,750)
Payments of lease liabilities	10	(8,746,561)	(6,571,157)
Net cash provided by (used in) financing activities		41,253,439	(34,061,703)
Net increase (decrease) in cash		(202,691,647)	(50,372,603)
Cash and cash equivalents – beginning of year		249,983,104	308,222,472
Cash and cash equivalents – end of year		47,291,457	249,983,104
Supplemental disclosures of cash flows information (non-cash transactions):			
Dividends paid		(67,550,000)	-
Proceeds from USD Notes		182,226,473	-

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 & 2022

(Expressed in Trinidad and Tobago dollars)

1. ORGANIZATION AND OPERATIONS

Island Finance Trinidad & Tobago Limited (the "Company") is a wholly owned subsidiary of CFG Holdings, Ltd. ("CFG Holdings"), a company incorporated in the Cayman Islands. The Company was incorporated under the laws of Trinidad and Tobago in August 2001 and commenced commercial operations during August 2002.

CFG Holdings is a wholly owned subsidiary of CFG Partners Holdings L.P., a company incorporated in Delaware, USA and which in turn is wholly-owned by CFG Partners L.P., a company incorporated in the Cayman Islands (the "Group Parent").

The Company currently operates 20 consumer loan retail branches and one express location in Trinidad and Tobago and is regulated by the Central Bank of Trinidad and Tobago.

The Company maintains significant transactions with related parties, which are substantially directed and authorized by the Group Parent.

2. MATERIAL ACCOUNTING POLICIES

Statement of compliance – The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

Basis of valuation and presentation currency –All amounts presented in the financial statements and notes are expressed in Trinidad and Tobago dollars ("TTD") except where otherwise noted.

The financial assets and liabilities and other non-financial assets and liabilities are presented at amortized cost or on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this financial statement is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

2. MATERIAL ACCOUNTING POLICIES *(continued)*

- 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; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expenses are not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation.

Foreign currency transactions – Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Critical accounting estimates – In the application of the Company's accounting policies, which are described below, the Management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent 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. These critical accounting estimates include allowance for expected credit losses, deferred income tax assets and liabilities, and litigation matters. Other estimates include but are not limited to intangible asset amortization, depreciation and fair value measurement of financial instruments.

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.

Although Management believes the estimates and assumptions used in the preparation of this financial statement were appropriate in the circumstances, actual results could differ from those estimates and assumptions.

Going Concern – The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

Financial instruments:

Date of recognition – All financial assets and liabilities are initially recognized on the trade date, the date that the Company becomes a party to the contractual provisions of the instrument.

Initial measurement of financial instruments – Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Cash and cash equivalents – Cash and cash equivalents comprises cash balances on hand and deposits with local banks. Cash equivalents are short-term with maturities of three-months or less, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Finance receivables – In accordance with IFRS 9, finance receivables are subsequently measured at amortized cost on the basis of the Company's business model for managing these financial assets and the contractual cash flow characteristics of these financial assets, which means they are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI.

An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset.

The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on Management's intentions for an individual instrument; therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis. The Company has one business model for managing its finance receivables, which is described above.

Allowance for expected credit losses – The Company reviews its loan portfolio periodically to evaluate for impairment. In determining whether an impairment loss should be recorded in the statement of profit or loss and other comprehensive income, the Company makes decisions as to whether there is observable information indicating that there is a reduction in the value of the group of loans. This evidence includes observable information indicating that there has been an adverse change in the collectability of the portfolio, or economic conditions (at the local, national, or regional level) that correlate with defaults on assets.

The probability of default (PD) is calculated evaluating the transition of the accounts from a starting delinquency level measured as PPD (payments past due) to default. Default is measured as 4PPD. The PPD is calculated at the end of each month (the measurement month or static pool) and the transition is evaluated from the measurement month to 71 months thereafter. The probability of default is the aggregate receivable that rolls to a more delinquent bucket as a percent of the receivable at measurement date for each PPD. The Company uses, among other factors and new developments in the market, the average of 10 years of historical measurement dates to build a robust PD curve.

Management uses estimates based on historical default and net loss after default experience for assets with similar credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used to estimate the amount and timing of future cash flows are regularly reviewed to reduce any difference between estimated losses and actual loss experience. Once the deterioration in the value of a loan is known, the Company creates the provisions and performs the verification of the possibilities of recovery.

Expected defaults, credit losses after default, and the identification of loans with significant credit deterioration are calculated on a static pool basis. Outstanding loans are grouped into static pools based on the delinquency status (measured in PPD) at the end of the month. Each static pool is assessed a loss allowance based upon expected defaults (PD) and Loss Given Default (LGD), based on expected default, gross write-off after default, and loss recovery curves for loans that exhibit similar delinquency status characteristics. A loan is considered a default loan when it reaches four payments past due (4 PPD). The Company write-offs delinquent outstanding loan balances once they reach seven Payments Past Due (7 PPD). Recovery efforts commence immediately after the loan is written-off and will continue until the balances paid in full or the deemed un- collectable.

Expected default, gross write-off after default, and loss recovery curves are based on historical data and updated every quarter to reflect recent portfolio performance. Loss after default performance considers lifetime expected gross write-offs and 84-month recoveries, adjusted for the time value of money.

- 12-month expected defaults (Stage 1) are calculated on static pools of loans that are either Current or 1 PPD at the time of assessment.
- A static pool is determined to exhibit a significant increase in credit risk (Stage 2) since initial recognition when the delinquency status of the loans at time of assessment is 2 PPD or greater. The loss allowance for Stage 2 assets is calculated based on the amount of lifetime expected defaults.
- When a loan is considered to be credit-impaired (loans at 4+ PPD; see Note 13c), a loss allowance is recognized equal to credit losses expected over the remaining lifetime of the asset and interest revenue is calculated based on the carrying amount of the loan, net of the loss allowance, rather than on its gross carrying amount (Stage 3).

Derecognition of financial assets and financial liabilities – A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Company has transferred its rights to receive cash flows from the asset and either has transferred substantially all risk and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset;
- The Company retains the right to receive cash flows from the asset but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement;
- The Company has transferred its rights to receive cash flows from an asset or has entered into a pass– through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained;
- The obligation under the liability is extinguished, or;
- The obligation specified in the contract is discharged or cancelled or expires.

Interest income and fees – Interest income and fees are recorded using the interest method on an accrual basis. Finance receivables accrue interest until the receivable is collected or deemed uncollectible, at which time it is written off.

Loan origination fees and costs – Transaction costs that are directly attributable to the issue of loans, such as loan origination fees and direct loan origination costs, are deferred and recognized over the life of the loans as an adjustment to yield using the effective interest rate method. At the time receivables are paid in full, any unamortized amounts of deferred origination fees are recognized as part of the interest income and fees account in the accompanying statement of comprehensive income. Deferred loan origination fees and costs are presented as part of, or netting, as the case may be, the finance receivables account in the accompanying statement of financial position.

Effective interest rate – The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial assets or financial liability to the gross carrying amount of a financial assets (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses and includes transactions costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. The Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or losses.

F***urniture, fixtures, equipment and leasehold improvements*** – Furniture, fixtures, equipment and leasehold improvements are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets or in the case of leasehold improvements over the term of the related lease, whichever is shorter. Useful lives range from three to ten years. Maintenance and repairs that do not extend the life of the asset, are charged to expense as incurred.

2. **MATERIAL ACCOUNTING POLICIES *(continued)***

The depreciable lives used by the Company are the shorter of the remaining lease term or the useful life and they are as follows:

	Useful life (Years)
Computer and office equipment	3 to 5
Furniture and fixtures	5 to 10
Leasehold improvements	3 to 10

The Company evaluates the impairment of long-life assets based on the projections of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. In the event such cash flows are not expected to be sufficient to recover the recorded value of the assets, the assets are written down to their estimated fair values based on a discounted cash flow analysis.

Leases – Applying IFRS 16, for all leases, the Company:

- Recognizes right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii)
- Recognizes depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss and other comprehensive income.
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense.

The lease liability is initially measured at the present value of the future lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a renewal option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated on a straight-line basis over the period of lease term. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

Impairment in value of non-financial assets – At the date of each statement of financial position, the Company reviews the carrying amounts of its non-financial assets to assess whether there is objective evidence that such non-financial assets have suffered an impairment loss of their value. If there is any evidence of impairment, the recoverable amount of the asset is calculated with the purpose of determining the scope of loss in its value (if any) in accordance with IAS36.

Long term debt – Long term debt is carried at amortized cost and is presented in the accompanying statement of financial position.

Dividends – Dividends on common shares are recognized in equity in the period in which they have been approved by the Board of Directors.

Taxation – Income tax expense represents the sum of the current and deferred taxes.

Current tax – The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax – Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Provisions – Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income, net of any reimbursement.

Deficiency balance – The deficiency balance is the legal amount due from the customer to the Company at the time of the write-off including the principal amount, accrued interest, plus any other administrative fees.

Transactions with related parties – Transactions with affiliates are those between the Company and other entities under common control of the Group Parent, if one of the entities has the ability, directly or indirectly, to control the other or to exercise significant influence over the other in making financial and operating decisions. Entities are also considered to be related if there are subject to common control or common significant influence from the Group Parent. Related party transactions have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Trading equity and bond securities – The Company buys, holds and sells equity and bond securities as part of its treasury management. The securities are reported at fair value, unrealized and realized gains and losses on sale of the equity securities and the bond securities are included in net gain (loss) in the statements of comprehensive income. Dividend income from investments in equity securities is included in other income. Unrealized and realized gains and losses from movements in foreign currencies are included in net gain (loss) as foreign exchange gains (losses) in the statements of comprehensive income. Purchases and sales of equity and bond securities are recognized on a trade date basis.

Accounting pronouncements effective in future periods

IAS 1 Classification of Liabilities as Current and Non-current

In January 2020, the IASB issued *"Classification of Liabilities as Current or Non-current"*, which amended IAS 1 *"Presentation of Financial Statements"*. The amendments clarified how an entity classifies debt and other financial liabilities as current or non-current circumstances. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Company is assessing the impact of these amendments will have on its consolidated financial statement disclosures.

IFRS 16 – Leases

On September 22, 2022, the IASB issued an amendment to IFRS 16 *"Lease Liability in a Sale and Leaseback"* (amendments to IFRS 16) which requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments are effective for annual periods beginning on or after January 1, 2024. The Company is assessing the impact of these amendments will have on its consolidated financial statement disclosures.

Recently adopted accounting standards

IAS 8 Definition of Accounting Estimates

In February 2021, the IASB issued *"Definition of Accounting Estimates"* (amendments to IAS 8) to help entities to distinguish between accounting policies and accounting estimates.

Effective January 1, 2023, the Company adopted the amendments to IAS 12, however, the amendments did not have any material impact or required additional disclosures to the consolidated financial statements as of December 31, 2023 and 2022.

IAS 1 Disclosures of Accounting Policies

In February 2021, the IASB issued *"Disclosures of Accounting Policies"*, amendments to IAS 1, *"Presentation of Financial Statements"*, and IFRS Practice Statement 2, *"Making Materiality Judgements"*, which require companies to disclose their material accounting policies rather than their significant accounting policies. The amendments define material accounting policies as those policies that, when considered together with other information included in the financial statements, can reasonably be expected to influence decisions users make based on those financial statements. The amendments also encourage more entity-specific information within policy disclosures.

Effective January 1, 2023, the Company adopted the amendments to IAS 1, however, the amendments did not have any material impact or required additional disclosures to the consolidated financial statements as of December 31, 2023 and 2022.

IAS 12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

In May 2021, the IASB amended IAS 12, *"Income taxes"*, to require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations.

Effective January 1, 2023, the Company adopted the amendments to IAS 12, however, the amendments did not have any material impact or required additional disclosures to the consolidated financial statements as of December 31, 2023 and 2022.

IFRS 3 — Business Combinations

IFRS 3 *"Business Combinations"* outlines the accounting when an acquirer obtains control of a business (e.g., an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.

On May 14, 2020, the IASB issued an amendment to IFRS 3 Reference to the Conceptual Framework (amendments to IFRS 3) to: update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and add to IFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

2. MATERIAL ACCOUNTING POLICIES *(continued)*

Effective January 1, 2022, the Company adopted the amendments to IFRS 3, however, the amendments did not have any material impact or required additional disclosures to the consolidated financial statements as of December 31, 2023 and 2022.

Interest rate benchmark reform

London Interbank Offered Rate (LIBOR) is the most widely referenced benchmark interest rate across the globe for derivatives, bonds, loans and other floating rate instruments; however, there is a regulator-led push to transition the market away from LIBOR and certain other benchmark rates to alternative benchmark rates (ABRs) that are based on actual overnight transactions. Key alternative reference rates have been established and progress continues to be made in establishing better liquidity and term structures required to efficiently replace the existing LIBOR structures.

In 2021, the Group Parent acknowledged with its lending group that certain LIBOR-based benchmarks to be phased out at the end of 2021 would no longer be available until it agreed to replace them with alternative benchmarks. This change did not impact the Group Parent's general ability to borrow under the existing facilities, as there were adequate LIBOR benchmarks still in effect until June 2023 and then amended as discussed in Note 7.

Except for the LIBOR-based benchmarks in the Group Parent's Mezzanine (Note 7), the Company has no material agreements with third parties that use or reference LIBOR as a benchmark rate which require amendment. Therefore, as of December 31, 2023 and 2022 there is no material impact to the financial statements or disclosures to the financial statements as a result of this amendment.

3. FINANCE RECEIVABLES

As of December 31, 2023, and 2022, the components of net finance receivables included the following:

	2023	2022
Consumer loans, unpaid principal balance	897,455,694	844,879,850
Add: Deferred origination costs	4,305,858	3,937,769
Deferred origination fees	(37,825,190)	(35,461,541)
Interest receivable	18,436,196	17,892,402
Consumer loans, recorded investment	882,372,558	831,248,480
Less: Allowance for expected credit losses	(66,124,160)	(88,107,538)
Consumer loans, net carrying amount	816,248,398	743,140,942

As of December 31, 2023, and 2022, the contractual duration upon commencement of the loan portfolio was as follows:

	2023	2022
Within 1 year	15,311,652	9,074,845
From 1 to 2 years	37,393,066	32,956,082
From 2 to 3 years	52,571,593	56,205,411
From 3 to 4 years	94,613,239	87,270,920
From 4 to 5 years	142,983,884	146,761,982
Over 5 years	539,499,124	498,979,240
	882,372,558	831,248,480

The activity in the allowance for expected credit losses on finance receivables for the years ended December 31, 2023, and 2022 is as follows:

	2023	2022
Allowance for expected credit losses – beginning of year	88,107,538	69,694,680
Provision for credit losses	32,858,792	78,124,838
Write-offs	(61,061,919)	(72,004,694)
Recoveries	6,219,749	12,292,714
Allowance for expected credit losses – end of year	**66,124,160**	**88,107,538**

4. CREDIT RISK

The Company's loan portfolio includes homogeneous unsecured consumer loans to individual borrowers with shared credit risk characteristics. These installment loans are fixed rate, fixed payment, and fully amortizing over the contractual repayment term. The Company does not have reasonable and supportable information that is available without undue cost or effort to measure expected credit losses on an individual instrument basis. Therefore, expected loan defaults, and credit losses, are calculated on a collective basis given the homogeneous nature of the loans offered to our customers.

The Company uses the average of 10 years of historical measurement dates to build a robust PD curve while carving out the activity from March 2020 to December 2021 to exclude the Covid pandemic effect which would otherwise overstate the PD on the current active portfolio. The current active portfolio was, for the most part, originated post pandemic

Grouping loans on the basis of shared credit risk characteristics using comprehensive credit risk information allows the Company to identify significant increases in credit risk on a timelier basis than would otherwise be possible if each loan was analyzed independently. Since all the Company's loans are of one product and exhibit similar economic characteristics and shared credit risk characteristics, the Company utilizes a single grouping, based on delinquency status, for collective credit risk determinations.

Forward-looking information is included in the amount of expected credit losses to reflect the expected impact of discrete events such as plant closures, local disasters, and local macroeconomic weaknesses. The Company does not utilize internal or external credit scores suitable for reporting stratification of risk, and consequently cannot re-score the portfolio as a component of the calculation of expected credit losses.

The Company defines a defaulted loan to be any loan in excess of four installments past due (on average 91 or more days past due). Typically, loans are written off on an individual basis when they reach seven installments past due (on average 181 days past due). All the Company's loans are classified as financial instruments measured at amortized costs.

In May 2022, the Company sold the beneficial interests in its pool of deficiency balances from written-off loans, of approximately $70 million in USD to an affiliate, CFG Holdings, to increase capital and liquid resources from performing financial assets. These beneficial interests were sold at fair market value, where the price was determined by a valuation report prepared by a third-party. The value is supported using the market approach which is a method of determining the value of an asset based on the selling price of similar assets. Loans that are written-off, but still subject to enforcement activity are actively managed by the Company, and in turn any collections subsequent to write-off would be payable to CFG Holdings net of service fees.

Concurrently, the Company entered into a service agreement with CFG Holdings to provide servicing for the collection of the deficiency balances based on the cost plus an appropriate margin. These services consist mainly of collecting customers' deficiency balances, and remitting them to CFG Holdings, net of any service fees due to the Company. This agreement between related parties was conducted as if they were unrelated and subject to a transfer pricing determination prepared by a third party.

A loan is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the loan have occurred. Credit-impaired loans are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event, or;
- The lender, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default (see above).

At December 31, 2023, and 2022, the Company had no outstanding loans with concessions where there is evidence that the concession has reduced future cash flows materially.

The Company's allowance for expected credit losses included the following components as of December 31, 2023, and 2022:

	2023	2022
Stage 1: Loss allowance measured at 12-month expected credit losses:	20,194,497	24,418,444
Stage 2: Loss allowance measured at lifetime credit losses:	20,667,854	22,450,127
Stage 3: Loss allowance for credit impaired	25,261,809	41,238,967
Total allowance for expected credit losses	66,124,160	88,107,538

The components of the unpaid principal balance of loans and allowance for expected credit losses by Stage as of December 31, 2023, and 2022 were as follows:

	Unpaid Principal Balance (UPB)			Allowance for expected credit losses		
	12-month Expected Credit Losses	Lifetime Credit Losses	Total Portfolio	12-month Expected Credit Losses	Lifetime Credit Losses	Total Portfolio
Stage 1	800,314,774	-	800,314,774	20,194,497	-	20,194,497
Stage 2	-	65,693,831	65,693,831	-	20,667,854	20,667,854
Stage 3	-	31,447,089	31,447,089	-	25,261,809	25,261,809
Balance at December 31, 2023	800,314,774	97,140,920	897,455,694	20,194,497	45,929,663	66,124,160
Stage 1	742,811,714	-	742,811,714	24,418,444	-	24,418,444
Stage 2	-	62,211,446	62,211,446	-	22,450,127	22,450,127
Stage 3	-	39,856,690	39,856,690	-	41,238,967	41,238,967
Balance at December 31, 2022	742,811,714	102,068,136	844,879,850	24,418,444	63,689,094	88,107,538

Changes in the gross carrying value of loans giving rise to changes in the allowance for expected credit losses as of December 31, 2023, and 2022 were as follows:

	Unpaid Principal Balance (UPB)			Allowance for expected credit losses		
	12-month Expected Credit Losses	Lifetime Credit Losses	Total Portfolio	12-month Expected Credit Losses	Lifetime Credit Losses	Total Portfolio
Balance at January 1, 2023	742,811,714	102,068,137	844,879,851	24,418,444	63,689,093	88,107,538
Loans originated	667,218,340	91,681,016	758,899,356	21,933,463	57,207,676	79,141,139
Loans collected	(186,481,883)	(25,624,068)	(212,105,951)	(6,130,217)	(15,989,061)	(22,119,278)
Loans renewed	(249,418,429)	(34,272,042)	(283,690,471)	(8,199,130)	(21,385,276)	(29,584,406)
Loans written off	(53,685,158)	(7,376,760)	(61,061,918)	(1,764,791)	(4,602,995)	(6,367,786)
Amortization	(120,129,808)	(29,335,365)	(149,465,173)	(8,001,286)	(26,884,248)	(34,885,534)
Re-classification/change in LGD assumptions	-	-	-	-	-	-
Changes in forward looking adjustment	-	-	-	(1,452,749)	(6,105,530)	(7,558,279)
Change in accrued interest	-	-	-	(527,841)	-	(527,841)
Change in management adjustment	-	-	-	(81,393)	-	(81,393)
Balance at December 31, 2023	800,314,776	97,140,918	897,455,694	20,194,500	45,929,659	66,124,160
Balance at January 1, 2022	747,958,778	101,396,566	849,355,344	18,054,800	51,639,877	69,694,677
Loans originated	562,488,445	76,253,396	638,741,841	13,577,775	38,834,806	52,412,581
Loans collected	(166,836,505)	(22,617,087)	(189,453,592)	(4,027,227)	(11,518,571)	(15,545,798)
Loans renewed	(208,607,454)	(28,279,739)	(236,887,193)	(5,035,526)	(14,402,484)	(19,438,010)
Loans written off	(63,408,662)	(8,595,956)	(72,004,618)	(1,530,607)	(4,377,802)	(5,908,409)
Amortization	(128,782,889)	(16,089,043)	(144,871,932)	(2,809,670)	(12,608,454)	(15,418,124)
Re-classification/change in LGD assumptions	-	-	-	-	-	-
Changes in forward looking adjustment	-	-	-	5,378,035	16,121,722	21,499,757
Change in accrued interest	-	-	-	899,395	-	899,395
Change in management adjustment	-	-	-	(88,531)	-	(88,531)
Balance at December 31, 2022	742,811,714	102,068,136	844,879,850	24,418,444	63,689,094	88,107,538

A change in the assumptions used to estimate the credit losses was implemented this year. The activity related to Covid 19 was carved out from the model due to a severe impact of the pandemic in the portfolio's performance which is not expected to continue during the upcoming years.

Modification of finance receivables

A modification of a loan occurs when the contractual terms governing the cash flows of that loan are renegotiated or otherwise modified between initial recognition and maturity of the loan. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

In 2021, a special Refinancing Program was developed, to provide a specific loan offer to qualifying present customers (PC) that have been affected by circumstances beyond their control. In general terms, a Special Refinance allows customers to refinance their loan with more comfortable terms, payments and conditions that promote a greater probability of repayment. The program currently includes two Special Refinance Loans: Refinance A (Cash out) and Refinance B (No cash-out).

4. CREDIT RISK *(continued)*

Also, in 2021 a restructured Loan Program was developed in Trinidad to provide a specific loan offer to qualifying present customers (PC) that have been affected by circumstances beyond their control. In general terms, a Restructured Loan allows customers to have a term, monthly payment, interest rate and conditions that promote a greater probability of repayment. It is the Company's policy to monitor these loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined based on the account's PPD at the time of each allowance evaluation following the modification of the loan terms. To be conservative, it is the Company's policy to assume that the modified accounts whose PPD was re-aged at the time of the restructuring continues to have the same risk

as prior to the modification of the terms. The additional risk is recognized via the application of an adjustment (increase) to the allowance for the PPD risk differential between the PPD at the time of the modification and the PPD at the time of allowance evaluation. No changes in the estimation techniques or assumptions were made in the calculation of the expected credit loss which is based on historical information.

Based on the uncertainty in the current economic environment, management placed a precautionary adjustment for recession which was calculated using the historical performance of the company during the financial crisis of 2008. Such adjustment was calculated at 35.26% of the expected credit loss.

Credit impairment

The Company's unit of measure to assess the loans credit quality and to determine the appropriate allowance is in accordance with IFRS 9 whereby the loans are grouped in stages based on their PPD (number of payments past due). The Company groups under Stage 1 the loans with 0 and 1PPD, in Stage 2 the loans with 2 and 3 PPD as well as any loss mitigation loans with a 0, 1, 2, and 3PPD, and under Stage 3 the loans with a 4, 5, or 6 PPD..

5. TRANSACTIONS WITH RELATED PARTIES

The Company has material transactions with CFG Holdings and Caribbean Financial Group Inc. ("CFG Inc."), an affiliated company registered in the United States with offices in Puerto Rico and the State of Florida. The most significant transactions with CFG Inc. are payments and provisions of fees for certain administrative services received. Where required to be settled in USD, these intercompany service fees are mainly paid through the cash conversion programs from TTD to USD through currency trades and the purchase and sale of various financial instruments, such as stocks and bonds.

As discussed in Note 2, the Company uses a broker-dealer and advisory firm to assist with purchases and sales of equity and bond securities. One of the principals of this firm is also a board member of the Company. During 2023 and 2022, the Company bought equity securities and bonds for the amount of 202.1 million and

334.9 million, respectively and sold the entire positions before year end. The Company recorded fees of 11.7 million and 4.2 million respectively, related to transactions with this firm which were included in realized loss on sale of equity securities. Net loss on sales of equity securities and sales of bonds included in the statements of comprehensive income were 25.0 million and 75.0 million for the years ended December 31, 2023 and 2022, respectively.

The Company funds its operations mainly through borrowings from CFG Holdings with whom it has an unsecured note payable due on November 15, 2025, pursuant to an amended promissory note agreement dated November 15, 2019. See Note 6 for more details.

In December 30, 2022, the Company and other affiliate entered into a Deposit Agreement with CFG Holding, whereas a treasury function is established by CFG Holding acting as a depositary by holding and investing sums in USD deposited by the Company as well as facilitating the payment of management fees and other sums payable by the Company from time to time. The Deposit Agreement has no maturity date and accrue interests on a monthly basis at a rate of 0.30% per annum. Also, the Deposit Agreement is subordinated to all agreements for which the Company is subject to. As of December 31, 2023, USD $53.8 million in deposits were outstanding. During the year ended December 31, 2022 no deposits were made by the Company:

	2023	2022
Due from affiliates:		
CFG Holdings Ltd. (0.30% interest bearing note for 2023)	363,940,689	-
CFG Holdings Ltd. (non-interest bearing)	38,610,581	-
CFG Insurance Ltd. (non-interest bearing)	672	7,796
CFG Partners LP. (non-interest bearing)	-	6,353,157
Caribbean Financial Group, Inc. (non-interest bearing)	-	48,391,832
	402,551,942	54,752,785
Due to affiliates:		
CFG Holdings Ltd. (15% interest bearing note for 2023 and 2022)	202,505,087	207,064,657
Caribbean Financial Group, Inc. (non-interest bearing)	45,120,408	-
CFG Holdings Ltd. (non-interest bearing)	-	592
CFG Partners LP. (non-interest bearing)	14,991,694	-
	262,617,189	207,065,249

During the years ended December 31, 2023, and 2022 transactions carried out with affiliates are summarized as follows:

Income:		
Interest income	816,718	-
Service fee income from sale of write-offs	1,083,390	723,498
Expense:		
Interest expense	35,898,102	35,892,049
Service fee expense	65,156,926	43,127,442

During fiscal year 2022, the Company sold the beneficial interests of its historical pool of deficiency balances from charged-off loans, of approximately $70 million in USD to affiliate company, CFG Holdings. These beneficial interests were sold at fair market value which was determined by a third party. The Company recognized the initial sale in 2022 as other income of 18.3 million included in the statements of comprehensive income. As of December 31, 2023 and 2022, the Company recorded service fees income of 1.0 million and 0.7 million respectively, related to the monthly sale of beneficial interests from charged-off loans.

During the year ended December 31, 2022 no deposits were made by the Company.

6. NOTE PAYABLE AND COMMITMENTS

Senior secured term notes

The Company is financed via intercompany loans, which are financed centrally at the group level. On November 30, 2018, the Group Parent issued USD $105,000,000 to a third-party, senior secured term notes maturing on November 30, 2023 ("Mezzanine") secured by certain assets of the Company as guarantor and guarantees and/or security interests in assets from other affiliated subsidiaries of the Group Parent.

The Mezzanine accrues interest at the greater of 3.0% or the 6-month London Interbank Offered Rate (LIBOR) or an alternate rate considering prevailing market convention (if LIBOR cannot be used) plus 7.5%, with a maximum annual interest accrual of 12.0%.

On June 30, 2023, the Company entered into a sixth amendment to adjust the interest rate structure. Effective as of the amendment date, an adjusted term SOFR (Secured Overnight Financing Rate (SOFR) is applicable equal to the sum of (a) the applicable term SOFR as of 11.00 a.m. on the SOFR Quotation Day for a period of six months plus (b) 0.42826%. Also, the amendment deletes the definition of the base rate and current term note interest rate in their entirety and replaces them as the base rate will be the greater of a 3% per annum or the adjusted term SOFR plus 7.5%, with a maximum annual interest accrual of 12.0%. The payment of a maintenance fee of USD $10,000 per month remains in effect.

As of December 31, 2023, the Mezzanine was secured by a first lien on assets of the Company and a second lien on all other assets of the Group Parent's subsidiaries, except those of Financiera El Sol, S.A. which are shared pari passu with the corporate bonds issued by a subsidiary of the Group Parent in Panamá.

Promissory Note

On February 2022, the Company, signed a one-year Promissory Note with ANSA Merchant Bank (the Bank) for the amount of 50 million denominated in Trinidad & Tobago dollars (or USD $7,378,222). The amount is secured by a certificate of deposit held by the Bank, including a 1% interest paid on a quarterly basis until its maturity date in February 2023.

On March 2023, $30.1 million (including interests of $0.1 million) from the proceeds of the certificate of deposit held by the Bank were applied to the repayment of the Promissory Note.

The remaining balance of the Promissory Note (20 million) and certificate of deposit were extended through February 2024.

RBC Trust Notes payable

On December 30, 2022, the Company entered into a trust deed for the issue a series of USD Notes with RBC Trust (Trinidad & Tobago) Limited as Trustee. The USD Notes provide for long-term financing of the operations of the Company. The USD Notes have a five-year term with interest due quarterly at a rate of 9.0% per annum. The Notes are secured by a charge over the receivables in respect of a select loan portfolio of the Company and/or cash collateral. The USD Notes and interest payable are denominated in US Dollars. As of December 31, 2023 and 2022, USD $45.6 million and USD $34.3 million, respectively in Notes were outstanding.

On August 2023, the Company issued a series of TTD Notes secured by certificates of deposits for a total of 100 million denominated in Trinidad & Tobago dollars. The TTD Notes have a five-year term with interest due on a quarterly basis at a rate of 6%.

Also, on November 2023, the Company issued a series of Notes secured by certificates of deposits for a total of 56.6 million denominated in Trinidad & Tobago dollars. The Notes have a three-year term with interest due on a quarterly basis at a rate of 7%.

7. FURNITURE, FIXTURES, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Furniture, fixtures, equipment and leasehold improvements at December 31, 2023, and 2022 consist of the following:

	Computers and Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost:				
Balance as of December 31, 2022	12,348,926	7,595,806	14,570,692	34,515,424
Additions	428,895	1,406,713	46,890	1,882,498
Balance as of December 31, 2023	12,777,821	9,002,519	14,617,582	36,397,922
Accumulated depreciation:				
Balance as of December 31, 2022	(9,037,552)	(6,735,256)	(13,926,984)	(29,699,792)
Depreciation expense for the year	(871,834)	(851,163)	(558,763)	(2,281,760)
Disposals				
Balance as of December 31, 2023	(9,909,386)	(7,586,419)	(14,485,747)	(31,981,552)
Carrying Amounts as of:				
Balance as of December 31, 2023	2,868,435	1,416,100	131,835	4,416,370
Balance as of December 31, 2022	3,311,374	860,550	643,708	4,815,632

8. INCOME TAXES

Current tax

The current income tax payable is based on taxable income for the year. Taxable income differs from net profit as reported in the statement of comprehensive income because it excludes income or expenses that are taxable or deductible in other years and excludes those incomes or expenses that will never be taxable or deductible. The Company's liabilities for current tax are calculated using the tax rate that is in effect on the date of the statement of financial position.

The prepaid income tax as of December 31, 2023 and December 31, 2022 was 2,417,690 and 552,174, respectively.

The effective income tax rate differs from the statutory income tax rate as follows:

	2023	2022
Profit before taxation	84,286,111	29,463,497
Computed tax expense (at 30%)	25,285,833	8,839,049
Withholding tax payment	2,025,266	7,866,765
Tax effect of non-deductible (non-taxable) costs	1,112,686	299,429
(Over)/Under provision of prior year current tax charge	(1,196,622)	(97,615)
Total	27,227,164	16,907,628

Deferred tax

The Company establishes deferred income taxes corresponding to the temporary differences, which are mainly originated by the difference between the method of allowance for possible loan losses for financial statement purposes and the direct charge-offs to the operations of uncollectible loans for tax purposes.

8. INCOME TAXES *(continued)*

Temporary differences between financial statement carrying amounts and tax bases of assets that originate the deferred tax assets are as follows:

	2023	2022
At beginning of year	29,901,779	25,122,272
Charge to profit	(6,875,824)	4,779,507
At end of year	23,025,956	29,901,779

The deferred tax assets are attributable to the following:

	2023	2022
Allowance expected credit losses	19,898,431	26,432,261
Accelerated depreciation property and	1,912,461	1,265,923
Foreign exchange revaluation	1,473,540	2,046,421
Leases	1,033,281	1,338,504
Deferred origination costs	(1,291,758)	(1,181,330)
	23,025,956	29,901,779

9. EMPLOYEE BENEFIT PLAN

The Company offers to employees a fully insured deferred annuity plan, registered with the Board of Inland Revenue. The employee contribution is between 3% to 5% of basic income, with a minimum contribution of 200. Benefits are invested at the employee's direction, and retirement age is calculated to be between 50 and 70 years. The Company may match the employee contributions on a discretionary basis but is under no obligation to do so. During the years ended December 31, 2023 and December 31, 2022 employee contributions totaled 284,311 and 226,936. The Company voluntary contributed 159,049 for 2023 and 155,528 for 2022.

10. LEASES

The Company maintains lease agreements related to equipment, office space and branch locations. Most of branch lease agreements are executed with terms of five years and generally contain options to extend from three to five years. None of the Company's lease payments are dependent on a rate or index that may change after the commencement date, other than the passage of time.

The Company's lease liabilities for the years ended December 31, 2023 and 2022, was 23,410,159 and 29,342,368, respectively. These liabilities are based on the present value of the remaining minimum rental payments using a discount rate that is determined based on the Company's incremental borrowing rate. The right-of-use asset for the years ended December 31, 2023 and 2022, was 19,801,401 and 24,880,690, respectively.

Right-of-use assets movement by type as of December 31, 2023 and 2022 are presented below:

Type	Beginning Balance as of 12/31/ 2022	Additions	Retirements	Other Adjustments	Depreciation Expense	Ending Balance as of 12/31/ 2023
Building	23,491,266	3,649,162	(2,048,960)	-	(6,102,305)	18,989,162
Equipment	1,389,424	-	-	-	(577,185)	812,239
Total	24,880,690	3,649,162	(2,048,960)	-	(6,679,491)	19,801,401

Type	Beginning Balance as of 12/31/ 2021	Additions	Retirements	Other Adjustments	Depreciation Expense	Ending Balance as of 12/31/ 2022
Building	28,704,974	455,961	(185,871)	1,178,490	(6,662,289)	23,491,266
Equipment	1,966,610	-	-	-	(577,185)	1,389,424
Total	30,671,584	455,961	(185,871)	1,178,490	(7,239,474)	24,880,690

Lease agreements with terms of twelve months or less and leases for which the underlying asset is of low value are not capitalized as part of lease assets or liabilities and are expensed as incurred. In addition, the Company has elected to not separate non-lease components from lease components. Consequently, each separate lease component and the non-lease components associated with that lease component will be accounted for as a single lease component for lease classification, recognition, and measurement purposes.

The table below shows the impact on the Company's profit or loss:

	2023	2022
Depreciation expense	6,679,491	6,616,759
Interest on lease liabilities	2,067,070	2,289,294
Expense relating to variable lease payments	669,566	729,191

The total outflows for leases for the years ended December 31, 2023 and 2022, was 8,746,561 and 6,571,157 respectively.

Future maturities of the Company's lease liabilities as of December 31, 2023 are as follows:

2024	7,175,737
2025	5,117,968
2026	4,539,849
2027	3,575,888
Thereafter	3,000,717
Total	23,410,159

11. LITIGATION

The Company is not engaged in any litigation that is material to the Company's business or, to the best of the knowledge of the Company's Management, which is likely to have an adverse effect on its business, financial condition or results of operations.

12 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company determines the fair value of its financial instruments using the fair value hierarchy established in IFRS 13 – Fair Value Measurements and Disclosure, which requires the Company to maximize the use of observable inputs (those that reflect the assumptions that market participants would use in pricing the asset or liability developed based on market information obtained from sources independent of the reporting entity) and to minimize the use of unobservable inputs (those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances) when measuring fair value. Fair value is used on a non-recurring basis to evaluate assets and liabilities for impairment or for disclosure purposes. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, the Company uses some valuation techniques and assumptions when estimating fair value. The Company applied the following fair value hierarchy:

- 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; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following disclosures are related to financial instruments which are not measured at fair value on the Company's statement of financial position at December 31, 2023 and 2022:

On demand financial instruments – The carrying value of on demand financial instruments, including cash, and accounts payable and accrued liabilities, approximates the fair value of these instruments. These financial instruments generally expose the Company to limited credit risk and have no stated maturities or have on demand maturities. The Company classifies these assets and liabilities as Level 2 as these are observable inputs for the determination of fair values.

Finance receivables – The carrying value of the portfolio of financial receivables was 816,248,398 as compared to its fair value of 854,784,224 at December 31, 2023. The carrying value of the portfolio of financial receivables was 743,140,942 as compared to its fair value of 836,364,950 at December 31, 2022.

Key inputs to calculate the fair value of the finance receivables were portfolio runoff assumptions and a discount rate based on market and portfolio related factors. The rate used to discount the associated future cash flows of the consumer loan portfolio is consistent with discount rates for loans to similar borrowers and with similar maturities. Discount rates for valuation purposes are frequently revised to approximate market rates.

Notes receivable from or payable to affiliates – For balances with affiliates under common control, the Company does not calculate fair value given that these amounts are callable at any time.

The following tables provide information on the carrying value and estimated fair value at December 31, 2023 and 2022, of the Company's financial instruments that are not reported at fair value in the accompanying statement of financial position:

	2023				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Financial Assets					
Cash	47,291,458	47,291,458	47,291,458	-	-
Short term investments	76,550,000	76,550,000	76,550,000	-	-
Finance receivables – net	816,248,398	854,784,224	-	-	854,784,224
Due from affiliate (note receivable)	363,940,689	363,940,689	-	-	363,940,689
Due from affiliates (other)	38,611,253	38,611,253	-	-	38,611,253
Financial Liabilities					
Accounts payable and accrued liabilities	13,968,394	13,968,394	-	13,968,394	-
Lease liabilities	23,410,159	23,410,159	-	23,410,159	-
Due to affiliate (note payable)	202,505,087	202,505,087	-	-	202,505,087
Due to affiliates (other)	60,112,102	60,112,102	-	-	60,112,102
	2022				
Financial Assets					
Cash	23,114,900	23,114,900	23,114,900	-	-
Certificate of Deposit	226,868,204	226,868,204	226,868,204	-	-
Short term investments	50,000,000	50,000,000	50,000,000	-	-
Finance receivables – net	743,140,942	836,364,949	-	-	836,364,949
Due from affiliates (other)	54,752,785	54,752,785	-	54,752,785	-
Financial Liabilities					
Accounts payable and accrued liabilities	13,094,037	13,094,037	-	13,094,037	-
Lease liabilities	29,342,368	29,342,368	-	29,342,368	-
Due to affiliate (note payable)	207,064,657	207,064,657	-	13,094,036	-
Due to affiliates (other)	592	592	-	-	592

13. RISK MANAGEMENT

a) Capital management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to the stockholder through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2021. The capital structure of the Company consists of financing obtained from affiliates (as detailed in Note 5) and equity of the Company (comprising issued capital and retained earnings).

b) Financial risk management objectives

The Company is exposed to financial risks that may threaten its business objectives. Proactive identification of significant risks is critical to minimizing potential adverse effects on financial performance. Management and the Board of Directors of the Parent are responsible for establishing and conforming the strategic direction of the organization, the business approach and corporate values.

Financial and economic risk overview – The Company's evaluation of the macro-economic environment suggests that the risk of a global economic recession for the year 2023 elongated into the year 2024 and shifted to a slow down while an economic rebound is expected for the year 2025. Consequently, the Company lowered the severity of its 12-month economic outlook and current conditions factors on the first quarter of the year 2024 for the upcoming year.

Similarly, in the third quarter of the year 2023, the Company removed from the probability of default and loss given default rates the Covid 19 activity (March 2020 to December 2021) since the delinquency and loss rate levels that stemmed from the pandemic are not expected to occur next year.

The year 2023 saw an improvement in the Company's portfolio which is reflective of the economic rebound of the country after Covid. The portfolio's unpaid principal balance ("UPB") increased by $52.6 million relative to last year with Stage 1 UPB increasing by 126 basis points (bps) compared to last year and Stages 2 and 3 UPB decreasing by 4 bps and 121 bps, respectively. Similarly, the performance of the restructured assets improved causing the removal of the performing restructured assets from the adjustment for restructures. Performing restructured assets pass a 6-month performance test during which time they shall maintain a Stage 1 status prior to the allowance calculation. The 38.74% decrease in allowance for Stage 3 and the decrease in the overall allowance by 24.95% compared to last year reflect the favorable macro-economic outlook for the upcoming year, as well as the improved performance of the portfolio

13. RISK MANAGEMENT *(continued)*

b) Financial risk management objectives *(continued)*

	Balance at December 31, 2023 Allowance for expected credit losses			Balance at December 31, 2022 Allowance for expected credit losses			2023 vs 2022	
	12-month Expected Credit Losses	Lifetime Credit Losses	Total Portfolio	12-month Expected Credit Losses	Lifetime Credit Losses	Total Portfolio	% Change	TTD
Stage 1	20,194,497	-	20,194,497	24,418,444	-	24,418,444	-17.30%	(4,223,947)
Stage 2	-	20,667,854	20,667,854	-	22,450,127	22,450,127	-7.94%	(1,782,273)
Stage 3	-	25,261,809	25,261,809	-	41,238,967	41,238,967	-38.74%	(15,977,158)
	20,194,497	45,929,663	66,124,160	24,418,444	63,689,094	88,107,538	-24.95%	(21,983,378)

c) Credit risk

Credit risk is the risk of loss as a result of a borrower's failure to pay on time and in full its obligations, or the counterparty with whom the Company negotiates breaches a contractual obligation before liquidating a contract.

Concentration of credit risk – The Company's loan portfolio is comprised of a large number of undifferentiated homogeneous unsecured consumer loans, and there is no material concentration of loans to a single borrower. The Company is exposed to significant adverse changes in the local economy that could adversely impact the collectability of its finance receivables.

Credit quality indicator disclosures – Management monitors the credit quality of its financing receivables on an ongoing basis. As of December 31, 2023, and, 2022, the amounts and ratios for finance receivable were as follows:

	2023	2022
Finance receivables	882,372,558	831,248,480
2+ Payments Past Due	87,110,831	92,888,087
4+ Payments Past Due	30,697,546	38,899,855
Total contractual delinquent loans as a percentage of finance receivables	9.87%	11.17%
Allowance for credit losses as a percentage of finance receivables	7.49%	10.60%
Net charge-offs as a percentage of average finance receivables	6.40%	7.16%
Delinquency 4PPD+ % of finance receivables	3.48%	4.68%

Total 2+ PPD - Two payments past due loans ("2+ PPD") refers to loans with two or more scheduled payments past due after month-end processing and is a sub-set of total contractual delinquency. 2+ PPD accounts include both principal and interest payments that are past due.

Total 4+ PPD - Four payments past due loans ("4+ PPD") refers to loans with four or more scheduled payments past due after month-end processing and is a sub-set of total contractual delinquency. 4+ PPD accounts include both principal and interest payments that are past due and serve as a proxy for loans that are 91 days or more past due.

Finance receivables are issued at a maximum period of 72 months. Finance receivables more than 90 days past due and accruing interest amounted to approximately 30,697,546 and 38,899,855 at December 31, 2023, and, 2022 respectively.

The Company considers a customer contractually delinquent at the end of the month in which two scheduled payments are past due after month-end processing.

The following table analyzes the credit quality of financial assets and impairment reserves held by the Company for these assets as of December 31, 2023, and, 2022:

	2023			2022		
Maximum exposure						
Finance receivables-net	816,248,398			743,140,942		
Delinquency/Risk levels	**Finance receivable**	**Expected Credit Loss**	**Net Receivables**	**Finance receivable**	**Expected Credit Loss**	**Net Receivables**
Stage 1 - Normal or no PPD(1)	709,054,840	17,665,887	691,388,953	645,908,185	31,456,294	614,451,891
Stage 1 - 1PPD	91,259,934	2,528,611	88,731,323	92,452,207	11,234,818	81,217,389
Stage 2 - 2PPD	32,711,370	13,019,209	19,692,161	34,008,566	10,826,687	23,181,879
Stage 2 - 3PPD	32,982,461	7,648,645	25,333,816	19,979,665	9,072,565	10,907,100
Stage 3 - 4PPD	12,604,952	9,594,606	3,010,346	14,774,427	8,416,733	6,357,694
Stage 3 - 5PPD	9,804,363	8,990,767	813,596	13,844,596	7,964,074	5,880,522
Stage 3 - 6PPD or more	9,037,774	6,676,436	2,361,338	10,280,834	9,136,367	1,144,467
Expected Credit Loss Total	897,455,694	66,124,16	831,331,534	831,248,480	88,107,538	743,140,942
Risk Levels Stage 1	800,314,774	20,194,497	780,120,277	738,360,392	42,691,112	695,669,280
Stage 2	65,693,831	20,667,853	45,025,978	53,988,231	19,899,252	34,088,979
Stage 3	31,447,089	25,261,809	6,185,280	38,899,857	25,517,174	13,382,683
Total	897,455,694	66,124,160	831,331,534	831,248,480	88,107,538	743,140,942

d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has assets that are maintained in TTD while having USD denominated long term debt. Management recognizes the fluctuations in the TTD will affect the Company's financial results and cash flow. Management believes that the yield on its finance receivables would cushion the effects of a weakened TTD and enable the Company to meet its debt obligations.

Foreign currency sensitivity analysis – The Company is mainly exposed to the currency of the United States of America (US dollar or USD). Foreign exchange risk arises from future commercial transactions and debt denominated in USD. The Company has a borrowing transaction where they are exposed to USD foreign currency translation risk.

The table below shows the currency sensitivity for the year ended December 31, 2023. If the Trinidad and Tobago dollar had weakened by 2% against the USD with all other variables held constant, pre-tax profit for the year would have been 0.6 million TTD lower. Note that the impact calculated below does not include any effect for future periods which are expected to differ based on total amounts of USD denominated debt both with the parent and third parties.

USD principal denominated due to parent	30,044,246
TTD to USD exchange rate as of December 31, 2023	6.767
2% decline in TTD exchange rate versus USD	6.632
TTD value of principal due to parent at December 31,2023	203,321,432
TTD value of principal due to parent at December 31,2023 assuming 2% decline in exchange rate	207,387,861
Increase in due to parent	4,066,429
Increase in annual interest expense assuming 2% decline in exchange rate	607,515
Decrease in profit before income tax expense	607,515

e) Interest rate risk

The Company's net interest income is subject to various categories of interest rate risk, including basis and yield curve risks. The table below summarizes the Company's exposure to interest rate risk. This includes the balances of the Company's financial instruments as of December 31, 2023 and 2022, classified by the most recent between the contractual term or the maturity date. Finance receivables are all fixed rate loans at amortized cost, as well as the notes payables were issued with fixed rates at amortized costs, thus they are not directly impacted by changes in market interest rates.

	Due on demand	Due in one year	Due in two to five years	Due in more than five years	Total
	2023				
Assets					
Cash	47,291,458	-	-	-	47,291,458
Restricted short term investments	76,550,000	-	-	-	76,550,000
Due from affiliates	363,940,689	-	-	-	363,940,689
Total assets	487,782,147	-	-	-	487,782,147
Liabilities					
Lease liabilities	-	7,175,737	16,234,422	-	23,410,159
Notes payables	-	20,000,000	444,238,326	-	464,238,326
Due to affiliates	-	-	-	202,505,087	202,505,087
Total liabilities	-	27,175,737	460,472,748	202,505,087	690,153,572
Net surplus	487,782,147	(27,175,737)	(460,472,748)	(202,505,087)	(202,371,425)
Cumulative surplus	487,782,147	460,606,410	133,662	(202,371,425)	(202,371,425)
	2022				
Assets					
Cash	23,114,900	-	-	-	23,114,900
Certificate of deposit	226,868,204	-	-	-	226,868,204
Restricted short term investments	-	50,000,000	-	-	50,000,000
Total assets	249,983,104	50,000,000	-	-	299,983,104
Liabilities					
Lease liabilities	-	7,188,125	22,154,243	-	29,342,368
Notes payable	-	50,000,000	217,028,136	-	267,028,136
Due to affiliates	-	-	-	207,065,250	207,065,250
Total liabilities	-	57,188,125	239,182,379	207,065,250	503,435,755
Net surplus	249,983,104	(7,188,125)	(239,182,379)	(207,065,250)	(203,452,651)
Cumulative surplus	249,983,104	242,794,979	3,612,600	(203,452,650)	(203,452,651)

f) Liquidity risk

Liquidity risk is defined as the risk that the Company may encounter difficulties in obtaining funds to meet its commitments and obligations on time. Management periodically monitors the availability of liquid funds given that the Company is exposed to daily loan disbursements. The table below summarizes the balance as of December 31, 2023 and 2022

			2023		
Assets					
Cash	47,291,458	-	-	-	47,291,458
Restricted short term investments	76,550,000	-	-	-	76,550,000
Finance receivables	-	757,338,152	394,684,878	1,454,595	1,153,477,625
Due from affiliates	363,940,689	-	-	-	363,940,689
Total assets	487,782,147	757,338,152	394,684,878	1,454,595	1,641,259,772
Liabilities					
Accounts payable and accrued liabilities	13,968,394	-	-	-	13,968,394
Lease liabilities	-	7,175,737	16,234,422	-	23,410,159
Notes payable	-	20,000,000	603,723,115	-	623,723,115
Due to affiliates	-	-	-	260,725,300	260,725,300
Total liabilities	-	27,175,737	619,957,537	260,725,300	921,826,967
Net surplus	487,782,147	730,162,415	(225,272,659)	(259,270,704)	719,432,805
Cumulative surplus	487,782,147	1,217,944,562	992,671,903	733,401,200	719,432,805
			2022		
Assets					
Cash	23,114,900	-	-	-	23,114,900
Certificate of deposit	226,868,204	-	-	-	226,868,204
Restricted short term investments	-	50,000,000	-	-	50,000,000
Finance receivables	-	718,437,755	353,914,956	758,397	1,073,111,108
Due from affiliates	-	-	-	-	-
Total assets	249,983,104	768,437,755	353,914,956	758,397	1,373,094,212
Liabilities					
Accounts payable and accrued liabilities	-	13,094,036	-	-	13,094,036
Lease liabilities	-	7,188,125	22,154,243	-	29,342,368
Notes payable	-	50,000,000	337,503,039	-	387,503,039
Due to affiliates	-	-	297,656,297	-	297,656,297
Total liabilities	-	70,282,161	657,313,580	-	727,595,741
Net surplus	249,983,104	698,155,594	(303,398,624)	758,397	645,498,471
Cumulative surplus	249,983,104	948,138,698	644,740,074	645,498,472	645,498,471

14. STATUTORY RESERVE

The Financial Institutions Act requires a licensee to transfer annually a minimum of 10% of its net profit after taxation to a statutory reserve account until the amount standing to the credit of the statutory reserve fund is not less than the stated capital of the Company. As of December 31, 2023, and December 31, 2022, the statutory reserve was fully funded to the stated capital of the Company at 43,620,858. The reserve is not available for distribution.

15. CONTINGENCIES

As of December 31, 2023, there were no contingent liabilities.

16. RECLASSIFICATIONS

Certain prior year amounts in the statement of financial positions, statement of cash flows and Note 5 to the consolidated financial statements have been reclassified for consistency with the current year presentation of due from and due to affiliates amounts. These reclassifications have no impact on the reported results of operations.

17. SUBSEQUENT EVENTS

The Company has evaluated events subsequent to December 31, 2023 in order to assess the need for potential recognition or disclosure in these financial statements. Such events were evaluated through the date these financial statements were available to be issued. Based upon this evaluation, the Company has determined that no subsequent event has occurred that would require recognition or disclosure in these financial statements.

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the year ended December 31, 2023 were approved by Management and authorized for their issuance on March 29, 2024