2022

DOLLA FINANCIAL SERVICES LIMITED (DOLLA)

AUDITED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

DOLLA FINANCIAL SERVICES LIMITED
PERFORMANCE HIGHLIGHTS

Profit Before Tax (PBT)
$296M | **76%** Increase Year on Year

Loan Portfolio
$1.7bn | **130%** Increase Year on Year

Total Income
$740M | **95%** Increase Year on Year

Total Assets
$2.2bn | **161%** Increase Year on Year

Expected Credit Losses (ECL)	4.1%
Non Performing Loans (NPL)	6.5%
Efficiency Ratio	50%

DOLLA FINANCIAL SERVICES LIMITED
DISCLOSURE OF SHAREHOLDINGS

Top Ten Shareholders

Name of Shareholder	Units	% Ownership
FirstRock Private Equity Limited	1,500,000,000	60.0%
DeQuity Capital Management Limited	500,000,000	20.0%
Mayberry Jamaican Equities Limited	21,625,388	0.9%
Kerry-Ann Spencer & Michelle N. Thomas-Freeman	10,118,015	0.4%
FEP Limited	10,000,000	0.4%
Kadeen Mairs	8,743,164	0.3%
Christopher Yeung	8,450,010	0.3%
Ian Kelly	8,284,376	0.3%
Randani Limited	8,123,017	0.3%
PAM - Pooled Equity Fund	5,762,008	0.2%
Total	**2,081,105,978**	**83.2%**
Others	418,894,022	16.8%
Total Issued Shares	**2,500,000,000**	**100.0%**

Shareholdings of Directors

Name of Shareholder	Connected Party	Direct	Total Volume	% of Shares Issued
Ryan Reid		1,500,000	419,700,000	16.8%
FirstRock Private Equity Limited (connected party)	407,500,000			
Holdings for Ryleigh Limited (connected party)	1,000,000			
Norman & Pauleen Reid (connected party)	400,000			
D. Stephanie Harrison (connected party)	1,800,000			
Ryan Reid & D. Stephanie Harrison (connected party)	1,000,000			
Innovative Systems (connected party)	1,500,000			
FEP Limited	5,000,000			
Christopher Yeung		8,450,010	115,950,010	4.6%
FirstRock Private Equity Limited (connected party)	107,500,000			
Michael Banbury		2,500,000	416,000,000	16.6%
FirstRock Private Equity Limited (connected party)	407,500,000			
Gabrielle Kelly	1,000,000			
FEP Limited	5,000,000			
Lisa Lewis		693,549	1,693,549	0.1%
Jamie Lewis (connected party)	1,000,000			
Dane Patterson	Nil	Nil	Nil	Nil
Kadeen Mairs		8,743,164	508,743,164	20.3%
Dequity Capital Management Limited (connected party)	500,000,000			

DOLLA FINANCIAL SERVICES LIMITED
DISCLOSURE OF SHAREHOLDINGS

Shareholdings of Senior Executives

Name of Shareholder	Connected Party	Direct	Total Volume	% of Shares Issued
Kadeen Mairs	-	8,743,164	508,743,164	20.3%
Dequity Capital Management Limited	500,000,000	-		
Mario Brown	-	4,503,872	4,503,872	0.2%
Kenroy Kerr	-	3,537,220	3,537,220	0.1%
Tricia Nicholas	-	2,585,577	2,585,577	0.1%
Trevene McKenzie	-	2,358,617	2,358,617	0.1%
Kahlilah Thompson	-	2,300,000	2,300,000	0.1%
Kurt McKenzie	-	1,000,000	1,000,000	0.0%
Aldane Tomlinson	-	1,000,000	1,000,000	0.0%

Dolla Financial Services Limited

Financial Statements
31 December 2022

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Independent auditor's report

To the Members of Dolla Financial Services Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Dolla Financial Services Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2022, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

The Group's consolidated and stand-alone financial statements comprise:

- The consolidated statement of financial position as at 31 December 2022;
- The consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended;
- The company statement of financial position as at 31 December 2022;
- The company statement of comprehensive income for the year then ended;
- The company statement of changes in equity for the year then ended;
- The company statement of cash flows for the year then ended; and
- The notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The context of our audit is set by the Group's major occurrences and business activities for 2022. The Group's businesses are the provision of lending services to small and medium-sized enterprises through micro lending and also secured lending to high net worth individuals. In June 2022, the Company was listed on the Junior Market of the Jamaica Stock Exchange through an initial public offering (IPO). The Group also raised debt through the capital markets, and incorporated a new subsidiary, Ultra Financier Limited which is located in Jamaica.

We determined the scope of our audit by first considering the internal organisation of the Group and then identifying the components of the audit that have the most significant impact on the financial statements. The Group comprised three reporting components, all of which represent the principal business units within the Group and are located in Jamaica and Guyana. Full scope audits were performed for two components, while an audit of one or more financial statements line items was performed for the remaining component. The audit work performed covered 100% of the Group's total assets and 100% of total revenue. Two of the reporting components were audited by PwC Jamaica, while the other component, located in Guyana, was audited by a non-PwC firm, familiar with the local laws and regulations to perform this audit work. Throughout the audit we had regular meetings and correspondence with management and component auditor teams to follow up on progress of work for all components. The Group engagement team reviewed workpapers relating to the audit approach and findings of the component auditors.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
IFRS 9 'Financial Instruments' – Probabilities of Default, Forward-Looking Information & Significant Increase in Credit Risk (Group and Company) *Refer to notes 3(f), 4(b), 7 and 27(a) to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.* As at 31 December 2022, loans, net of provision for credit losses, totalled $1.7 billion and $1.3 billion on the Group's consolidated, and the Company's stand-alone statement of financial position respectively. These balances represent 77% of total assets for the Group and 64% of total assets for the Company. The impairment provisions recorded under the IFRS 9 expected credit loss (ECL) model amounted to $72 million for the Group and $66 million for the Company. The IFRS 9 ECL impairment model takes into account reasonable and supportable forward-looking information as well as probabilities of default (PDs). PDs represent the likelihood of a borrower defaulting on its obligation over the next twelve months or over the remaining lifetime of the obligation. PDs are developed by management, based on the Group and Company's specific historical default rates for each industry classification. In performing historical analyses, management identified economic variables impacting credit risk and ECLs for each portfolio. Various scenarios were identified, and weightings assigned using macro-economic factors as well as management's experience and judgement. Management also performs scenario analyses to determine the impact of future economic conditions on PDs in the countries and industries where the Group and Company have loan exposures. A macro-economic indicator is determined, which is statistically linked to the credit risk loan exposure.	Our approach to addressing the matter involved the following procedures, amongst others: ● Updated our understanding of management's ECL model including any changes to source data and assumptions and tested the mathematical integrity of the model. ● Evaluated the competence, independence and objectivity of management's expert. ● Evaluated the design and tested the operating effectiveness of certain relevant controls over the forward-looking information and SICR in the ECL determination by performing inquiries with management and inspecting management's evaluation, review and approval of key assumptions, judgements and forward-looking information. ● Evaluated, with the assistance of our specialists, the appropriateness of management's judgements pertaining to forward-looking information, including macro-economic factors and the basis of the multiple economic scenarios used. We sensitised the various inputs and assumptions as part of our reasonableness tests. ● Evaluated the reasonableness of management's judgements pertaining to PD, SICR and forward-looking information, including macro-economic factors. ● Tested the completeness and accuracy of the historical data used, on a sample basis, by agreeing the details of the customer payment profile to source documents. ● Tested the staging of a sample of loans by reference to the number of days outstanding on the loan. ● Tested the critical data fields, where applicable, used in the ECL model for the PD determination, such as default date, effective interest rate, write-off data, and loan type by tracing data back to source documents. ● Evaluated the reasonableness of the weightings used for the base case, upside and downside scenarios by agreeing the forward-looking economic information to external sources published or pronounced by reputable third parties.

Key audit matter	How our audit addressed the key audit matter
We focused on this area because of the complexity of the techniques used to determine PDs and the number of significant judgements made by management regarding possible future economic scenarios. We further focused on management's assessment of Significant Increase in Credit Risk (SICR) as stage migrations can materially impact the ECL. Management's determination of PDs, forward-looking information and SICR was made with the assistance of an external expert.	• Sensitised the probability weightings used in the ECL calculation. The results of our procedures indicated that the assumptions used by management for determining the probabilities of default, significant increase in credit risk and forward-looking information were not unreasonable.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone 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 consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and 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 Group or the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and 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 Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Garfield Reece.

PricewaterhouseCoopers

Chartered Accountants
15 March 2023
Kingston, Jamaica

Dolla Financial Services Limited
Consolidated Statement of Financial Position
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Assets			
Cash and cash equivalents	6	352,935	65,587
Loans, net of provisions for credit losses	7	1,725,742	750,503
Short Term Deposits	8	63,431	-
Deferred tax asset	16	1,597	-
Property, plant and equipment	12	69,296	36,668
Intangible assets	11	2	32
Other assets	9	31,744	8,304
Total assets		2,244,747	861,094
Liabilities			
Taxation payable		13,153	29,865
Borrowings	13	1,405,380	455,901
Lease liabilities	17	50,966	31,550
Preference shares	14	-	5,151
Deferred tax liabilities	16	-	5,839
Other payables and accruals	15	54,267	17,804
Total liabilities		1,523,766	546,110
Equity			
Share capital	18	462,145	240,349
Translation reserves		(5,392)	(587)
Capital redemption and fair value reserves	30	8,877	10,000
Retained earnings		255,351	65,222
Total shareholders' equity		720,981	314,984
Total liabilities and shareholders' equity		2,244,747	861,094

Approved for issue by the Board of Directors on 15 March 2023 and signed on its behalf by:

Ryan Reid Chairman

Kadeen Mairs Director

Dolla Financial Services Limited

Consolidated Statement of Comprehensive Income
Year ended 31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Note	Year Ended 31 December 2022 $'000	Year Ended 31 December 2021 $'000
Interest income	22	739,739	379,049
Interest expense	23	(78,829)	(53,582)
Net interest income		660,910	325,467
Provision for expected credit losses	7	(29,626)	(20,423)
Net interest income after credit losses		631,284	305,044
Non-interest income:			
Fees and other income	24	6,738	16,226
Foreign exchange losses		(2,658)	(33)
Total net interest income and other revenue		635,364	321,237
Operating expenses			
Administrative expenses	25	(339,724)	(153,440)
Profit before taxation		295,640	167,797
Taxation	26	(15,168)	(38,248)
Net profit		280,472	129,549
Other comprehensive income, net of tax - Exchange differences on translation of foreign operations, being total other comprehensive income		(4,805)	(587)
TOTAL COMPREHENSIVE INCOME		275,667	128,962
Basic and diluted earnings per stock unit	19	$0.18	$8.68

Net profit and comprehensive income for the year are entirely attributable to stockholders of the parent company.

Dolla Financial Services Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Translation Reserves $'000	Capital redemption and Other Reserves $'000	(Accumulated Deficit)/ Retained Earnings $'000	Total $'000
Balance at 1 January 2021		63,799	-	-	(54,327)	9,472
Net profit		-	-	-	129,549	129,549
Other comprehensive income		-	(587)	-	-	(587)
Total comprehensive income		-	(587)	-	129,549	128,962
Transactions with owners						
Issue of shares	18	176,550	-	-	-	176,550
Other						
Transfer to capital redemption reserve		-	-	10,000	(10,000)	-
Balance at 31 December 2021		240,349	(587)	10,000	65,222	314,984
Net profit		-	-	-	280,472	280,472
Other comprehensive income		-	(4,805)	-	-	(4,805)
Total comprehensive income		-	(4,805)	-	280,472	275,667
Transactions with owners						
Issue of shares	18	221,796	-	-	-	221,796
Dividends Declared	20	-	-	-	(91,466)	(91,466)
Other						
ESOP staff benefit		-	-	(1,123)	1,123	-
Balance at 31 December 2022		462,145	(5,392)	8,877	255,351	720,981

Dolla Financial Services Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Year Ended 31 December 2022 $'000	Year Ended 31 December 2021 $'000
Cash flows from operating activities:			
Net profit		280,472	129,549
Adjustments for:			
Depreciation and amortisation	25	19,431	12,731
Interest income	22	(739,739)	(379,049)
Interest expense		78,829	53,582
Foreign exchange losses		2,658	33
Taxation expense		15,168	38,248
Expected credit losses		29,626	20,423
		(313,555)	(124,483)
Change in operating assets and liabilities:			
Loans receivable		(858,456)	(451,001)
Other current assets		(22,709)	(3,161)
Other payables and accruals		35,399	7,127
Cash used in operations		(1,159,321)	(571,518)
Interest received		594,404	353,383
Lease Interest paid		(3,486)	(2,808)
Loan repaid		(310,584)	-
Loan interest repaid		(62,310)	(27,172)
Loan received		1,238,974	351,112
Preference shares interest paid		(5,297)	(16,865)
Redemption of preference shares	30	-	(10,000)
Taxation paid		(37,349)	(4,972)
Net cash provided by operating activities (carried forward to page 5)		255,031	71,160

Dolla Financial Services Limited

Consolidated Statement of Cash Flows (Continued)

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Year Ended 31 December 2022 $'000	Year Ended 31 December 2021 $'000
Net cash from operating activities (brought forward from page 4)		255,031	71,160
Cash flows from investing activities:			
Additions to property, plant and equipment	12	(16,337)	(2,399)
Short term deposits	8	(63,431)	-
Net cash used in investing activities		(79,768)	(2,399)
Cash flows from financing activities:			
Dividends		(86,809)	-
Share Issue		221,796	-
Lease principal payment		(18,022)	(7,182)
Net cash provided by/(used in) financing activities		116,965	(7,182)
Net increase in cash and cash equivalents		292,228	61,579
Effects of exchange rate changes on cash and cash equivalents		(4,880)	(1,569)
Cash and cash equivalents at beginning of year		65,587	5,577
Cash and cash equivalents at end of year	6	352,935	65,587

Dolla Financial Services Limited

Company Statement of Financial Position

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Assets			
Cash and cash equivalents	6	316,177	50,256
Loans, net of provisions for credit losses	7	1,299,095	693,235
Short term deposits	8	63,431	-
Investment in subsidiaries	10	32,179	4
Deferred tax asset	16	1,218	-
Due from related party		241,160	-
Property, plant and equipment	12	53,903	25,327
Intangible assets	11	2	32
Other assets	9	29,985	6,385
Total assets		2,037,150	775,239
Liabilities			
Taxation payable		2,994	29,865
Due to related party	28(a)	-	76,626
Borrowings	13	1,251,810	299,454
Lease liabilities	17	39,445	19,890
Preference shares	14	-	5,151
Deferred tax liabilities	16	-	5,839
Other payables and accruals	15	49,559	17,279
Total liabilities		1,343,808	454,104
Equity			
Share capital	18	462,145	240,349
Capital redemption and fair value reserves	30	8,877	10,000
Retained earnings		222,320	70,786
Total shareholders' equity		693,342	321,135
Total liabilities and shareholders' equity		2,037,150	775,239

Approved for issue by the Board of Directors on 15 March 2023 and signed on its behalf by:

Ryan Reid	Chairman	Kadeen Mairs	Director

Dolla Financial Services Limited

Company Statement of Comprehensive Income
Year ended 31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Note	Year Ended 31 December 2022 $'000	Year Ended 31 December 2021 $'000
Interest income	22	638,342	370,643
Interest expense	23	(61,041)	(51,305)
Net interest income		577,301	319,338
Provision for expected credit losses	7	(24,819)	(19,456)
Net interest income after credit losses		552,482	299,882
Non-interest income:			
Fees and other income	24	6,780	16,226
Foreign exchange (losses)/gains		(1,778)	1,144
Total net interest income and other revenue		557,484	317,252
Operating expenses			
Administrative expenses	25	(310,360)	(143,891)
Profit before taxation		247,124	173,361
Taxation	26	(4,124)	(38,248)
Net profit being total comprehensive income		243,000	135,113

The accompanying notes on pages 9 to 56 form an integral part of these financial statements

Dolla Financial Services Limited

Company Statement of Changes in Equity

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Capital Redemption and Other Reserves $'000	(Accumulated Deficit)/ Retained Earnings $'000	Total $'000
Balance at 1 January 2021		63,799	-	(54,327)	9,472
Profit for the year being total comprehensive income		-	-	135,113	135,113
Transactions with owners					
Issue of shares	18	176,550	-	-	176,550
Other					
Transfer to capital redemption reserve		-	10,000	(10,000)	-
Balance at 31 December 2021		240,349	10,000	70,786	321,135
Profit for the year being total comprehensive income		-	-	243,000	243,000
Transactions with owners					
Issue of shares	18	221,796	-	-	221,796
Dividends	20	-	-	(91,466)	(91,466)
Other					
ESOP staff benefit		-	(1,123)	-	(1,123)
Balance at 31 December 2022		462,145	8,877	222,320	693,342

Dolla Financial Services Limited

Company Statement of Cash Flows

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Year Ended 31 December 2022 $'000	Year Ended 31 December 2021 $'000
Cash flows from operating activities:			
Net profit		243,000	135,113
Adjustments for:			
Depreciation and amortisation	25	14,553	10,076
Interest income	22	(638,342)	(370,643)
Interest expense		61,041	51,305
Foreign exchange losses		1,778	1,683
Taxation expense		4,124	38,248
Expected credit losses		24,819	19,456
		(289,027)	(114,762)
Change in operating assets and liabilities:			
Loans receivable		(510,010)	(394,012)
Due to related party		-	76,626
Due from related party		(313,352)	-
Other current assets		(22,284)	(1,242)
Other payables and accruals		32,600	6,602
Cash used in operations		(1,102,073)	(426,788)
Interest received		521,131	343,395
Lease Interest paid		(2,197)	(1,920)
Loan repaid		(310,584)	-
Loan interest repaid		(44,183)	(25,832)
Loan received		1,238,974	197,136
Preference shares interest paid		(5,297)	(18,265)
Redemption of preference shares	30	-	(10,000)
Taxation paid		(37,349)	(4,972)
Net cash provided by operating activities (carried forward on page 10)		258,422	52,754

Dolla Financial Services Limited

Company Statement of Cash Flows (Continued)

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Year Ended 31 December 2022 $'000	Year Ended 31 December 2021 $'000
Net cash provided by operating activities (brought forward on page 9)		258,422	52,754
Cash flows from investing activities:			
Investment in subsidiary		(31,351)	(4)
Additions to property, plant and equipment	12	(11,648)	(1,958)
Short term deposits	8	(63,431)	-
Net cash used in investing activities		(106,430)	(1,962)
Cash flows from financing activities:			
Dividends		(86,809)	-
Share Issue		221,796	-
Lease principal payment		(14,638)	(7,256)
Net cash provided by/(used in) financing activities		120,349	(7,256)
Net increase in cash and cash equivalents		272,341	43,536
Effects of exchange rate changes on cash and cash equivalents		(6,420)	1,143
Cash and cash equivalents at beginning of year		50,256	5,577
Cash and cash equivalents at end of year	6	316,177	50,256

Dolla Financial Services Limited

Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

(i) Dolla Financial Services Limited ("the Company"), is a limited liability company incorporated and domiciled in Jamaica. The Company's parent company is FirstRock Private Equity Limited, which is incorporated in Barbados and owns a 60% interest in the Company. The Bank of Jamaica, on November 24, 2022, granted the Company a license to operate as a Microcredit Institution, pursuant to the Microcredit Act, 2021.

The principal place of business and registered office is located at Unit #1, Barbican Business Centre, 88 Barbican Road, Kingston 6.

On June 15, 2022 the Company was listed on the Junior Market of the Jamaica Stock Exchange after a fully subscribed invitation by the public. Through the listing, FRPE sold 15% of its shares to the public and now retains 60% stake in the Company, maintaining majority ownership.

The Company's principal activities during the year were the provision of short-term loans.

(ii) Dolla Guyana Inc.
During 2021, the Group established its fully owned subsidiary, Dolla Guyana Inc., which is incorporated in Guyana. The principal activity of the subsidiary during the year was the provision of short-term loans.

(iii) Ultra Financier Limited
During 2022, the Group established its fully owned subsidiary, Ultra Financier Limited, which is incorporated in Jamaica. The principal activity of the subsidiary during the year was the provision of short-term loans.

The Company's subsidiaries which together with the Company are referred to as "the Group"

2. Statement of Compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Standards, interpretations and amendments to published standards effective in the current year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has determined there was no impact.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after 1 January 2023 or later periods but were not effective at the statement of financial position date. The Group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

Amendments to IAS 1, *Presentation of financial statements* on classification of liabilities, (effective for annual periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

3. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective and not early adopted (continued)

Amendment to IAS 12, ***Income Taxes*** on deferred tax related to assets and liabilities arising from a single transaction, (effective for annual periods beginning on or after 1 January 2023) . These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for the Group's financial year beginning on 1 January 2023). On 12 February 2022, the IASB ('the Board') issued amendments to the following standards:

- Disclosure of Accounting Policies, which amends IAS 1 and IFRS Practice Statement 2; and
- Definition of Accounting Estimates, which amends IAS 8.

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

The IASB amended IAS 1, *Presentation of Financial Statements*, to require entities to disclose their material accounting policy information rather than their significant accounting policies. The amendment provides the definition of material accounting policy information. The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

To support this amendment, the Board also amended IFRS Practice Statement 2, *Making Materiality Judgements*, to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendment to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates.

The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The Group is currently assessing the impact of the amendments on its financial statements. There are no other standards, interpretations and amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Group.

Dolla Financial Services Limited

Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

3. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation

(i) Subsidiaries
Subsidiaries are entities over which the Group has control. The Group has control over an entity when the Group is exposed to the variable returns from its ownership interest in the entity and when the Group can affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group, and subsidiaries are de-consolidated from the date on which control ceases.

All material intra-group balances, transactions and gains are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The company carries its investments in subsidiaries at cost less impairment.

(c) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Jamaican dollars, which is the Group's presentation currency.

(ii) Transactions and balances
Foreign currency transactions that require settlement in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All foreign exchange gains and losses recognised in profit or loss are presented within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

(iii) Group companies
The results and financial position of the Group's overseas subsidiary, which has a functional currency different from the presentation currency, is translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented is translated at the closing rate at the date of that statement of financial position;
- Income and expenses for items included in the profit or loss and cash flows are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of stockholders' equity in the translation reserve.

Dolla Financial Services Limited

Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

3. Summary of Significant Accounting Policies (Continued)

(c) Foreign currency translation (continued)

(iii) Group companies (continued)
On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to stockholders' equity. When a foreign operation is sold, such exchange differences are recognised in the profit or loss as part of the gain or loss on sale.

(d) Segment reporting
An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses and whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment. Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision maker. The chief operating decision maker is the Chief Executive Officer.

(e) Cash and cash equivalents
Cash and cash equivalents consist of current and savings account balances held with licensed financial institutions and cash in hand, net of bank overdrafts.

(f) Financial assets and liabilities
A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

(i) Classification
The Group classifies its financial assets in the following measurement category:
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Business model assessment
Business models are determined at the level which best reflects how the Group manages portfolios of assets to achieve business objectives. Judgement is used in determining business models, which is supported by relevant, objective evidence including:

- The nature of liabilities, if any, funding a portfolio of assets;
- The nature of the market of the assets in the country of origination of a portfolio of assets;
- How the Group intends to generate profits from holding a portfolio of assets; and
- The historical and future expectations of asset sales within a portfolio.

Solely payments of principal and interest ("SPPI")
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets would be classified and measured at fair value through profit and loss (FVPL).

3. Summary of Significant Accounting Policies (Continued)

(f) Financial assets and liabilities (continued)

Financial assets (continued)

(i) Classification (continued)
Recognition and derecognition
Financial assets are measured on initial recognition at fair value and are classified as and subsequently measured either at amortised cost or fair value. Financial assets and liabilities are recognised when the Group becomes a party to the contractual provision of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(ii) Measurement
At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets measured at amortized cost
The Group classifies its bank and deposit accounts, loan receivables and other current assets at amortised cost. These are assets that are held for collection of contractual cash flows where those cash flows represent SPPI and are measured at amortised cost. Interest income from these financial assets is recognised in profit or loss as part of interest income, using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset to its carrying amount. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the consolidated and company statement of comprehensive income. The carrying value of these financial assets at initial recognition includes any directly attributable transaction costs.

(iii) Modification of loans
The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers and debt instruments. When this happens, the Group assesses whether the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flow to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan;
- Significant extensions of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency in which the loan is denominated; and
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and recalculates the new effective interest rate for the asset.

The date of negotiation is considered to be the date of initial recognition for impairment calculation purposes and the purpose of determining if there has been a significant increase in credit risk.

3. Summary of Significant Accounting Policies (Continued)

(f) Financial assets and liabilities (continued)

Financial assets (continued)

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its loans receivable carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk (SICR). For other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The ECL in relation to sundry receivables is immaterial.

For loans, at initial recognition, an allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECLs resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) ('12-month ECL').

SICR

On initial recognition, the Group assesses the credit risk associated with each exposure as discussed in Note 28(a). The Group assumes that there is no significant increase in credit risk for instruments that have a low credit risk. Such assumption is applied to the Group's cash and cash equivalents.

To determine whether the life-time credit risk has increased significantly since initial recognition, the Group considers reasonable and supportable information that is available including information from the past and forward-looking information.

Factors such as whether payments of principal and interest are in default, an adverse change in credit rating of the borrower and adverse changes in the borrower's industry and economic environment, or a change in the borrower's employment arrangements, payment method, industry or personal conditions are considered in determining whether there has been a SICR of the borrower.

SICR is determined by observing the extent to which adverse changes in one or more of the credit risk drivers could increase the likelihood of default since the origination of the loan. A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A change in the borrower's employment arrangements, payment method, industry or personal conditions could be deemed significant enough to trigger a forward migration of loans to Stage 2.

The Group determines that loans are credit-impaired and in stage 3 by considering relevant objective evidence, primarily whether: contractual payments of either principal or interest are past due for 90 days or more; there are other indications that the borrower is impaired, and the maturity date has passed. If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due.

Dolla Financial Services Limited

Notes to the Financial Statements
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3. Summary of Significant Accounting Policies (Continued)

(f) Financial assets and liabilities (continued)

Financial assets (continued)

(iv) The general approach to recognising and measuring ECL

Measurement
ECLs are calculated by multiplying three main components, being the probability of default ("PD"), loss given default ("LGD") and the exposure at default ("EAD"), discounted at the original effective interest rate. Management has calculated these inputs based on the historical experience of the portfolios adjusted for the current point in time. A simplified approach to calculating the ECL is applied to contract and other receivables which do not contain a significant financing component. Generally, these receivables are due within 12 months unless there are extenuating circumstances. Under this approach, an estimate is made of the lifetime ECL on initial recognition (i.e., Stage 3). For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience but given that IFRS 9 requirements have been applied for only a few years, there has been little time available to make these comparisons. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions remain subject to review and refinement.

This is particularly relevant for lifetime PDs, and for the incorporation of 'downside scenarios' which have not generally been subject to experience gained through stress testing. The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and sensitive to the risk factors, in particular to changes in economic and credit conditions with the current two geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances as a whole are sensitive. Therefore, sensitivity analyses are considered in relation to factors to which the ECLs are particularly sensitive, and the results should not be further extrapolated.

The main difference between Stage 1 and Stage 2 ECLs is the respective PD horizon. Stage 1 estimates will use a maximum of a 12-month PD while Stage 2 estimates will use a lifetime PD. Stage 3 estimates will continue to leverage existing processes for estimating losses on impaired loans, however, these processes are updated to reflect the requirements of IFRS 9, including the requirement to consider multiple forward-looking scenarios. An ECL estimate is produced for each individual exposure, including amounts which are subject to a more simplified model for estimating ECLs.

The measurement of ECLs for each stage and the assessment of SICR must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.

Dolla Financial Services Limited

Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

3. Summary of Significant Accounting Policies (Continued)

(f) Financial assets and liabilities (continued)

Financial assets (continued)

(v) The general approach to recognising and measuring ECL (continued)
For defaulted financial assets, based on management's assessment of the borrower, a specific provision for ECLs which incorporates collateral recoveries, is calculated, and recorded as the ECL. The resulting ECL is the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

Forward looking information
The estimation and application of forward-looking information require significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

Each macroeconomic scenario used in the ECL calculation has forecasts of the relevant macroeconomic variables – including, but not limited to, unemployment rates and gross domestic product, interest rate and inflation, subsequently reverting to long-run averages. The estimation of ECLs in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. The base case scenario is based on macroeconomic forecasts where available. Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions.

Scenario design includes the identification of additional downside scenarios that occur on at least an annual basis and more frequently if conditions warrant. Scenarios are probability-weighted according to management's best estimate of the relative likelihood based on historical frequency and current trends and conditions. The weightings assigned to each economic scenario as at 31 December 2021 and 31 December 2022 were as follows:

	Base	Upside	Downside
31 December 2022:			
Lending portfolios	50%	20%	30%
31 December 2021:	50%	20%	30%
Lending portfolios			

Financial assets measured at amortized cost recognize impairment gains and losses in profit or loss in the statement of comprehensive income. Interest income is included on the face of the consolidated statement of comprehensive income.

(vi) Write-off
Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this would generally be after the receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

Dolla Financial Services Limited

Notes to the Financial Statements
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3. Summary of Significant Accounting Policies (Continued)

(f) Financial assets and liabilities (continued)

Financial liabilities
The Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract. All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the Group opted to measure a liability at FVPL.

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

(g) Accounts payable
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest method.

(h) Interest-bearing borrowings
Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(i) Property, plant and equipment

a. Costs:

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied in the part will flow to the Group and its cost can be reliably measured. The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

3. Summary of Significant Accounting Policies (Continued)

(i) Property, plant and equipment (continued)

b. Depreciation:
Property, plant and equipment are depreciated on the straight-line basis at annual rates to write down the assets to their estimated residual values over their expected useful lives and is generally recognised in profit or loss. The depreciation rates are as follows:

Furniture, fixtures and equipment	10%
Computer equipment	20 %
Motor Vehicle	20%
Leasehold improvements	33⅓%

The depreciation method, useful lives and residual values are reassessed at each reporting date.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(j) Intangible assets
Costs that are directly associated with acquiring software licences, which are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These assets are stated at cost less accumulated amortisation and impairment losses, if any. The assets are amortised commencing on the date that they are available for use, using the straight-line method over their expected useful lives, not exceeding a period of four years. Costs associated with maintaining computer software programs are recognised as an expense, as incurred.

(k) Impairment of non-financial assets
The carrying amounts of the Group's non-financial assets are reviewed at each financial year end to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash- generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset Group that generates cash flows that largely are independent of other assets. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

3. Summary of Significant Accounting Policies (Continued)

(l) Revenue recognition

Revenue is income that arises in the course of the ordinary activities of the Group. It is comprised principally of fees and commissions and net interest income earned from loans.

a. Fee and commission income:

Fee and commission income are income recognised in profit or loss on the accrual basis when the service has been provided. Loan application fees are an integral part of the effective interest rate of the loan and are amortised using the effective interest rate method through interest income in the statement of comprehensive income over the period of the related loan agreement.

Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

b. Other income:

Other revenue items are recognised on the accrual basis.

(m) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability. The effective interest rate is established on initial recognition of the financial liability and is not revised subsequently.

(n) Taxation

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

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Company was listed on the Junior Market of the Jamaica Stock Exchange on June 15, 2022, and will receive a 5-year tax concession, under which it will pay no corporate income tax for the period and 50% of its applicable income tax thereafter. This tax incentive requires the Company to remain listed on the Junior Market for a minimum of 15 years to benefit from the tax incentive, otherwise the company will be liable to remit the taxes relieved under the concession. In years 6 to 10 on the Junior Market, the Company will be required to remit corporate tax at half the usual rate.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries, to the extent that it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Dolla Financial Services Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

3. Summary of Significant Accounting Policies (Continued)

(n) Taxation (continued)

Deferred tax is measured at the tax rates that will be applied to the temporary differences when they are expected to reverse, based on the laws that have been enacted as at the reporting date. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

(o) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(p) Employee benefits

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, statutory contributions, annual vacation and sick leave, and non-monetary benefits, such as medical care. Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

(q) Leases

The Group leases various office spaces. The Group acting as lessee, recognises a right-of-use asset and lease liabilities for all leases with a term of more than 12 months. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

3. Summary of Significant Accounting Policies (Continued)

(r) Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of use asset is depreciated over the underlying asset's useful life. Right of use assets are not revalued.

(s) Operating expenses

Expenses include legal, marketing, professional and other fees. They are recognised in profit or loss in the period in which they are incurred on an accrual basis.

(t) Share capital

Common shares which are non-redeemable, and for which the declaration of dividends is discretionary are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds. Shares are classified as equity when there is no obligation to transfer cash or other assets.

(u) Dividends

Dividends on stock units are recognised in stockholders' equity in the period in which they are approved by the Company's Board of Directors.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(a) Income taxes

The Group is subject to income taxes. Significant judgement is required in determining the provision for income taxes. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Company will benefit from a tax concession for a period of ten (10) years, provided that the remains listed on the Junior Market of the Jamaica Stock Exchange for a minimum of 15 years, otherwise the Company will be liable to pay the taxes relieved under the concession.

(b) Measurement of the ECL

The measurement of the ECL for financial assets measured at amortised cost requires the use of models and significant assumptions about future economic conditions and credit behaviour such as the likelihood of customers defaulting and the resulting losses.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for SICR;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing appropriateness of forward-looking information.

Forward looking information

A forward-looking score card model is used to estimate the potential impact of future economic conditions on the expected credit loss. The model accounts for the fact that a number of key macro-economic variables simultaneously play a role in impacting the overall state of the economy – albeit at varying degrees. The model is based on the premise that the probability of default is higher in a weak economic environment. The converse is true when the fundamentals of the economy are moving in the right direction. Four of the economic variables that are likely to have material the greatest degree of impact on the institution's expected credit loss include the following: inflation, interest rate, unemployment and gross domestic product. Weights are assigned to the respective economic variables based on the degree of influence that each variable is presumed to have on the borrowers' overall likelihood of default.

Macroeconomic variables that affect the performance of the portfolio the most are chosen and their significance (weighting) assigned. Each macroeconomic variable is then given a state, depending on management expectation. Each state is assigned a corresponding multiplier which indicates the impact of the state on the portfolio. The multipliers determine the range of ECL fluctuation. If the range is narrow, it means that the portfolio is less prone to macro-economic conditions. If the range is wide, the portfolio is easier affected by the indicators identified. This exercise is performed for all scenarios which represent different macroeconomic outlook. The set of variables remain the same, however the states may vary depending on each specific scenario. The three scenarios are weighted based on the range of macroeconomic scenarios they cover. The score and probability of impact of each scenario are multiplied, and the results are summed for all three scenarios.

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5. Segment Information

Operating segments are reported in accordance with the information analysed by the Chief Executive Officer (the chief operating decision-maker) of the Group, who is responsible for allocating resources to the reportable segments and assessing its performance.

The Group has identified three reportable segments of its business:

(a) Loan operations in Dolla Jamaica
(b) Loan operations in Dolla Guyana
The amounts provided to the Board in respect of total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment. As all assets and liabilities have been allocated to the operating (reportable) segments, reconciliations of reportable segments' assets to total assets, and of reportable segments' liabilities to total liabilities, are not presented.
(c) Loan operations from Ultra Financier Limited
The amounts provided to the Board in respect of total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment. As all assets and liabilities have been allocated to the operating (reportable) segments, reconciliations of reportable segments' assets to total assets, and of reportable segments' liabilities to total liabilities, are not presented.

The tables below show results and net assets by segment and geographical location.

	2022				
	Jamaica **$'000**	**Guyana** **$'000**	**Ultra** **$'000**	**Eliminations** **$'000**	**Group** **$'000**
Interest income	638,342	84,286	17,111	-	739,739
Interest expense	(61,041)	(17,788)	-	-	(78,829)
Provision for expected credit losses	(24,819)	(4,446)	(361)	-	(29,626)
Fee and other income	6,780	(42)	-	-	6,738
Foreign exchange losses	(1,778)	(880)	-	-	(2,658)
Depreciation and amortisation	(14,553)	(4,878)	-	-	(19,431)
Other administrative expenses	(295,807)	(20,093)	(4,393)	-	(320,293)
Operating profit/(loss)	247,124	36,159	12,357	-	295,640
Taxation	(4,124)	(8,238)	(2,806)	-	(15,168)
Net profit	243,000	27,921	9,551	-	280,472
Total assets	2,037,150	230,113	252,859	(275,375)	2,244,747
Total liabilities	1,343,808	175,698	242,307	(238,047)	1,523,766
Other segment items:					
Additions to property, plant & equipment (Note 12)					52,059

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5. Segment Reporting (Continued)

	2021			
	Jamaica $'000	**Guyana $'000**	**Eliminations $'000**	**Group $'000**
Interest income	370,643	8,406	-	379,049
Interest expense	(51,305)	(2,277)	-	(53,582)
Provision for expected credit losses	(19,456)	(967)		(20,423)
Fee and other income	16,226	-	-	16,226
Foreign exchange losses	1,144	(1,177)	-	(33)
Depreciation and amortisation	(10,076)	(2,655)		(12,731)
Other administrative expenses	(133,815)	(6,894)	-	(140,709)
Operating profit	173,361	(5,564)	-	167,797
Taxation	(38,248)	-	-	(38,248)
Net profit	135,113	(5,564)	-	129,549
Total assets	775,239	163,078	(77,223)	861,094
Total liabilities	454,104	168,640	(76,634)	546,110
Other segment items:				
Additions to property, plant & equipment (Note 12)				22,219

6. Cash and Cash Equivalents

	The Group		The Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Cash in hand	214	122	199	107
Deposits (a)	252,489	-	252,489	-
Cash at bank	100,232	66,164	63,489	50,848
	352,935	66,286	316,177	50,955
Bank overdraft	-	(699)	-	(699)
	352,935	65,587	316,177	50,256

(a) This represents a Certificate of Deposit of $250,000,000 being held at VMBS for 90 days at an interest rate of 9.5%. The facility matures on February 10, 2023, and the current balance includes interest accrued year to date.

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7. Loans, Net of Provision for Credit Losses

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Gross loans and advances	1,596,130	750,343	1,185,471	693,380
Loan interest and other receivables	201,710	42,632	179,948	41,360
	1,797,840	792,975	1,365,419	734,740
Less: ECL	(72,098)	(42,472)	(66,324)	(41,505)
	1,725,742	750,503	1,299,095	693,235
Current portion of loans:				
Gross loans and advances	958,296	559,100	588,341	509,214
Loan interest and other receivables	130,131	35,256	112,895	34,116
	1,088,427	594,356	701,236	543,330
Less: ECL	(62,715)	(40,336)	(57,082)	(39,269)
	1,025,712	554,020	644,154	504,061

The movement in the provision for credit losses determined under the requirements of IFRS is:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Provision for expected losses at beginning of year	42,472	22,049	41,505	22,049
Provided for during the year	29,626	20,423	24,819	19,456
	72,098	42,472	66,324	41,505

Provision for expected credit losses

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Increase on loan loss provision during the year	29,626	20,423	24,819	19,456
Charged to profit or loss during the year	29,626	20,423	24,819	19,456

Certain loan balances have been pledged as collateral for the $1,140,868,000 secured bond (Note 13).

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8. Short Term Deposits

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
(a) Victoria Mutual Wealth Management Limited (VMWM) Repo	32,865	-	32,865	-
(b) Sagicor Bank Jamaica (SBJ) Certificate of Deposit	30,566	-	30,566	-
	63,431	-	63,431	-

(a) This represents an investment of $32,666,330.78 in a Repurchase Agreement at 6.25% p.a. secured by an MOF BN Fixed rate 10% Bond. The facility matures on November 14, 2023. Current balance includes interest accrued year to date.

(b) This represents a Certificate of Deposit of $30,000,000 being held at SBJ for 365 days at an interest rate of 5%. The facility matures on June 29, 2023. Current balance includes interest accrued year to date.

9. Other Assets

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Staff advance	3,403	529	3,403	529
Sundry receivables	17,478	675	17,466	648
Prepayments	5,462	5,636	5,130	4,544
Security deposits	5,401	1,464	3,986	664
	31,744	8,304	29,985	6,385

All other receivable balances including those in the prior year are current

10. Investment in Subsidiaries

	The Company	
	2022	2021
	$'000	$'000
Shares in:		
Dolla Guyana Inc.	31,179	4
Ultra Financier Limited	1,000	-
	32,179	4

11. Intangible Assets

	Group and Company
	Software
	$'000
Cost -	
At 31 December 2021 and 31 December 2022	1,301
Amortisation -	
Balance at 31 December 2021	1,269
Charge for the year	30
Balance at 31 December 2022	1,299
Net Book Value -	
At 31 December 2022	2
At 31 December 2021	32

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12. Property, Plant and Equipment

	The Group						
	Furniture Fixtures and Equipment $'000	Computer Equipment $'000	Leasehold Improvement $'000	Work-in Progress $'000	Right-of-use Asset $'000	Motor Vehicle $'000	Total $'000
Gross carrying amount							
Balance 1 January 2021	3,823	4,581	13,676	474	30,032	-	52,586
Additions	898	1,501	-	-	19,820	-	22,219
Balance at 31 December 2021	4,721	6,082	13,676	474	49,852	-	74,805
Additions	2,575	4,016	7,713	-	35,722	2,033	52,059
Balance at 31 December 2022	7,296	10,098	21,389	474	85,574	2,033	126,864
Depreciation							
Balance at 1 January 2021	1,186	3,104	12,160	-	9,048	-	25,498
Charge for the year	431	669	946	-	10,593	-	12,639
Balance at 31 December 2021	1,617	3,773	13,106	-	19,641		38,137
Charge for the year	515	1,270	799	-	16,665	182	19,431
Balance at 31 December 2022	2,132	5,043	13,905	-	36,306	182	57,568
Net Book Value-							
At 31 December 2022	5,164	5,055	7,484	474	49,268	1,851	69,296
At 31 December 2021	3,104	2,309	570	474	30,211	-	36,668

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12. Property, Plant and Equipment (Continued)

	The Company					
	Furniture Fixtures and Equipment $'000	**Computer Equipment $'000**	**Leasehold Improvement $'000**	**Work-in Progress $'000**	**Right-of-use Asset $'000**	**Total $'000**
Gross carrying amount						
Balance at 1 January 2021	3,823	4,581	13,676	474	30,032	52,586
Additions	762	1,196	-	-	6,265	8,223
Balance at 31 December 2021	4,585	5,777	13,676	474	36,297	60,809
Additions	1,591	3,743	6,314	-	31,481	43,129
Balance at 31 December 2022	6,176	9,520	19,990	474	67,778	103,938
Depreciation						
Balance at 1 January 2021	1,186	3,104	12,160	-	9,048	25,498
Charge for the year	428	653	946	-	7,957	9,984
Balance at 31 December 2021	1,614	3,757	13,106	-	17,005	35,482
Charge for the year	498	1,041	829	-	12,185	14,553
Balance at 31 December 2022	2,112	4,798	13,935	-	29,190	50,035
Net book Values						
At 31 December 2022	4,064	4,722	6,055	474	38,588	53,903
At 31 December 2021	2,971	2,020	570	474	19,292	25,327

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13. Long Term Loan

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Current portion of long-term loan	239,267	255,044	86,551	100,000
Long term loan	1,140,869	197,136	1,140,869	197,136
	1,380,136	452,180	1,227,420	297,136

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Unsecured loans (a)	86,551	100,000	86,551	100,000
Corporate notes payable (b)	1,140,869	197,136	1,140,869	197,136
USD Promissory note (c)	152,716	155,044	-	-
	1,380,136	452,180	1,227,420	297,136
Interest payable	25,244	3,721	24,390	2,318
	1,405,380	455,901	1,251,810	299,454

(a) This represents an unsecured loan facility from FirstRock Private Equity Limited for general business purposes in the sum of $86,551,000 at an interest rate of 15% per annum.

(b) This represents the carrying value of corporate notes issued through a private placement by Dolla Financial Services Limited in 2022 to institutional and individual investors. The proceeds were used for growing the Company's loan portfolio and to expand the offering of high value loans through our new subsidiary, Ultra. A total of $1,170,822,000 was raised from this private placement through the issuance of thirty-one (31) 10.50% variable interest rate bonds Senior Secured Notes with a maturity date of 3 October 2025 and fifteen (15) 11.75% variable interest rate bonds Senior Secured Notes with a maturity date of 3 October 2027. The notes are secured by a debenture creating a fixed and floating charge over all assets of the Company. The Group remains compliant with all financial covenants outlined in the terms of the bond agreement.

(c) This represents a US$1,000,000 promissory note. This was issued to Dolla Guyana Inc. during the year 2021 to fund the growth of its loan portfolio. The loan attracts interest at a rate of 11% per annum. The loan is unsecured and matures on 11 January 2023.

(d) Fair value

	Group			
	Carrying Amounts		Fair Values	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Unsecured loans	86,551	100,000	85,904	100,748
Corporate notes payable	1,140,869	197,136	1,128,087	195,047
USD Promissory note	152,716	155,044	149,792	152,075
	1,380,136	452,180	1,363,783	447,870

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13. Long Term Loan (Continued)

(d) Fair value (continued)

	Company			
	Carrying Amounts		Fair Values	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Unsecured loans	86,551	100,000	85,904	100,748
Corporate notes payable	1,140,869	197,136	1,128,087	195,047
	1,227,420	297,136	1,213,991	295,795

The carrying amounts in the tables above exclude the amounts for interest payable. Management assumes that the carrying value and fair value for interest payable are the same.

The fair values disclosed above are Level 3 measurements.

Reconciliation of liabilities arising from financing activities
The tables below details changes in the Group's and Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	The Group					
	31 December 2021	Financing cash flows	Non-cash changes – new leases	Non-cash changes – foreign exchange movements	Operating cash flow charge	31 December 2022
	$'000	$'000	$'000	$'000	$'000	$'000
Lease liabilities	31,550	(21,508)	35,925	1,513	3,486	50,966
	31,550	(21,508)	35,925	1,513	3,486	50,966

	The Company					
	31 December 2021	Financing cash flows	Non-cash changes – new leases	Non-cash changes – foreign exchange movements	Operating cash flow charge	31 December 2022
	$'000	$'000	$'000	$'000	$'000	$'000
Lease liabilities	19,890	(16,835)	31,481	2,712	2,197	39,445
	19,890	(16,835)	31,481	2,712	2,197	39,445

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13. Long Term Loan (Continued)

	The Group					
	31 December 2020	Financing cash flows	Non-cash changes – new leases	Non-cash changes – foreign exchange movements	Operating cash flow charge	31 December 2021
	$'000	$'000	$'000	$'000	$'000	$'000
Lease liabilities	20,882	(9,990)	19,819	(2,215)	3,054	31,550
	20,882	(9,990)	19,819	(2,215)	3,054	31,550

	The Company					
	31 December 2020	Financing cash flows	Non-cash changes – adoption of IFRS 16	Non-cash changes – foreign exchange movements	Operating cash flow charge	31 December 2021
	$'000	$'000	$'000	$'000	$'000	$'000
Lease liabilities	20,882	(9,176)	6,265	-	1,919	19,890
	20,882	(9,176)	6,265	-	1,919	19,890

14. Preference Shares

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Preference shares	-	-	-	-
Interest payable	-	5,151	-	5,151
	-	5,151	-	5,151

In April 2021, the Company entered a preference share agreement with FirstRock Real Estate Investments Limited where the Company issued 1,300,000 preference shares at a consideration of $186,550,000. Shares valued at $10,000,000 were redeemed during the period (Note 29). The remaining preference shares were converted to equity at 31 December 2022. See Note 17. The interest payable as at 31 December 2021 of $5,151,000 was repaid in January 2022.

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15. Other Payables and Accruals

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current liabilities				
Audit fees payable	10,180	3,403	7,948	3,403
Statutory payables	4,702	2,346	4,464	1,830
Unallocated cash	11,905	6,440	11,763	6,278
Undisbursed funds	5,762	-	5,762	-
Dividends Payable	4,658	-	4,658	-
Accrued expenses	17,060	5,615	14,964	5,768
Total	54,267	17,804	49,559	17,279

All amounts are short-term and the carrying value is considered to be a reasonable approximation of fair value.

16. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

	The Group		The Company	
	2022	2021	2022	2021
Deferred income taxes	(1,597)	5,839	(1,218)	5,839

The movement on the deferred income tax account is as follows:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Liability/(asset) at beginning of year	5,839	(1,827)	5,839	(1,827)
Credited/(charged) to statement of comprehensive income (Note 26)	(7,436)	7,666	(7,057)	7,666
Liability/(asset) at end of year	(1,597)	5,839	(1,218)	5,839

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17. Deferred Income Taxes (Continued)

Deferred income tax assets and liabilities are attributable to the following items:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax (assets)/liability -				
Interest payable	(5,839)	1,867	(5,839)	1,867
Other	33	-	-	-
Tax losses unused	374	-	-	-
Unrealised foreign currency losses	-	-	-	
Property, plant & equipment depreciation	7,152	1,140	7,057	1,140
Deferred tax liabilities -				
Unrealised foreign currency gains	(123)	(285)	-	(285)
Interest receivable	-	(8,561)	-	(8,561)
Net deferred tax (liabilities) / asset	1,597	(5,839)	1,218	(5,839)

The amounts shown in the statement of financial position included the following:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets to be recovered after more than 12 months	-	-	-	-
Deferred tax liabilities to be recovered after more than 12 months	7,152	1,140	7,057	1,140

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18. Leases

This note provides information for leases where the Group is a lessee.

a) Amounts recognised in the statement of financial position

	The Group		The Company	
Right-of-use assets	**2022**	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Buildings	49,268	30,211	38,588	19,292
	49,268	30,211	38,588	19,292
Lease liabilities				
Current	24,530	10,755	16,963	7,685
Non-current	26,436	20,795	22,482	12,205
	50,966	31,550	39,445	19,890

b) Amounts recognised in the statement of comprehensive income

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Depreciation charge on right-of-use assets				
Buildings	16,665	10,593	12,815	7,957
Interest expense (Note 23)	3,486	2,856	2,197	1,920
Total expenses related to leases	20,151	13,449	15,012	9,877

The total cash outflow for the Group for leases in 2022 was $21,508,000 (2021: $9,990,000) and for the Company, it was $15,691,000 (2021: $9,176,000).

19. Share Capital

		2022	2021
	Number	**$'000**	**$'000**
Authorised:			
Unlimited			
Stated capital			
Issued and fully paid:			
At the beginning of year	26,597,360	240,349	63,799
Shares issued during the year	2,473,402,640	221,796	176,550
	2,500,000,000	462,145	240,349

18. Share Capital (Continued)

The following actions were passed unanimously by shareholders on May 5, 2022:

(a) Increase maximum authorized share capital from 100,000,000 to an unlimited number of shares.
(b) Existing ordinary shares be subdivided resulting in an increase of ordinary shares from 26,597,360 to 2,250,000,000.
(c) Approval of the Initial Public Offering (IPO), listing of the Company and the issuance of 250,000,000 new shares.

The Company listed 2,500,000,000 shares on the Junior Market of the Jamaica Stock Exchange on June 15, 2022 and the proceeds of fully subscribed 250,000,000 newly issued ordinary shares amounted to $221,796,000 net of transaction costs of $28,204,000.

19. Earnings per Stock Unit

Basic earnings per stock unit are calculated by dividing the net profit attributable to shareholders by the weighted average number of stock units outstanding during the year.

	2022	2021
Net profit attributable to shareholders ($'000)	280,472	129,549
Weighted average number of stock units in issue	1,550,860,401	14,931,159
Basic earnings per stock unit	$0.18	$8.68

The Group has no dilutive potential stock units. The diluted earnings per stock unit are the same as the basic earnings per stock unit.

20. Dividends

	2022 $'000	2021 $'000
Declared at $0.0376 (2021: 0.00) cents per share	91,466	-
Total dividends to shareholders	91,466	-

At a meeting held on 08 November 2022, the Board of Directors approved an interim dividend of $0.0376 per share payable on 07 December 2022 to shareholders on record as at 25 November 2022.

At a meeting held on 23 February 2023, the Board of Directors approved an interim dividend of $0.02 per share payable on 6 April 2023 to shareholders on record as at 23 March 2023.

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21. Net Profit and Retained Earnings

	2022 $'000	2021 $'000
(i) Net profit dealt with in the financial statements of:		
The Company	243,000	135,113
The subsidiaries	37,472	(5,564)
	280,472	129,549
(ii) Retained earnings reflected in the financial statements of:		
The Company	222,320	70,786
The subsidiaries	33,031	(5,564)
	255,351	65,222

22. Interest Income

	The Group		The Company	
	Year Ended 31 December 2022 $'000	Year Ended 31 December 2021 $'000	Year Ended 31 December 2022 $'000	Year Ended 31 December 2021 $'000
Interest income – loans	704,941	378,889	603,544	370,483
Interest income – cash and deposits	34,798	160	34,798	160
	739,739	379,049	638,342	370,643

23. Interest Expense

	The Group		The Company	
	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
Interest on loans	75,343	27,309	58,844	25,968
Interest on preference shares	-	23,417	-	23,417
Interest on leases	3,486	2,856	2,197	1,920
	78,829	53,582	61,041	51,305

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24. Fees and Other Income

	The Group		The Company	
	Year ended 31 December 2022 $'000	**Year ended 31 December 2021 $'000**	**Year ended 31 December 2022 $'000**	**Year ended 31 December 2021 $'000**
Creditors' insurance premium fees	-	1,181	-	1,181
Other	6,780	15,045	6,738	15,045
	6,780	16,226	6,738	16,226

25. Expenses by Nature

Total direct, administration and other operating expenses recognized were:

a. Staff costs:

	The Group		The Company	
	Year ended 31 December 2022 $'000	**Year ended 31 December 2021 $'000**	**Year ended 31 December 2022 $'000**	**Year ended 31 December 2021 $'000**
Salaries and benefits	164,510	84,726	152,492	82,978
Statutory payroll contributions	16,228	8,105	15,473	7,979
Other	15,531	1,971	15,394	1,958
	196,269	94,802	183,359	92,915

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25. Expenses by Nature (Continued)

b. Administrative expenses comprise:

	The Group		The Company	
	Year ended 31 December 2022 $'000	**Year ended 31 December 2021 $'000**	**Year ended 31 December 2022 $'000**	**Year ended 31 December 2021 $'000**
Directors' fees	9,261	3,442	9,261	3,442
Advertising	20,885	4,268	18,631	3,610
Audit fees	12,282	4,513	9,900	4,513
Bank charges	2,344	1,149	2,066	1,076
Information technology	1,333	2,112	1,333	2,112
Depreciation and amortization	19,431	12,731	14,553	10,076
Irrecoverable GCT	6,984	2,786	6,984	2,786
Donations and subscriptions	9,839	7,944	9,789	7,759
Insurance	-	90	-	90
Legal and other professional fees	28,052	5,917	25,447	5,127
Office and other expenses	7,953	3,128	7,101	3,085
Postage and utilities	6,332	4,609	5,439	4,429
Repairs and maintenance	2,264	1,338	2,265	1,338
Staff costs (Note 25(a))	196,269	94,802	183,359	92,915
Travel and entertainment	3,618	3,686	1,267	608
Management fees	12,000	-	12,000	-
Security	877	925	965	925
Total administration expenses	339,724	153,440	310,360	143,891

26. Taxation

a. Recognised in profit or loss:

The income tax charge is computed at 25% of the results for the year as adjusted for taxation purposes, and comprises:

	The Group		The Company	
	Year ended 31 December 2022 $'000	**Year ended 31 December 2021 $'000**	**Year ended 31 December 2022 $'000**	**Year ended 31 December 2021 $'000**
Current tax	22,604	30,582	11,181	30,582
Deferred tax (Note 16)	(7,436)	7,666	(7,057)	7,666
Tax expense	15,168	38,248	4,124	38,248

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26. Taxation (Continued)

The theoretical charge for the year can be reconciled to the effective tax charge as follows:

	The Group		The Company	
	Year ended 31 December 2022 $'000	**Year ended 31 December 2021 $'000**	**Year Ended 31 December 2022 $'000**	**Year ended 31 December 2021 $'000**
Profit before tax	295,640	167,797	247,124	173,361
Tax at 25%	73,910	41,949	61,781	43,340
Tax effect of expenses not deductible for tax purposes	6,365	3,958	6,364	3,958
Prior year deferred tax adjustment	-	2,860	-	2,860
Employment & Corporate tax credits	(5,166)	(13,106)	(4,791)	(13,106)
Difference in tax rates	(31,043)	-	(31,043)	-
Tax Remittance notice (Jamaica Stock Exchange Junior Market)	(30,194)	-	(30,194)	-
Other credit/(charge)	1,296	2,587	2,007	1,196
Income tax	15,168	38,248	4,124	38,248

The Company was listed on the Junior Market of the Jamaica Stock Exchange (JSE) on June 15, 2022 which allows for the remission of taxes for ten (10) years (years 1 – 5 at 100% and years 6 – 10 at 50%), provided the entity complies with the criteria set forth by the Junior Market rules of the JSE below:

a) The Company remains listed for 15 years and is not suspended from the JSE due to breaches;
b) Maintaining subscribed participating voting shareholders not exceeding $500 million, and;
c) Maintaining at least 50 participating voting shareholders.

27. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Company's risk management framework. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

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27. Financial Risk Management (Continued)

(a) Credit risk

The Group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit risk is the most important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from loans receivable and cash at bank.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty. The Group manages its credit risk by screening its customers, establishing credit limits, collateral for loans where applicable, and the rigorous follow-up of receivables.

Credit review process

Senior management personnel meet on a monthly basis to discuss an analysis of the ability of customers and other counterparties to meet repayment obligations.

(i) Loans receivable
Loans receivable are balances which have been recognised when cash is advanced to borrowers. Receivables are monitored and followed up on a regular basis and provisions made as deemed necessary based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

(ii) The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established a credit policy under which each customer is analysed individually for credit worthiness prior to the Group offering loan facilities.

Customers are required to provide proof of collateral to be held as security.

The Group uses three categories for loans which reflect their credit risk and how the loan loss provision is determined for each of those categories.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	**Definition of Category**	**Basis for recognition of ECL**
Performing	• Loans for which there is no evidence of a SICR since the origination date. • Loans that are due to mature within 12 months of the reporting date providing that such loans are not in a state of default.	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1).
Underperforming	• Loans past due between 30 to 89 days • Loans that experienced a SICR even if the 30 days past due days threshold is not met	Lifetime expected losses (stage 2).
Non-Performing (credit impaired)	• Loans that are past due 90 days and over • Loans for which the maturity date has elapsed • Loans that show evidence of impairment even if the 90 days past due threshold is not met	Lifetime expected losses (stage 3).
Write-off	See note 3(f)(vi)	Asset is written off.

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27. Financial Risk Management (Continued)

(a) Credit risk (continued)

Over the term of the loans, the Group accounts for its credit risk by appropriately providing for ECLs on a timely basis.

(i) Cash and cash equivalents

The Group limits its exposure to credit risk by placing cash and cash equivalents with counterparties that have high credit quality and on terms that allow for high levels of liquidity. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Maximum exposure to credit risk

The maximum credit exposure, the total amount of loss the Group would suffer if every counterparty to the Group's financial assets were to default at once, is represented by the carrying amount of financial assets shown on the statement of financial position. There was no change in the nature or exposure to credit risk to which the Group is subjected or its approach to measuring and managing the risk during the year.

Credit quality of financial assets

The following table sets out the staging of the Group's and Company's financial assets, exposed to credit risk, and shows their maximum exposure to credit risk. The amounts shown in the tables reconcile to the carrying values as shown in the financial statements. The tables below exclude other assets, which are in stage 1 and for which there is no ECL. All of the items listed below were in stages 1-3 and loss allowances were recorded only for loans receivable classified at amortised cost. There were no financial assets that were purchased credit impaired.

	The Group ECL Staging 2022				The Company ECL Staging 2022			
	12-month ECL	Stage 2 – Lifetime ECL	Stage 3 – Lifetime ECL	Total	12 - month ECL	Stage 2 – Lifetime ECL	Stage 3 – Lifetime ECL	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December								
Loans receivable	1,146,025	266,685	385,130	1,797,840	1,089,123	193,094	83,202	1,365,419
Not rated**								
Short Term Deposits - A	63,431	-	-	63,431	63,431	-	-	63,431
Cash at bank - A	352,935	-	-	352,935	316,178	-	-	316,178
Gross carrying amount	1,562,391	266,685	385,130	2,214,206	1,468,732	193,094	83,202	1,745,028
ECL	(7,191)	(1,557)	(63,350)	(72,098)	(5,860)	(1,705)	(58,759)	(66,324)
Gross carrying amount, net of ECL	1,555,200	265,128	321,780	2,142,108	1,462,872	191,389	24,443	1,678,704

SICR was experienced for loans receivable based on increases in days past due for certain loans.

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27. Financial Risk Management (Continued)

(a) Credit risk (continued)

	The Group				The Company			
	ECL Staging 2021				ECL Staging 2021			
	12-month ECL	Stage 2 – Lifetime ECL	Stage 3 – Lifetime ECL	Total	12 - month ECL	Stage 2 – Lifetime ECL	Stage 3 – Lifetime ECL	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December								
Loans receivable Not rated**	679,350	55,193	58,432	792,975	621,115	55,193	58,432	734,740
Cash at bank - A	65,465	-	-	65,465	50,149	-	-	50,149
Gross carrying amount	744,815	55,193	58,432	858,440	671,264	55,193	58,432	784,889
ECL	(6,238)	(1,547)	(34,687)	(42,472)	(5,270)	(1,548)	(34,687)	(41,505)
Gross carrying amount, net of ECL	738,577	53,646	23,745	815,968	665,994	53,645	23,745	743,384

Loss allowances

The allowance for ECL is recognised in each reporting period and is impacted by a variety of factors, as described below:

- Transfers between stages due to loans experiencing significant increases (or decreases) of credit risk or becoming credit-impaired during the period;
- Additional allowances for new loans recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to inputs used in the calculation including the effect of 'step-up' (or 'step down') between 12-month and lifetime ECL; and
- Impacts on the measurement of ECL due to changes made to models and assumptions.

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27. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowances (continued)

	The Group				
	Stage 1	**Stage 2**	**Stage 3**	**2022**	**2021**
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Total**	**Total**
Loans – Amortised Cost	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount as at 1 January	679,350	55,193	58,432	792,975	316,308
New financial assets originated	829,764	217,874	284,728	1,332,366	1,051,107
Transfer from Stage 1 to Stage 2	(46,221)	46,221	-	-	-
Transfer from Stage 1 to Stage 3	(38,499)	-	38,499	-	-
Transfer from Stage 2 to Stage 1	566	(566)	-	-	-
Transfer from Stage 2 to Stage 3	-	(4,163)	4,163	-	-
Financial assets fully derecognised during the period	(607,175)	(47,874)	(692)	(655,741)	(654,074)
Changes in principal and interest	328,240	-	-	328,240	79,634
Gross carrying amount as at 31 December	**1,146,025**	**266,685**	**385,130**	**1,797,840**	**792,975**

	The Company				
	Stage 1	**Stage 2**	**Stage 3**	**2022**	**2021**
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Total**	**Total**
Loans – Amortised Cost	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount as at 1 January	621,115	55,193	58,432	734,740	316,308
New financial assets originated	799,899	145,183	23,665	968,747	962,968
Transfer from Stage 1 to Stage 2	(45,322)	45,322	-	-	-
Transfer from Stage 1 to Stage 3	(32,321)	-	32,321	-	-
Transfer from Stage 2 to Stage 1	566	(566)	-	-	-
Transfer from Stage 2 to Stage 1	-	(4,163)	4,163	-	-
Financial assets fully derecognised during the period	(562,927)	(47,875)	(35,379)	(646,181)	(642,082)
Changes in principal and interest	308,113	-	-	308,113	97,546
Gross carrying amount as at 31 December	**1,089,123**	**193,094**	**83,202**	**1,365,419**	**734,740**

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27. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowances (continued)

	The Group				
	Stage 1	**Stage 2**	**Stage 3**	**2022**	**2021**
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Total**	**Total**
Loans – Amortised Cost	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Loss Allowance as at 1 January	6,238	1,547	34,687	42,472	22,049
New financial assets originated	6,775	1,345	36,688	44,808	-
Transfer from Stage 1 to Stage 2	(499)	499	-	-	-
Transfer from Stage 1 to Stage 3	(1,031)	-	1,031	-	-
Transfer from Stage 2 to Stage 1	77	(77)	-	-	-
Transfer from Stage 2 to Stage 3	-	(223)	223	-	-
Financial assets fully derecognised during the period	(4,601)	(1,129)	(9,035)	(14,765)	(11,756)
Changes to inputs used in ECL calculation	232	(405)	(244)	(417)	32,179
Loss Allowance as at 31 December	7,191	1,557	63,350	72,098	42,472

	The Company				
	Stage 1	**Stage 2**	**Stage 3**	**2022**	**2021**
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Total**	**Total**
Loans – Amortised Cost	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Loss Allowance as at 1 January	5,271	1,547	34,687	41,505	22,049
New financial assets originated	5,715	1,253	14,358	21,326	-
Transfer from Stage 1 to Stage 2	(423)	423	-	-	-
Transfer from Stage 1 to Stage 3	(830)	-	830	-	-
Transfer from Stage 2 to Stage 1	77	(77)	-	-	-
Transfer from Stage 2 to Stage 3	-	(222)	222	-	-
Financial assets fully derecognised during the period	(4,158)	(884)	(11,867)	(16,909)	(11,756)
Changes to inputs used in ECL calculation	208	(335)	20,529	20,402	31,212
Loss Allowance as at 31 December	5,860	1,705	58,759	66,324	41,505

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27. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowances (continued)

The gross carrying amount of loan receivables, and thus the maximum exposure to loss, is as follows:

	The Group	
	2022	**2021**
	$'000	**$'000**
Performing	1,146,025	679,350
Underperforming	266,685	55,193
Non-Performing (credit impaired)	385,130	58,432
Total gross loan receivables	1,797,840	792,975
Less: Loan loss allowance	(72,098)	(42,472)
Loan receivables net of expected credit losses	1,725,742	750,503

	The Company	
	2022	**2021**
	$'000	**$'000**
Performing	1,089,123	621,115
Underperforming	193,094	55,193
Non-Performing (credit impaired)	83,202	58,432
Total gross loan receivables	1,365,419	734,740
Less: Loan loss allowance	(66,324)	(41,505)
Loan receivables net of expected credit losses	1,299,095	693,235

Collateral

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral obtained are as follows:

Loans – Cash and other near cash securities, mortgages over commercial and residential properties, charges over equipment and motor vehicles. Fair value of properties held as collateral is mainly based on obtained valuations from third parties and management's assessment of comparative sales, where valuations are not available.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral held. As at 31 December 2022, management estimates the fair value of collateral held to be $4,145,792,000 (2021 – $1,276,724,000).

Repossessed collateral

The Group can obtain assets by taking possession of collateral held as security. Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness

27. Financial Risk Management (Continued)

(a) Credit risk (continued)

Economic variable assumptions for exposure

In 2022, the global financial markets continued to experience effects from the coronavirus pandemic known as COVID-19. The outbreak of COVID-19 had resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The Russia/Urkraine war which emerged in 2022 has also impacted financial markets with uncertainty. The extent and duration of the impact on global and local economies, financial markets, and sectors and specific industries remains uncertain and has created additional consideration to reporting entities in estimating forward looking adjusted ECL.

The Group has adopted the scorecard approach for forward looking adjustments which is based on qualitative assessment. Macroeconomic variables that affect the performance of the portfolio the most are chosen and its significance (weighting) assigned. Each macroeconomic variable is then given a state, depending on management expectation.

Each state is assigned a corresponding multiplier which indicates the impact of the state on the portfolio. The multipliers determine the range of ECL fluctuation. If the range is narrow, it means that the portfolio is less prone to macro-economic conditions. If the range is wide, the portfolio is more easily affected by the indicators identified. This exercise is performed for all scenarios which represent different macroeconomic outlooks.

The set of variables remain the same however the states may vary depending on each specific scenario. The three scenarios are weighted based on the range of macroeconomic scenarios they cover. The score and probability of impact of each scenario are multiplied, and the results are summed for all 3 scenarios.

The assumptions and the related macroeconomic variables used by the Group for its loans net of provisions for credit losses are as follows:

- Inflation – Given a weight of 20% (2021 – 20%)
- Interest rates – Given a weight of 20% (2021 – 25%)
- Gross Domestic Product (GDP) – Given a weight of 25% (2021 – 20%)
- Unemployment – Given a weight of 35% (2021 – 35%)

The scenarios used and the weight assigned are as follows:

- Base case – 50% (2021 – 50%)
- Upside – 20% (2021 – 20%)
- Downside – 30% (2021 - 30%)

The multipliers used for the various outlook forecasts are as follows:

- Positive – Multiplier of 0.90 (2021 – 0.6)
- Stable – Multiplier of 1.05 (2021 – 1.1)
- Negative – Multiplier of 1.30 (2021 – 1.6)

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27. Financial Risk Management (Continued)

(a) Credit risk (continued)

Economic variable assumptions for exposure (continued)

		Group and Company								
		2022								
		Base Case Scenario			***Upside Scenario***			***Downside Scenario***		
		Outlook	***Multiplier***	***Score***	***Outlook***	***Multiplier***	***Score***	***Outlook***	***Multiplier***	***Score***
Inflation	20%	*Stable*	1.1	0.2	*Positive*	0.6	0.1	*Negative*	1.6	0.3
Interest Rate	20%	*Negative*	1.6	0.3	*Stable*	1.1	0.2	*Negative*	1.6	0.3
GDP	25%	*Stable*	1.1	0.3	*Positive*	0.6	0.2	*Negative*	1.6	0.4
Unemployment	35%	*Positive*	0.6	0.2	*Positive*	0.6	0.2	*Negative*	1.6	0.6
SCORE				**1.0**			**0.7**			**1.6**
Probability of Impact				**50%**			**20%**			**30%**
Weighted Average PD Adjustment Factor		**1.13**		**0.51**			**0.14**			**0.48**

		Group and Company								
		2021								
		Base Case Scenario			***Upside Scenario***			***Downside Scenario***		
		Outlook	***Multiplier***	***Score***	***Outlook***	***Multiplier***	***Score***	***Outlook***	***Multiplier***	***Score***
Inflation	20%	*Stable*	1.1	0.2	*Positive*	0.6	0.1	*Negative*	1.6	0.3
Interest Rate	25%	*Negative*	1.6	0.4	*Stable*	1.1	0.3	*Negative*	1.6	0.4
GDP	20%	*Stable*	1.1	0.2	*Positive*	0.6	0.1	*Negative*	1.6	0.3
Unemployment	35%	*Stable*	1.1	0.4	*Positive*	0.6	0.2	*Negative*	1.6	0.6
SCORE				**1.2**			**0.7**			**1.6**
Probability of Impact				**50%**			**20%**			**30%**
Weighted Average PD Adjustment Factor		**1.24**		**0.61**			**0.15**			**0.48**

Sensitivity analysis

The below sensitivity analyses are based on a change in the forward-looking assumption (FLI) while holding all other assumptions constant. In practice, this is unlikely to occur. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

% Change in FLI Factor		**FLI factor applied**		**ECL**	
2022	**2021**	**2022**	**2021**	**2022 $'000**	**2021 $'000**
+50%	+57%	1.70	1.95	78,524	47,847
-50%	-57%	0.57	0.53	66,536	37,097

Company

% Change in FLI Factor		**FLI factor applied**		**ECL**	**ECL**
2022	**2021**	**2022**	**2021**	**2022 $'000**	**2021 $'000**
+50%	+57%	1.70	1.95	70,164	46,879
-50%	-57%	0.57	0.53	63,346	36,131

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27. Financial Risk Management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to fulfil loan payments and other liabilities incurred.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Board of Directors, includes:

(i) Monitoring future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows and accessing credit from related parties or financial institutions if required;

(ii) Managing the concentration and profile of debt maturities; and

(iii) Monitoring financial position liquidity ratios against internal requirements.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Company and its exposure to changes in interest rates and exchange rates.
The following table presents the undiscounted contractual maturities of financial liabilities on the basis of their earliest possible contractual maturity:

	The Group				
	2022				
	Within 3 months	3 to12 months	Over 12 Months	No specific maturity	Total
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Loans, net of provision for credit losses	470,151	935,605	495,989	-	1,901,745
Other current assets	-	-	-	26,281	26,281
Short term deposits	-	66,208	-	-	66,208
Cash and cash equivalents	348,100	-	-	-	348,100
	818,251	1,001,813	495,989	26,281	2,342,334
Financial liabilities					
Other payables and accruals	54,267	-	-	-	54,267
Lease liabilities	7,247	19,760	33,470	-	60,477
Borrowings	299,960	97,818	1,528,960	-	1,926,738
Total financial liabilities	361,474	117,578	1,562,430	-	2,041,482
Net financial position	456,777	884,235	(1,066,441)	26,281	300,852
Maturity gap	456,777	1,341,012	274,571	300,852	-

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27. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

The Company

	2022				
	Within 3 months $'000	3 to12 months $'000	Over 12 Months $'000	No specific maturity $'000	Total $'000
Financial assets					
Loans, net of provision for credit losses	319,878	637,868	472,659	-	1,430,405
Other current assets	-	-	-	24,854	24,854
Due from related party	-	-	-	241,160	241,160
Financial assets	-	66,208	-	-	66,208
Cash and cash equivalents	311,343	-	-	-	311,343
	631,221	704,076	472,659	266,014	2,073,970
Financial liabilities					
Other payables and accruals	49,560	-	-	-	49,560
Lease liabilities	4,736	12,226	25,727	-	42,689
Borrowings	145,019	97,818	1,528,960	-	1,771,797
Total financial liabilities	199,315	110,044	1,554,687	-	1,864,046
Net financial position	431,906	594,032	(1,082,028)	266,014	209,924
Maturity gap	431,906	1,025,938	(56,090)	209,924	-

The Group

	2021				
	Within 1 month $'000	3 to12 months $'000	Over 12 Months $'000	No specific maturity $'000	Total $'000
Financial assets					
Loans, net of provision for credit losses	366,616	415,515	148,343	-	930,474
Other current assets	-	-	-	2,668	2,668
Cash and cash equivalents	65,587	-	-	-	65,587
	432,203	415,515	148,343	2,668	998,729
Financial liabilities					
Other payables and accruals	17,279	-	-	535	17,814
Lease liabilities	4,329	12,579	22,930	-	39,838
Borrowings	14,115	195,379	308,450	-	517,944
Preference shares	-	-	-	5,151	5,151
Total financial liabilities	35,723	207,958	331,380	5,686	580,747
Net financial position	396,480	207,557	(183,037)	(3,018)	417,982
Maturity gap	396,480	604,037	421,000	417,982	-

There has been no change to the Group and Company's exposure to liquidity risk or the manner in which it measures and manages the risk.

27. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

	The Company				
	2021				
	Within 1 month $'000	3 to12 months $'000	Over 12 Months $'000	No specific maturity $'000	Total $'000
Financial assets					
Loans, net of provision for credit losses	341,207	369,382	142,974	-	853,563
Other current assets	-	-	-	1,841	1,841
Cash and cash equivalents	50,256	-	-	-	50,256
	391,463	369,382	142,974	1,841	905,660
Financial liabilities					
Other payables and accruals	17,279	-	-	-	17,279
Due to related party	-	-	-	76,626	76,626
Lease liabilities	2,239	6,718	13,366	-	22,323
Borrowings	2,452	28,963	308,451	-	339,866
Preference shares	-	-	-	5,151	5,151
Total financial liabilities	21,970	35,681	321,817	81,777	461,245
Net financial position	369,493	333,701	(178,843)	(79,936)	444,415
Maturity gap	369,493	703,194	524,351	444,415	-

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and equity prices will affect the value of the Group's assets, the amount of its liabilities and/or the Group's income. Market risk arises in the Group due to fluctuations in the value of liabilities and the value of investments held. The Group is exposed to market risk on all of its financial assets.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The nature of the Group's exposure to market risk and its objectives, policies and processes for measuring and managing market risk have not changed significantly from the prior period.

There has been no change to the Group's exposure to market risks or the manner in which it measures and manages the risks.

(i) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk. The Group's interest rate risk policy requires it to manage interest rate risk by negotiating market rates for loans. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. The Group does not hold any fixed rate financial assets that are subject to material changes in fair value through profit or loss as these are carried at amortised cost.

In 2021 and 2022, the Group did not have any significant interest rate risk exposure. The following table summarises the Group and Company's exposure to interest rate risk.

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27. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

	The Group						
	2022						
	Within 1 Month	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non-interest bearing**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
At 31 December 2022:							
Financial assets							
Loans net of provision for credit losses	510,645	22,923	528,005	664,169	-	-	1,725,742
Other assets	-	-	-	-	-	26,281	26,281
Short Term Deposits	-	-	63,431	-	-	-	63,431
Cash and cash equivalents	352,935	-	-	-	-	-	352,935
Total financial assets	863,580	22,923	591,436	664,169	-	26,281	2,168,389
Financial liabilities							
Other payables and accruals	-	-	-	-	-	54,267	54,267
Lease liabilities	1,849	3,735	16,143	29,239	-	-	50,966
Borrowings	264,511	-	-	1,140,869	-	-	1,405,380
Total financial liabilities	266,360	3,735	16,143	1,170,108	-	54,267	1,510,613
Total interest repricing gap	597,220	19,188	575,293	(505,939)	-	(27,986)	657,776
Cumulative interest repricing gap	597,220	616,408	1,191,701	685,762	685,762	657,776	-

	The Company						
	2022						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-interest bearing $'000**	**Total $'000**
At 31 December 2022:							
Financial assets							
Loans net of provision for credit losses	398,337	20,698	252,560	627,500	-	-	1,299,095
Other assets	-	-	-	-	-	24,825	24,825
Due from related parties	-	-	-	-	-	241,160	241,160
Short Term Deposits	-	-	63,431	-	-	-	63,431
Cash and cash equivalents	316,177	-	-	-	-	-	316,177
Total financial assets	714,514	20,698	315,991	627,500	-	265,985	1,944,688
Financial liabilities							
Other payables and accruals	-	-	-	-	-	49,559	49,559
Lease liabilities	1,336	2,698	11,229	24,182	-	-	39,445
Borrowings	110,941	-	-	1,140,869	-	-	1,251,810
Total financial liabilities	112,277	2,698	11,229	1,165,051	-	49,559	1,340,814
Total interest repricing gap	602,237	18,000	304,762	(537,551)	-	216,426	603,874
Cumulative interest repricing gap	602,237	620,237	924,999	387,448	387,448	603,874	-

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27. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

	The Group 2021						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-interest bearing $'000**	**Total $'000**
At 31 December 2021:							
Financial assets							
Loans net of provision for credit losses	81,806	63,273	411,195	194,229	-	-	750,503
Other current assets	-	-	-	-	-	2,668	2,668
Cash and cash equivalents	65,587	-	-	-	-	-	65,587
Total financial assets	147,393	63,273	411,195	194,229	-	2,668	818,758
Financial liabilities							
Other payables and accruals	-	-	-	-	-	17,804	17,804
Lease liabilities	903	1,828	8,570	20,249	-	-	31,550
Borrowings	-	-	155,044	297,187	-	3,670	455,901
Preference shares	-	-	-	-	-	5,151	5,151
Total financial liabilities	903	1,828	163,614	317,436	-	26,625	510,406
Total interest repricing gap	146,490	61,445	247,581	(123,207)	-	(23,957)	308,352
Cumulative interest repricing gap	146,490	207,935	455,516	332,309	332,309	308,352	-

	The Company 2021						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-interest bearing $'000**	**Total $'000**
At 31 December 2021:							
Financial assets							
Loans net of provision for credit losses	81,520	60,012	366,458	185,245	-	-	693,235
Other current assets	-	-	-	-	-	1,841	1,841
Cash and cash equivalents	50,256	-	-	-	-	-	50,256
Total financial assets	131,776	60,012	366,458	185,245	-	1,841	745,332
Financial liabilities							
Other payables and accruals	-	-	-	-	-	17,279	17,279
Due to related party	-	-	-	-	-	76,626	76,626
Lease liabilities	618	1,249	5,818	12,205	-	-	19,890
Borrowings	-	-	-	297,135	-	2,319	299,454
Preference shares	-	-	-	-	-	5,151	5,151
Total financial liabilities	618	1,249	5,818	309,340	-	101,375	418,400
Total interest repricing gap	131,158	58,763	360,640	(124,095)	-	(99,534)	326,932
Cumulative interest repricing gap	131,158	189,921	550,561	426,466	426,466	326,932	-

Dolla Financial Services Limited

27. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

Interest rate sensitivity

Floating rate instruments expose the group to cash flow interest risk, whereas fixed interest rate instruments expose the group to fair value interest risk. The Group earns interest on its loans receivables and pays interest on its borrowings (Notes 7, 12 and 13), these interest rates are fixed rate, accordingly, the group does not have significant exposure to interest rate risk as these financial instruments are carried at amortised cost.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the Jamaica Dollar and the Guyanese dollar. The main foreign currency giving rise to this risk is the United States Dollar. The Group ensures that the risk is kept to an acceptable level by matching foreign currency assets with foreign currency liabilities as far as practicable.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in thousands of Jamaica dollars was as follows:

	The Group	
	US$ J$'000	US$ J$'000
	2022	2021
Financial Assets		
Cash and cash equivalents	833	30,627
	833	30,627
Financial Liabilities		
Borrowings	152,716	155,044
Lease liabilities	39,695	33,475
	192,411	188,519
Net financial position	(191,578)	(157,892)

	The Company	
	US$ J$'000	US$ J$'000
	2022	2021
Financial Assets		
Cash and cash equivalents	833	22,682
	833	22,682
Financial Liabilities		
Other payables and accruals	-	-
Lease liabilities	32,884	14,737
	32,884	14,737
Net financial position	(32,051)	7,945

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27. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Foreign currency risk (continued)

	The Group			
	Changes in currency rate 2022	Effect on profit before tax 2022	Changes in currency rate 2021	Effect on profit before tax 2021
	%	$'000	%	$'000
Currency:				
USD				
Devaluation	4%	(7,663)	6	(9,473)
Revaluation	1%	1,915	2	3,158

	The Company			
	Changes in currency rate 2022	Effect on profit before tax 2022	Changes in currency rate 2021	Effect on profit before tax 2021
	%	$'000	%	$'000
Currency:				
USD				
Devaluation	4%	1,282	6	476
Revaluation	1%	(321)	2	(158)

(iii) Fair value of financial instruments

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e., the fair value of the consideration given or received. The fair value of a liability reflects its non-performance risk

At 31 December 2022 and 31 December 2021, there were no financial assets and financial liabilities measured at fair value.

(i) The fair value of short-term assets and liabilities maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities.

(ii) Loans are carried at amortised cost which is assumed to approximate fair value as loans are issued at terms and conditions available in the market for similar transactions; and

(iii) The fair value of the borrowings is disclosed in Note 13(d).

28. Capital Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to sustain future development of the business in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's Board of Directors review the financial position of the Company at regular meetings.

The Company is not subject to any external imposed capital requirements.

29. Related Party Transactions and Balances

Related parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

Related companies include the ultimate parent company and subsidiary. Related parties include directors, key management and companies for which the company and its parent company are provided with management services.

(a) Year-end balances arising from operations

Year-end balances arising from transactions in the normal course of business are as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Borrowings (i)	86,551	102,317	86,551	102,317
Preference share (ii)	-	5,151	-	5,151
Due to related parties (iii)	-	-	-	76,626
	86,551	107,468	86,551	184,094

This balance represents the following:

i. This represents loan facilities in the sum of $86,551,000, at an interest rate of 15% per annum. See Note 13(a).

ii. Non-redeemable preference shares of $186,550,000 issued to FirstRock Real Estate Investments Limited on 1 April 2021, with a dividend rate of 12% per annum were converted to equity at 31 December 2022 and interest due of $5,151,000 paid on 04 January 2022.

iii. This represents amounts due to subsidiary which do not attract interest and have no fixed repayment dates.

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29. Related Party Transactions and Balances (Continued)

(b) Related party transactions

The following transactions were carried out with related parties:

i) Administration, other operating and interest expenses:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Dividend Paid				
Parent company	47,226	-	47,226	-
Other	44,240	-	44,240	-
	91,466	-	91,466	-
Directors' fees				
Fees	3,455	3,442	3,455	3,442
Remuneration	39,022	20,776	39,022	20,776
Other benefits	5,806	-	5,806	-
	48,283	24,218	48,283	24,218
Loans Receivable				
Directors	59,471	-	59,471	-
Key Management	4,876	-	4,876	-
	64,347	-	64,347	-
Interest expenses:				
Parent company	2,618	36,201	2,618	36,201

Loans receivable to Directors and Key Management relate to the Employee Stock Ownership Plan (ESOP). Under this program, an interest free loan is granted to the Director/Employee for a maximum of 5 years to purchase DOLLA shares at IPO/market price.

ii) Key management compensation

Key management compensation disclosed below excludes Directors' fees disclosed above.

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and travelling benefits	64,644	33,946	64,644	33,946
Statutory contributions	6,277	3,727	6,277	3,727
Other	7,267	354	7,267	354
	78,188	38,027	78,188	38,027

30. Capital Redemption and Other Reserves

The capital redemption reserve was created on the redemption of preference shares in conformity with the provisions of the Jamaican Companies Act. A total of 69,686 preference shares at a value of $10,000,000 were redeemed on 25 August 2021.

The other reserves include the apportioned discount applied to non-interest bearing loans provided to Directors and Employees throughout the period. This represents the cumulative value of fair value changes taking into account those amounts expensed upfront in accordance with IFRS 2 and IFRS 9.