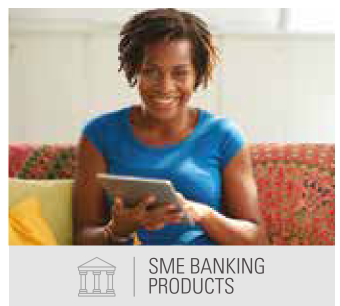
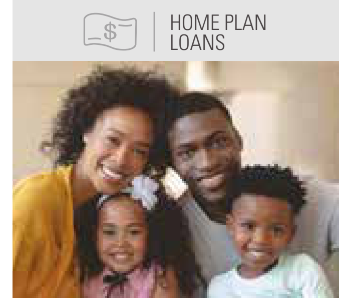
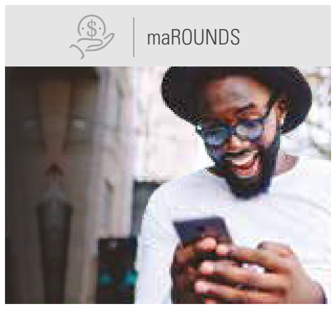
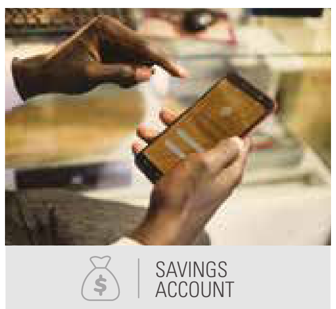
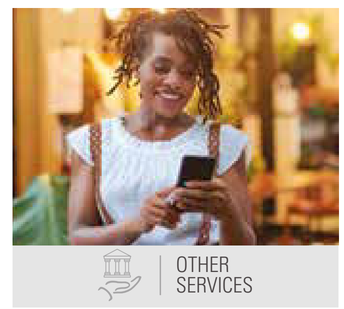










GetBucks

Microfinance Bank

GETBUCKS MICROFINANCE BANK LIMITED

AUDITED CONDENSED FINANCIAL STATEMENTS

For the Six Months Ended 31 December 2019

GETBUCKS ZW 1898/01

Chairman's Statement

Shareholders,

It is my pleasure to present the audited financial statements of GetBucks Microfinance Bank Limited ("the Bank") for the 6 months' ended 31 December 2019 (the "Financial Results"). The Bank changed its financial year-end from June 30 to December 31. The year-end change means that these 6 months' results are the financial statements for the year 2019 and December 31 is now the year end henceforth.

Economic conditions
The local economy has faced a very challenging six months characterised by high inflation, a weak exchange rate and an unstable operating environment. The Public Accountants and Auditors Board ("PAAB") resolved that the country had met conditions for a hyperinflationary environment and, as such, IAS 29 had to be adopted for all financial statements covering periods from that date. The annual inflation rate was 521% in December 2019. The market has continued to suffer from a lack of foreign currency and this has led to significant difficulty in the importation of goods and services. The value of imports continues to outstrip the value of exports. Further, the hyperinflationary environment has significantly increased the cost of doing business with particular pressure on employee costs.

Operating results
The primary reporting numbers are inflation adjusted. Borrowings reduced from ZWL$78 million to ZWL$47 million reflecting real reduction in funds available for deployment into the loan book. The 40% reduction is reflected in adverse movement in bottom line as the income statement moved from a ZWL21 million profit in prior year to a ZWL20 million loss in current year. This was predominantly a result of a ZWL10 million net monetary loss as the Bank's assets are predominantly monetary. In historical terms the bottom line increased by 64% to ZWL18.7 million. Operating expenses reduced by 54% which is because of the fact that current financial period is 6 months yet prior is 12 months. The latter is coupled with reduced activities in order to curtail costs.

Financial Position
Customer deposits increased by 40% to ZWL$12.7 million (PY: ZWL$9.1 million). Total assets reduced by 36% to ZWL$132 million (PY: ZWL$205 million) with the biggest source of reduction being loans and advances to customers which saw a 68% reduction. The 36% reduction in total assets reflects the fact that the Bank's capital preservation strategy was not able to fully preserve shareholder value at a higher rate than inflation. Negotiations for material funding lines are at advanced stages.

The Bank does not have a net foreign currency exposure.

Capital
The Bank's ZWL$58.2 million net equity position was greater than the minimum capital threshold. The Bank is actively pursuing strategies to ensure compliance with the USD5 million new minimum capital requirement effective December 31, 2020.

Dividend
Given the need to retain and grow capital in the prevailing environment, the directors resolved not to recommend any dividend declaration for the period under review.

Corporate social responsibility
The Board and Management remain committed to improving the social well-being of the communities that we serve. During the period under review, the Bank made donations to Ruvimbo Special School as part of its corporate social responsibility initiatives. Ruvimbo Special School caters for children with autism, Down's syndrome, microcephaly, cerebral palsy, hyper activity and epilepsy.

Developments relating to the Corona virus outbreak
On 31 December 2019, China alerted the World Health Organisation (WHO) of the outbreak of a novel virus, the Coronavirus. On 30 January 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a "Public Health Emergency of International Concern". Measures were taken and policies implemented to curb the spread of the Coronavirus. The recent and rapid development of the Coronavirus pandemic caused many countries to limit or suspend business operations. These measures and policies were with immediate effect and gravely affected certain industries such as tourism, hospitality, transportation, retail, and entertainment. It is anticipated that there will be knock-on effects on other sectors such as manufacturing and the financial sector. The Bank activated its Business Continuity Plan in order to ensure it is able to continue to provide services whilst ensuring that its employees and other stakeholders are safe.

Directorate
Mr. George Manyere, Mr. Godfrey Nyengedza and Ms. Sibongile Moyo resigned from the Board. I would like to extend our thanks for their contribution to the Board. Mr. Paul Soko, who was previously the Chief Operating Officer, stepped down to become a non-executive director. The Board welcomes Mr. Patrick Mashinga who joined the Board as Chief Finance Officer, Mr. Joseph Machiva and Ms. Ruvimbo Matsika who joined the Board as non-executive directors. The Board looks forward to their positive contributions to the growth and development of the Bank.

Outlook
The Bank will continue to focus on using technology to deliver cutting edge solutions to our client's needs. The provision of financial services using technology continues to be the core focus of the Bank. Management will continue to explore opportunities to preserve value in the tough economic environment.

Auditor's Statement
These Financial Results have been audited by PriceWaterhouseCoopers Chartered Accountants Zimbabwe and the engagement partner was Mr. Tinashe Rwodzi. An adverse opinion was issued because of non-compliance with International Accounting Standard 21 (The Effects of Changes in Foreign Exchange Rates). The non-compliance is industry wide and emanates from the manner and form of changes in currencies in that last 2 years. The auditor's report on these financial statements is available for inspection at the Company's registered office.

Appreciation
I would like to thank our clients, management, staff, regulatory authorities and fellow directors for their contribution during the year and the achievement of these commendable results.

DR. R. MBIRE
CHAIRMAN

DATE: 29 MAY 2020

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	INFLATION ADJUSTED Six month period ended 31 Dec 2019 ZWL$	INFLATION ADJUSTED Year ended 30 June 2019 ZWL$	HISTORICAL COST Six month period ended 31 Dec 2019 ZWL$	HISTORICAL COST Year ended 30 June 2019 ZWL$
ASSETS					
Cash and cash equivalents	4	24 685 056	25 679 070	24 685 056	8 034 745
Loans and advances to customers	5.1	38 470 928	118 866 933	38 470 928	37 192 379
Financial assets at amortised cost	6.1	12 822 837	-	12 822 837	-
Other assets	6.2	10 554 973	8 741 645	5 118 073	2 032 176
Tax receivable	7	1 066 589	2 339 944	1 066 589	732 147
Investment properties	9	34 107 000	41 502 462	34 107 000	12 985 742
Right of use asset	10	325 129	30 418	48 910	11 144
Equipment	11	8 721 828	6 786 778	3 267 413	1 467 543
Intangible assets	12	1 049 682	904 828	434 481	224 414
Total assets		**131 804 022**	**204 852 078**	**120 021 287**	**62 680 290**
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
	13.1	1 021	960	116	109
Share capital	13.2	-	8 808 467	-	999 900
Share application funds reserve	13.3	47 502 433	26 338 969	8 562 235	2 883 628
Share premium	13.4	19 895	197 695	19 894	61 857
Regulatory reserve	13.5	-	58 283	-	58 278
Other reserves		10 682 940	31 035 165	41 935 860	23 597 552
Retained earnings					
		58 206 289	66 439 539	50 518 105	27 601 324
Total equity					
LIABILITIES					
Deposits from customers	14	12 718 972	9 122 031	12 718 972	2 854 200
Other financial liabilities	15	7 463 085	21 321 038	5 245 760	6 671 156
Borrowings	16	46 964 770	77 971 375	46 964 770	24 396 532
Deferred tax liability	8	6 450 906	29 998 095	4 573 680	1 157 078
Total liabilities		**73 597 733**	**138 412 539**	**69 503 182**	**35 078 966**
Total equity and liabilities		**131 804 022**	**204 852 078**	**120 021 287**	**62 680 290**

The above statement of financial position should be read in conjunction with accompanying notes.

The financial statements were approved by the Board of Directors on 26 May 2020 and signed on its behalf by:

Dr. R. Mbire
CHAIRMAN

Mr. T.W. Mudangwe
CHIEF EXECUTIVE OFFICER

DATE: 29 MAY 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	INFLATION ADJUSTED Six months Dec 2019 ZWL$	INFLATION ADJUSTED Financial year June 2019 ZWL$	HISTORICAL COST Six months Dec 2019 ZWL$	HISTORICAL COST Financial year June 2019 ZWL$
Interest income	17	27 858 000	79 287 315	15 968 112	12 485 186
Interest expense	18	(7 189 519)	(14 862 515)	(4 935 207)	(2 580 272)
Net interest income		**20 668 481**	**64 424 800**	**11 032 905**	**9 904 914**
Fee and commission income	19	8 544 493	46 097 007	5 353 922	7 516 769
Other Income		-	49 208	-	9 821
Gain/Loss on foreign exchange		6 787 254	(4 664 328)	3 338 711	(991 639)
Fair value adjustment	9	(10 434 070)	27 262 348	19 122 174	8 530 140
Total net income		**25 566 158**	**133 169 035**	**38 847 712**	**24 970 005**
Allowance for expected credit losses		(1 274 836)	(5 342 854)	(616 065)	(1 090 355)
Operating expenses	20	(25 768 641)	(55 405 575)	(15 947 048)	(9 610 443)
Net monetary adjustment		(9 976 788)	(35 958 801)	-	-
Profit before taxation		**(11 454 107)**	**36 461 805**	**22 284 599**	**14 269 207**
Income tax expense	21	(8 564 844)	(15 754 100)	(3 558 022)	(2 875 174)
Profit/(loss) for the year		**(20 018 951)**	**20 707 705**	**18 726 577**	**11 394 033**
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income for the year, net of tax		**(20 018 951)**	**20 707 705**	**18 726 577**	**11 394 033**
Basic and Diluted Earnings per share (cents)	13	**(1.72)**	**1.89**	**1.61**	**1.04**

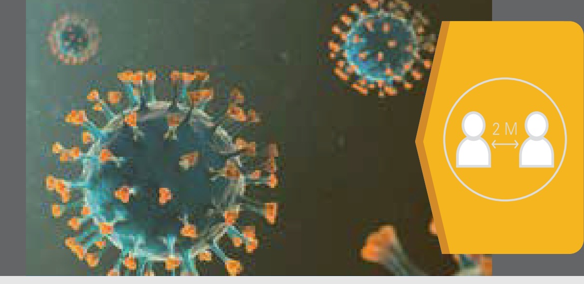
The above statement of comprehensive income should be read in conjunction with accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	HYPERINFLATION Share capital ZWL$$	Share premium ZWL$$	Share application fund reserve ZWL$$	Retained earnings ZWL$$	Regulatory reserve ZWL$	Other reserves ZWL$$	Total equity ZWL$$
YEAR ENDED 30 June 2019							
Balance at 1 July 2018	**960**	**26 338 969**	**8 808 467**	**11 437 426**	**3 366 871**	**513 391**	**50 466 084**
Restatement as a result of adoption of IFRS 9 (note 2.16)	-	-	-	612 538	-	-	**612 538**
Restatement of owners equity on application of IAS 29	-	-	-	-	(2 145 381)	(455 108)	**(2 600 489)**
	960	26 338 969	8 808 467	12 049 964	1 221 490	58 283	**48 478 133**
Profit for the year	-	-	-	20 707 707	-	-	**20 707 707**
Total comprehensive income for the period	**-**	**-**	**-**	**20 707 705**	**-**	**-**	**20 707 705**
Transactions with owners in their capacity as owners							
Dividends declared and paid	-	-	-	(2 746 299)	-	-	**(2 746 299)**
Transfer to regulatory reserve	-	-	-	1 023 795	(1 023 795)	-	**-**
	-	-	-	(1 722 504)	(1 023 795)	-	**(2 746 299)**
Balance at 30 June 2019	**960**	**26 338 969**	**8 808 467**	**31 035 165**	**197 695**	**58 283**	**66 439 539**
SIX MONTHS ENDED 31 DECEMBER 2019							
Balance at 1 July 2019	**960**	**26 338 969**	**8 808 467**	**31 035 165**	**197 695**	**58 283**	**66 439 539**
Loss for the year	-	-	-	(20 018 951)	-	-	**(20 018 951)**
Total comprehensive income for the period	**-**	**-**	**-**	**(20 018 951)**	**-**	**-**	**(20 018 951)**
Transactions with owners in their capacity as owners							
Rights issue	61	12 354 997	-	-	-	-	**12 355 058**
Dividends declared and paid	-	-	-	(569 357)	-	-	**(569 357)**
Transfer from regulatory reserve	-	-	-	236 083	(177 800)	(58 283)	**-**
Transfer to share premium		8 808 467	(8 808 467)	-	-	-	**-**
	61	21 163 464	(8 808 467)	(333 274)	(177 800)	(58 283)	**11 785 701**
Balance at 31 December 2019	**1 021**	**47 502 433**	**-**	**10 682 940**	**19 895**	**-**	**58 206 289**

The above statement of changes in equity should be read in conjunction with accompanying notes.

Directors: Dr. R. Mbire (Board Chairman), T. Mudangwe* (Managing Director), P. Mashinga* (Chief Finance Officer), W.T. Kambwanji, J. Machiva, R.T.L. Matsika, P. Soko*. *Executive
Registered Office: Ground Floor, MIPF House. 5 Central Avenue, Harare, Zimbabwe.



STATEMENT OF CHANGES IN EQUITY - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

	HISTORICAL COST						
	Share capital ZWL$$	Share premium ZWL$$	Share application fund reserve ZWL$$	Retained earnings ZWL$$	Regulatory reserve ZWL$	Other reserves ZWL$$	Total equity ZWL$$
YEAR ENDED 30 June 2019							
Balance at 1 July 2018	**109**	**2 883 628**	**999 900**	**12 697 847**	**382 193**	**58 278**	**17 021 955**
Restatement as a result of adoption of IFRS 9 (note 2.16)	-	-	-	191 418	-	-	**191 418**
	109	2 883 628	999 900	12 889 265	382 193	58 278	**17 213 373**
Profit for the year	-	-	-	11 394 033	-	-	**11 394 033**
Total comprehensive income for the period	**-**	**-**	**-**	**11 394 033**	**-**	**-**	**11 394 033**
Transactions with owners in their capacity as owners							
Dividends Declared and paid	-	-	-	(1 006 082)	-	-	**(1 006 082)**
Transfer to regulatory breserve	-	-	-	320 336	(320 336)	-	**-**
	-	-	-	(685 746)	(320 336)	-	**(1 006 082)**
Balance at 30 June 2019	**109**	**2 883 628**	**999 900**	**23 597 552**	**61 857**	**58 278**	**27 601 324**
SIX MONTH PERIOD ENDED 31 DecEMBER 2019							
Balance at 1 July 2019 (previously stated)	**109**	**2 883 628**	**999 900**	**23 597 552**	**61 857**	**58 278**	**27 601 324**
Profit for the year	-	-	-	18 726 577	-	-	18 726 577
Total comprehensive income for the period	**-**	**-**	**-**	**18 726 577**	**-**	**-**	**18 726 577**
Transactions with owners in their capacity as owners							
Rights issue	7	4 678 707	-	-	-	-	4 678 714
Dividends declared and paid	-	-	-	(488 510)	-	-	(488 510)
Transfer to share premium	-	999 900	(999 900)	-	-	-	-
Transfer from regulatory reserve	-	-	-	100 241	(41 963)	(58 278)	-
	7	5 678 607	(999 900)	(388 269)	(41 963)	(58 278)	4 190 204
Balance at 31 December 2019	**116**	**8 562 235**	**-**	**41 935 860**	**19 894**	**-**	**50 518 105**

The above statement of changes in equity should be read in conjunction with accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

		INFLATION ADJUSTED		HISTORICAL COST	
	Note	Dec 2019 ZWL$	June 2019 ZWL$	Dec 2019 ZWL$	June 2019 ZWL$
Cash flows from operating activities					
Cash generated/(utilised) in operations	**23**	**30 796 384**	**(98 778 810)**	**(15 298 819)**	**(30 759 616)**
Interest received		40 143 646	101 787 418	23 443 708	31 808 568
Interest paid		(4 453 118)	(7 192 144)	(2 929 683)	(2 247 545)
Income tax paid	24	(436 452)	(11 587 317)	(475 861)	(2 106 414)
Net cash flows generated from/(utilised in) operating activities		**66 050 460**	**(15 770 853)**	**4 739 345**	**(3 305 007)**
Cash flows from investing activities					
Proceeds from disposal of equipment		-	49 208	-	9 821
Purchase of equipment		(3 389 486)	(6 144 845)	(2 173 281)	(1 406 055)
(Payments for)/ proceeds fromfinancial assets at amortised cost		(12 000 000)	6 720 000	(12 000 000)	2 100 000
Software development		(401 409)	(622 340)	(264 792)	(174 974)
Purchase of investment property		(3 038 608)	(9 488 258)	(1 999 084)	(3 916 191)
Net cash flows utilised in investing activities		**(18 829 503)**	**(9 486 235)**	**(16 437 157)**	**(3 387 399)**
Cash flows from financing activities					
Proceeds from borrowings	16	38 756 841	40 338 232	25 497 922	12 605 698
Dividends paid		(569 357)	(2 746 300)	(488 510)	(1 006 082)
Net cash flows generated from financing activities		**38 187 484**	**37 591 932**	**25 009 412**	**11 599 616**
Net increase in cash and cash equivalents		**85 408 441**	**12 334 844**	**13 311 600**	**4 907 210**
Cash and cash equivalents at the beginning of the year		25 679 070	9 995 613	8 034 745	3 127 535
Net foreign exchange differences on cash and cash equivalents		5 074 841	-	3 338 711	-
Inflation effect on cash and cash equivalents		(91 477 296)	3 348 613	-	-
Cash and cash equivalents at the end of the year	**4**	**24 685 056**	**25 679 070**	**24 685 056**	**8 034 745**

The above statement of cash flows should be read in conJunection with accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1 GENERAL INFORMATION

GetBucks Microfinance Bank Limited ("Getbucks" or "the Company") is registered as a Deposit Taking Microfinance Bank by the Reserve Bank of Zimbabwe, under the Microfinance Act (Chapter 24:29), and is a subsidiary of GetBucks Limited which holds 53.7%, (June 2019:50.3%) of the Company's ordinary shares. The Company was listed on the Zimbabwe Stock Exchange on 15 January 2016 and obtained its deposit taking licence in the same month.

The Company is a limited liability Company incorporated and domiciled in Zimbabwe. The Company's business is conducted in Zimbabwe.

The address of its registered office is 1st Floor, MIPF House, 5 Central Avenue, Harare, Zimbabwe.

Change in year end

The Bank changed its year end from 30 June to 31 December.This was because the group changed its year end necessitating need for the Bank to align with the group. This will result in a 6 month financial year for the period 1 July 2019 – 31 December 2019 then annually thereafter. Amounts presented in the financial statements are not entirely comparable as current year is a 6 month period yet prior year is a 12 month period.

2 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.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Zimbabwe Companies Act (Chapter 24:03), except for non-compliance with International Accounting Standard ("IAS") 21, The Effects of Changes in Foreign Exchange Rates described in note 2.2, and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") as issued by the International Accounting Standards Board ("IASB").

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 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 3.

The financial statements have been prepared based on the statutory records that are maintained under the historical cost basis and adjusted for the effects of applying IAS29. The financial statements are presented in Zimbabwean dollars and all values are rounded to the nearest dollar.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1.1 Changes in accounting policy and disclosures

(a) International Financial Reporting Standards and amendments effective for the first time for 31 December 2019 year-end

IFRS	Effective Date	Subject of amendment
Amendments to IFRS 9 – Financial instruments' on prepayment features with negative compensation and modification of financial liabilities.	Annual periods beginning on or after 1 January 2019	The narrow-scope amendment covers two issues: • The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities. • How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings. The impact of the amendment is expected to be insignificant.
IFRS 16 - Leases	Annual periods beginning on or after 1 January 2019 – earlier application permitted if IFRS 15 is also applied. (published January 2016)	This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The impact of the amendment has been disclosed in note 10.
Annual improvements cycle 2015-2017	Annual periods (published December 2017 beginning on or after 1 January 2019 (published December 2017)	These amendments include minor changes to: • IFRS 3, 'Business combination' - a company remeasures its previously held interest in a joint operation when it obtains control of the business. • IFRS 11,'Joint arrangements', - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business. • IAS 12,' Income taxes' - The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. • IAS 23,' Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
IFRIC 23, 'Uncertainty over income tax treatments'	Annual periods beginning on or after 1 January 2019 (published 7 June 2017)	IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the Interpretation and consider the impact on income tax accounting.

(b) International Financial Reporting Standards, interpretations and amendments issued but not effective for the year ended 31 December 2019

Number	Effective Date	Executive summary
Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	Annual periods beginning on or after 1 January 2020	These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: - use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; - clarify the explanation of the definition of material; and - incorporate some of the guidance in IAS 1 about immaterial information. The amended definition is: ***"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence Decisions that the primary users of general purpose financial statements, which provide financial information about a specific reporting entity."***
Amendment to IFRS 3, 'Business combinations' Definition of a business	Annual periods beginning on or after 1 January 2020 (published October 2018)	This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.
IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1 January 2021 Early application is permitted for entities that apply IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from Contracts with Customers', at or before the date of initial application of IFRS 17.	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

GETBUCKS ZW 1790/02

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Foreign currency translation

a) Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Zimbabwe dollar ("ZWL$"), which is the Company's functional and presentation currency.

The country pronounced the Zimbabwe Dollar as the sole legal tender on 24 June 2019, moving from a multi currency system that used a basket of foreign currencies as legal tender. The currency has a limited range of local bond notes, coins and various forms of electronic payment platforms. The pronouncement, however, did not affect the opening or operation of foreign currency designated accounts, otherwise known as 'Nostro FCA accounts' which continued to be designated in foreign currencies with which they were opened and were operated.

From an IAS 21 perspective, the separation of the ZWL$ FCA and Nostro FCA accounts on 1 October 2018 by the RBZ was a strong indicator of a change in functional currency. However, the Company maintained the 1:1 parity between the US$ and the ZWL$ for accounting purposes for the period to 22 February 2019 in order to comply with laws of Zimbabwe that did not recognise ZWL$ FCA as currency until 22 February 2019 when SI 33 of 2019 was promulgated. An alternative way of accounting for these changes that complies with IFRS was to use the Old Mutual Implied Rate ("OMIR") for conversion of ZWL$ FCA denominated numbers to the US$. Though this approach would be IFRS compliant, this would result in non compliance with the laws and regulations of Zimbabwe, prior to the introduction of local currency on 22 February 2019. The above means that prior year comparative figures are not compliant IAS 21.

However, the current reporting period figures were compliant with IAS 21 as there is now an alignment of legal requirements and that of IAS 21.

b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange translation gains or losses are presented on the face of the statement of comprehensive income.

2.3 Cash and cash equivalents
Cash and cash equivalents includes cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. There were no overdrafts as at the reporting date.

2.4 Intangible assets

Software licenses
Separately acquired software licences are shown at historical cost, less accumulated amortisation. The acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of two years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2.5 Equipment

a) Recognition and measurement
The cost of an item of equipment is recognised as an asset if, and only if; it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing working condition for its intended use, the cost of dismantling the asset and removing items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where parts of equipment have different useful lives, they are accounted for (major components) as separate equipment.

b) Subsequent measurement
The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss within 'administrative expenses' during the financial period in which they are incurred. Subsequent costs can also be recognised as separate assets.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Items	Average useful life
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	5 years
IT equipment	3 years
Leasehold improvements	Duration of the lease agreement

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

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income within other income.

The carrying amounts of the Company's items of equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment allowance is recognised whenever the carrying amount exceeds its recoverable amount.

An asset's carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than the estimated recoverable amount.

c) Derecognition
The carrying amount of an item of equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

2.6 Investment properties

a) Recognition criteria
Investment properties are those properties held for earning rental income and/or for capital appreciation. None of these properties are occupied by the Company for its business activities. In the case where property will be partly used for business and partly leased out under an operating lease, the property will be split according to its use if the properties can be sold seperately. If the properties cannot be sold seperately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Investment property is initially measured at cost. The cost includes purchase price and any directly related cost such as (professional or legal charges, property transfer taxes & any other transaction costs).

Subsequent to initial recognition, investment properties are stated at fair value, based on valuations performed by independent professional valuers. Valuations should be carried out at least at each reporting date. Fair value gain or losses are recorded through profit or loss . Where the fair value of the investment property cannot be measured reliably, it is then measured at cost until the fair value becomes determinable.

b) Transfers to and from investment properties
Transfers are made to or from investment property only when there is a change in use and a revaluation is done first before the transfer. If a significant portion investment property becomes owner occupied where split is not possible, it is reclassified as property and equipment in accordance with IAS 16 (Property, plant and equipment) and its fair value at the date of its classification becomes its cost for subsequent accounting as property and equipment under IAS 16.

c) Derecognition
Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

2.7 Current income and deferred tax

Current income tax assets and liabilities
The income tax expense for the year comprises current income and deferred tax. Income tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in Zimbabwe. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, on temporary differences arising between assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Current income and deferred tax (continued)

Current income tax assets and liabilities (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.8 Share capital

Ordinary shares and Share Premium
Ordinary shares are classified as equity. Share premium is the difference between the nominal value and issue price paid for shares on subscription by shareholders.

2.9 Share application reserve
Proceeds received from investors for the purchases of shares not yet issued in their name are credited to the share application fund reserve and transferred to stated capital upon formal issue and registration of the purchased shares to the investor. There is no expectation that this will become repayable in the future.

2.9.1 Share issue costs
Transaction costs incurred as a necessary part of completing an equity transaction are accounted for as part of that transaction and are deducted from equity. These transaction costs of an equity transaction are accounted for as a deduction from equity to the extent that they are directly attributable to the equity transaction that otherwise would have been avoided.

2.10 Revenue recognition
Revenue is derived substantially from the microfinance business, SME business, retail banking and bureau de change trading. This comprises of interest income and non-interest income. Revenue arises from IFRS 9 (Financial instruments) and IFRS 15 (Revenue from contracts with customers).

2.10.1 Revenue within the scope of IFRS 15
The Company recognises revenue from contracts with customers under the scope of IFRS 15 as it transfers goods or services to customers at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those services excluding amounts collected on behalf of third parties. For amounts collected on behalf of third parties, the Company records commission earned. Commission earned represents the net consideration the Company retains. The Company applies the 5 step approach to revenue recognition under IFRS 15. Revenue is recognised when a performance obligation is satisfied by transferring a promised asset to the customer or performing the promised service. Control includes the ability to prevent others from directing the use of and obtaining the benefits from the asset. If the Company does not satisfy its performance obligation over time, it satisfies it at a point in time and revenue will be recognised when control is passed or service performed at that point in time. Revenue is recognised under the scope of IFRS 15 as follows:

2.10.1.1 Fee and commission income
Revenue from fee and commission income includes account maintenance fees, ledger fees, cash withdrawal fees, and point of sale income as the related services are performed. Loan commitment fees ("establishment fees") for loans that are likely to be drawn down are deferred and revenue earned over the life of the loan. Commission is earned on credit life insurance policies on loans at a point in time when the loan is disbursed. Fee and commission income is generally recognised on an accrual basis when the service has been provided.

Revenue is measured at the transaction price for satisfying a performance obligation. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due and measurement of the associated costs incurred to earn the revenue. From the business of microfinance and related services, revenue comprises interest income and fees and commission income. Interest income is recognised using the effective interest method

2.10.2 Revenue within the scope of IFRS 9
The Company's revenue items recognised under the scope of IFRS 9 are as follows:

Interest income
Revenue from loans disbursed is initially recognised at the face value of the amount disbursed in the statement of financial position under loans and advances to customers. Once funds are disbursed, the Bank will not have a performance obligation as amortisation of income will continue until respective counterparties have settled balances outstanding. Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

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

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of respective financial assets, but not expected credit losses. The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate.

2.11 Leases
As indicated in note 11 below, the company has adopted IFRS 16 Leases retrospectively from 1 July 2019 but has not restated comparatives for the June 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the July 2019 adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. The new accounting policies are disclosed below:

Transition approach
The company has applied the simplified transition approach which is outlined below and all of the exemptions and expedients available in IFRS 16 and the adoption of IFRS 16 did not affect the impairment calculations and did not require the recognition of an additional impairment loss as part of the transition adjustments.

Where the company as a lessee applies the simplified approach, it does not restate any comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of retained earnings (or another component of equity, as appropriate) at the date of initial application. While full retrospective application is optional, if chosen it must be applied to all leases. Selective application of the simplified transition application of the simplified transition.

Company as a lessor
The Company has no agreements or contracts where it acts as lessor.

The outstanding principal amounts less unearned finance charges, are included in advances to customers in the statement of financial position.

The finance charges earned are computed at the effective interest rates in the contracts and are in proportion to balances outstanding under each contract. The unearned portion of finance charges is shown as a deduction from loans and advances. The Company had no finance leases during the reporting period ended 31 December 2019 (30 June 2019: ZWL$$Nil).

Lease income from operating leases is recognised in the statement of profit or loss within 'other income' on a straight-line basis over the lease term. Lease receivables are recognised within "other assets" in the statement of financial position.There has been no lease income or recievables during the reporting period.

Company as a lessee
The company recognises a lease liability and a right of use asset on all significant leases. This excludes all leases relating to lower value assets and leases for periods less than 12 months which will be treated as operating leases. Payments made under operating leases are charged to the statement of profit or loss on a straight-line basis over the period of the lease. Payments made under the finance leases are deducted from the lease liability.

Right of use assets and lease liabilities are presented on the face of the statement of financial position, and the interest charged on lease liability is presented under "Interest expense" in the statement of profit or loss.

IFRS 16 impacts the Company by virtue of lease contracts the Company holds with third parties relating to properties use for companies activities. The Company has reviewed all its leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16.

As at the reporting date, the Company had non-cancellable lease commitments of ZWL$285 578. Of these commitments, approximately ZWL$116 159 relates to short term leases which were recognised on a straight line basis as expense in profit or loss.

The Company does not have any activities as a lessor because the investment property is not leased out. The Company only has one lease agreement which has a period greater than one year and qualifies for recognition of a right of use asset. As a result, the Company has recorded a right of use assets under the IFRS 16 model.

Right of use asset
IFRS 16 requires that a right of use asset is recognised when there is a lease that both gives lessee control over the use of the asset and the lease period is significant (above 12 months).

The right of use asset is initially recognised as the present value of the minimum lease payments. Subsequently, they are carried at cost less accumulated depreciation. Depreciation is calculated over the term of the lease using a straight line basis.

The right of use asset is derecognised when control over the use of the asset has ceased from the lessee. No impairment considerations were made for the right of use asset as the impact was unlikely to be significant. This is also because the asset is also not significant.

Lease liability
The lease liability is initially recognised as the present value of minimum lease payments . Subsequently , the carrying amount of the lease liability is increased by the interest charge using the incrimental cost funds and carrying amount of the lease liability is reduced by cash repayments of rentals.

2.12 Employee benefits

a) Termination benefits
Termination benefits are benefits payable as a result of the Company's decision to terminate employment before the normal retirement date (or contractual date) or whenever an employee accepts voluntary redundancy in exchange of those benefits. Termination benefits are recognised as an expense at the earlier of the following dates: (a) when the Company can no longer withdraw the offer for these benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of IAS 37, 'Provisions, contingent liabilities and contingent assets', and involves the payment of terminal benefits. Termination benefits for voluntary redundancies are recognised if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

b) Short-term employee benefits and compensation absences
Short-term employee benefits are employee benefits (other than termination benefits) which fall due wholly within twelve months after the end of the period in which the employees render service. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Wages, salaries, paid annual leave, bonus and other monetary benefits are recognised as employee benefit expenses and accrued when the associated services are rendered by the employees to the Company.

c) Bonus plans
A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Employee benefits (continued)

d) Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after completion of employment.

Obligations for contributions to a defined contribution pension plan are recognised as an expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

e) Pensions

The Company operates a defined contribution plan. This is a plan under which the Company pays fixed contributions into a separate entity. The Company thus has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

f) National Social Security Authority Scheme

The Company and its employees contribute to the National Social Security Authority Scheme. This is a social security scheme which was promulgated under the National Social Security Act (Chapter 17:04). The Company obligations under the scheme are limited to specific contributions as legislated from time to time.

g) Share Option Scheme

The Company issues share options to certain employees in terms of the Employee Share Option Scheme which is an equity settled share-based payment scheme. Share options are measured at fair value of the equity instruments at the grant date. The fair value determined at the grant date of the options is expensed over the vesting period, based on the Company's estimate of shares that will eventually vest. Fair value is measured using the Black-Scholes option pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and other behavioural considerations.

The company expects that these share options will not be exercised and has thus derecognised the reserve that had been initially created during the period.

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to passage of time is recognised as an interest expense. Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave.

2.14 Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are Declared by the Company's directors.

2.15 Segment information

An operating segment is a component of an entity:
- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

For management purposes the Executive Committee has identified two segments:
a. Consumer lending: Individuals from public and private sector consumer loans; and
b. Small and Medium Enterprise ("SME") lending: Loans and other credit facilities for corporate clients.
c. Bureau: Forex trading

The Company operates within the microfinance sector. The activities of the Company are mostly related to providing financial services to Zimbabweans who require funding for daily consumption needs. The operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee, which makes strategic decisions.

2.16 IFRS 9 Financial Instruments

In accordance with transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures were not restated.

2.16.1 Financial assets

Initial recognition

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets held by the Company include balances with banks and cash, and loans and advances, deposits and sundry receivables. The Company's financial assets in the scope of IFRS 9 are classified at initial recognition and subsequently measured at amortised cost.

The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. For a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at individual instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For subsequent measurement, the Company's financial assets are classified at amortised cost. The Company's financial assets are subsequently measured at amortised cost if they meet the following criteria:
- SPPI contractual cash flow characteristics test as the contractual cash flows of the financial asset have to give rise to cash flows on the principal amount outstanding on a specified date.
- Hold to collect business model test. The assets are held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows. Financial assets do not always have to be held to maturity in order to comply with the test.

Derecognition

Derecognition of a financial asset occurs when:
- The rights to receive cash flows from the asset have expired;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full to a third party.

2.16.2 Financial liabilities

Initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings, and deposits and are all classified at amortised cost.

Subsequent measurement

After initial recognition, interest bearing loans, other borrowings and deposits are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as interest income in the statement of comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

2.16.3 Allowance for expected credit losses

The Company assesses at each reporting date on a forward looking basis, the expected credit losses ("ECL") associated with a financial asset or a group of financial assets. At each reporting date the Company also assesses whether the credit risk of its financial assets has increased significantly since initial recognition. Whether credit risk has significantly increased or not is determined by changes in default risk. Evidence of change in default risk may include indications that the debtors or a group of debtors is experiencing significant difficulty in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The various staging considerations are as follows;

Stage 1 - As soon as a financial instrument is originated or purchased, 12 month expected credit losses are recognised in profit or loss and a loss allowance is established. The allowance serves as a proxy for the initial expectation o f expected loss.
Stage 2 - If the credit risk increases significantly and the resulting credit quality is not considered to be low risk, full lifetime expected credit losses are recognised. Lifetime expected credit losses are only recognised if the credit risk increases significantly from when the entity originated the financial asset.
Stage 3 - If the credit risk of a financial asset increases to a point that it is considered credit impaired. Lifetime expected credit losses are still recognised on these financial assets.

The carrying amount of financial assets in the statement of financial position is reduced by the loss allowance for ECLs. The Company recognises 12 month expected credit loss as loss allowance when there is no significant increase in the credit risk of the financial asset since initial recognition. When there is significant increase in credit risk since initial recognition, lifetime expected credit losses for the remaining life of financial assets are recognised. The amount of the credit loss expense is measured as the present value of all cash shortfalls discounted at the financial asset's original effective interest rate. Credit loss is recognised even if the Company expects to be paid in full but later than when contractually due. The Company recognises in profit or loss on expected credit credit loss gain or loss reflecting the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised.

2.17 Fair Value Measurement

The Bank measures financial instruments, such as derivatives, and non-financial assets, such as investment properties, at fair value at each reporting date. Also, fair values of financial instruments (loans and advances to customers) measured at amortised cost are disclosed in note 5. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible by the Bank.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Fair Value Measurement (continued)

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- **Level 1** – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- **Level 3** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Information on the Bank's fair value hierarchy is provided in note 32.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - that is, the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The fair value of a financial liability with a demand feature (for example, a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

2.18 Earnings per share

2.18.1 Basic earnings per share

Basic earnings per share are calculated by dividing:
- The profit attributable to equity shareholders;
- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

2.18.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take account of:
- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.18.3 Headline earnings per share

Headline earnings per share are calculated by dividing:
- the headline earnings of the company, which is the profit attributable to equity shareholders, adjusted for goodwill impairments, capital
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued duringthe year and excluding treasury shares.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgement, which have to be made in the course of the preparation of the financial statements. Accounting policies and management's judgements for certain items are especially critical for the Company's results and financial situation due to their materiality. The key estimates and judgements that were made during the preparation of the financial statements were as follows:

3.1 Hyperinflation

On 1 July 2019, the Public Accountants and Auditors Board made a pronouncement on the application of International accounting Standard ("IAS") 29 Financial reporting in Hyperinflationary economies in Zimbabwe. The pronouncement requires that companies that prepare and present financial statements for financial periods on or after 1 July 2019 to apply requirements of IAS 29 ' Financial reporting in Hyperinflationary economies'. Monetary items, assets and liabilities; and non monetary assets and liabilities carried at revalued amounts have not been restated as they are presented at the measuring unit current at the end of the reporting period. A net monetary loss was recognised in the statement of profit or loss. Comparative amounts have been restated to reflect the change in the reporting period.

Judgement has been used in the various assumptions used such as the consumer price indices for the various years due to limitation of data available.

	Indices	Conversion factor
CPI as at 31 December 2019	551.63	1.000
CPI as at 30 June 2019	172.6	3.196
CPI as at 30 June 2018	62.62	8.809
Average CPI 2019	162	
Average CPI 2018	64	
Average CPI 2017	60.8	

3.2 Impairment losses on loans and advances

The measurement of impairment losses across all categories of financial assets requires judgement. In particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a. The Company's assigned probability of default (PDs) to the individual grades. This model assesses individual payment behaviour using a three month window to determine how individual loans have performed over the period.
b. The Company's criteria for assessing if there has been a significant increase in credit risk so that allowances for financial assets are measured on a lifetime expected credit losses basis and the qualitative assessment. To trigger significant increases in credit risk, and hence the measurement of 'Lifetime Expected Credit Losses', the model applies the 30-day rebuttable rule.
c. The segmentation of financial assets when their ECL is assessed on a collective basis. The model groups customers which exhibit similar risk profiles.

The Company reviews its loan portfolios to assess impairment monthly. In determining whether an impairment allowance should be recorded in the statement of profit or loss, the Company makes judgements as to whether there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. Management uses estimates based on expected credit loss model. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

3.3 Principal assumptions underlying estimation of fair values for investment properties

Fair values for investment properties were arrived at by applying the implicit investment approach. This method is based on the principle that rent and capital values are inter - related. Comparable rent from offices and industrials within the locality of the property were used. These were based on use, location, size and quality of finishes. The rentals were then annualised and a capitalisation factor applied to give a market value of each property, also relying on comparable premises which are in the same category as regards the building elements. In arriving at the market value, the following rentals were applied on the main space:

	Area (m2)	Rate $/m2	Monthly rental (ZWL$)
Main building			
Main offices	1 162	150	174 360
Yard	4 000	4.99	19 973
Total monthly rent			**194 333**
Total annual rent			**2 332 000**
Capitalised by the years' purchase in perpetuity @ 10.00%			10
Market value			**23 320 000**

Other properties

Fair values of the other properties have been arrived at using comparative sales approach. This method compares like with like, extracts data from properties recently sold or on offer similar to those to be valued with the same planning controls. The data is then analysed and applied to the subject property varied by scrutiny of comparable properties not exactly equivalent in size, quality and location.

Comparable sales evidence of land in Harare is as follows;

		Market value (ZWL)
Stoneridge	(ZW$550.00-800.00 per square metre)	5 487 000
Bluff hill industrial	(ZW$400.00-1000.00 per square metre)	1 006 000
Bluff hill residential	(ZW$500.00-850.00 per square metre)	3 757 000
Norton	(ZW$50.00-200.00 per square metre)	537 000
Market value		**10 787 000**
Total investment properties		**34 107 000**

3.4 Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank 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 Bank recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Bank to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Bank to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

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GetBucks Microfinance Bank

GETBUCKS MICROFINANCE BANK LIMITED FINANCIAL STATEMENTS

For the Six Months Ended 31 December 2019

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.5 Going concern

As at 31 December 2019, the Bank's total assets exceeded total liabilities by ZWL$58.21 million (2018: ZWL$66.44 million). Loan obligations that fell due within the next 12 months amounted to ZWL$44.7 million (2018: ZWL$71.4 million). The Bank attained a hyperinflation adjusted loss of ZWL$20 million (2018: ZWL$20.7 million profit) yet the historical cost numbers reflect a ZWL$18.7 million profit (2018: ZWL$11.4 million).

Though the Company posted a loss in current year the metrics above reflect significant improvement from prior year. The Directors believe the Bank has adequate resources to continue in operational existence for the foreseeable future and this is mainly supported by:

a. The Bank had a cash and cash equivalents balance of ZWL$24.7 million which was just below the ZWL$26.8 million operating expenses for the 6 month financial period.
b. The Bank's operations were classified as essential services enabling the Bank to continue operating during the national lockdown without incurring material incremental costs.
c. The Bank is instituting cost rationalisation measures in response to changes in the operating environment.
d. The Bank is at an advanced stage of securing a USD5 million (equivalent in ZWL) loan from a large regional financial institution. The facility has strong prospects of success and will be channeled into the loan book.
e. The Bank is in the process of negotiating higher limits and/or rollover for current facilities in order to maximise on increased value of security pledged.
f. Reactivation of the bureau business. This segment had a material financial impact during the 6 months ended 31 December 2019 and the Directors anticipate material transactions from the bureau business line.
g. the Bank is at an advanced stage of securing the Authorised Dealership license which will enable it to perform international banking and foreign exchange transactions on behalf of clients. The most important benefit of this is the fact that the Bank becomes able to perform all transactions for clients.

The Bank will therefore continue to adopt the going concern basis in preparing its financial statements.

4 CASH AND CASH EQUIVALENTS

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec 2019 ZWL$	June 2019 ZWL$	Dec 2019 ZWL$	June 2019 ZWL$
Cash and cash equivalents consist of:				
Cash on hand	2 733 217	758 873	2 733 217	361 347
Balances with the Reserve Bank of Zimbabwe	4 609 774	14 024 635	4 609 774	4 388 180
Bank balances	17 342 065	10 895 562	17 342 065	3 285 218
	24 685 056	**25 679 070**	**24 685 056**	**8 034 745**
Credit quality of cash at bank and short term deposits, excluding cash on hand The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:				
Credit rating				
AA	858 018	18 407	858 018	5 759
A+	100 485	123 284	100 485	38 575
BBB+	50 387	42 089	50 387	13 169
BBB-	2 222 735	9 200 013	2 222 735	2 640 460
BB+	13 700 457	948 142	13 700 457	296 665
B+	123 009	26 305	123 009	8 230
Unrated	4 896 748	14 561 955	4 896 748	4 670 540
	21 951 839	**24 920 195**	**21 951 839**	**7 673 398**

The unrated institutions include Metbank, POSB, Telecash, RBZ and One Wallet. Global Credit Ratings have been used in rating the various cash and cash equivalent balances.

The Company utilises various banks for financial services and deposits. In addition, the use of several institutions further manages concentration risk. Deposits with the Reserve Bank of Zimbabwe and other banks are used to facilitate customer transactions including payments and withdrawals. The bank is not licensed to process foreign currency account payments for its customers. All cash balances are unencumbered and available for use. There is no impairment charge on cash balances as management's view is lower credit ratings for some banks are a result of sovereign risk for the country yet respective banks are actually stable.

5 LOANS AND ADVANCES TO CUSTOMERS

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec 2019 ZWL$	June 2019 ZWL$	Dec 2019 ZWL$	June 2019 ZWL$
5.1 Loans and advances maturities				
Consumer loans				
Maturing within 3 months	5 918 305	16 278 509	5 918 305	5 093 397
Maturing within 3 - 12 months	11 759 028	37 961 118	11 759 028	11 877 688
Maturing 1- 5 years	4 246 897	21 768 320	4 246 897	6 811 109
Gross carrying amount	21 924 230	76 007 947	21 924 230	23 782 194
Less credit impairment (note 5.6)	(1 376 241)	(3 825 588)	(1 376 241)	(1 196 992)
Net carrying amount	**20 547 989**	**72 182 359**	**20 547 989**	**22 585 202**
Current (no more than 12 months after reporting period)	16 301 092	50 414 039	16 301 092	15 774 093
Non-current (more than 12 months after reporting period)	4 246 897	21 768 320	4 246 897	6 811 109
	20 547 989	**72 182 359**	**20 547 989**	**22 585 202**
SME loans				
Maturing within 3 months	4 967 733	9 270 511	4 967 733	2 900 658
Maturing within 3 - 12 months	8 941 465	23 369 485	8 941 465	7 312 099
Maturing 1- 5 years	3 143 780	10 494 802	3 143 780	3 283 728
Gross carrying amount	17 052 978	43 134 798	17 052 978	13 496 485
Less credit impairment	(72 161)	(240 020)	(72 161)	(75 100)
Net carrying amount	**16 980 817**	**42 894 778**	**16 980 817**	**13 421 385**
Current (no more than 12 months after reporting period)	13 837 037	32 399 976	13 837 037	10 137 657
Non-current (more than 12 months after reporting period)	3 143 780	10 494 802	3 143 780	3 283 728
	16 980 817	**42 894 778**	**16 980 817**	**13 421 385**
Mortgage loans				
Maturing within 3 months	170 089	451 311	170 089	141 211
Maturing within 3 - 12 months	320 709	989 748	320 709	309 683
Maturing 1- 5 years	265 335	1 604 934	265 335	502 169
Maturing over 5 years	206 200	767 614	206 200	240 179
Gross carrying amount	962 333	3 813 607	962 333	1 193 242
Less credit impairment	(20 211)	(23 811)	(20 211)	(7 450)
Net carrying amount	**942 122**	**3 789 796**	**942 122**	**1 185 792**
Current (no more than 12 months after reporting period)	470 587	1 417 248	470 587	443 444
Non-current (more than 12 months after reporting period)	471 535	2 372 548	471 535	742 348
	942 122	3 789 797	942 122	1 185 792
Total net carrying amount	**38 470 928**	**118 866 933**	**38 470 928**	**37 192 379**
Current (no more than 12 months after reporting period)	30 608 716	84 231 263	30 608 716	26 355 194
Non-current (more than 12 months after reporting period)	7 862 212	34 635 670	7 862 212	10 837 185
	38 470 928	**118 866 933**	**38 470 928**	**37 192 379**

The maturity analysis of loans and advances is based on the remaining period to contractual maturity from year end. The amount pledged as security by customers to GetBucks for mortgages and SME loans as at 31 December 2019 stood at ZWL$28 046 659 (June 2019: ZWL$30 738 306). Collateral comprises cession of book debts and mortgage bonds for SME loans (note 30.1). Included in loans and advances are staff loans of ZWL$3 443 516 (June 2019: ZWL$839 039). These loans are extended to staff at commercial, market related terms.

5 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

5.2 Irrevocable commitments

There are no irrevocable commitments to extend credit, which can expose the Company to penalties or expenses.

	Dec 2019 ZWL$	Dec 2019 %	June 2019 ZWL$	June 2019 %
5.3 Sectoral analysis				
Consumer loans	20 547 989	53%	22 585 202	61%
Small and Medium Enterprises ("SME")	16 980 817	44%	13 421 385	36%
Mortgage loans	942 122	3%	1 185 792	3%
	38 470 928	**100%**	**37 192 379**	**100%**

Consumer loans relate to deduction at source based loans to civil servants and public sector employee lending. Executive loans also fall under consumer loans. SME relates to loans and advances to small and medium enterprises. Mortgage loans are salary based loans advanced for the purchase of property.

	Single highest customer loan Dec 2019 %	Single highest customer loan June 2019 %	Top 10 highest loans Dec 2019 %	Top 10 highest loans June 2019 %
Customer concentration				
Consumer	0.02	0.02	0.24	0.24
SME	8.8	8.9	55.9	39.0
Mortgage	29.2	28.7	88.4	97.4

5.4 Analysis of credit quality by sector

Pass relates to loans graded 1-3 (there is no distinction in credit quality between grades 1-3) - performing. Special mention relates to loans graded 4 - 7. Substandard relates to loans graded 8. Doubtful relates to loans graded 9. Loss relates to loans in grade 10.

	HYPERINFLATION ADJUSTED					
	Pass ZWL$	Special mention ZWL$	Sub-standard ZWL$	Doubtful ZWL$	Loss ZWL$	Total ZWL$
As at 30 June 2019						
Consumer	73 449 147	352 024	116 964	541 706	1 548 107	**76 007 948**
SME	29 505 145	10 685 460	297 385	172 594	2 474 214	**43 134 798**
Mortgage	978 288	497 247	324 728	358 689	1 654 655	**3 813 607**
	103 932 580	**11 534 731**	**739 077**	**1 072 989**	**5 676 976**	**122 956 353**
As at 31 December 2019						
Consumer	20 706 438	161 457	162 718	89 559	804 058	**21 924 230**
SME	10 325 038	2 908 309	2 351 679	130 116	1 337 836	**17 052 978**
Mortgage	583 174	163 900	132 531	7 333	75 395	**962 333**
	31 614 650	**3 233 666**	**2 646 928**	**227 008**	**2 217 289**	**39 939 541**

	June 2019			
	Mortgage ZWL$	SME ZWL$	Consumer ZWL$	Total ZWL$
Performing loans	978 288	29 505 145	73 449 147	**103 932 580**
Non performing loans	2 835 318	13 629 652	2 558 802	**19 023 772**
	3 813 606	**43 134 797**	**76 007 949**	**122 956 352**

	December 2019			
	Mortgage ZWL$	SME ZWL$	Consumer ZWL$	Total ZWL$
Performing loans	583 175	10 325 038	20 706 438	**31 614 651**
Non performing loans	379 159	6 727 940	1 217 792	**8 324 890**
	962 334	**17 052 978**	**21 924 230**	**39 939 541**

	HISTORICAL COST					
	Pass ZWL$	Special mention ZWL$	Sub-standard ZWL$	Doubtful ZWL$	Loss ZWL$	Total ZWL$
As at 30 June 2019						
Consumer	22 981 568	110 145	36 597	169 495	484 389	**23 782 194**
SME	9 231 891	3 343 383	93 049	54 003	774 159	**13 496 485**
Mortgage	306 097	155 584	101 605	112 230	517 726	**1 193 242**
	32 519 556	**3 609 112**	**231 251**	**335 728**	**1 776 274**	**38 471 921**
As at 31 December 2019						
Consumer	20 706 438	161 457	162 718	89 559	804 058	**21 924 230**
SME	10 325 038	2 908 309	2 351 679	130 116	1 337 836	**17 052 978**
Mortgage	583 174	163 900	132 531	7 333	75 395	**962 333**
	31 614 650	**3 233 666**	**2 646 928**	**227 008**	**2 217 289**	**39 939 541**

	June 2019			
	Mortgage ZWL$	SME ZWL$	Consumer ZWL$	Total ZWL$
Performing loans	306 097	9 231 891	22 981 568	**32 519 556**
Non performing loans	887 145	4 264 594	800 626	**5 952 365**
	1 193 242	**13 496 485**	**23 782 194**	**38 471 921**

	December 2019			
	Mortgage ZWL$	SME ZWL$	Consumer ZWL$	Total ZWL$
Performing loans	583 174	10 325 038	20 706 438	**31 614 650**
Non performing loans	379 159	6 727 940	1 217 792	**8 324 891**
	962 333	**17 052 978**	**21 924 230**	**39 939 541**

GetBucks Microfinance Bank

CONSUMER LOANS

These are salary linked loans and the tenor of the loans varies between 1 to 18 months. They have a turn around time of 24 hours. They are open to both private and public sectors.

GETBUCKS MICROFINANCE BANK LIMITED FINANCIAL STATEMENTS

For the Six Months Ended 31 December 2019

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

5 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

5.5 Exposure to credit risk

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec 2019 ZWL$	**June 2019 ZWL$**	**Dec 2019 ZWL$**	**June 2019 ZWL$**
Consumer loans at amortised cost				
Individually impaired				
Grade 8 - 10	1 056 335	2 206 777	1 056 335	690 481
Grade 4 - 7	161 457	352 024	161 457	110 145
Collectively impaired				
Grade 1- 3	20 706 438	73 449 147	20 706 438	22 981 568
Gross carrying amount	21 924 230	76 007 948	21 924 230	23 782 194
Less credit impairment allowance (note 5.6)	(1 376 241)	(3 825 588)	(1 376 241)	(1 196 992)
Carrying amount (note 5.1)	**20 547 989**	**72 182 360**	**20 547 989**	**22 585 202**
SME loans				
Past due and impaired				
Grade 8 - 10	3 819 631	2 944 193	3 819 631	921 211
Grade 4 - 7	2 908 309	10 685 460	2 908 309	3 343 383
Grade 1- 3	10 325 038	29 505 145	10 325 038	9 231 891
Gross carrying amount	17 052 978	43 134 798	17 052 978	13 496 485
Less credit impairment allowance (note 5.6)	(72 161)	(240 020)	(72 161)	(75 100)
Carrying amount	**16 980 817**	**42 894 778**	**16 980 817**	**13 421 385**
Mortgage loans				
Past due and impaired				
Grade 8 - 10	215 259	2 338 072	215 259	731 561
Grade 4 - 7	163 900	497 247	163 900	155 584
Grade 1- 3	583 174	978 288	583 174	306 097
Gross carrying amount	962 333	3 813 607	962 333	1 193 242
Less credit impairment allowance (note 5.6)	(20 211)	(23 811)	(20 211)	(7 450)
Carrying amount	942 122	3 789 796	942 122	1 185 792
Gross carrying amount SME, Mortgages and Consumer Loans	39 939 541	122 956 353	39 939 541	38 471 921
- Measured at 12 month Expected Credit losses	30 513 809	98 375 508	30 513 809	30 780 799
- Measured at lifetime Expected Credit losses	9 425 732	24 580 845	9 425 732	7 691 122
Less credit impairment allowance (note 5.6)	(1 468 613)	(4 089 419)	(1 468 613)	(1 279 542)
Net carrying amount	38 470 928	118 866 934	38 470 928	37 192 379
Impairment as a percentage of gross loans and advances			3.7%	3.3%

The gross carrying amount of the loan book disaggregated between stages 1 to 3 is below.

The IFRS 9 model uses a segmented approach were loans with clear and distinct risk characteristics are grouped separately. Loans are grouped by collection method as well as product type. Collection method implies that payroll loans are separated from non payroll loans as they are known to behave differently. Secondly, personal, SME and mortgage loans are grouped separately.

For expected credit loss provisions modelled on a collective basis, a grouping of exposure is performed on the basis of shared risk characteristics, such that risk exposures with a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically credible.

The characteristics and any supplementary data used to determine groupings are outlines below:

Consumer loans - Groupings for collective measurement
- Collection method (i.e. payroll based loans)

SME, personal and mortgage loans - Groups for collective measurement
- Product type (i.e. finance a purchase of immovable properties and order financing)
- Collateral type

Gross carrying amount reconciliations have been prepared based on historical numbers as management's view is that restated numbers for reconciliations might not reflect a different position.

Consumer loans

	HISTORICAL COST			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
As at 30 June 2019				
Outstanding balance as at 30 June 2018 (IAS 39)	**-**	**-**	**-**	**12 198 297**
IFRs 9 adjustment	-	-	-	**-**
Outstanding balance as at 1 July 2018 (IFRS 9)	11 011 461	542 950	643 886	**12 198 297**
Financial assets derecognised during the period other than write offs	(8 894 353)	(518 067)	(326 350)	**(9 738 771)**
Transfers:				
Transfers from stage 1 to stage 2	(1 742 205)	1 742 205	-	**-**
Transfers from stage 2 to stage 1	5 757	(5 757)	-	**-**
Transfers from stage 1 to stage 3	(713 043)	-	713 043	**-**
Transfers from stage 3 to stage 1	-	(82 287)	82 287	**-**
Transfers from stage 2 to stage 3	-	-	-	**-**
Transfers from stage 3 to stage 2	21 597 795	-	-	**-**
New financial assets originated	-	-	(275 128)	**21 597 795**
Write offs				**(275 128)**
Outstanding balance as at 30 June 2019	**21 265 412**	**1 679 044**	**837 738**	**23 782 194**
As at 31 December 2019				
Outstanding balance as at 01 July 2019	21 265 412	1 679 044	837 738	23 782 194
Financial assets derecognised during the period other than write offs	(7 850 849)	(644 233)	(121 913)	(8 616 995)
Transfers:				
Transfers from stage 1 to stage 2	(591 739)	591 739	-	-
Transfers from stage 2 to stage 1	272 702	(272 702)	-	-
Transfers from stage 1 to stage 3	(188 955)	-	188 955	-
Transfers from stage 3 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(337 493)	337 493	-
Transfers from stage 3 to stage 2	-	4 447	(4 447)	-
New financial assets originated	6 996 910	-	-	6 996 910
Write offs	-	-	(237 879)	(237 879)
Outstanding balance as at 31 December 2019	**19 903 481**	**1 020 802**	**999 947**	**21 924 230**
SME loans				
As at 30 June 2019				
Outstanding balance as at 30 June 2018 (IAS 39)	-	-	-	**8 281 692**
IFRs 9 adjustment	-	-	-	**-**
Outstanding balance as at 1 July 2018 (IFRS 9)	7 068 930	978 959	233 803	**8 281 692**
Financial assets derecognised during the period other than write offs	(3 968 673)	(744 939)	(131 975)	**(4 845 587)**
Transfers:				
Transfers from stage 1 to stage 2	(3 397 970)	3 397 970	-	**-**
Transfers from stage 2 to stage 1	126 913	(126 913)	-	**-**
Transfers from stage 1 to stage 3	(660 744)	-	660 744	**-**
Transfers from stage 3 to stage 1	-	-	-	**-**
Transfers from stage 2 to stage 3	-	(11 571)	11 571	**-**
Transfers from stage 3 to stage 2	-	-	-	**-**
New financial assets originated	10 060 380	-	-	**10 060 380**
Write offs	-	-	-	**-**
Outstanding balance as at 30 June 2019	**9 228 836**	**3 493 506**	**774 143**	**13 496 485**

5 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

5.5 Exposure to credit risk (continued)

	HISTORICAL COST			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
SME loans (continued)				
As at 31 December 2019				
Outstanding balance as at 01 July 2019	9 228 836	3 493 506	774 143	**13 496 486**
Financial assets derecognised during the period other than write offs	(8 611 770)	(2 351 627)	(2 206 259)	**(13 169 656)**
Transfers:				
Transfers from stage 1 to stage 2	(4 237 347)	4 237 347	-	**-**
Transfers from stage 2 to stage 1	866 412	(866 412)	-	**-**
Transfers from stage 1 to stage 3	(2 173 290)	-	2 173 290	**-**
Transfers from stage 3 to stage 1	-	-	-	**-**
Transfers from stage 2 to stage 3	-	(347 991)	347 991	**-**
Transfers from stage 3 to stage 2	-	-	-	**-**
New financial assets originated	16 726 149	-	-	**16 726 149**
Write offs	-	-	-	**-**
Outstanding balance as at 31 December 2019	**11 798 990**	**4 164 823**	**1 089 165**	**17 052 978**
Mortgage loans				
As at 30 June 2019				
Outstanding balance as at 30 June 2018 (IAS 39)	-	-	-	**1 072 676**
IFRs 9 adjustment	-	-	-	**-**
Outstanding balance as at 1 July 2018 (IFRS 9)	343 206	548 071	181 400	**1 072 676**
Financial assets derecognised during the period other than write offs	(47 448)	(84 722)	(45 374)	**(177 544)**
Transfers:				
Transfers from stage 1 to stage 2	(256 175)	256 175	-	**-**
Transfers from stage 2 to stage 1	-	-	-	**-**
Transfers from stage 1 to stage 3	(28 525)	-	28 525	**-**
Transfers from stage 3 to stage 1	-	-	-	**-**
Transfers from stage 2 to stage 3	-	(353 175)	353 175	**-**
Transfers from stage 3 to stage 2	-	-	-	**-**
Changes in static loans	-	-	-	**-**
New financial assets originated	298 109	-	-	**298 109**
Write offs	-	-	-	**-**
Outstanding balance as at 30 June 2019	**309 168**	**366 348**	**517 726**	**1 193 242**
As at 31 December 2019				
Outstanding balance as at 01 July 2019	309 168	366 348	517 726	**1 193 242**
Financial assets derecognised during the period other than write offs	(571 383)	(88 728)	(140 031)	**(800 142)**
Transfers:				
Transfers from stage 1 to stage 2	(70 474)	70 474	-	**-**
Transfers from stage 2 to stage 1	277 620	(277 620)	-	**-**
Transfers from stage 1 to stage 3	-	-	-	**-**
Transfers from stage 3 to stage 1	-	-	-	**-**
Transfers from stage 2 to stage 3	-	-	-	**-**
Transfers from stage 3 to stage 2	-	-	-	**-**
New financial assets originated	569 233	-	-	**569 233**
Write offs	-	-	-	**-**
Outstanding balance as at 31 December 2019	**514 164**	**70 474**	**377 695**	**962 332**

Amounts disclosed above as past due and impaired are the total amounts with a loan class where a portion of the loans and advances are considered impaired.

Not all past due amounts have been fully provided as there is a history of repayment in those classes that has been considered in determining possible impairment.

5.6 Impairment loss on loans and advances

	Total allowance ZWL$
Consumer loans	
Balances as at 1 July 2019	1 196 992
Increase in expected credit loss	606 243
Loans written off	(426 995)
Balances as at 31 December 2019	**1 376 240**
SME loans	
Balances as at 1 July 2019	75 100
Increase/(decrease) in expected credit loss	(2 939)
Loans written off	-
Balances as at 31 December 2019	**72 161**

	Total allowance ZWL$
Mortgage loans	
Balances as at 1 July 2019	7 450
Increase/(decrease) in expected credit loss	12 761
Loans written off	-
Balances as at 31 December 2019	20 211
Total loans	
Balances as at 1 July 2019	1 279 542
Increase/(decrease) in expected credit loss	616 065
Loans written off	(426 995)
Total Balances as at 31 December 2019	**1 468 612**

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Notes to the Financial Statements (continued)
For the year ended 31 December 2019

5 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

5.6 Impairment loss on loans and advances

Loss allowance movement

	HISTORICAL COST			
	Stage 1 12-month ECL ZWL$	**Stage 2 Lifetime ECL ZWL$**	**Stage 3 Lifetime ECL ZWL$**	**Total ZWL$**
Consumer loans				
As at 30 June 2019				
Loss allowance as at 1 July 2018	118 097	136 965	569 042	**824 103**
Financial assets derecognised during the period other than write offs	(57 594)	(83 141)	(186 889)	**(327 624)**
Transfers:				
Transfers from stage 1 to stage 2	(3 964)	35 742	-	**31 778**
Transfers from stage 2 to stage 1	10	(1 526)	-	**(1 515)**
Transfers from stage 1 to stage 3	(3 175)	-	182 380	**179 205**
Transfers from stage 3 to stage 1	-	-		**-**
Transfers from stage 2 to stage 3	-	(37 272)	37 272	**-**
Transfers from stage 3 to stage 2	-	-	-	**-**
Changes in PDs/LGDs/EADs	(43 639)	(10 000)	(30 799)	**(84 438)**
New financial assets originated	777 417	-	-	**777 417**
Write offs	-	-	(201 934)	**(201 934)**
Loss allowance as at 30 June 2019	**787 152**	**40 769**	**369 071**	**1 196 992**
As at 31 December 2019				
Loss allowance as at 1 July 2019	787 152	40 769	369 071	**1 196 992**
Financial assets derecognised during the period	(11 688)	(50 280)	(69 997)	**(131 965)**
Transfers:				
Transfers from stage 1 to stage 2	(88 914)	218 516	-	**129 602**
Transfers from stage 2 to stage 1	961	(51 212)	-	**(50 251)**
Transfers from stage 1 to stage 3	(250 115)	-	425 338	**175 223**
Transfers from stage 3 to stage 1	-	-	-	**-**
Transfers from stage 2 to stage 3	-	(109 107)	109 107	**-**
Transfers from stage 3 to stage 2	-	3 262	(3 262)	**-**
Changes in PDs/LGDs/EADs	(81 860)	(43 864)	(23 785)	**(149 509)**
New financial assets originated	633 143	-	-	**633 143**
Write offs	-	-	(426 995)	**(426 995)**
Loss allowance as at 31 December 2019	**988 679**	**8 085**	**379 476**	**1 376 240**
SME loans				
As at 30 June 2019				
Loss allowance as at 1 July 2018	17 903	11 532	46 135	**75 570**
Financial assets derecognised during the period other than write offs	(16 432)	(11 206)	(38 621)	**(66 259)**
Transfers:				
Transfers from stage 1 to stage 2	(2 237)	2 163	-	**(74)**
Transfers from stage 2 to stage 1	-	(180)	-	**(180)**
Transfers from stage 1 to stage 3	(2 248)	-	1 469	**(779)**
Transfers from stage 3 to stage 1	-	-	-	**-**
Transfers from stage 2 to stage 3	-	(78)	78	**-**
Transfers from stage 3 to stage 2	-	-	-	**-**
Changes in PDs/LGDs/EADs	(451)	(53)	2 354	**1 850**
New financial assets originated	64 972	-	-	**64 972**
Write offs	-	-	-	**-**
Loss allowance as at 30 June 2019	**61 506**	**2 179**	**11 415**	**75 100**
As at 31 December 2019				
Loss allowance as at 1 July 2019	61 506	2 179	11 415	**75 100**
Financial assets derecognised during the period other than write offs	(1 383)	(1 441)	(540)	**(3 364)**
Transfers:				
Transfers from stage 1 to stage 2	(3 604)	4 390	-	**786**
Transfers from stage 2 to stage 1	0	(120)	-	**(120)**
Transfers from stage 1 to stage 3	(3 794)	-	21 200	**17 406**
Transfers from stage 3 to stage 1	-	-	-	**-**
Transfers from stage 2 to stage 3	-	(430)	430	**-**
Transfers from stage 3 to stage 2				**-**
Changes in PDs/LGDs/EADs	(19 736)	(89)	(2 083)	**(21 909)**
New financial assets originated	4 262	-	-	**4 262**
Write offs	-	-	-	**-**
Loss allowance as at 31 December 2019	**37 250**	**4 488**	**30 423**	**72 161**
Mortgage loans				
As at 30 June 2019				
Loss allowance as at 1 July 2018	522	11 529	16 808	**28 859**
Financial assets derecognised during the period other than write offs	(522)	(8 872)	(23 308)	**(32 702)**
Transfers:				
Transfers from stage 1 to stage 2	-	-	-	**-**
Transfers from stage 2 to stage 1	-	-	-	**-**
Transfers from stage 1 to stage 3	(431)	-	431	**-**
Transfers from stage 3 to stage 1	-	-	-	**-**
Transfers from stage 2 to stage 3	-	(2 657)	2 657	**-**
Transfers from stage 3 to stage 2	-	-	-	**-**
Changes in PDs/LGDs/EADs	-	-	10 862	**10 862**
New financial assets originated	431	-	-	**431**
Write offs	-	-	-	**-**
Loss allowance as at 30 June 2019	**-**	**-**	**7 450**	**7 450**
As at 31 December 2019				
Loss allowance as at 1 July 2019	-	-	7 450	7 450
Financial assets derecognised during the period other than write offs	-	-	-	-
Transfers:				
Transfers from stage 1 to stage 2	-	-	-	-
Transfers from stage 2 to stage 1	-	-	-	-
Transfers from stage 1 to stage 3	(11 980)	-	11 980	-
Transfers from stage 3 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	-	-	-
Transfers from stage 3 to stage 2	-	-	-	-
Changes in PDs/LGDs/EADs	-	-	-	-
New financial assets originated	12 761	-	-	12 761
Write offs	-	-	-	-
Loss allowance as at 31 December 2019	781	-	19 430	20 211

Gross carrying amounts of the instruments changed mainly as a result of factors below:
- Increased disbursement of consumer loans resulting in an increase in Stage 1 provision.
- Increased lending to the SME sector which resulted in an increase in lifetime expected credit losses.

5 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

5.7 Credit risk impact

The table below lists the key risks affecting impairment of loans and advances, along with the anticipated impact on profit or loss should the risk materialise.

	Dec 2019 ZWL$	**June 2019 ZWL$**
Effect of increase in emergence period by 1 month		
Increase in provision (consumer)	9 205	8 184
Effect of increase in loss ratio by % of portfolio		
Increase in provision by 5% (consumer)	89 846	71 646
Increase in provision by 5% (SME)	(4 619)	(1 666)

6 OTHER ASSETS

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec 2019 ZWL$	**June 2019 ZWL$**	**Dec 2019 ZWL$**	**June 2019 ZWL$**
6.1 Financial assets at amortised cost				
Opening balance	-	6 148 797	-	1 921 499
Disposal/(purchase)	12 000 000	(6 720 000)	12 000 000	(2 100 000)
Hyperinflation adjustment	1 250 712	571 203	822 837	178 501
Interest charge	(427 875)	-	-	-
	12 822 837	**-**	**12 822 837**	**-**
Current (no more than 12 months after reporting period)	12 822 837	-	12 822 837	-
Non-current (more than 12 months after reporting period)	-	-	-	-
	12 822 837	**-**	**12 822 837**	**-**

Financial assets relate to a placement with Everprosperous World Wide Limited of ZWL10 million at 9% per annum and maturing on 4 September 2020. The Bank also advanced a prominent abattoir with a ZWL$2 000 000 facility for cattle fattening at a rate of return directly linked to weight gain. This facility was a the backing of the ZADT facility received, thus the credit risk remained with ZADT on this facility.

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec 2019 ZWL$	**June 2019 ZWL$**	**Dec 2019 ZWL$**	**June 2019 ZWL$**
6.2 Other Assets				
Prepayments	8 585 558	7 893 232	4 056 439	1 766 713
Consumables	1 108 194	-	303 074	-
Deposits	44 667	103 887	44 667	32 507
Sundry receivables	816 554	744 526	713 893	232 956
Total	**10 554 973**	**8 741 645**	**5 118 073**	**2 032 176**

The bulk of prepayments relate to expenses paid towards the Afreximbank facility. Application of the Afreximbank facility is still in progress and the expenses will be released to the income statement once the facility has been accessed. Consumables relate to ATM cards that have not yet been issued to customers and will be held as inventory. Consumables are held at the lower of cost or net realisable value Deposits mainly relate to the branch and rental deposits. Sundry receivables are mainly constituted of receivables from MBC Holdings ("MBCH"), prepaid income tax and Credit life commission. We have assessed MBCH receivable for impairment and the impact is considered to be immaterial.

7 TAX RECEIVABLE

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec 2019 ZWL$	**June 2019 ZWL$**	**Dec 2019 ZWL$**	**June 2019 ZWL$**
Opening balance	**2 339 944**	**2 743 995**	**732 147**	**311 487**
Tax charge for the year	(1 846 428)	(11 991 369)	(141 419)	(1 685 754)
Tax paid during the year	573 073	11 587 318	475 861	2 106 414
Closing balance	**1 066 589**	**2 339 944**	**1 066 589**	**732 147**

Tax receivable relates to provisional tax payments that were above the actual final tax payable for the period. Tax is paid quarterly based on Quarterly Payment Dates (QPD) based on budgeted profit. The budgeted tax profits have been more than actual profit due to changes in application of tax relating to prepaid expenses that are no longer taxed using cash accounting basis. Tax receivable will be set off against future income taxes.

8 DEFERRED TAX

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec 2019 ZWL$	**June 2019 ZWL$**	**Dec 2019 ZWL$**	**June 2019 ZWL$**
Deferred tax liability				
Accelerated capital allowance for tax purposes	(2 023 792)	(1 748 185)	(524 528)	(198 313)
Investment property revaluation	(5 562 559)	(9 539 566)	(5 530 463)	(2 196 511)
Total deferred tax liability	(7 586 351)	(11 287 751)	(6 054 991)	(2 394 824)
Deferred tax asset				
Share options	-	48 026	-	15 008
EIR adjustment on loan book	743 619	(20 164 789)	774 604	782 820
Accrued expenses	28 785	353 394	328 539	110 436
Expected credit loss on loans and advances	363 041	1 053 025	378 168	329 482
Total deferred tax asset	1 135 445	(18 710 344)	1 481 311	1 237 746
Net deferred tax asset/(liability)	**(6 450 906)**	**(29 998 095)**	**(4 573 680)**	**(1 157 078)**
Reconciliation of deferred tax asset/(liability)				
At beginning of year	(29 998 095)	32 342	(1 157 078)	32 342
Temporary differences recognised in the statement of profit or loss	23 547 189	(30 030 437)	(3 416 602)	(1 189 420)
At end of year	**(6 450 906)**	**(29 998 095)**	**(4 573 680)**	**(1 157 078)**

9 INVESTMENT PROPERTIES

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec 2019 ZWL$	**June 2019 ZWL$**	**Dec 2019 ZWL$**	**June 2019 ZWL$**
Opening balance	41 502 462	4 751 856	12 985 742	539 411
Fair value adjustment	(10 434 070)	27 262 348	19 122 174	8 530 140
Additions	3 038 608	9 488 258	1 999 084	3 916 191
Closing Balance	**34 107 000**	**41 502 462**	**34 107 000**	**12 985 742**

Valuation process

Investment property was valued by Dawn Property Consultancy (Private) Limited in accordance with the relevant professional guidelines and statements issued under the Royal Institute of Chartered Surveyors (RICS) Valuation - Professional Standards 2017 (the "Red Book"); International Valuation Standards ("IVS") and the Real Estate Institute of Zimbabwe "REIZ" standard. Please refer to note 3.3 for more detail regarding valuation assumptions.

The Company purchased investment properties which are held for both capital appreciation and rentals. Investment properties are carried at fair value determined on an open market basis by an independent professional valuer as at 31 December 2019 in the Real Estate Institute of Zimbabwe Standards.

Rental values used for similar properties were based on properties that were not new but the property is forecast to fetch a premium once complete. The rental income used for comparison in the implicit investment approach was based on older properties. Location of the property is an additional unobservable factor as it is in a prime location.

Valuations rely on historical market evidence for calculation inputs. These include transaction prices for comparable properties and rent and capitalisation rates. Such market evidence does not exist at present to directly calculate Zimbabwean Dollar values. Therefore, we have adopted the approach for the meanwhile of converting US$ valuation inputs at the Inter-Bank Foreign Exchange Auction Rate of the day to calculate ZWL property values.

For the performance of a valuation, the key inputs for the valuation of non-residential investment properties are the rent income and the capitalisation rate. No trends for the ZWL rents have yet been established neither is there easily verifiable market evidence of ZWL transactions to enable analysis of the yields. It is unlikely that ZWL rent movements will mirror the activity on the inter-bank foreign exchange market. In addition the property market will price the risk associated with the ZWL which is not a fully convertible currency, and this will be reflected through the capitalisation rates.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

9 INVESTMENT PROPERTIES (CONTINUED)

Sensitivity of property valuation

	31 Dec 2019 ZWL$	Effect on profit before tax 31 Dec 2019 ZWL$	30 June 2019 ZWL$	Effect on profit before tax 30 June 2019 ZWL$
Valuation change				
5% increase in valuation	**34 107 000**	**1 705 350**	**12 985 742**	**649 287**
Net effect	**-**	**1 705 350**	**-**	**649 287**

Property values are also sensitive to foreign exchange rate movements which is demonstrated below;

	28 Feb 2019	30 June 2019	31 Dec 2019
US$ values of investment properties at the time of valuation	1 961 000	1 961 000	1 923 000
inter-bank foreign exchange market rate	2.500	6.622	15.050
ZWL property values as a result of direct conversion	4 902 500	12 985 742	28 941 150
Investment properties value at year end	34 107 000	34 107 000	34 107 000
Difference	(29 204 500)	(21 121 258)	(5 165 850)

10 RIGHT OF USE ASSET

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec 2019 ZWL$	June 2019 ZWL$	Dec 2019 ZWL$	June 2019 ZWL$
Buildings				
Opening net book amount	**30 418**	-	**11 144**	-
Additions	353 402	41 306	56 107	17 222
Amortisation charge	(58 691)	(10 888)	(18 341)	(6 078)
Net book amount	**325 129**	**30 418**	**48 910**	**11 144**
Cost	394 708	41 306	73 329	17 222
Accumulated amortisation	(69 579)	(10 888)	(24 419)	(6 078)
Net book amount	**325 129**	**30 418**	**48 910**	**11 144**

11 EQUIPMENT

HYPERINFLATION ADJUSTED

	Furniture and fittings ZWL$	Motor vehicles ZWL$	Office equipment ZWL$	IT equipment ZWL$	Leasehold improve-ments ZWL$	Total ZWL$
Year ended 30 June 2019						
Opening net book amount	1 484 624	1 253 295	376 673	2 056 283	1 718 713	**6 889 588**
Additions	328 129	-	2 683 063	2 651 815	481 838	**6 144 845**
Disposals	-	(64 000)	-	-	-	**(64 000)**
Accumulated depreciation	(774 052)	(971 349)	(271 657)	(1 030 987)	(1 549 926)	**(4 597 971)**
Depreciation charge	(224 880)	(173 615)	(65 868)	(975 877)	(145 444)	**(1 585 684)**
						-
Net book amount	**813 821**	**44 331**	**2 722 211**	**2 701 234**	**505 181**	**6 786 778**
						-
Cost	1 812 753	1 189 295	3 059 736	4 708 098	2 200 551	**12 970 433**
Accumulated depreciation	(998 932)	(1 144 964)	(337 525)	(2 006 864)	(1 695 370)	**(6 183 655)**
						-
Net book amount	**813 821**	**44 331**	**2 722 211**	**2 701 234**	**505 181**	**6 786 778**

	Furniture and fittings ZWL$	Motor vehicles ZWL$	Office equipment ZWL$	IT equipment ZWL$	Leasehold improve-ments ZWL$	Total ZWL$
Year ended 31 December 2019						
Opening net book amount	813 821	44 331	2 722 211	2 701 234	505 181	**6 786 778**
Additions	190 771	418 471	523 239	1 655 458	601 547	**3 389 486**
Depreciation charge	(109 260)	(35 630)	(331 738)	(798 293)	(179 515)	**(1 454 436)**
Net book amount	**895 332**	**427 172**	**2 913 712**	**3 558 399**	**927 213**	**8 721 828**
Cost	2 003 524	1 607 766	3 582 975	6 363 556	2 802 098	**16 359 919**
Accumulated depreciation	(1 108 192)	(1 180 594)	(669 263)	(2 805 157)	(1 874 885)	**(7 638 091)**
Net book amount	**895 332**	**427 172**	**2 913 712**	**3 558 399**	**927 213**	**8 721 828**

HISTORICAL COST

	Furniture and fittings ZWL$	Motor vehicles ZWL$	Office equipment ZWL$	IT equipment ZWL$	Leasehold improve-ments ZWL$	Total ZWL$
Year ended 30 June 2019						
Opening net book amount	81 247	28 127	17 741	130 762	11 485	**269 362**
Additions	56 076	-	821 890	417 952	92 915	**1 388 833**
Disposals	-	(20 000)	-	-	-	**(20 000)**
Depreciation charge	(28 655)	(2 643)	(8 891)	(118 122)	(12 341)	**(170 652)**
						-
Net book amount	**108 668**	**5 484**	**830 740**	**430 592**	**92 059**	**1 467 543**
						-
Cost	221 945	135 492	864 209	668 570	282 291	**2 172 507**
Accumulated depreciation	(113 277)	(130 008)	(33 469)	(237 978)	(190 232)	**(704 964)**
Net book amount	**108 668**	**5 484**	**830 740**	**430 592**	**92 059**	**1 467 543**

	Furniture and fittings ZWL$	Motor vehicles ZWL$	Office equipment ZWL$	IT equipment ZWL$	Leasehold improve-ments ZWL$	Total ZWL$
Year ended 31 December 2019						
Opening net book amount	108 668	5 484	830 740	430 592	92 059	**1 467 543**
Additions	99 185	359 050	317 786	1 085 843	311 417	**2 173 281**
Disposals	-		-	-	-	**-**
Depreciation charge	(20 891)	(14 419)	(102 385)	(181 922)	(53 794)	**(373 411)**
Net book amount	**186 962**	**350 115**	**1 046 141**	**1 334 513**	**349 682**	**3 267 412**
Cost	321 130	494 542	1 181 995	1 754 413	593 708	**4 345 788**
Accumulated depreciation	(134 168)	(144 427)	(135 854)	(419 900)	(244 026)	**(1 078 375)**
Net book amount	**186 962**	**350 115**	**1 046 141**	**1 334 513**	**349 682**	**3 267 413**

12 INTANGIBLE ASSETS

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec 2019 ZWL$	June 2019 ZWL$	Dec 2019 ZWL$	June 2019 ZWL$
Software				
Opening net book amount	904 828	678 194	224 414	88 055
Additions	401 409	622 340	264 792	174 974
Amortisation charge	(256 555)	(395 706)	(54 725)	(38 615)
Net book amount	**1 049 682**	**904 828**	**434 481**	**224 414**
Cost	2 299 388	1 850 010	575 993	311 201
Accumulated amortisation	(1 249 706)	(945 182)	(141 512)	(86 787)
Net book amount	**1 049 682**	**904 828**	**434 481**	**224 414**

13 EQUITY

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec 2019 ZWL$	June 2019 ZWL$	Dec 2019 ZWL$	June 2019 ZWL$
13.1 Share Capital				
Authorised				
20 000 000 000 ordinary shares with nominal value of US$0.0000001	2 000	2 000	2 000	2 000
Issued				
1 163 118 377 ordinary shares with nominal value of US$0.0000001	1 021	960	116	109
Basic and Diluted Earnings	(20 018 951)	20 707 705	18 726 577	11 394 033
Number of shares used to calculate basic and diluted earnings per share	1 163 118 377	1 093 567 251	1 163 118 377	1 093 567 251
Basic and Diluted Earnings per share (cents)	(1.72)	1.89	1.61	1.04
Headline earnings per share	(0.97)	0.41	0.43	0.54

Number of shares in issue
A share split of authorised share capital was done on 12 October 2015. 2000 ordinary shares were split into 20 000 000 000 (twenty billion shares). The share split resulted in the issued share capital being 1 000 000 000 shares (one billion shares). The share split resulted in the issued share capital being 1 000 000 000 shares in October 2015 and following an initial public offering in January 2016 the number of shares in issue increased to 1 093 567 251. A rights issue was done during the year and the issued shares increased to 1 163 118 377.

Unissued share capital
The unissued share capital is under the control of the Directors subject to restrictions imposed by the Zimbabwe Companies Act (Chapter 24:03) and the Articles and Memorandum of Association of the Company.

13.2 Share application reserve
Share Application Reserve represents additional capital paid in by shareholders (note 2.9). The prior year balance was transferred to current year as the balance did not reflect a pending allocation of shares and represented a permanent capital position. No additional disclosure is required per IAS 8 as this does not result in a change in equity in both current and prior year.

13.3 Share premium
The reserve relates to amounts received in the issue of shares that is in excess of their nominal value. This amount forms a part of the non-distributable reserves of the bank and thus will not be available for the payment of dividends.

13.4 Regulatory reserve
The reserve relates to an impairment allowance adjustment that is created in order to match RBZ Regulatory requirements. The reserve is created when the IFRS provision is less than the statutory provision. This will allow the bank to be adequately prepared in the case that the risk materialises to the extent that is prescribed by regulation.

13.5 Other reserves
These relate to equity setled share based payments which were issued by the bank to the employees. They had been measured at fair value of the equity instruments at grant date. These reserves have been extinguished by reallocating the balance to retained earnings because there is no longer expectation that the options will be exercised.

14 DEPOSITS FROM CUSTOMERS

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec 2019 ZWL$	June 2019 ZWL$	Dec 2019 ZWL$	June 2019 ZWL$
Deposits from customers are primarily composed of amounts payable on demand.				
Individual				
Current accounts	345 349	318 015	345 349	99 504
Small and medium enterprises				
Current accounts	11 704 235	7 615 744	11 704 235	2 382 896
Term deposits	669 388	1 188 273	669 388	371 800
	12 373 623	**8 804 017**	**12 373 623**	**2 754 696**
Total	**12 718 972**	**9 122 032**	**12 718 972**	**2 854 200**
Current (not more than 12 months after reporting period)	12 509 384	8 452 188	12 509 384	2 644 612
Non-current (more than 12 months after reporting period)	209 588	669 843	209 588	209 588
Total	**12 718 972**	**9 122 031**	**12 718 972**	**2 854 200**

Deposits due to customers only include financial instruments classified as liabilities at amortised cost. Fair value of deposits approximates carrying amounts.

The significant increase in deposits was mainly driven by the movement in exchange rate as a portion of deposits are denominated in foreign currency. The exchange rate moved by 153% (put percentage) between June 2019 and December 2019. Further, the Bank's strategic decision to disburse loans into accounts held with the bank and domiciliation requirements for SME loans also contributed to the increase.

15 OTHER FINANCIAL LIABILITIES

		INFLATION ADJUSTED		HISTORICAL COST	
	Note	Dec 2019 ZWL$	June 2019 ZWL$	Dec 2019 ZWL$	June 2019 ZWL$
Payroll liabilities					
Leave pay provision		433 242	477 874	433 242	763 355
Accounting and audit fees provision		279 098	639 937	279 098	199 980
Lease liabilities	15.1	904 561	448 493	904 561	140 154
Accruals and other liabilities		58 515	37 748	58 515	11 796
Statutory fees		5 527 645	19 821 057	3 310 320	5 588 433
		260 024	(104 070)	260 024	(32 562)
		7 463 086	**21 321 038**	**5 245 760**	**6 671 156**

Accruals and other liabilities includes $2 349 801 due to foreign currency remittances. All the accruals are payable within the next 12 currency remittances. All the accruals are payable within the next 12 months except for the lease liability disclosed in note 15.1.

Fair value of other financial liabilities
The carrying amounts of other payables are denominated in ZWL.
The gross amounts approximate fair values.

15.1 Lease Liabilities

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec 2019 ZWL$	June 2019 ZWL$	Dec 2019 ZWL$	June 2019 ZWL$
The financial statements shows the following amounts relating to lease labilities;				
Current	36 681	21 539	36 681	6 731
Non-current	21 834	16 209	21 834	5 065
	58 515	**37 748**	**58 515**	**11 796**

16 BORROWINGS

		INFLATION ADJUSTED		HISTORICAL COST	
	Note	Dec 2019 ZWL$	June 2019 ZWL$	Dec 2019 ZWL$	June 2019 ZWL$
Held at amortised cost					
Ecobank Zimbabwe Limited Facility	16.1	2 646 113	-	2 646 113	-
Everprosperous World Wide Private Limited promissory note	16.2	390 000	44 291 127	390 000	13 858 290
Medium Term Bonds	16.3	601 141	25 355 773	601 141	5 865 370
NMB Bank Limited Facility	16.4	7 980 212	3 707 120	7 980 212	3 228 143
Reserve Bank of Zimbabwe Facility	16.5	31 908 871	1 601 464	31 908 871	501 083
Zimbabwe Agricultural Development Trust Facility	16.6	3 438 433	3 015 891	3 438 433	943 646
		46 964 770	**77 971 375**	**46 964 770**	**24 396 532**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

16 BORROWINGS (CONTINUED)

	Note	INFLATION ADJUSTED Dec 2019 ZWL$	INFLATION ADJUSTED June 2019 ZWL$	HISTORICAL COST Dec 2019 ZWL$	HISTORICAL COST June 2019 ZWL$
Non-current liabilities (more than 12 months after reporting period) At amortised cost		2 179 278	6 618 301	2 179 278	2 068 219
Current liabilities (no more than 12 months after reporting period) At amortised cost		44 785 492	71 353 074	44 785 492	22 328 313
		46 964 770	**77 971 375**	**46 964 770**	**24 396 532**

16.1 Ecobank Zimbabwe Limited Facility

This loan is a facility to cater for working capital requirements and was issued on 25 September 2019. The facility is repayable monthly over a two year period to 30 June 2021.
Security details of the loan are as follows:
- First Mortgage Bond to be registered at ZWL5m

Covenant details of the loan are as follows:
- Insurance of Company's property and assets
- Minimum monthly deposits of ZWL1.5 million.

16.2 Everprosperous World Wide Limited

The promissory notes were extinguished in August 2019 through buying of Forex by Everprosperous World Wide Private limited. However, the balance in current year relates to security fee on the RBZ loan payable monthly at 27% per annum.

16.3 Medium Term Bonds

This liability consists of medium term bonds that are not listed but through private placement. The bonds came through in August 2019. Interest is charged at 18% per annum and paid monthly. The bonds are repayable at various dates up to August 2020.

16.4 NMB Bank Limited Facility

This loan is a facility to finance business expansion and was issued on 03 October 2018. The facility is repayable monthly over a three year period to 31 September 2021. 5 million is short term and due in the month of February 2020.
Security details of the loan are as follows:
Covenant details of the loan are as follows:
- Non-Performing loans(NPL)< 10%
- Insurance of Company's property and assets
- Portfolio at risk (PAR) < 10%;
- Cost to Income Ratio
- Capital adequacy ratio > 15%
- No drawdowns are to repay shareholder loans
- Minimum monthly deposits of ZWL5 million.

16.5 Reserve Bank of Zimbabwe Facility

The loan is a facility specifically issued to finance the agricultural sector on 20 February 2018 and is repayable on 7 March 2020. Interest is charged at 3.5% and is payable monthly.

The company accessed additional ZWL30 million at 9% per annum during the period. Security was offered by Al Shalms Global and the fee is charged at 27%. Details of the loan are as follows:
- Cession and pledge of Treasury Bills, or any other bonds as shall be acceptable to the Reserve Bank of Zimbabwe;
- A first ranked mortgage bond over the Borrower's immovable property.

16.6 Zimbabwe Agricultural Development Trust Facility

The loan is a facility specifically to finance the agricultural sector which was issued on 26 January 2018 and is repayable on 31 January 2020. Interest is charged at 9.29% and is payable on maturity of the loan. The Company accessed an additional ZWL$2 million during the financial year for the cattle bond. The loan was unsecured and repaid in full in March 2020.

Borrowings carrying amount approximates fair value.

	INFLATION ADJUSTED Dec 2019 ZWL$	INFLATION ADJUSTED June 2019 ZWL$	HISTORICAL COST Dec 2019 ZWL$	HISTORICAL COST June 2019 ZWL$
Borrowings movement				
Balance at 1 July 2019	77 971 375	36 939 047	24 396 532	11 573 929
New borrowings	66 382 537	64 849 086	43 672 722	20 265 340
Repayments	(27 625 696)	(24 510 854)	(18 174 800)	(7 659 642)
Interest capitalised/(paid)		694 096	(2 929 684)	216 905
Net monetary adjustment	(69 763 446)	-	-	-
Closing balance at 31 December 2019	**46 964 770**	**77 971 375**	**46 964 770**	**24 396 532**

17 INTEREST INCOME

	INFLATION ADJUSTED Dec 2019 ZWL$	INFLATION ADJUSTED June 2019 ZWL$	HISTORICAL COST Dec 2019 ZWL$	HISTORICAL COST June 2019 ZWL$
Interest on Consumer Loans	22 472 129	63 557 994	12 904 834	10 130 954
Interest income on SME Loans	5 016 036	14 332 669	2 788 722	2 119 008
Interest income on Mortgage Loans	369 835	1 396 652	274 556	235 224
	27 858 000	**79 287 315**	**15 968 112**	**12 485 186**

Interest is earned over time based on the Effective Interest Rate method.

The movement in transactions between current year and prior was not driven by a material increase in activities but was primarily driven by inflation. This is because the effective operations level has been the same as prior year but inflation led to monthly increases. This phenomenon is reflected more on the expenditure side. Comparability of the entire income statement is also impaired by the fact that current year reflects a 6 month trading period and prior year reflects a 12 month trading period.

18 INTEREST EXPENSE

	INFLATION ADJUSTED Dec 2019 ZWL$	INFLATION ADJUSTED June 2019 ZWL$	HISTORICAL COST Dec 2019 ZWL$	HISTORICAL COST June 2019 ZWL$
Interest on borrowings	7 138 432	14 779 364	4 902 106	2 456 711
Interest on leases	18 160	11 354	11 792	1 886
Interest on deposits	32 927	71 797	21 309	121 675
	7 189 519	**14 862 515**	**4 935 207**	**2 580 272**

19 FEE AND COMMISSION INCOME

The Company derives revenue from the transfer of services over time and at a point in time in the following major categories:

	Consumer ZWL$	SME ZWL$	Other ZWL$	Total ZWL$
December 2019				
Fee and commission income	7 942 394	602 099	-	**8 544 493**
Timing of revenue recognition:				
- At a point in time	55 874	-	-	**55 874**
- Over time	7 886 520	602 099	-	**8 488 619**
	7 942 394	**602 099**	**-**	**8 544 493**
June 2019				
Fee and commission income	42 642 649	3 454 358	-	**46 097 007**
Timing of revenue recognition:				
- At a point in time	1 981 016	-		**1 981 016**
- Over time	40 661 633	3 454 358	-	**44 115 991**
	42 642 649	**3 454 358**	**-**	**46 097 007**

	INFLATION ADJUSTED Dec 2019 ZWL$	INFLATION ADJUSTED June 2019 ZWL$	HISTORICAL COST Dec 2019 ZWL$	HISTORICAL COST June 2019 ZWL$
Administration fees	8 488 619	44 115 991	5 316 445	7 222 031
Commission on insurance	55 874	1 981 016	37 477	294 738
	8 544 493	**46 097 007**	**5 353 922**	**7 516 769**

19 FEE AND COMMISSION INCOME (CONTINUED)

Insurance commission is earned on credit life policies taken by customers and is recognised when the loan is granted. The Company derives income from the transfer of services over time and at a point in time. Administration fees are recognised over time as there is a monthly charge on loans. Commission on insurance is recognised at a point in time as the premium is paid once at inception of loans. The principal source of income is the disbursement of loans. There were no significant contract assets and liabilities related to IFRS 15 (June 2019: nil).

There was no revenue recognised from performance obligations satisfied in previous periods.

20 OPERATING EXPENSES

	INFLATION ADJUSTED Dec 2019 ZWL$	INFLATION ADJUSTED June 2019 ZWL$	HISTORICAL COST Dec 2019 ZWL$	HISTORICAL COST June 2019 ZWL$
Accommodation	56 650	139 178	38 178	26 170
Accounting and auditing fees	1 407 042	1 216 300	1 193 766	238 410
Advertising, marketing and sales expenses	1 024 595	4 313 281	694 946	698 983
Amortisation (note 12)	256 555	395 706	54 725	38 615
Bank charges	777 290	820 088	630 714	150 017
Collection costs	912 275	5 014 169	550 567	830 541
Consulting and professional fees	400 263	478 153	289 956	84 362
Depreciation (note 11)	1 454 436	1 585 684	373 411	170 652
Directors fees	398 421	574 972	143 656	88 467
Funding origination costs	333 055	1 226 119	228 375	219 236
Insurance expenses	221 110	319 589	156 064	52 042
License fees	551 191	819 477	418 050	157 504
Management fees	2 722 838	4 068 451	1 685 946	657 248
Other expenses	656 975	1 347 668	450 686	264 165
Postage and courier	28 021	44 683	14 527	8 539
Printing and stationery	804 468	1 346 609	525 517	231 316
Rentals	879 957	1 644 954	574 371	291 607
Repairs and maintenance	625 990	697 114	418 715	120 535
Sales acquisition costs	1 531 813	408 974	804 807	76 720
Security	492 143	377 604	335 659	65 365
Staff costs	7 916 644	24 354 709	4 837 855	4 401 358
Staff welfare and refreshments	1 091 104	1 251 712	769 408	232 984
Telephone and fax	503 506	1 118 561	325 264	196 552
Training	336 534	286 270	184 904	51 515
Travel	385 765	1 555 551	246 981	257 540
	25 768 641	**55 405 575**	**15 947 048**	**9 610 443**

21 TAXATION EXPENSE

Major components of the tax expense

	INFLATION ADJUSTED Dec 2019 ZWL$	INFLATION ADJUSTED June 2019 ZWL$	HISTORICAL COST Dec 2019 ZWL$	HISTORICAL COST June 2019 ZWL$
Current				
Local income tax - current period	1 709 808	11 991 369	141 420	1 685 754
Deferred				
Deferred tax (note 8)	6 855 036	3 762 731	3 416 602	1 189 420
	8 564 844	**15 754 100**	**3 558 022**	**2 875 174**

22 AUDITORS' REMUNERATION

	INFLATION ADJUSTED Dec 2019 ZWL$	INFLATION ADJUSTED June 2019 ZWL$	HISTORICAL COST Dec 2019 ZWL$	HISTORICAL COST June 2019 ZWL$
Fees	1 309 088	1 013 863	1 136 766	195 958
Tax and secretarial services	97 954	202 437	57 000	42 452
	1 407 042	**1 216 300**	**1 193 766**	**238 410**

23 CASH GENERATED FROM/(USED IN) OPERATIONS

	INFLATION ADJUSTED Dec 2019 ZWL$	INFLATION ADJUSTED June 2019 ZWL$	HISTORICAL COST Dec 2019 ZWL$	HISTORICAL COST June 2019 ZWL$
Profit before income tax	(11 454 107)	36 461 805	22 284 599	14 269 207
Adjustments for:				
Depreciation and amortisation	1 710 991	1 981 390	428 136	209 267
Fair value adjustments	10 434 070	(27 262 348)	(19 122 174)	(8 530 140)
Profit on disposal of non current assets	-	(49 208)	-	(9 821)
Unrealised foreign exchange loss/(gain)	(5 074 841)	-	(3 338 711)	-
Net impairment	635 570	3 346 021	189 072	758 781
Interest received	(822 837)	(571 203)	(822 837)	(178 501)
Interest expense	7 189 519	14 862 515	4 935 207	2 580 272
Changes in working capital:				
Increase/(decrease) in loans and advances to customers	40 252 359	(153 074 390)	(25 205 590)	(47 835 747)
Increase/(decrease) in other assets	(1 813 328)	4 092 368	(3 085 897)	1 278 865
Increase in deposits from customers	3 596 941	2 744 518	9 864 772	857 662
Increase/(decrease) in other financial liabilities	(13 857 953)	18 689 722	(1 425 396)	5 840 538
	30 796 384	**(98 778 810)**	**(15 298 819)**	**(30 759 616)**
This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.				
Cash and cash equivalents	24 685 056	25 679 070	24 685 056	8 034 745
Borrowings - repayable within one year	(2 179 278)	(6 618 301)	(2 179 278)	(2 068 219)
Borrowings - repayable after one year	(44 785 492)	(71 353 074)	(44 785 492)	(22 328 313)
Net debt	**(22 279 714)**	**(52 292 305)**	**(22 279 714)**	**(16 361 787)**

	Cash at bank including bank overdraft ZWL$	Borrowings ZWL$	Total ZWL$
Net debt as at 1 July 2018	**3 127 535**	**(11 573 929)**	**(8 446 394)**
Cashflows (based on total amounts per Statement of Cash flows)	4 907 210	(12 822 603)	**(7 915 393)**
Net debt as at 30 June 2019	**8 034 745**	**(24 396 532)**	**(16 361 787)**
Cashflows (based on total amounts per Statement of Cash flows)	16 650 311	(22 568 237)	**(5 917 926)**
Net debt as at 31 December 2019	**24 685 056**	**(46 964 770)**	**(22 279 714)**

24 TAX PAID

	INFLATION ADJUSTED Dec 2019 ZWL$	INFLATION ADJUSTED June 2019 ZWL$	HISTORICAL COST Dec 2019 ZWL$	HISTORICAL COST June 2019 ZWL$
Balance at beginning of the year	2 339 944	2 743 995	732 147	311 487
Current tax for the year recognised in profit or loss (note 20)	(1 709 808)	(11 991 369)	(141 420)	(1 685 754)
Balance at end of the year	(1 066 588)	(2 339 943)	(1 066 588)	(732 147)
	(436 452)	**(11 587 317)**	**(475 861)**	**(2 106 414)**

25 AMOUNTS DUE FROM/(TO) RELATED PARTY LOANS

	INFLATION ADJUSTED Dec 2019 ZWL$	INFLATION ADJUSTED June 2019 ZWL$	HISTORICAL COST Dec 2019 ZWL$	HISTORICAL COST June 2019 ZWL$
Staff loans				
Opening balance	2 681 572	2 226 284	839 039	696 762
Disbursements/(repayments)	529 621	132 811	2 451 632	41 503
Interest charge	232 323	322 477	152 844	100 774
Amount due from staff	**3 443 516**	**2 681 572**	**3 443 515**	**839 039**

These amounts generally arise from transactions within the normal operating activities of the Bank. Interest is charged at rates above the threshold for taxable benefits for all loans. Collateral is not obtained with the exception of mortgage loans or vehicle loans.

GETBUCKS MICROFINANCE BANK LIMITED FINANCIAL STATEMENTS
For the Six Months Ended 31 December 2019

Notes to the Financial Statements (continued)
For the year ended 31 December 2019

26 OPERATING SEGMENTS

Management has determined the operating segments based on the reports reviewed by the Executive Committee (chief operating decision maker) which is responsible for allocating resources to the reportable segments and assesses its performance. The consumer loans, SME and Bureau segments are the only operating segments that meet the definition of a reportable segment. The consumer loans, SME and Bureau segments have been identified on the basis of their contribution to total assets of the operating segments. All revenue is derived from customers in Zimbabwe. The consumer loan segment offers payroll based loans to employed individuals whereas the SME department offers loans to small and medium enterprises. There are no clients that account for more than 10% of revenue. There are no transactions between segments. The Bank does not have interests in profit or loss of associates accounted for by the equity method or material non-cash items other than depreciation and amortisation.

	HYPERINFLATION				
	Consumer ZWL$	SME ZWL$	Bureau ZWL$	Other ZWL$	Total ZWL$
31 December 2019					
Third party income	18 023 375	5 987 970	11 077 954	1 313 194	**36 402 493**
Impairment losses on loans and advances	(907 296)	(301 434)		(66 106)	**(1 274 836)**
Net operating income	**17 116 079**	**5 686 536**	**11 077 954**	**1 247 088**	**35 127 657**
Interest income	21 158 935	5 385 871	-	1 313 194	**27 858 000**
Interest expense	(3 559 630)	(1 182 629)	(2 187 904)	(259 357)	**(7 189 520)**
Net interest income	**17 599 305**	**4 203 242**	**(2 187 904)**	**1 053 837**	**20 668 480**
Fee and commission Income	7 942 394	602 099	-	-	**8 544 493**
Total net income	**25 541 699**	**4 805 341**	**(2 187 904)**	**1 053 837**	**29 212 973**
Depreciation and amortisation	(1 217 706)	(404 563)	-	(88 723)	**(1 710 991)**
Other income / (expenses)	(29 995 079)	(6 284 903)	(556 839)	(1 378 313)	**(38 215 134)**
Segment profit before tax	(5 671 086)	(1 884 125)	(3 485 697)	(413 199)	**(11 454 107)**
Income tax expense	(4 240 572)	(1 408 860)	(2 606 441)	(308 971)	**(8 564 844)**
Profit for the year	**(9 911 658)**	**(3 292 985)**	**(6 092 138)**	**(722 170)**	**(20 018 951)**
30 June 2019					
Third party income	104 102 985	19 183 679	-	2 097 658	**125 384 322**
Impairment losses on loans and advances	(4 436 018)	(817 451)		(89 385)	**(5 342 854)**
Net operating income	**99 666 967**	**18 366 228**	**-**	**2 008 273**	**120 041 468**
Interest income	61 460 336	15 729 321	-	2 097 658	**79 287 315**
Interest expense	(12 849 543)	(2 273 950)	-	(248 647)	**(14 862 516)**
Net interest income	**48 610 793**	**13 455 371**	**-**	**1 849 011**	**64 424 799**
Fee and commission Income	42 642 649	3 454 358	-	-	**46 097 007**
Total net income	91 253 442	16 909 729	-	1 849 011	**110 521 806**
Depreciation and amortisation	(1 645 091)	(303 151)	-	(33 148)	**(1 981 390)**
Other income / (expenses)	(59 335 166)	(11 027 957)	-	(1 205 864)	**(71 568 987)**
Segment profit before tax	30 273 185	5 578 621	-	609 999	**36 461 805**
Income tax expense	(13 080 175)	(2 410 362)	-	(263 563)	**(15 754 100)**
Profit for the year	**17 193 010**	**3 168 259**	**-**	**346 436**	**20 707 705**

	HISTORICAL COST				
	Consumer ZWL$	SME ZWL$	Bureau ZWL$	Other ZWL$	Total ZWL$
31 Dec 2019					
Third party income	11 185 904	3 429 520	5 824 277	882 333	**21 322 034**
Impairment losses on loans and advances	(444 661)	(136 330)	-	(35 075)	**(616 066)**
Net operating income	**10 741 243**	**3 293 190**	**5 824 277**	**847 258**	**20 705 968**
Interest income	12 022 501	3 063 278	-	882 333	**15 968 112**
Interest expense	(3 562 113)	(1 092 119)	-	(280 976)	**(4 935 208)**
Net interest income	**8 460 388**	**1 971 159**	**-**	**601 357**	**11 032 904**
Fee and commission Income	4 987 680	366 242	-	-	**5 353 922**
Total net income	**13 448 068**	**2 337 401**	**-**	**601 357**	**16 386 826**
Depreciation and amortisation	(224 607)	(68 863)	-	(17 717)	**(428 136)**
Other income / (expenses)	(1 532 579)	1 315 805	(311 083)	338 524	**(189 333)**
Segment profit before tax	11 690 882	3 584 343	6 087 209	922 164	**22 284 598**
Income tax expense	(1 866 599)	(572 286)	(971 901)	(147 235)	**(3 558 021)**
Profit for the year	**9 824 283**	**3 012 057**	**5 115 308**	**774 929**	**18 726 577**
30 June 2019					
Third party income	16 504 258	2 953 741	-	543 956	**20 001 955**
Impairment losses on loans and advances	(402 589)	(266 889)	-	(9 126)	**(678 604)**
Net operating income	**16 101 669**	**2 686 852**	**-**	**534 830**	**19 323 351**
Interest income	9 765 499	2 354 232	-	365 455	**12 485 186**
Interest expense	(2 129 066)	(381 036)	-	(70 171)	**(2 580 273)**
Net interest income	**7 636 433**	**1 973 196**	**-**	**295 284**	**9 904 913**
Fee and commission Income	6 917 260	599 509	-	-	**7 516 769**
Total net income	**14 553 693**	**2 572 705**		**295 284**	**17 421 682**
Depreciation and amortisation	(171 610)	(31 801)	-	(5 856)	**(209 267)**
Other income / (expenses)	(2 602 021)	(433 734)	-	92 547	**(2 943 208)**
Segment profit before tax	11 780 062	2 107 170	-	381 975	**14 269 207**
Income tax expense	(2 372 399)	(424 584)	-	(78 191)	**(2 875 174)**
Profit for the Year	**9 407 663**	**1 682 586**	**-**	**303 784**	**11 394 033**

27 RELATED PARTIES

27.1 Relationships

Holding Company	MyBucks S.A (Luxembourg)
Intermediate holding Company	GetBucks Limited (Mauritius)
Shareholder	Ecsponent Zimbabwe (Private) Limited
Fellow subsidiaries	GetBucks (Proprietary) Limited (Botswana)
	BU Bucks (Proprietary) Limited
	CashCorp (Proprietary) Limited
	TU Loans (Proprietary) Limited
	GetBucks Limited (Malawi)
	EMU-INYA Enterprises: Limited Kenya
	GetSure Botswana (Proprietary) Limited (Botswana)
	GetBucks Botswana
	GetBucks Invest GmbH (Austria)
	GetBucks Spain SL
	GetBucks Poland SP z.o.o.
	GetBucks Financial Services Limited (Zambia)
	MyBucks Banking Corporation Holdings
	MHMK Private Limited Zimbabwe
	SureChoice Global Ventures
	Ligagu Investments (Proprietary) Limited (Swaziland)
Entities under common control	GetBucks (Proprietary) Limited (South Africa)
	VSS Financial Services (Proprietary) Limited (South Africa)
	GetSure (Proprietary) Limited South Africa

27 RELATED PARTIES (CONTINUED)

27.2 Related party balances

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec 2019 ZWL$	June 2019 ZWL$	Dec 2019 ZWL$	June 2019 ZWL$
Related party receivables				
MBCH	261 673		261 673	
SureChoice	76 151	-	76 151	-
Related party payables				
GetBucks Limited (Mauritius)	-	16 024 579	-	5 007 681
GetBucks Botswana	108 062		108 062	
Related party loans and advances				
R. Mbire	1 664	281 600	1 664	88 000
Rockcastle Commodities (Pvt) Ltd	1 500 000	570 218	1 500 000	178 193
Related party deposits				
MHMK Private Limited Zimbabwe	764	534 822	764	167 132
GetBucks Limited (Mauritius)	(16 041)	(1 717 471)	(16 041)	(536 710)
Related party equity balances				
P. Soko	3 012	9 638	3 012	3 012

These transactions normally arise from transactions outside the usual operating activities of the Bank. Interest is not charged and collateral is not obtained. All balances are payable / receivable within 12 months. Related party receivables and related party loans and advances have been assessed for impairment and are included in the impairment assessment.

27.3 Related party transactions

Management fees paid to related parties				
GetBucks Limited (Mauritius)	2 722 838	4 068 451	1 685 946	657 248

Management fees are paid monthly. The fees relate to costs incurred for systems used in lending, collections and core banking infrastructure as well as ongoing management support from the group.

27.4 Key management personnel compensation
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, and include the Chief Executive Officer, Chief Operations Officer, Chief Finance Officer, Chief Risk Officer, Head of Retail, Head of Internal Audit, Head of SME, Head of Treasury, Chief Technology Officer, Head of Finance and Head of Human Resources.

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec 2019 ZWL$	June 2019 ZWL$	Dec 2019 ZWL$	June 2019 ZWL$
Short term employment benefits	3 067 948	3 340 198	2 018 387	1 043 812
Post employment benefits	53 449	220 944	35 164	69 045
Termination benefits	-	36 308	-	11 346
	3 121 397	**3 597 450**	**2 053 551**	**1 124 203**

28 EMPLOYEE BENEFITS

Pension fund
All eligible employees contribute to the GetBucks pension fund which is a defined contribution pension fund. The Company has no legal or constructive obligation to pay should fund assets be insufficient to meet fund obligations. Contributions to the pension fund are expensed as part of staff costs.

All employees are members of the National Social Security Authority Scheme (NSSA), to which both the Company and the employees contribute. Contributions by the employer are charged to profit and loss.

Pension expense	114 005	348 221	75 003	108 819
NSSA expense	23 546	72 379	15 491	22 618
	137 551	**420 600**	**90 494**	**131 437**

29 DIRECTORS' EMOLUMENTS

No emoluments were paid to the executive directors during the year.

Non-executive				
Directors' fees for services as directors (note 19)	398 421	574 972	143 656	88 467

30 RISK MANAGEMENT

Financial risk management
The Company's activities expose it to a number of financial risks. Taking risk is core to a financial services business and the Company aims to achieve a balance between risk and return. The risk management policies are designed to identify, analyse these risks and, limits, controls and monitor the risk using up to date information systems. Risk management is carried out by management using board approved policies. The most important types of risks are credit, liquidity and market risk. Market risk includes currency and interest rate risk. Management is responsible for identifying, monitoring and mitigating financial risks faced by the Company. The Board of Directors assists in ensuring compliance with these policies.

30.1 Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans and advances to customers. For risk management purposes, the Company considers and consolidates all elements of credit risk exposure such as individual obligor default employer and default risk. Credit risk and exposure to loss are inherent parts of the Company's business stemming from cash and cash equivalents (note 4) and loans and advances to customers (note 5).

The provision of unsecured loans to individuals and business is the main activity of the Company, hence exposure to credit risk and its management are key considerations of the business. Customer credit risk is mitigated by the utilisation of payroll collection models for unsecured individual loans which ensures that the loans are collectable during their tenure, and collateral security for SME and mortgage loans.

The Board Credit Committee periodically reviews and approves the Company's policies and procedures to define, measure and monitor the credit and settlement risks arising from the Company's activities. Limits are established to control these risks. Any facility exceeding established limits of management must be approved by the Board Credit Committee. Management evaluates the credit exposure and assures ongoing credit quality by reviewing individual loans and monitoring of any corrective action taken to address credit risk. These policies are contained in the Credit Policy.

The Company's Credit Department periodically prepares detailed reports on the quality of the customers and adequacy of loan impairment allowance for review. To maintain an adequate allowance for credit losses, the Company generally provides for a loan or a portion thereof, when a loss is probable.

The objective of our credit risk management is to ensure that credit is granted to credit worthy clients so as to result in recovery of loans following disbursements.

The Company also has a Board Credit and Loans Review committees chaired by non-executive directors to monitor the risk using information prepared by management as detailed in this note 30.1 and recommending corrective action to management where necessary. This committee meets quarterly and reports to the Board of Directors.

The Company mainly provides loans to gainfully employed individuals that work for companies and mostly the public service that have concluded a deduction agreement. In terms of the agreement the employer deducts loan instalments from customers salaries based on pre-agreed terms. This mitigates the risk of default on consumer loans.

Credit policies, procedures and limits
The Company has sound and well-defined policies, procedures and limits which are reviewed and approved by the Board of Directors and strictly implemented by management. Credit risk limits include delegated approval and write-off limits for management and Board Credit Committee, individual account limits and concentration. During the year the minimum loan granted and limits were ZWL50 (2018:ZWL50) and the maximum was ZWL1 600 000 (2018: ZWL1 000 000) for up to 120 months (2018:120 months).

To ensure that the Company only lends to credit worthy customers, before loans are disbursed, checks are conducted to verify identity, employment status and affordability of loan products being applied for. Where possible external credit checks are conducted. Similar checks are conducted for SME's and where deemed necessary collateral or credit insurance is obtained to mitigate risk of default.

Credit risk mitigation and hedging
As part of the Company's credit risk mitigation and hedging strategy, various types of collateral is taken by the Company. These include mortgage bonds over residential, commercial and industrial properties, cession of book debts and the underlying movable assets financed.

Collateral held for exposure
An estimate of the fair value of collateral and other credit enhancements held against loans and advances to customers are shown below based on their collateral types :-

Collateral types	Segment	Dec 2019 ZWL$	June 2019 ZWL$
Mortgage Bonds	SME	20 281 068	21 463 124
Mortgage Bonds	Mortgages	1 312 100	1 351 479
Cession of book debts	SME	1 975 000	1 975 000
Guarantees	SME	400 000	2 705 420
Notarial Specific Covering bonds (NSCB)	SME	2 358 491	2 803 283
Pledge of listed shares	SME	1 720 000	440 000
Value of collateral		**28 046 659**	**30 738 306**

The collateral above is solely for the SME and mortgage segments. The gross carrying amount of assets is ZWL28 046 659. The gross loan book for SME and mortgage is ZWL 18 038 356. This implies that collateral is 1.6 times cover. There is no collateral for the consumer segment. None of the collateral was sold or repledged. The Company has an obligation to return it once respective loans have been settled.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

30 RISK MANAGEMENT (CONTINUED)

30.1 Credit risk (continued)

Maximum exposure to credit risk without taking into account collateral

	Note	Dec 2019 ZWL$	June 2019 ZWL$
Cash and cash equivalents (excluding cash on hand)	4	21 951 839	7 673 398
Loans and advances to customers	5.1	38 470 928	37 192 379
Financial assets	6.1	12 822 837	-
Total credit risk exposure		**73 245 604**	**44 865 777**

Where financial instruments are recorded at fair value the amounts shown above represent the current risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Other credit enhancements

Customer credit risk is mitigated by the utilisation of payroll collection models.

In addition all consumer loans granted to customers are covered by credit life insurance that pays the Company in case of death or permanent disability of the customer.

Impaired loans and securities

Impaired loans and securities are those for which the Company determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Company has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring. There were no renegotiated loans and advances to customers during the year (June 2019: nil).

Allowances for impairment

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- impacts on the measurement of ECL due to changes made to models and assumptions;
- financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

Incorporation of forward looking information in ECL measurement

Significant increase in credit risk "SICR"

In accordance with IFRS 9, all exposures are assessed to determine whether there has been SICR at the reporting date, in which case an impairment provision equivalent to the lifetime expected loss is recognised. SICR is determined for portfolios of exposures with similar credit risk and are tracked over time to determine deterioration relative to the originated population and consequently reflect an increase in credit risk. Determination of SICR was based on the rebuttable presumption that when contractual payments are more than 30 days past due there would be SICR. If a loan is 90 days past due it would be credit impaired.

The assessment of SICR and the calculation of ECL do not incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk.

The model did not use forward looking information in its ECL measurement as forecasts were beyond any reasonable stress test or worst case scenario. As a result, the model reverted to through the cycle ("TTC") estimates based on historic default patterns on the book to project future defaults. The current model therefore does not incorporate macroeconomic forecasts and, as a result, there are no sensitivity analyses on macroeconomic factors. The model will be reviewed every 3 months and once macroeconomic factors reflect forecasts forward looking information will be used. As there was no forward looking information used there are no sensitivities.

Other considerations to provisioning policy

The Company considers the provisioning requirements as set out in the Banking Regulations 2000 in order to align its policies to Company accounting policies, and the provisions of International Financial Reporting Standard ("IFRS") 9 - "Financial instruments" and makes the most prudent provision for its loans and advances based on the two methods. Where the regulatory provisions are higher than those required by the IFRS 9 expected credit losses, the excess is treated as an appropriation to a reserve.

Impairment and provisioning policies

In measuring credit risk of loans and advances the Bank reflects three components;

(i) the probability of default by the client or counterparty on its contractual obligations (PD);
(ii) current exposures to the counterparty (EAD)
(iii) the likely loss in the event of a default (LGD); and
(iv) Discount factor derived from the effective interest rate (Df)

Internal estimate of PDs and LGDs are based on model scores and observed historical data.
The entity does not take into account forward looking information as the model was conduced based on Through the Cycle ("TTC").

IFRS 9 introduces the concept of recognising expected credit losses from the origination date of the financial instrument. The intention being to reflect the economic phenomenon of the expected credit losses being incorporated into the pricing of financial instruments.

The expected credit losses are calculated using probability-weighted estimates calculated over the expected life of the financial intruments.
Thus ECL(t)=ECL(stage1) + ECL(stage2) + ECL(stage3)
and the following is also true;
ECL=Pobability of default(PD) x Loss Given Default(LGD) x Exposure At Default(EAD) x Discount factor(Df)

SME Loans impairment is calculated on an individual basis and is the difference between outstanding balance and present value, including period of default and reasons for default.

Credit risk concentration

	Total ZWL$	ECL Stage 2 & 3 ZWL$	Write offs ZWL$	Impairment allowance ZWL$
As at 31 December 2019				
Retail	11 487 198	4 264 594	36 586	425 174
Consumer	22 886 563	3 079 155	390,409	859 671
Construction	864 488	-	-	6 311
Agriculture	4 724 335	379 159	-	177 457
	39 962 584	**7 722 908**	**426 995**	**1 468 613**
As at 30 June 2019				
Retail	10 963 186	4 264 594	47 244	598 655
Consumer	24 975 436	2 516 766	284 330	658 759
Construction	1 079 830	-	-	-
Agriculture	1 453 469	887 145	-	22 128
	38 471 921	**7 668 505**	**331 574**	**1 279 542**

Also refer to note 5.3 for concentration information on loans. The disclosure reflecting the split between use of 12 month and lifetime ECL is included in note 5.6.

Write-off policy

Financial assets are only written off when the entity has no reasonable expectation of recovery. The bank write-off policy states that a loan with a contractual maturity of more than 1 month will be written off after 365 days of non-payment. Loans with a contractual maturity of 1 month are written off after 180 days of non-payment.

The Bank holds collateral against loans and advances to customers in the form of mortgage interest over property, other registered securities over assets, charges against receivables and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Assets written off are not subject to enforcement activity. Partial write-offs may be possible in cases where collateral security held is inadequate to expunge the debt in full.

30.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises when assets and liabilities have differing maturities.

The liquidity risk is managed by the Management Assets and Liabilities Committee ("ALCO") of the Company which reviews the Company's liquidity profile by monitoring the difference in maturities between assets and liabilities and analysing the future level of funds required based on various assumptions, including its ability to liquidate investments and participate in money markets.

Assumptions used take into account loan collections, loan maturities, and operational costs. The Company's liquidity as a lending institution is dependent on the ability to collect instalments from advances made to customers. In case of shocks, delays or inability to collect instalments the Company relies on loan facilities from other financial institutions to ensure that it can meet its obligations.

30 RISK MANAGEMENT (CONTINUED)

30.2 Liquidity risk (continued)

GETBUCKS ZW 1790/11

The table below analyses the Company's non-derivative financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Gap analyses are used to determine any periods of liquidity mismatch in order to take any necessary action in advance.

The amounts disclosed in the table are the contractual undiscounted cash flows:

	0-1 month ZWL$	1-3 months ZWL$	3-6 months ZWL$	6-12 months ZWL$	1-5 years ZWL$	Total ZWL$
Liquidity profiling 31 December 2019						
Assets						
Cash and cash equivalents	24 685 056	-	-	-	-	24 685 056
Loan book	6 290 694	11 655 927	14 555 602	14 840 563	8 492 247	55 835 033
Other receivables	17 318	34 637	69 274	181 844	795 369	1 098 442
	30 993 068	**11 690 564**	**14 624 876**	**15 022 407**	**9 287 616**	**81 618 531**
Liabilities						
Borrowings	316 176	6 588 098	1 192 892	51 136 654	2 661 181	61 895 001
Deposits from customers	12 429 014	80 370	-	-	372 149	12 881 533
Trade payables	4 451 092	-	-	-	-	4 451 092
	17 196 282	**6 668 468**	**1 192 892**	**51 136 654**	**3 033 330**	**79 227 626**
Asset and liability gap	**13 796 786**	**5 022 096**	**13 431 984**	**(36 114 247)**	**6 254 286**	**2 390 905**
Cumulative gap	**13 796 786**	**18 818 882**	**32 250 866**	**(3 863 381)**	**2 390 905**	**-**
Liquidity profiling 30 June 2019						
Assets						
Cash and cash equivalents	25 679 070	-	-	-	-	25 679 070
Loan book	14 049 310	27 494 257	35 775 694	51 992 135	64 611 439	193 922 835
Other receivables	1 076 658	-	-	-	-	1 076 658
	40 805 038	**27 494 257**	**35 775 694**	**51 992 135**	**64 611 439**	**220 678 563**
Liabilities						
Financial borrowings	1 375 593	30 136 838	19 884 783	18 948 825	11 961 064	82 307 103
Deposits from customers	-	8 462 761	-	-	670 681	9 133 442
Trade payables	6 618 099	-	-	-	-	6 618 099
	7 993 692	**38 599 599**	**19 884 783**	**18 948 825**	**12 631 745**	**98 058 644**
Asset and liability gap	**32 811 346**	**(11 105 342)**	**15 890 911**	**33 043 310**	**51 979 694**	**122 619 919**
Cumulative gap	**32 811 346**	**21 706 004**	**37 596 915**	**70 640 225**	**122 619 919**	**-**

The asset and liability gap is negative for the 1-3 month bracket and will be managed through utilisation of the cumulative positive position and change of maturities.

30.3 Market risk

The risk of a change in the actual or effective market value or earnings of a portfolio of financial instruments caused by adverse movements in market variables such as equity, bond and commodity prices, currency exchange rates and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of the above.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates.

The Company's main interest rate risk arises from long-term borrowings which are issued at fixed rates. These expose the Company to cash flow interest rate risk which is partially offset by having a short term portfolio as the main asset in the Company by reducing net interest expense.

The table below indicates all interest bearing financial borrowings and all interest bearing financial assets (excluding cash and cash equivalents, other receivables and payables) at fixed rates.

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec 2019 ZWL$	June 2019 ZWL$	Dec 2019 ZWL$	June 2019 ZWL$
Fixed interest bearing assets	38 470 928	118 866 933	38 470 928	37 192 379
Fixed interest bearing borrowings	46 964 770	77 971 375	46 964 770	24 396 532

This risk is managed by the Company's Asset and Liabilities Committee ("ALCO") through the analysis of rate sensitive assets and liabilities, using such models as Scenario Analysis and control and management of the identified gaps.

Scenario analysis of net interest income

The Company's loan book is affected by interest rate movements on net interest income. The desired interest rate risk profile is achieved through effective management of the statement of financial position composition. When analysing the impact of a shift in the yield curve on the Company's interest income, the Company recognizes that the sensitivity of changes in the interest rate environment varies by asset and liability class. Scenarios are defined by the magnitude of the yield curve shift assumed. Analysis of the various well as their respective expected values.

	31 Dec 2019 ZWL$	Effect on profit before tax 31 Dec 2019 ZWL$	30 June 2019 ZWL$	Effect on profit before tax 30 June 2019 ZWL$
Interest rate change				
1% increase				
Assets	38 470 928	159 681	37 192 379	124 852
Liabilities	46 964 770	49 352	24 396 532	25 803
Net effect	-	110 329	-	99 049

Interest rate repricing gap analysis

The table below analyses the Bank's interest rate risk exposure on assets and liabilities. The financial assets and financial liabilities are categorised by the earlier of contractual repricing or maturity dates.

The table below shows the interest rate repricing gap analysis;

Interest rate repricing gap analysis	Up to 3 months ZWL$	3 months to 1 year ZWL$	Over 1 year ZWL$	Total ZWL$
As at 31 December 2019				
Assets				
Cash and cash equivalents	24 685 056	-	-	24 685 056
Loans and advances to customers	10 903 356	20 700 493	4 246 897	35 850 746
	35 588 412	20 700 493	4 246 897	60 535 803
Liabilities				
Deposits from customers	12 509 384	-	372 149	12 881 533
Borrowings	6 904 274	52 329 546	2 661 181	61 895 002
	19 413 658	52 329 546	3 033 330	74 776 535
Interest rate repricing gap	**16 174 754**	**(31 629 053)**	**1 213 566**	**(14 240 733)**
Cumulative gap	**16 174 754**	**(15 454 300)**	**(14 240 733)**	**-**
As at 30 June 2019				
Assets				
Cash and cash equivalents	25 711 184	-	-	25 711 184
Loans and advances to customers	26 657 635	61 407 318	21 795 550	109 860 503
	52 368 819	61 407 318	21 795 550	135 571 687
Liabilities				
Deposits from customers	8 462 762	-	670 682	9 133 444
Borrowings	31 512 431	38 833 608	11 961 065	82 307 104
	39 975 193	38 833 608	12 631 746	91 440 548
Interest rate repricing gap	12 393 626	22 573 710	9 163 803	44 131 139
Cumulative gap	**12 393 626**	**34 967 336**	**44 131 139**	**-**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

30 RISK MANAGEMENT (CONTINUED)

30.4 Foreign currency risk

The Company takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Foreign Exchange risk arises from having transactions and balances denominated in currencies that are not the functional and presentation currency, the 'ZWL Dollar'. The bank does not use hedge instruments to manage foreign currency exchange risk.

The table below indicates the currencies to which the Bank had significant exposure at 31 December on all its assets and liabilities. The analysis reflects the mismatch by currency. The amounts are shown at the equivalent values in Zimbabwean Dollars (ZWL$), the presentation currency;

As at 31 December 2019	US$	RAND	GBP	EUR	BWP	TOTAL
Assets						
Cash and cash equivalents	15 796 698	92 535	701 331	139 380	50 479	16 780 423
Liabilities						
Related party liabilities	(108 062)	-	-	-	-	(108 062)
Deposits from customers	(8 762 138)	-	-	-	-	(8 762 138)
Net foreign exchange Position	**6 926 498**	**92 535**	**701 331**	**139 380**	**50 479**	**7 910 223**

Foreign exchange risk sensitivity analysis

At 31 December 2019, if foreign exchange rates at that date had been 10 percent lower with all other variables held constant, profit and reserves for the year would have been ZWL1 560 084 (June 2019:ZWL50 190) lower. If foreign exchange rates had been 10 percent higher, with all other variables held constant, profit and reserves would have been ZWL1 560 084 (June 2019:ZWL50 190) higher.

30.5 Capital risk management

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- to comply with the capital requirements set by the banking regulators;
- to safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to customers and other stakeholders and;
- to maintain a strong capital base to support the development of its business.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Company's capital resources should therefore be adequate to absorb losses such as operating losses, and capital losses on investments. So long as net losses can be fully offset against capital invested by the Company's owners, the legal claims of clients or other creditors are not compromised, and the Company can continue to function without interrupting its operations.

The Company has complied with all externally imposed capital requirements throughout the period. There have been no material changes in the Company's management of capital during the period. The Reserve Bank of Zimbabwe ("RBZ") regulates the minimum capital requirements of all microfinance lenders. The shareholders' equity for the Company at year end of ZWL50 979 899, was in compliance with the RBZ's minimum capital requirement of ZWL5 000 000. Management determines capital requirements by analysing cash flow projections and taking into account growth and defined gearing ratios.

The gearing ratios is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents as shown in the statement of financial position. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

	Dec 2019 ZWL$	June 2019 ZWL$
Total borrowings		
Other financial borrowings	46 964 770	24 396 532
	46 964 770	24 396 532
Less: cash and cash equivalents	24 685 056	8 034 745
Net debt	**22 279 714**	**16 361 787**
Total equity	50 518 105	27 601 324
Total capital	**72 797 819**	**43 963 111**
Gearing ratio	31%	37%

Capital adequacy and the use of regulatory capital is monitored daily by the Company's management and the directors employing techniques based on guidelines developed by the Basel Committee as implemented by the Reserve Bank of Zimbabwe for supervisory purposes. The Company's regulatory capital is managed by management and comprises three tiers;

- **Tier 1 Capital:** comprises contributed capital, accumulated profits, capital reserves (comprising share premium and share allocation reserves)
- **Tier 2 Capital:** comprises impairment allowance

	Dec 2019 ZWL$	June 2019 ZWL$
Capital adequacy		
Share capital	116	109
Share premium	8 562 235	2 883 628
Share application reserve	-	999 900
Accumulated profits	41 935 860	23 597 552
Other reserves	19 894	1 120 035
	50 518 105	28 601 224
Add: deductions		
Insider loans	88 137	88 000
Encumbered assets (Bank facility)	10 657 241	3 322 017
Total core capital	61 263 483	32 011 241
Supplementary capital		
General provisions	489 478	473 680
Core capital plus supplementary	61 752 961	32 484 921
Net capital base	61 752 961	32 484 921
Risk weighted assets	77 425 523	63 856 887
Tier 1 Ratio	79%	96%
Tier 2 Ratio	80%	51%
Capital adequacy ratio	80%	51%

The Bank has 3 classes of risk weighted assets. They are Credit, Market, and Operational risk assets which are components of the Capital Adequacy Ratio ("CAR") calculation. Risk weighted assets are used to determine the minimum amount of capital that must be held by banks to reduce the risk of failure. The capital requirement is based on a risk assessment for each type of bank asset. Capital charges are assigned as below:

Credit risk capital

Credit risk capital is subject to guidelines provided by the regulator which are based on Basel 1 principles. On this approach the Company's book exposures are categorised into broad classes of assets with different underlying risk characterised. Risk components are transformed into risk weighted assets using predetermined exposure and loss probability factors. Capital requirements for credit risk are derived from the risk weighted assets.

Market risk capital

Market risk capital is assessed using regulatory guidelines which consider the risk characteristics of the different trading book assets. Risk components are transformed into risk weighted assets and, therefore, capital requirements, based on predetermined exposure and loss probability factors.

Operational risk capital

This is the risk of losses arising from inadequate or failed internal processes, people and/or systems or from external events. Practices to minimise operational risk are embedded across all transaction cycles. Departmental key risk indicators are used for the purpose of identifying major risks in the operating environment and methods of mitigating the risks. The Company employs the standardised approach to determine capital required to cover operational risk. Each function carries out a risk and control assessment of their processes on a regular basis. The assessment results are reviewed by the Executive Committee of the Company. Internal Audit audits selected functions at given times.

Total capital

Total capital for the Company is assessed to be sufficient to support current business and planned capital projects. Growth in advances will continue to be pursued in such a way as to achieve economic asset yields.

31 FAIR VALUE OF ASSETS AND LIABILITIES

IFRS 13 'Fair value measurement' requires an entity to classify its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined below:

Quoted market prices - level 1

Assets and liabilities are classified as level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputs - level 2

Assets and liabilities classified as level 2 have been valued using models whose inputs are observable in an active market either directly (that is, as prices) or indirectly (that is, derived from prices).

Valuation technique using significant and unobservable inputs - level 3

Assets and liabilities are classified as level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value

The fair value of loans advanced to customers, lines of credit and amounts due to group companies approximate the carrying amount due to the short term nature of the financial assets and liabilities.

Fair value hierarchy	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	31 Dec 2019 ZWL$
As at 31 December 2019				
Loans and advances to customers and shareholders	-	-	38 470 928	38 470 928
Financial assets at amortised cost	-	-	12 822 837	12 822 837
Investment property	-	-	34 107 000	34 107 000
Other assets	-	-	10 554 973	10 554 973
Total	**-**	**-**	**95 955 738**	**95 955 738**
Other financial liabilities	-	-	7 463 086	7 463 086
Deposits from customers	-	-	12 718 972	12 718 972
Borrowings	-	-	46 964 770	46 964 770
Total	**-**	**-**	**67 146 828**	**67 146 828**

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	30 June 2019 ZWL$
As at 30 June 2019				
Loans and advances to customers and shareholders	-	-	118 866 933	118 866 933
Financial assets at amortised cost	-	-	-	-
Investment property	-	-	41 502 462	41 502 462
Other assets	-	-	8 741 645	8 741 645
Total	**-**	**-**	**169 111 040**	**169 111 040**
Other financial liabilities	-	-	21 321 038	21 321 038
Deposits from customers	-	-	9 122 031	9 122 031
Borrowings	-	-	77 971 375	77 971 375
Total	**-**	**-**	**108 414 444**	**108 414 444**

The fair values of other financial liabilities are based on cash flows discounted using rates based on the borrowing rate at which a third party would be lending. For loans from financial institutions the rate charged by these institutions has been applied to calculate their fair value. These loans are within level 3 of the hierarchy as the discount rates which take into account the Company's credit risk are not based on obtainable market data due to the absence of such data. All assets and liabilities in the table above, with the exception of investment property, are recorded at amortised cost. The fair value inputs for investment property have been disclosed in note 3.3.

Sensitivity analysis

Sensitivity analysis is performed on valuation of investment property with significant unobservable inputs (level 3) to generate a range of reasonable alternative valuations. The sensitivity methodologies applied take account of the nature of valuation techniques used, as well as the availability and reliability of observable proxy and historical data and the impact of using alternative methods. The valuation techniques and sensitivity analysis for investment classified in level 3 are described below:

Observability

Since each property is unique in nature, valuation inputs are largely unobservable. There are inter-relationships between unobservable inputs. Increases or Decreases in construction costs that enhance the property's features may result in an increase in future rental values and/or replacement costs.

	31 Dec 2019 ZWL$	31 June 2019 ZWL$
Change in land value per square meter (sales comparison): 5% change in replacement cost per square meter	1 705 350	649 287
Change in rentals per square meter (Implicit Investment Approach): 5% change in rentals per square meter	1 676 549	638 321
Investment properties in prior year represented only land and hence rentals were not applicable		
Change in the yield earned (Implicit investment approach): 1% change in yield earned on the investment properties	3 410 700	1 298 574

Unobservable inputs for the other financial assets and liabilities are derived from the specific contractual terms.

32 BORROWING POWERS

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

33 CONTINGENT LIABILITIES

There were no contingent liabilities as at as at 31 December 2019 (30 June 2019: ZWL$$nil).

34 CAPITAL COMMITMENTS

There were no authorised and contracted or authourised but uncontracted capital expenditure as at 31 December 2019. (30 June 2019: ZWL$$Nil)

35 EVENTS AFTER THE REPORTING DATE

Development of the Corona virus outbreak

On 30 January 2020, the International Health Regulations Emergency Committee of the World Health Organisation declared the Corona virus outbreak a "Public Health Emergency of International Concern". Many countries have instituted travel restrictions and implemented measures that result in curtailed local travel and reduced business operations and trading. Disruptions are more pronounced in some industries such as tourism and hospitality, transportation, and entertainment. This will result in knock on effects on other sectors.

The Government of Zimbabwe declared Corona virus a national disaster and subsequently effected a national lockdown for 21 days, with a possibility of extension, effective 30 March. This has led to business disruptions for most non-essential services, which have been shut-down. During the lockdown, the bank has operated the essential services prescribed by the central bank in its circular which include provision of digital platforms, call centre and remittances. Regular branch operations were closed down for the lock down period resulting in a moderate impact on the business as a whole. The banking sector is a key contributor to the financial stability of the economy as whole. Minimal operation during the lockdown was in compliance with the guidance provided Statutory Instrument 83 of 2020 and the RBZ Circular that operationalised this for financial institutions.

As at reporting date this was assessed as a non-adjusting event after reporting date as the impact was uncertain by reporting date owing to uncertainty regarding how the pandemic would affect the Bank in particular and country in general. The impact on the Bank is forecast to only affect the period after reporting date.

Impact on loans and advances to customers including credit risk

The pandemic may result in reduced credit extension particularly for the SME segment which is depended on businesses being operational. Repayment pattern might be adversely affected especially if curtailed business activity levels persist. On the other hand, the Consumer appears unlikely to be materially affected as loans are deduction at source with the majority receivable from civil servants.

The default rates and default recovery rates used in the measurement of expected credit loss provisions could be significantly impacted due to repayment delays and/or requests to extend loan repayments. The ECL model used does not take this into account owing to absence of forward looking information in credit risk assessment.

Impact on going concern

With the exception of non essential services described above, the Bank continues to operate normally owing to the various digital platforms available for clients. For non essential service personnel, the Bank has implemented strategies that permit working from home resulting in improved social distancing. Current restrictions have a moderate impact on income generation and profitability. The Bank has activated its Business Continuity Plan in response to the effects of the pandemic to ensure availability of services to clients is not disrupted.

The table below shows the impact, if operations were to be limited with a 5% overall effect based on the banks previous period's performance;

	Actual 6 Months to 31 Dec 2019 ZWL$	5% Effect on 12 Months to 31 Dec 2020 ZWL$
Total income	36 402 493	3 640 249
Profit before tax	(11 454 107)	(1 145 411)

The above sensitivity analysis suggests a minimal impact on the banks operations and thus management does not have any doubt on the bank's ability to continue as a going concern.

Independent auditor's report

To the Shareholders of GetBucks Microfinance Bank Limited

Our Adverse opinion

In our opinion, because of the significance of the matter discussed in the *Basis for adverse opinion* section of our report, the financial statements do not present fairly the financial position of GetBucks Microfinance Bank Limited (the "Company") as at 31 December 2019, and its financial performance and its cash flows for the six month period then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

What we have audited

GetBucks Microfinance Bank Limited's financial statements set out on pages 10 to 51 comprise:

- statement of financial position as at 31 December 2019;
- statement of comprehensive income for the six month period then ended;
- statement of changes in equity for the six month period then ended;
- statement of cash flows for the six month period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for adverse opinion

On 1 October 2018, the Reserve Bank of Zimbabwe issued a Monetary Policy Statement ("MPS") that directed a separation of Foreign Currency Bank Accounts ("FCAs") into two categories, Nostro FCAs and the RTGS FCAs. The Nostro FCAs were to hold individual foreign currencies permissible in Zimbabwe's multi-currency economy. The RTGS FCA would be held at the same value as the US$. Mobile money and bond notes and coins would be treated in the same way as the RTGS FCA.

As described in note 2.2 of the financial statements, during the year ended 30 June 2019, the Company transacted using a combination of the Nostro FCAs and RTGS FCA, mobile money, bond notes and coins. In terms of International Accounting Standard ("IAS") 21 - "*The Effects of changes in foreign exchange rates*", these payment methods would have been considered to be separate currencies to be translated for financial reporting purposes to the functional and presentation currency of the Company at an appropriate exchange rate. However, due to the Monetary Policy Statement legislation as described in note 2.2 to the financial statements, the transactions and balances in the financial statements for the year ended 30 June 2019 were reflected at parity. However, due to the Monetary Policy Statement, the financial statements for the year ended 30 June 2019, reflected these transactions and balances at parity. The Company changed its functional currency on 22 February 2019, which is not in compliance with IAS 21, which would have required a functional currency change on 1 October 2018 balances. This caused us to issue an adverse opinion on the financial statements for the year ended 30 June 2019 on the basis that many elements of the financial statements would have been materially restated had IAS 21 been applied. As the matter is unresolved, the current period's financial statements are consequently misstated in respect of opening balances.

Furthermore, as described in Note 3.1 to the financial statements, the Public Accountants and Auditors Board issued a pronouncement that required companies to apply the requirements of IAS 29 *"Financial Reporting in Hyperinflationary Economies"* in the preparation and presentation of its financial statements for financial periods beginning on or after 1 July 2019. The misstatements described in the paragraph above affect the historical amounts which enter into the calculation of the inflation adjusted amounts. Consequently, the inflation adjusted amounts are materially misstated. Had the underlying historical consolidated and separate financial statements been prepared in accordance with the requirements of IAS 21, and then inflation adjusted in accordance with IAS 29, many elements in the accompanying consolidated and separate financial statements would have been materially restated. It was not practicable to quantify the financial effects on the consolidated and separate financial statements.

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 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 adverse opinion.

Independence

We are independent of the Company in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Zimbabwe.

Our audit approach

Overview

Overall materiality:

ZWL$ 447,838, which represents 5% of the inflation adjusted profit before taxation adjusted for fair value adjustments and net monetary adjustments.

Key audit matters:

- Expected credit loss ("ECL") assessment for loans and advances to customers.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors 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.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	ZWL$447,838`
How we determined it	5% of inflation adjusted profit before taxation adjusted for fair value adjustments and net monetary adjustments.
Rationale for the materiality benchmark applied	We chose the inflation adjusted profit before taxation adjusted for fair value adjustments and net monetary adjustments as the benchmark because, in our view, it is the benchmark against which the performance of the Company is the closest approximation to using profit before tax which is the most generally accepted benchmark. We have adjusted the inflation adjusted profit before taxation for fair value adjustments to investment properties as these were impacted by the changes in foreign exchange rates movements during the year, which resulted in fluctuations to inflation adjusted profit before taxation. In addition, we adjusted for the net monetary adjustments, as these arose as a result of restatements to assets and liabilities and do not relate to operations. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for adverse opinion* section, we determined the matter described below to be key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
ECL assessment for loans and advances to customers The Expected credit losses ("ECL") assessment of loans and advances was considered to be a matter of most significance to our audit due to the following: ● the significant level of subjective judgement applied by management in determining the ECL on loans and advances to customers, and ● the significant effect that the ECL has on the Company's risk management processes and operations. As at 31 December 2019, gross loans and advances to customers comprising consumer loans, SME loans and mortgage loans amounted to ZWL$39,939,541 against which an expected credit loss allowance of ZWL$1,468,613 was recognised. Refer to Note 5 to the financial statements. The specific areas of significant management judgement within the ECL models include: ● The assumptions and methodologies applied to estimate the probability of default ('PD'), exposure at default ('EAD') and loss given default ('LGD'); ● The assessment of whether there has been a Significant Increase in Credit Risk ('SICR') since origination date of the exposure to the reporting date (i.e. a trigger event that will cause a deterioration in credit risk and result in migration of the loan from Stage 1 to Stage 2); ● The incorporation of forward-looking information and macro-economic inputs into SICR; ● The assumptions used for estimating the recoverable amounts (including collateral) and timing of future cash flows, particularly for stage 3 loans; and ● The determination of the write-off point. Disclosure is provided in the following notes to the financial statements: note 3.2 (Critical accounting estimates and judgements), note 5.6 (Impairment loss on loans and advances) and note 30.1 (Credit risk).	Our audit addressed the key audit matter as follows: We obtained an understanding of management's process for determining the ECL allowance for loans and advances to customers. We evaluated the design and implementation of controls that management implemented over the determination of the ECL allowance. We also evaluated the Company's processes over credit approval for loans and advances to customers and the monitoring of the credit performance by management and those charged with governance. For a sample of customers, we assessed the securities in place over the loans and advances as follows: ● We verified the securities in place by inspecting customer files for surety bonds registered in favour of the entity. ● We assessed the values of the securities by reference to the reasonableness of the valuations performed by independent valuers by making reference to other comparable assets values. ● We have also assessed the competence, capabilities and objectivity of the valuers by inspecting their professional qualifications, assessing the relevant experience and assessing their registration and affiliation with professional valuation bodies. We obtained management's ECL calculation for the current year and performed the following procedures to evaluate the reasonableness of the allowance: ● We utilised our actuarial expertise in assessing the reasonableness of the models used by the management to develop the estimate. In performing the assessment, we considered the appropriateness of significant assumptions, including the LGD and PD; ● We performed an IFRS 9 ECL gap analysis by testing and comparing the IFRS 9 ECL impairment methodologies documented by the directors against the principles and requirements as defined within IFRS 9 - *Financial Instruments*; ● We assessed the Company's adherence to its accounting policies on impairment of loans and advances to customers by testing the inputs to the computation and recalculating the impairment provision in line with the policy; and ● We assessed the level of collections made subsequent to year end and noted that they were consistent with management's expectations and had no significant impact on the year end impairment allowance balance.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled *"GetBucks Microfinance Bank Limited Financial Statements for the six months ended 31 December 2019"*, which we obtained prior to the date of this auditor's report, and the other sections of the document titled *"GetBucks Microfinance Bank Limited - 31 December 2019 Annual Report"*, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Adverse Opinion* section above, the financial statements contain possible material misstatements with respect to the application of IAS 21 and the consequent impact of this foreign currency translation matter on the hyperinflationary adjustments recognised. We have concluded that the other information is materially misstated for the same reasons, with respect to the amounts or other items in the other information affected by these matters.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Zimbabwe (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and,

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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.

Tinashe Rwodzi
Registered Public Auditor
Institute of Chartered Accountants of Zimbabwe, public practice certificate number 253568
Public Accountants and Auditors Board, public auditor certificate number 100
Partner for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)

1 June 2020