

Microfinance Bank

GetBucks Microfinance Bank Limited

Incorporated in Zimbabwe on 17 January 2012 and converted to a public company limited by shares on 4 November 2015
(Registration number 322/2012)

REVIEWED CONDENSED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The Board of Directors of GetBucks Microfinance Bank Limited (the "Company") presents the reviewed condensed interim financial results of the Company for the six months ended 30 June 2020 ("Interim Results").

Financial Highlights of the Bank

The inflation adjusted Interim Results when compared to the six months ended 30 June 2019 ("Comparative Period"), are set out below:

- Profit for the six months reduced by 99% to ZWL\$0.4 million compared to ZWL\$48.8 million for the Comparative Period;
- Earnings per share decreased by 99% to 0.04 cents per share compared to 4.46 cents per share in the Comparative Period; and
- Headline earnings per share decreased by 156% to a headline loss of 1.56 cents per share compared to the headline earnings per share of 2.77 cents for the Comparative Period.

No dividends were declared or paid during the period under review.

This short form announcement is the responsibility of the Board of Directors and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based as a whole on consideration of the reviewed financial results for the six months ended 30 June 2020 which may be downloaded from the Company's website at: <https://www.getbuckszw.com/> and may also be viewed, at no cost, at the Zimbabwe Stock Exchange website.

By Order of the Board of Directors



Chief Finance Officer
Patrick Mashinga

31 December 2020

CORONAVIRUS PROTECTION

Avoid the Three Cs

Beware of the different levels of settings in certain places where Covid-19 spreads easily:

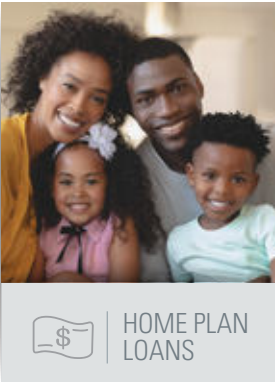
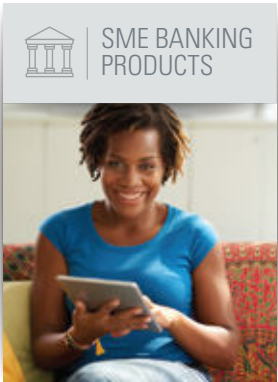
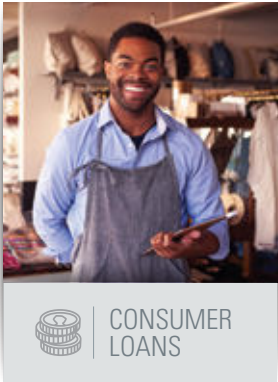
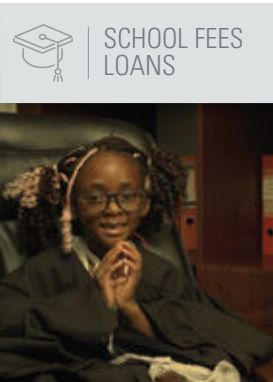
1. Crowded places
2. Close-contact settings
3. Confines and enclosed spaces



Banking but better
www.getbuckszw.com

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.



Chairman’s Statement

INTRODUCTION

It gives me pleasure to present the reviewed condensed interim financial statements for GetBucks Microfinance Bank Limited (the “Bank”) for the six months ended 30 June 2020 (the “Financial Results”). The Bank continues to be resilient in its operations despite the global and national challenges affecting the operating environment.

CURRENT ECONOMIC CONDITIONS

The local economy faced a very challenging six months due to the impact of hyperinflation and the COVID 19 pandemic. The market continued to suffer from inadequate foreign currency which was partially addressed by the introduction of the Foreign Exchange Auction Trading system by the Reserve Bank of Zimbabwe. Pricing instability characterised the market resulting in a 737% annual inflation rate as of 30 June 2020. These developments greatly increased the cost of doing business and curtailed revenue generation with notable pressure on employers to adjust wages. Further increases are expected in view of increased price of fuel and electricity. The Bank, however, continues to explore opportunities to deliver and preserve value in this tough economic environment.

OPERATIONAL RESULTS

The primary reporting numbers are inflation adjusted. Borrowings reduced from ZWL\$123 million to ZWL\$57.7 million reflecting real reduction in funds available for deployment into the loan book. The 53% reduction is reflected in the adverse movement in the bottom line as the income statement moved from a ZWL48.8 million profit in prior year to a ZWL411 thousand profit in current year. This was predominantly a result of a ZWL\$30 million net monetary loss as the Bank’s assets are predominantly monetary. In historical terms the bottom line increased by 567% to ZWL\$55.4 million. Restated operating expenses reduced by 3%, in historical terms there was a 380% increase. Management initiated aggressive measures to contain costs during the period under review as reflected by the restated amounts.

Customer deposits increased by 13% to ZWL\$37.9 million. Total assets reduced by 14% to ZWL\$286.7 million with the biggest source of reduction being the 57% reduction in the loan book in restated terms.

CAPITAL

The Bank’s ZWL\$148.7 million net equity position was greater than the minimum capital threshold of ZWL\$5 million. The Bank is actively pursuing strategies to ensure compliance with the USD5 million new minimum capital requirement effective 31 December 2021.

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.

COVID-19 UPDATE

The country is still affected by the effects of the COVID-19 pandemic and the Bank continues to closely monitor the impact of the crisis on its operations. The Bank implemented the World Health Organisation (“WHO”) guidelines to ensure the health and safety of its valued staff, clients and stakeholders. Several safeguards were introduced and these included staff working remotely from home and encouraging clients to use digital platforms thus reducing the need to visit the Bank. The initiatives have ensured improved social distancing due to the reduced number of customers within branches and the workplace. The Bank provided adequate protective equipment for staff visiting the offices and will continue to implement WHO guidelines, such as correct wearing of masks and use of sanitisers, by staff and customers.

OUTLOOK

The Bank was granted an Authorised Dealer licence on August 12, 2020 and can now participate in the International Banking segment. This is an exciting development that will enable the Bank to offer a broader range of products to its clients whilst increasing foreign currency transactional income. The banks results are expected to improve in Q3 due to new credit lines that will be accessed by the bank.

REVIEWER’S STATEMENT

These interim Financial Results have been reviewed by PriceWaterhouseCoopers Chartered Accountants Zimbabwe and the engagement partner was Mr. Tinashe Rwodzi (PAAB Practising Number 0100). An adverse opinion was issued because of non compliance with International Accounting Standard 21 (The Effects of Changes in Foreign Exchange Rates) and International Financial Reporting Standard 9 (Financial Instruments). The non-compliance with IAS 21 is industry wide and emanates from the manner and form of changes in currencies in that last 2 years. Secondly, the non compliance with IFRS 9 was in relation to the determination of effective interest for consumer loans which excluded administration fees. The reviewer’s report on these interim financial statements is available for inspection at the Company’s registered office.

APPRECIATION

I would like to thank our directors, staff, partners, shareholders, clients and other stakeholders who have supported the Bank through the many challenges faced during the period under review.

DR. R. MBIRE
CHAIRMAN OF THE BOARD OF DIRECTORS

DATE: 31 December 2020

Reviewed Condensed Statement of Financial Position
As at 30 June 2020

		INFLATION ADJUSTED		HISTORICAL COST	
	Note	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$
ASSETS					
Cash and cash equivalents	3	59 861 257	64 671 688	59 861 257	24 685 056
Loans and advances to customers	4	43 215 911	100 790 116	43 215 911	38 470 928
Financial assets at amortised cost	5.1	11 277 837	33 594 192	11 277 837	12 822 837
Other assets	5.2	29 481 017	13 408 696	5 632 502	5 118 073
Tax receivable		4 283 937	2 794 327	4 283 937	1 066 589
Investment property	6	115 780 000	89 356 929	115 780 000	34 107 000
Right of use asset	7	17 029	128 138	30 568	48 910
Intangible assets		1 859 189	2 750 032	380 713	434 481
Equipment	8	20 966 401	22 850 074	3 890 009	3 267 413
Total assets		286 742 578	330 344 192	244 352 734	120 021 287
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	9	2 675	2 675	116	116
Share premium		124 450 295	124 450 295	8 562 235	8 562 235
Regulatory reserve		210 183	52 123	210 183	19 894
Retained profits		24 003 306	23 749 659	97 152 422	41 935 860
Total equity		148 666 459	148 254 752	105 924 956	50 518 105
LIABILITIES					
Other financial liabilities	10	16 526 934	13 743 220	16 534 879	5 245 760
Deposits from customers	11	37 970 761	33 322 079	37 970 761	12 718 972
Deferred tax liabilities		25 839 950	11 982 456	26 183 664	4 573 680
Borrowings	12	57 738 474	123 041 685	57 738 474	46 964 770
Total liabilities		138 076 119	182 089 440	138 427 778	69 503 182
Total equity and liabilities		286 742 578	330 344 192	244 352 734	120 021 287

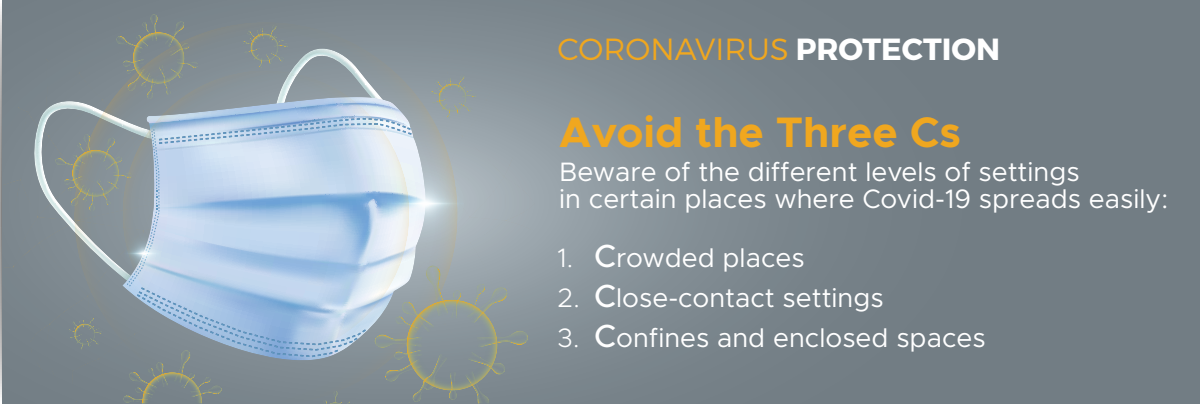
The above statements of financial position should be read in conjunction with accompanying notes.

The interim financial statements were approved by the Board of Directors and are signed on its behalf by:

Dr. R. Mbire
CHAIRMAN

Mr. T.W. Mudangwe
CHIEF EXECUTIVE OFFICER

DATE: 31 December 2020

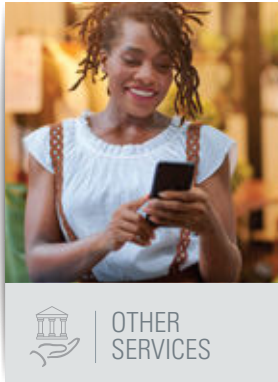
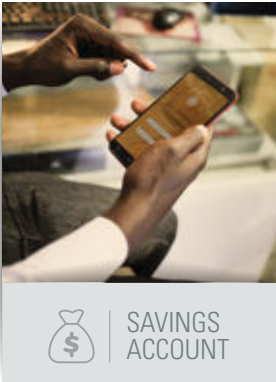


CORONAVIRUS PROTECTION

Avoid the Three Cs

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Reviewed Condensed Statement of Comprehensive Income
For the six months ended 30 June 2020

	Note	INFLATION ADJUSTED		HISTORICAL COST	
		JUNE 2020 ZWL\$	JUNE 2019 ZWL\$	JUNE 2020 ZWL\$	JUNE 2019 ZWL\$
Interest income	13	25 457 257	80 550 944	14 444 625	6 165 485
Interest expense	14	(12 260 021)	(20 492 495)	(7 573 471)	(1 651 727)
Net interest income		13 197 236	60 058 449	6 871 154	4 513 758
Fee and commission Income		11 138 603	59 639 626	6 335 076	4 385 418
Other income		3 149 786	1 381 929	1 769 750	110 957
Gain/Loss on foreign exchange		10 498 891	(12 219 942)	8 091 285	(991 639)
Fair value adjustment		24 592 051	27 262 348	80 509 344	8 530 140
Total net income		62 576 567	136 122 410	103 576 609	16 548 634
Impairment and allowances		(2 390 282)	(6 560 961)	(1 436 364)	(701 573)
Operating expenses	15	(54 536 769)	(70 718 284)	(28 340 759)	(5 904 102)
Net monetary adjustment		(30 037 657)	97 138 791	-	-
(Loss)/Profit before taxation		(24 388 141)	155 981 956	73 799 486	9 942 959
Income tax credit/(expense)	16	24 799 848	(107 186 608)	(18 392 635)	(1 550 245)
Profit for the year		411 707	48 795 348	55 406 851	8 392 714
Other comprehensive income					
Total comprehensive income for the period, net of tax		411 707	48 795 348	55 406 851	8 392 714
Earnings per share (cents)		0.04	4.46	4.76	0.77
Diluted earnings per share (cents)		0.04	4.46	4.76	0.77
Headline earnings per share		-1.56	2.77	3.17	-0.93

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

Reviewed Condensed Statement of Changes in Equity
For the six months ended 30 June 2020

	INFLATION ADJUSTED					
	Share capital ZWL\$	Share premium ZWL\$	Share application fund reserve ZWL\$	Regulatory and other reserves ZWL\$	Retained Earnings ZWL\$	Total equity ZWL\$
Balance at 1 July 2019	2 515	69 004 728	23 077 056	670 630	77 282 122	170 037 051
Profit for the six months	-	-	-	-	(52 659 328)	(52 659 328)
Total comprehensive income for the six months	-	-	-	-	(52 659 328)	(52 659 328)
Rights issue	160	32 368 511	-	-	-	32 368 671
Dividends declared and paid	-	-	-	-	(1 491 642)	(1 491 642)
Transfer to share premium	-	23 077 056	(23 077 056)	-	-	-
Transfer from regulatory reserve and other reserves	-	-	-	(618 507)	618 507	-
Balance at 31 December 2019	2 675	124 450 295	-	52 123	23 749 659	148 254 752
Balance at 1 January 2020	2 675	124 450 295	-	52 123	23 749 659	148 254 752
Profit for six months	-	-	-	-	411 707	411 707
Total comprehensive income for the six months	-	-	-	-	411 707	411 707
Transfer from regulatory reserve and other reserves	-	-	-	158 060	(158 060)	-
Balance at 30 June 2020	2 675	124 450 295	-	210 183	24 003 306	148 666 459



REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2020

Reviewed Condensed Statement of Changes in Equity - (Continued)

For the six months ended 30 June 2020

	HISTORICAL COST					
	Share capital ZWL\$	Share premium ZWL\$	Share application fund reserve ZWL\$	Regulatory and other reserves ZWL\$	Retained Earnings ZWL\$	Total equity ZWL\$
Balance at 1 July 2019	109	2 883 628	999 900	120 135	23 708 640	27 712 412
Profit for the year	-	-	-	-	18 615 489	18 615 489
Total comprehensive income for the year	-	-	-	-	18 615 489	18 615 489
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 and other reserves	-	-	-	(100 241)	100 241	-
Balance at 31 December 2019	116	8 562 235	-	19 894	41 935 860	50 518 105
Balance at 1 January 2020	116	8 562 235	-	19 894	41 935 860	50 518 105
Profit for six months	-	-	-	-	55 406 851	55 406 851
Total comprehensive income for the year	-	-	-	-	55 406 851	55 406 851
Transfer from regulatory and other reserves	-	-	-	190 289	(190 289)	-
Balance at 30 June 2020	116	8 562 235	-	210 183	97 152 422	105 924 956

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

Reviewed Condensed Statement of Cash Flows

For the six months ended 30 June 2020

	Note	INFLATION ADJUSTED		HISTORICAL COST	
		JUNE 2020 ZWL\$	JUNE 2019 ZWL\$	JUNE 2020 ZWL\$	JUNE 2019 ZWL\$
Cash flows from operating activities					
Cash generated from operations	17	7 697 102	63 637 585	2 375 643	(7 942 463)
Interest received		32 472 222	34 122 303	20 636 855	13 024 416
Interest paid		(9 917 148)	(8 426 090)	(6 302 579)	(1 400 885)
Income tax paid		-	(7 953 950)	-	(1 322 389)
Net cash flows generated from operating activities		30 252 176	81 379 848	16 709 919	2 358 679
Cash flows from investing activities					
Proceeds from disposal of equipment		162 936	128 918	74 209	9 821
Purchase of equipment		(2 060 129)	(8 457 187)	(1 309 260)	(1 406 055)
Proceeds from/(Payments for) financial assets at amortised cost		2 000 000	(12 631 151)	2 000 000	(2 100 000)
Software development		-	(1 052 440)	-	(174 974)
Additions to investment property		(1 831 020)	(9 386 280)	(1 163 656)	(1 560 522)
Net cash flows used in investing activities		(1 728 213)	(31 398 140)	(398 707)	(5 231 730)
Cash flows from financing activities					
Proceeds from borrowings		16 952 491	22 997 157	10 773 704	3 823 407
Dividends paid		-	(3 551 916)	-	(590 526)
Net cash flows generated from financing activities		16 952 491	19 445 241	10 773 704	3 232 881
Net increase in cash & cash equivalents		45 476 454	69 426 949	27 084 916	359 830
Cash and cash equivalents at the beginning of the period		64 671 688	141 036 066	24 685 056	8 666 556
Net foreign exchange differences on cash and cash equivalents		10 498 891	(12 219 942)	8 091 285	(991 639)
Inflation effect on cash and cash equivalents		(60 785 776)	(130 967 197)	-	-
Cash and cash equivalents at the end of the period		59 861 257	67 275 876	59 861 257	8 034 747

Notes to the Reviewed Condensed Financial Statements

For the six months ended 30 June 2020

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 52.41%, (December 2019:52.41%) 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 half year end

The Bank changed its half year end from 31 December to 30 June. This was because the group changed its year end necessitating need for the Bank to align with the group. This will result in the comparative figures being entirely different from the last set of interim financial statements published for December 2018.

2 ACCOUNTING CONVENTION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position of the company. These condensed interim financial statements do not include all the information required for the full annual financial statements prepared in accordance with International Financial Reporting Standards. They should be read in conjunction with the company’s audited financial statements for the six months ended ended 31 December 2019.

These condensed interim financial statements were approved by the Board of Directors on 27 November 2020.

2.1 Basis of preparation

The condensed financial statements including comparatives, have been prepared under the inflation adjusted accounting basis to account for changes in the general purchasing power of the ZWL. The restatement is based on the Consumer Price Index at the statement of financial position date. The Public Accountants and Auditors Board (PAAB) issued a pronouncement on 11 October 2019 indicating the economy had become hyper-inflationary. As such, the Directors have prepared the accompanying financial statements using the hyperinflationary accounting basis. The indices are derived from the monthly inflation rates which are issued by the Zimbabwe National Statistics Agency (ZIMSTAT). As a result of the change in the Bank’s functional currency on 22 February 2019, the CPI indices for the prior periods are in respect of the USD functional currency which was prevailing at the time. The indices used are shown below. These financial statements are reported in Zimbabwean dollars and rounded to the nearest dollar.

2 ACCOUNTING CONVENTION (CONTINUED)

2.1 Basis of preparation (continued)

Dates	Indices	Conversion factor
31 December 2018	88.61	16.2736
30 June 2019	172.61	8.3726
31 December 2019	551.63	2.6199
30 June 2020	1445.21	1.0000

The indices have been applied to the historical costs of transactions and balances as follows:

- All comparative figures for the periods ended 31 December 2018, 30 June 2019, 31 December 2019 have been restated by applying the change in the index from the date of last re-measurement to 30 June 2020;
- Income statement transactions have been restated by applying the change in the index from the approximate date of the transactions to 30 June 2020;
- Gains and losses arising from the monetary assets or liability positions have been included in the income statement;
- Non-monetary assets and liabilities have been restated by applying the change in the index from the date of the transaction to 30 June 2020;
- Property and equipment and accumulated depreciation have been restated by applying the change in the index from the earlier of February 2009 and date of their purchase or re-assessment to 30 June 2020;
- Equity has been restated by applying the change in index from the date of issue to 30 June 2020.

The net impact of applying the procedures above is shown in the statement of comprehensive income as the gain or loss on net monetary position.

IAS 29 discourages the publication of historical results as a supplement to the inflation adjusted results. However, historical results have been published to allow comparability of the results during the transitional phase in applying the Standard.

2.2 Functional and presentation currency

For the purpose of the condensed financial statements, the results and financial position of the Bank are expressed in Zimbabwe Dollars (ZWL) which is the functional, and presentation currency for the condensed financial statements.

2.3 New standards, amendments and interpretations, effective for accounting periods beginning on 1 January 2020 adopted by the Bank

IFRS	Effective Date	Subject of amendment
IFRS 7, ‘Financial Instruments: Disclosures’	Annual periods beginning on or after ‘1 January 2020	IFRS 9 Financial Instruments (amendments) (IFRS 9) and IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). Interest Rate Benchmark Reform resulted in amendments to IFRS 9, IAS 39 and IFRS 7 requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendment will be applied retrospectively
IAS 16, ‘Property, Plant and Equipment (amendments)’	Annual periods beginning on or after 1 January 2020	Narrow-scope amendments to IAS 16 for the accounting of amounts received when selling items produced while an entity is preparing an asset for its intended use. The amendments clarify the accounting requirements in prohibiting the entity from deducting such amount from the cost of property, plant and equipment and instead recognising such sales proceeds and related cost in profit or loss. The amendments will be applied retrospectively.
IAS 37, ‘Provisions, Liabilities and Contingent Assets (amendments)’	Annual periods beginning on or after 1 January 2020	Narrow-scope amendments to IAS 37 in determining which costs to include in estimating the cost of fulfilling a contract for the purposes of assessing whether that contract is onerous. The amendments clarify that the cost of fulfilling the contract includes both the incremental costs of fulfilling the contract and an allocation of costs that relate directly to fulfilling contracts. The amendments will be applied retrospectively. Adjusting prior periods is not required, but rather adjusting the opening Retained Earnings with the cumulative effect of the amendments on transition date.

3 CASH AND CASH EQUIVALENTS

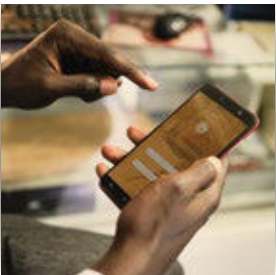
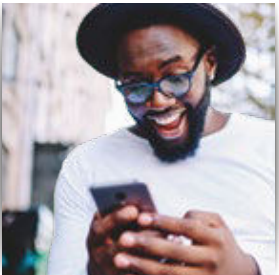
	INFLATION ADJUSTED		HISTORICAL COST	
	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$
Cash and cash equivalents consist of:				
Cash on hand	24 106 591	7 160 679	24 106 591	2 733 217
Balances with the Central Bank	6 549 603	12 077 018	6 549 603	4 609 774
Bank balances	29 205 063	45 433 991	29 205 063	17 342 065
	59 861 257	64 671 688	59 861 257	24 685 056

4 LOANS AND ADVANCES TO CUSTOMERS

	INFLATION ADJUSTED		HISTORICAL COST	
	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$
4.1 Loans and advances maturities				
Consumer loans				
Maturing within 3 months	10 254 765	15 505 905	10 254 765	5 918 305
Maturing within 3 - 12 months	16 858 940	30 807 148	16 858 940	11 759 028
Maturing 1- 5 years	6 673 278	11 126 327	6 673 278	4 246 897
Gross carrying amount	33 786 983	57 439 380	33 786 983	21 924 230
Less credit impairment	(2 401 903)	(3 605 575)	(2 401 903)	(1 376 241)
Net carrying amount	31 385 080	53 833 805	31 385 080	20 547 989
SME loans				
Maturing within 3 months	2 456 072	13 015 302	2 456 072	4 967 733
Maturing within 3 - 12 months	3 346 412	23 425 494	3 346 412	8 941 465
Maturing 1- 5 years	5 139 423	8 236 301	5 139 423	3 143 780
Gross carrying amount	10 941 907	44 677 097	10 941 907	17 052 978
Less credit impairment	(52 950)	(189 053)	(52 950)	(72 161)
Net carrying amount	10 888 957	44 488 044	10 888 957	16 980 817
Mortgage loans				
Maturing within 3 months	470 550	445 638	470 550	170 089
Maturing within 3 - 12 months	109 238	840 217	109 238	320 709
Maturing 1- 5 years	-	695 144	-	265 335
Maturing over 5 years	365 815	540 218	365 815	206 200
Gross carrying amount	945 603	2 521 217	945 603	962 333
Less credit impairment	(3 729)	(52 950)	(3 729)	(20 211)
Net carrying amount	941 874	2 468 267	941 874	942 122
Total net carrying amount	43 215 911	100 790 116	43 215 911	38 470 928

4.2 Irrevocable commitments

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



Microfinance Bank

REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS

GETBUCKS MICROFINANCE BANK LIMITED

For the Six Months Ended 30 June 2020

Notes to the Reviewed Condensed Financial Statements (Continued)

For the six months ended 30 June 2020

4 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

4.3 Sectorial analysis

	INFLATION ADJUSTED			
	JUNE 2020		DECEMBER 2019	
	ZWL\$	%	ZWL\$	%
Consumer loans	31 385 080	67%	53 833 805	54%
Small and Medium Enterprises ("SME") loans	10 888 957	30%	44 488 044	44%
Mortgage loans	941 874	3%	2 468 267	2%
	43 215 911	100%	100 790 116	100%
	HISTORICAL			
	JUNE 2020		DECEMBER 2019	
	ZWL\$	%	ZWL\$	%
Consumer loans	31 385 080	67%	20 547 989	54%
Small and Medium Enterprises ("SME") loans	10 888 957	30%	16 980 817	44%
Mortgage loans	941 874	3%	942 122	2%
	43 215 911	100%	38 470 928	100%

4.4 Analysis Of Credit Quality By Sector

	INFLATION ADJUSTED					
	Pass ZWL\$	Special mention ZWL\$	Sub-standard ZWL\$	Doubtful ZWL\$	Loss ZWL\$	Total ZWL\$
As at 30 June 2020	32 403 543	259 099	233 304	423 920	467 117	33 786 983
Consumer loans	6 315 322	472 714	166 225	2 003 238	1 984 408	10 941 907
SME Loans	712 898	23 776	8 361	100 758	99 810	945 603
Mortgage loans						
	39 431 763	755 589	407 890	2 527 916	2 551 335	45 674 493
As at 31 December 2019	54 248 921	422 997	426 300	234 633	2 106 529	57 439 380
Consumer loans	27 050 756	7 619 397	6 161 098	340 887	3 504 959	44 677 097
SME loans	1 527 869	429 397	347 214	19 212	197 525	2 521 217
Mortgage loans						
	82 827 546	8 471 791	6 934 612	594 732	5 809 013	104 637 694
	HISTORICAL					
	Pass ZWL\$	Special mention ZWL\$	Sub-standard ZWL\$	Doubtful ZWL\$	Loss ZWL\$	Total ZWL\$
As at 30 June 2020	32 403 543	259 099	233 304	423 920	467 117	33 786 983
Consumer loans	6 315 322	472 714	166 225	2 003 238	1 984 408	10 941 907
SME Loans	712 898	23 776	8 361	100 758	99 810	945 603
Mortgage loans						
	39 431 763	755 589	407 890	2 527 916	2 551 335	45 674 493
As at 31 December 2019	20 706 438	161 457	162 718	89 559	804 058	21 924 230
Consumer loans	10 325 038	2 908 309	2 351 679	130 116	1 337 836	17 052 978
SME loans	583 174	163 900	132 531	7 333	75 395	962 333
Mortgage loans						
	31 614 650	3 233 666	2 646 928	227 008	2 217 289	39 939 541

4.5 Exposure to credit risk

	INFLATION ADJUSTED		HISTORICAL COST	
	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$
Consumer loans at amortised cost				
Individually impaired				
Grade 8 - 10	1 124 341	2 768 166	1 124 341	1 056 335
Grade 4 - 7	259 099	422 997	259 099	161 457
Collectively impaired				
Grade 1 - 3	32 403 543	54 248 217	32 403 543	20 706 438
Gross carrying amount	33 786 983	57 439 380	33 786 983	21 924 230
Less credit impairment allowance	(2 401 903)	(3 605 575)	(2 401 903)	(1 376 241)
Carrying amount	31 385 080	53 833 805	31 385 080	20 547 989
SME loans				
Past due and impaired				
Grade 8 - 10	4 153 871	10 006 945	4 153 871	3 819 631
Grade 4 - 7	472 714	7 619 397	472 714	2 908 309
Grade 1 - 3	6 315 322	27 050 755	6 315 322	10 325 038
Gross carrying amount	10 941 907	44 677 097	10 941 907	17 052 978
Less credit impairment allowance (note 5.6)	(52 950)	(189 053)	(52 950)	(72 161)
Carrying amount	10 888 957	44 488 044	10 888 957	16 980 817
Mortgage loans				
Past due and impaired				
Grade 8 - 10	208 929	563 979	208 929	215 259
Grade 4 - 7	23 776	429 397	23 776	163 900
Grade 1 - 3	712 898	1 527 841	712 898	583 174
Gross carrying amount	945 603	2 521 217	945 603	962 333
Less credit impairment allowance (note 5.6)	(3 729)	(52 950)	(3 729)	(20 211)
Carrying amount	941 874	2 468 267	941 874	942 122
Gross carrying amount SME, Consumer and Mortgage Loans	45 674 493	104 637 694	45 674 493	39 939 541
- Measured at 12 month Expected Credit losses	35 452 091	86 287 222	35 452 091	32 935 663
- Measured at lifetime Expected Credit losses	10 222 402	18 350 472	10 222 402	7 003 878
Impairment	(2 458 582)	(3 847 578)	(2 458 582)	(1 468 613)
Net carrying amount	43 215 911	100 790 116	43 215 911	38 470 928

4 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

4.5 Exposure to credit risk (continued)

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

The IFRS 9 model uses a segmented approach where 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 behave differently. Secondly, 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 outlined below:

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

SME 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 an accurate position.

	INFLATION ADJUSTED			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Consumer loans				
As at 31 December 2019				
Outstanding balance as at 1 July 2019	224 965 206	1 518 338	5 032 510	231 516 054
Monetary adjustment	(162 875 448)	(1 043 229)	(3 457 770)	(167 376 447)
Financial assets derecognised during the period other than write offs	(24 746 913)	(1 076 231)	(1 261 027)	(27 084 171)
Transfers:	-	-	-	-
Transfers from stage 1 to stage 2	(1 843 985)	1 843 985	-	-
Transfers from stage 2 to stage 1	777 426	(777 426)	-	-
Transfers from stage 1 to stage 3	(757 480)	-	757 480	-
Transfers from stage 2 to stage 3	-	(1 114 120)	1 114 120	-
New financial assets originated	21 088 680	-	-	21 088 680
Write offs	-	-	(704 736)	(704 736)
Outstanding balance as at 31 December 2019	56 607 486	(648 683)	1 480 577	57 439 380

	INFLATION ADJUSTED			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 30 June 2020				
Outstanding balance as at 01 January 2019	56 607 486	(648 683)	1 480 577	57 439 380
Monetary adjustment	(31 658 681)	2 241 364	(252 084)	(29 669 401)
Financial assets derecognised during the period other than write offs	(11 148 393)	(517 599)	(324 038)	(11 990 030)
Transfers:				
Transfers from stage 1 to stage 2	(629 430)	629 430	-	-
Transfers from stage 2 to stage 1	408 141	(408 141)	-	-
Transfers from stage 1 to stage 3	(291 235)	-	291 235	-
Transfers from stage 2 to stage 3	-	(385 281)	385 281	-
New financial assets originated	14 605 253	3 548 305	234 430	18 387 988
Write offs	-	-	(380 954)	(380 954)
Outstanding balance as at 30 June 2020	27 893 141	4 459 395	1 434 447	33 786 983

	INFLATION ADJUSTED			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Consumer loans at amortised cost				
SME loans				
As at 31 December 2019				
Outstanding balance as at 1 July 2019	77 269 352	29 249 730	6 481 588	113 000 670
Monetary adjustment	(53 090 725)	(20 097 093)	(4 453 411)	(77 641 229)
Financial assets derecognised during the period other than write offs	(22 561 976)	(6 161 028)	(5 780 178)	(34 503 182)
Transfers:	-	-	-	-
Transfers from stage 1 to stage 2	(11 101 426)	11 101 426	-	-
Transfers from stage 2 to stage 1	2 269 913	(2 269 913)	-	-
Transfers from stage 1 to stage 3	(5 693 803)	-	5 693 803	-
Transfers from stage 2 to stage 3	-	(911 703)	911 703	-
Transfers from stage 3 to stage 2	-	-	-	-
New financial assets originated	43 820 838	-	-	43 820 838
Write offs	-	-	-	-
Outstanding balance as at 31 December 2019	30 912 173	10 911 419	2 853 505	44 677 097

	INFLATION ADJUSTED			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 30 June 2020				
Outstanding balance as at 01 January 2020	30 912 173	10 911 419	2 853 505	44 677 097
Monetary adjustment	(22 818 586)	(6 676 123)	(1 386 644)	(30 881 353)
Financial assets derecognised during the period other than write offs	(7 092 301)	(1 011 176)	(113 425)	(8 216 902)
Transfers:				
Transfers from stage 1 to stage 2	(341 636)	341 636	-	-
Transfers from stage 2 to stage 1	1 488 280	(1 488 280)	-	-
Transfers from stage 1 to stage 3	(16 308)	-	16 308	-
Transfers from stage 3 to stage 1	180 007	-	(180 007)	-
Transfers from stage 2 to stage 3	-	(388 276)	388 276	-
New financial assets originated	4 742 095	536 380	31 640	5 310 115
Write offs	-	-	-	-
Outstanding balance as at 30 June 2020	7 053 724	2 225 580	1 609 653	10 888 957



REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2020

Notes to the Reviewed Condensed Financial Statements (Continued)

For the six months ended 30 June 2020

4 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

4.5 Exposure to credit risk (continued)

	INFLATION ADJUSTED			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Mortgage loans				
As at 31 December 2019				
Outstanding balance as at 1 July 2019	2 588 543	3 067 285	4 334 711	9 990 539
Monetary adjustment	(1 778 553)	(2 107 490)	(2 978 321)	(6 864 364)
Financial assets derecognised during the period other than write offs	(1 496 966)	(232 459)	(366 867)	(2 096 292)
Transfers:				
Transfers from stage 1 to stage 2	(184 634)	184 634	-	-
Transfers from stage 2 to stage 1	727 335	(727 335)	-	-
New financial assets originated	1 491 334	-	-	1 491 334
Write offs	-	-	-	-
Outstanding balance as at 31 December 2019	1 347 059	184 635	989 523	2 521 217
	INFLATION ADJUSTED			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 30 June 2020				
Outstanding balance as at 01 January 2020	1 347 059	184 635	989 523	2 521 217
Monetary adjustment	(841 833)	(115 386)	(618 395)	(1 575 614)
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	-	-	-	-
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	-	-	-	-
Write offs	-	-	-	-
Outstanding balance as at 30 June 2020	505 226	69 249	371 128	945 603

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.

4.6 Impairment loss on loans and advances

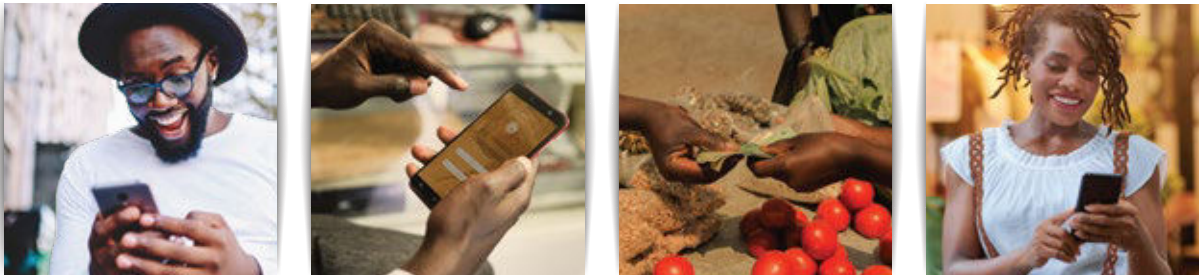
	Total Allowance
Consumer loans	
Opening Balance as at 1 January 2020	1 376 240
Increase/(decrease) in expected credit losses	1 446 140
Loans written off	(420 477)
Closing Balance as at 30 June 2020	2 401 903
SME loans	
Opening Balance as at 1 January 2020	72 161
Increase/(decrease) in expected credit losses	(19 211)
Loans written off	-
Closing Balance as at 30 June 2020	52 950
Mortgage loans	
Opening Balance as at 1 January 2020	20 211
Increase/(decrease) in expected credit losses	(16 482)
Loans written off	-
Closing Balance as at 30 June 2020	3 729
Total loans	
Opening Balance as at 1 January 2020	1 468 612
Increase in impairment Allowance	1 410 447
Loans written off	(420 477)
Closing Balance as at 30 June 2020	2 458 582

	INFLATION ADJUSTED			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Loss allowance movement				
Consumer loans				
As at 31 December 2019				
Loss allowance as at 1 July 2019	2 200 436	3 635 140	8 850 659	14 686 235
Monetary adjustment	(1 609 955)	(2 659 659)	(6 475 608)	(10 745 222)
Financial assets derecognised during the period other than write offs	(7 569)	(5 164)	(596 428)	(609 161)
Transfers:				
Transfers from stage 1 to stage 2	(271 000)	685 334	-	414 334
Transfers from stage 2 to stage 1	935	(186 849)	-	(185 914)
Transfers from stage 1 to stage 3	(89 904)	-	739 126	649 222
Transfers from stage 2 to stage 3	-	(383 957)	383 954	(3)
Changes in PDs/LGDs/EADs	(375 458)	(199 673)	622 098	46 967
New financial assets originated	467 801	-	-	467 801
Write offs	-	-	(1 118 684)	(1 118 684)
Loss allowance as at 31 December 2019	315 286	885 172	2 405 117	3 605 575

4 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

4.6 Impairment loss on loans and advances (continued)

	INFLATION ADJUSTED			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 30 June 2020				
Loss allowance as at 1 January 2020	315 286	885 172	2 405 117	3 605 575
Monetary adjustment	(157 513)	(485 470)	(1 498 237)	(2 141 220)
Financial assets derecognised during the period other than write offs	(1 030)	(1 622)	(41 387)	(44 039)
Transfers:				
Transfers from stage 1 to stage 2	(5 340)	107 954	-	102 614
Transfers from stage 2 to stage 1	176	(84 046)	-	(83 870)
Transfers from stage 1 to stage 3	(2 467)	-	268 226	265 759
Transfers from stage 2 to stage 3	-	(126 949)	126 949	-
Changes in PDs/LGDs/EADs	(116 599)	(70 841)	(167 989)	(355 429)
New financial assets originated	120 410	908 022	344 651	1 373 083
Write offs	(3)	(1 206)	(319 361)	(320 570)
Loss allowance as at 30 June 2020	152 920	1 131 014	1 117 969	2 401 903
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ZWL\$	ZWL\$	ZWL\$	
SME loans				
As at 31 December 2019				
Loss allowance as at 1 July 2019	514 965	18 244	95 573	628 782
Monetary adjustment	(353 825)	(12 535)	(65 667)	(432 027)
Financial assets derecognised during the period other than write offs	(3 624)	(3 775)	(1 414)	(8 813)
Transfers:				
Transfers from stage 1 to stage 2	(9 442)	11 500	-	2 058
Transfers from stage 2 to stage 1	-	(315)	-	(315)
Transfers from stage 1 to stage 3	(9 939)	-	55 542	45 603
Transfers from stage 2 to stage 3	-	(1 127)	1 127	-
Changes in PDs/LGDs/EADs	(51 708)	(234)	(5 458)	(57 400)
New financial assets originated	11 165	-	-	11 165
Write offs	-	-	-	-
Loss allowance as at 31 December 2019	97 592	11 758	79 703	189 053
As at 30 June 2020				
Loss allowance as at 1 January 2020	97 592	11 758	79 703	189 053
Monetary adjustment	(91 134)	(9 756)	3 224	(97 666)
Financial assets derecognised during the period other than write offs	(22)	(1 156)	(41 321)	(42 499)
Transfers:				
Transfers from stage 1 to stage 2	-	-	-	-
Transfers from stage 2 to stage 1	-	-	-	-
Transfers from stage 1 to stage 3	-	-	(35 104)	(35 104)
Transfers from stage 3 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(16)	65	49
Transfers from stage 3 to stage 2	-	-	-	-
Changes in PDs/LGDs/EADs	(1 131)	(424)	9 821	8 266
New financial assets originated	219	23 033	7 599	30 851
Write offs	-	-	-	-
Loss allowance as at 30 June 2020	5 524	23 439	23 987	52 950
Mortgage loans				
As at 31 December 2019				
Loss allowance as at 1 July 2019	-	-	62 376	62 376
Monetary adjustment	-	-	(42 859)	(42 859)
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	(31 386)	-	31 386	-
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	33 433	-	-	33 433
Write offs	-	-	-	-
Loss allowance as at 30 December 2019	2 047	-	50 903	52 950
As at 30 June 2019				
Loss allowance as at 1 Janaury 2020	2 047	-	50 903	52 950
Monetary adjustment	(1 265)	-	(31 475)	(32 740)
Financial assets derecognised during the period other than write offs	(781)	-	(15 700)	(16 481)
Transfers:				
Transfers from stage 1 to stage 2	-	-	-	-
Transfers from stage 2 to stage 1	-	-	-	-
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	-	-	-	-
Changes in PDs/LGDs/EADs	-	-	-	-
New financial assets originated	-	-	-	-
Write offs	-	-	-	-
Loss allowance as at 30 June 2020	1	-	3 728	3 729



REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS

GETBUCKS MICROFINANCE BANK LIMITED

For the Six Months Ended 30 June 2020

Notes to the Reviewed Condensed Financial Statements (Continued)

For the six months ended 30 June 2020

5 OTHER ASSETS

	INFLATION ADJUSTED		HISTORICAL COST	
	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$
5.1 Financial Assets at amortised cost				
Financial Asset	11 277 837	33 594 192	11 277 837	12 822 837
Financial assets relate to a placement with Everprosperous World Wide Limited of ZWL10million at 9% per annum. This matured and was settled on 08 September 2020.				
5.2 Other Assets				
Prepayments	27 152 179	10 627 351	3 303 664	4 056 439
Consumables	280 369	794 015	280 369	303 074
Deposits	64 440	117 022	64 440	44 667
Sundry receivables	1 984 029	1 870 308	1 984 029	713 893
	29 481 017	13 408 696	5 632 502	5 118 073

Prepayments relate to funding origination costs, and branch annual licenses among other expenses. Consumables relate to ATM cards that had not yet been issued to customers and will be held as inventory. Deposits mainly relate to branch rental deposits. Sundry receivables mainly consitute of receivables from MBCH and credit life commission.

6 INVESTMENT PROPERTIES

Opening balance	89 356 929	108 724 423	34 107 000	12 985 742
Fair value adjustment	24 592 051	(31 391 652)	80 509 344	19 122 174
Additions	1 831 020	12 024 158	1 163 656	1 999 084
Closing Balance	115 780 000	89 356 929	115 780 000	34 107 000

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.

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 30 June 2020 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.

For the performance of a valuation, the key inputs for the valuation of non-residential investment properties are the rental income and the capitalisation rate. No trends for ZWL\$ rent 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.

Sensitivity of property valuation

	EFFECT ON PROFIT BEFORE TAX		EFFECT ON PROFIT BEFORE TAX	
	JUNE 2020 ZWL\$	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$	DEC 2019 ZWL\$
Valuation change				
5% increase in valuation	115 780 000	5 789 000	89 356 929	4 467 846
Net effect		5 789 000		4 467 846

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

	28 Feb 2019	30 Jun 2019	31 Dec 2019	30 Jun 2020
US\$ values of investment properties at the time of valuation	1 961 000	1 961 000	1 923 000	1 817 600
inter-bank foreign exchange market rate	2.500	6.622	15.050	57.358
ZWL property values as a result of direct conversion	4 902 500	12 985 742	28 941 150	104 254 264
Investment properties value at period end	115 780 000	115 780 000	115 780 000	115 780 000
Difference	(110 877 500)	(102 794 258)	(86 838 850)	(11 525 736)

7 RIGHT OF USE ASSET

	INFLATION ADJUSTED		HISTORICAL COST	
	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$
Buildings				
Opening net book amount	128 138	29 196	48 910	11 144
Additions	-	146 993	-	56 107
Amortisation charge	(111 109)	(48 051)	(18 342)	(18 341)
Net book amount	17 029	128 138	30 568	48 910
Cost	73 327	192 113	73 327	73 329
Accumulated amortisation	(56 298)	(63 975)	(42 759)	(24 419)
Net book amount	17 029	128 138	30 568	48 910

8 EQUIPMENT

	INFLATION ADJUSTED					Total ZWL\$
	Furniture and fittings ZWL\$	Motor vehicles ZWL\$	Office equipment ZWL\$	IT equipment ZWL\$	Leasehold improve- ments ZWL\$	
Six months ended 31 December 2019						
Opening net book amount	2 132 107	116 142	7 131 844	7 076 887	1 323 510	17 780 490
Additions	499 796	1 096 340	1 370 819	4 337 088	1 575 976	8 880 019
Disposals	-	-	-	-	-	-
Depreciation charge	(286 247)	(93 346)	(869 111)	(2 091 425)	(470 306)	(3 810 435)
Net book amount	2 345 656	1 119 136	7 633 552	9 322 550	2 429 180	22 850 074
Cost	2 631 903	1 212 482	8 502 663	11 413 975	2 899 486	26 660 509
Accumulated depreciation	(286 247)	(93 346)	(869 111)	(2 091 425)	(470 306)	(3 810 435)
Net book amount	2 345 656	1 119 136	7 633 552	9 322 550	2 429 180	22 850 074
Six months ended 30 June 2020						
Opening net book amount	2 345 656	1 119 136	7 633 552	9 322 550	2 429 180	22 850 074
Additions	101 538	-	404 981	1 491 745	604 492	2 602 756
Disposal	-	-	(12 102)	-	-	(12 102)
Depreciation charge	(377 174)	(147 949)	(906 699)	(2 367 919)	(674 586)	(4 474 327)
Net book amount	2 070 020	971 187	7 119 732	8 446 376	2 359 086	20 966 401
Cost	2 733 441	1 212 482	8 895 542	12 905 720	3 503 978	29 251 163
Accumulated depreciation	(663 421)	(241 295)	(1 775 810)	(4 459 344)	(1 144 892)	(8 284 762)
Net book amount	2 070 020	971 187	7 119 732	8 446 376	2 359 086	20 966 401

	HISTORICAL					Total ZWL\$
	Furniture and fittings ZWL\$	Motor vehicles ZWL\$	Office equipment ZWL\$	IT equipment ZWL\$	Leasehold improve- ments ZWL\$	
Six months 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	3 267 413
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
Six months ended 30 June 2020						
Opening net book amount	186 962	350 115	1 046 141	1 334 513	349 682	3 267 413
Additions	64 530	-	257 375	550 925	384 169	1 256 999
Disposal	-	-	(7 691)	-	-	(7 691)
Depreciation charge	(24 906)	(37 961)	(133 542)	(332 715)	(97 588)	(626 712)
Net book amount	226 586	312 154	1 162 283	1 552 723	636 263	3 890 009
Cost	385 660	494 542	1 431 679	2 305 338	977 877	5 595 096
Accumulated depreciation	(159 074)	(182 388)	(269 396)	(752 615)	(341 614)	(1 705 087)
Net book amount	226 586	312 154	1 162 283	1 552 723	636 263	3 890 009

9 SHARE CAPITAL

	INFLATION ADJUSTED		HISTORICAL COST	
	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$
Authorised				
20 000 000 000 ordinary shares with nominal value of US\$0.00000001	2 000	2 000	2 000	2 000
Issued				
Value of ordinary shares with nominal value of US\$0.00000001	2 675	2 675	116	116
Number of ordinary shares with nominal value of US\$0.00000001	1 163 118 377	1 163 118 377	1 163 118 377	1 163 118 377

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 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 ending 31 December 2019 resulting in issued shares increasing 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 Companies and Business Entities Act (Chapter 24:31) and the Articles and Memorandum of Association of the Company.

Share premium

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

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.

10 OTHER FINANCIAL LIABILITIES

	INFLATION ADJUSTED		HISTORICAL COST	
	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$
Statutory fees	744 350	681 230	744 350	260 024
Accounting and audit fee provision	695 611	2 369 834	695 611	904 561
Provision for leave pay	987 357	731 201	987 357	279 098
Directors fees provision	397 708	241 610	397 708	92 222
Placement	5 125 000	-	5 125 000	-
Accruals and other liabilities	8 576 908	9 719 345	8 584 853	3 709 855
	16 526 934	13 743 220	16 534 879	5 245 760

Accruals and other liabilities include \$2,615,073.40 for management fees and \$1,645,808.66 due to foreign currency remittances. All accruals are payable within the next 12 months.

The placement relates to a 30 day placement by Hailey Snow Marbles at 18% per annum. This was settled in full on maturity in July 2020.

Fair value of other payables

The carrying amounts of other payables are denominated in ZWL. The gross amounts approximate fair values.



REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2020

Notes to the Reviewed Condensed Financial Statements (Continued)

For the six months ended 30 June 2020

11 DEPOSITS FROM CUSTOMERS

	INFLATION ADJUSTED		HISTORICAL COST	
	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$	JUNE 2020 ZWL\$	DECEMBER 2019 ZWL\$
Deposits from customers are primarily composed of amounts payable on demand				
Individual				
Current accounts	898 951	904 770	898 951	345 349
Small and medium enterprises				
Current accounts	34 666 719	30 663 598	34 666 719	11 704 235
Term deposits	2 405 091	1 753 711	2 405 091	669 388
	37 071 810	32 417 309	37 071 810	12 373 623
Total	37 970 761	33 322 079	37 970 761	12 718 972
Current (no more than 12 months after reporting period)	37 970 761	33 322 079	37 970 761	12 718 972
Non-current (more than 12 months after reporting period)	-	-	-	-
Total	37 970 761	33 322 079	37 970 761	12 718 972
Deposits due to customers only include financial instruments classified as liabilities at amortised cost. Fair value of deposits approximates carrying amounts.				

12 BORROWINGS

Held at amortised cost				
Banc ABC (note 12.1)	725 765	-	725 765	-
Ecobank Zimbabwe Limited Facility (note 12.2)	2 076 276	6 932 477	2 076 276	2 646 113
Everprosperous World Wide Limited promissory note (note 12.3)	622 500	1 021 750	622 500	390 000
Medium Term Bonds (note 12.4)	3 040 688	1 574 912	3 040 688	601 141
NMB Bank Limited Facility (note 12.5)	7 265 322	20 907 134	7 265 322	7 980 212
Reserve Bank of Zimbabwe Facility (note 12.6)	43 008 733	83 597 158	43 008 733	31 908 871
Zimbabwe Agricultural Development Trust Facility (note 12.7)	999 190	9 008 254	999 190	3 438 433
	57 738 474	123 041 685	57 738 474	46 964 770
Non-current liabilities (more than 12 months after reporting period)	1 955 711	5 709 429	1 955 711	2 179 278
Current liabilities (no more than 12 months after reporting period)	55 782 763	117 332 256	55 782 763	44 785 492
	57 738 474	123 041 685	57 738 474	46 964 770

12.1 Banc ABC
This loan was a facility to cater for working capital requirements and was issued on 28 February 2020. The facility was for six months and was paid in full in August 2020. Security for the loan was US\$500 000 cash security.

12.2 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 for the loan is a first mortgage bond valued at ZWL5 million.

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

12.3 Everprosperous World Wide Limited
The balance relates to security fee on the RBZ loans payable monthly at:

(a) 27% per annum for a ZWL30m facility; and

(b) 45% per annum for a ZWL10m facility.

The ZWL30million facility was settled in full on the 8th of September 2020.

12.4 Medium Term Bonds
The bonds were originated in August 2019. Interest is charged at 18% per annum and paid monthly.

12.5 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. Security details of the loan are ZWL\$5 million cession of book debts and first mortgage bond for properties valued at US\$248 000.

- Irrevocable letter of undertaking confirming monthly instalments;

Covenant details of the loan are as follows:
- Non-Performing loans(NPL)< 10%
- Portfolio at risk (PAR) < 10%;
- Capital adequacy ratio > 15%
- No drawdowns are to repay shareholder loans;
- Minimum monthly deposits of ZWL\$5 million.

12.6 Reserve Bank of Zimbabwe
An insignificant portion of the facility was specifically issued to finance the agricultural sector on 20 February 2018.

Interest is charged at 3.5% and is payable monthly.

The company accessed an additional ZWL\$30 million facility at 9% per annum in September 2019. In April 2020, a further ZWL\$10 million was accessed at 15% per annum. 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.

The ZWL30million facility was settled in full on the 8th of September 2020.

12 BORROWINGS (CONTINUED)

12.7 Zimbabwe Agricultural Development Trust Facility

The loan is a facility specifically to finance the agricultural sector which was issued on 26 January 2018. Interest is charged at 9.29% and is payable on maturity of the loan. ZWL\$500 000 was paid on 20 August 2020.

The Company was in compliance with all covenants during the financial period.

	INFLATION ADJUSTED		HISTORICAL COST	
	JUNE 2020 ZWL\$	JUNE 2019 ZWL\$	JUNE 2020 ZWL\$	JUNE 2019 ZWL\$
13 INTEREST INCOME				
Interest income on Consumer loans	18 611 348	58 158 728	10 381 385	4 673 400
Interest income on SME loans	6 340 161	20 763 259	3 658 949	1 357 931
Interest income on Mortgage loans	505 748	1 628 957	404 291	134 154
Total interest income	25 457 257	80 550 944	14 444 625	6 165 485
14 INTEREST EXPENSE				
Interest on borrowings	12 125 574	19 723 943	7 488 027	1 559 939
Interest on leases	14 253	6 749	9 058	806
Interest on deposits	120 194	761 803	76 386	90 982
Total interest expense	12 260 021	20 492 495	7 573 471	1 651 727
15 OPERATING EXPENSES				
Advertising, marketing and sales expenses	1 305 176	5 828 914	678 173	462 026
Accounting and auditing fees	975 860	2 418 603	561 050	200 510
Bank charges	871 867	1 134 891	534 219	98 900
Collection costs	1 255 248	5 861 297	765 223	467 835
Consulting and professional fees	1 632 779	620 860	1 070 321	52 721
Depreciation and amortisation	5 181 937	2 874 317	737 033	141 489
Directors fees	919 243	675 583	565 708	47 467
Electricity and water	374 112	358 917	234 523	28 246
Funding origination	477 839	1 745 630	275 971	144 737
Insurance	345 611	394 485	222 585	30 439
License fees	1 834 523	1 303 340	1 159 818	116 347
Listing costs	242 115	-	242 115	-
Management fees	3 936 008	312 699	2 378 359	146 648
Postage and courier	80 313	74 975	41 610	6 430
Printing and stationery	1 338 400	1 958 787	765 431	151 279
Rentals	2 290 075	2 330 668	1 313 361	193 445
Repairs and maintenance	1 046 927	1 147 104	600 513	87 162
Security	1 093 493	606 407	712 587	46 031
Staff costs	23 127 704	34 008 102	13 307 178	2 918 026
Staff welfare and refreshments	837 773	1 665 320	459 407	147 851
Telephone and fax	1 312 289	1 553 890	781 475	127 573
Training	330 945	421 138	145 751	34 070
Travel	606 748	2 235 136	304 941	164 634
Other expenses	3 119 784	1 187 221	483 407	90 236
	54 536 769	70 718 284	28 340 759	5 904 102
16 TAXATION EXPENSE				
Major components of the tax expense				
Current				
Local income tax - current period	(5 629 763)	9 015 074	(3 217 349)	568 171
Deferred				
Deferred tax	(19 170 085)	98 171 534	21 609 984	982 074
	(24 799 848)	107 186 608	18 392 635	1 550 245
17 CASH GENERATED FROM/(USED IN) OPERATIONS				

	INFLATION ADJUSTED		HISTORICAL COST	
	JUNE 2020 ZWL\$	JUNE 2019 ZWL\$	JUNE 2020 ZWL\$	JUNE 2019 ZWL\$
(Loss)/Profit before income tax	(24 388 141)	155 981 956	73 799 486	9 942 959
Adjustments for:				
Depreciation and amortisation	5 181 937	2 874 317	737 033	141 489
Fair value adjustments	(24 592 051)	(27 262 348)	(80 509 344)	(8 530 140)
Profit on disposal on non current assets	(162 936)	(128 918)	(74 209)	(9 821)
Unrealised foreign exchange loss/(gain)	(10 498 891)	12 219 942	(8 091 285)	991 639
Net impairment	1 678 977	4 374 476	1 015 887	522 234
Interest received	(715 945)	(467 650)	(455 000)	(178 501)
Interest expense	12 260 021	20 492 495	7 573 471	1 651 727
Changes in working capital:				
Increase/(decrease) in loans and advances to customers	57 574 056	(149 823 411)	(27 646 875)	(17 893 385)
(Decrease)/increase in other assets	(16 072 321)	(10 708 086)	(514 429)	(1 278 865)
Increase in deposits from customers	4 648 682	7 181 304	25 251 789	857 662
Increase/(decrease) in other financial liabilities	2 783 714	48 903 508	11 289 119	5 840 538
	7 697 102	63 637 585	2 375 643	(7 942 463)

18 RELATED PARTIES

18.1 Relationships	
Holding Company	MyBucks S.A (Luxembourg)
Intermediate holding Company	GetBucks Limited (Mauritius)
Fellow subsidiaries	GetBucks Limited (Malawi)
	GetSure Botswana (Proprietary) Limited (Botswana)
	GetBucks Botswana
	GetBucks Invest GmbH (Austria)
	GetBucks Spain SL
	GetBucks Poland SP z.o.o.
	MyBucks Banking Corporation Holdings
	MHMK Private Limited Zimbabwe
	SureChoice Global Ventures
Entities under common control	GetBucks (Proprietary) Limited (South Africa)
	GetSure (Proprietary) Limited South Africa
	Rockcastle Commodities (Pvt) Ltd



REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2020

Notes to the Reviewed Condensed Financial Statements (Continued)

For the six months ended 30 June 2020

18 RELATED PARTIES (CONTINUED)

	INFLATION ADJUSTED		HISTORICAL COST	
	JUNE 2020 ZWL\$	JUNE 2019 ZWL\$	JUNE 2020 ZWL\$	JUNE 2019 ZWL\$
18.2 Related party balances				
Related party receivables				
MBCH	2 066 892	685 558	2 066 892	261 673
SureChoice	260 406	199 506	260 406	76 151
P. Soko	94 770	-	94 770	-
	2 422 068	885 064	2 422 068	337 824
Related party payables				
MBCH	4 818 089	-	4 818 089	-
Oppportunity Bank Uganda	956 445	-	956 445	-
GetBucks Botswana	369 528	283 112	369 528	108 062
	6 144 062	283 112	6 144 062	108 062
Related party loans and advances				
R. Mbire	10 000	4 360	10 000	1 664
Rockcastle Commodities (Pvt) Ltd	1 750 000	3 929 850	1 750 000	1 500 000
	1 760 000	3 934 210	1 760 000	1 501 664
Related party deposits				
MHMK Private Limited Zimbabwe	(401)	2 002	(401)	764
GetBucks Limited (Mauritius)	(15 906)	(42 027)	(15 906)	(16 041)
	(16 307)	(40 025)	(16 307)	(15 277)
Related party equity balances				
P. Soko	3 012	7 891	3 012	3 012
	3 012	7 891	3 012	3 012

19 OPERATING SEGMENTS

	INFLATION ADJUSTED			
	Consumer ZWL\$	SME ZWL\$	Other ZWL\$	Total ZWL\$
30 June 2020				
Third party income	29 566 595	6 523 517	505 748	36 595 860
Impairment losses on loans and advances	(2 446 961)	52 950	3 729	(2 390 282)
Net operating income	27 119 634	6 576 467	509 477	34 205 578
Interest income	19 117 096	5 628 904	711 257	25 457 257
Interest expense	(9 905 139)	(2 185 451)	(169 431)	(12 260 021)
Net interest income	9 211 957	3 443 453	541 826	13 197 236
Fees and Commission Income	10 243 990	894 613	-	11 138 603
Depreciation and amortisation	4 186 600	923 723	71 613	5 181 937
Segment profit before tax	(19 703 712)	(4 347 389)	(337 040)	(24 388 141)
Income tax expense	20 036 339	4 420 780	342 729	24 799 848
Profit/(loss) for the Year	332 627	73 391	5 689	411 707
30 June 2019				
Third party income	114 019 076	24 542 537	1 628 957	140 190 570
Impairment losses on loans and advances	(6 318 958)	(189 053)	(52 950)	(6 560 961)
Net operating income	107 700 118	24 353 484	1 576 007	133 629 609
Interest income	59 456 145	19 654 027	1 440 772	80 550 944
Interest expense	(16 666 851)	(3 587 530)	(238 114)	(20 492 495)
Net interest income	42 789 294	16 066 497	1 202 658	60 058 449
Fees and Commission Income	54 751 116	4 888 510	-	59 639 626
Depreciation and amortisation	2 337 725	503 194	33 398	2 874 317
Segment profit before tax	126 862 445	27 307 064	1 812 446	155 981 956
Income tax expense	(87 176 463)	(18 764 681)	(1 245 464)	(107 186 608)
Profit/(loss) for the Year	39 685 982	8 542 383	566 982	48 795 348
	HISTORICAL COST			
	Consumer ZWL\$	SME ZWL\$	Other ZWL\$	Total ZWL\$

30 June 2020				
Third party income	16 695 620	3 679 790	404 291	20 779 701
Impairment losses on loans and advances	(1 493 043)	52 950	3 729	(1 436 364)
Net operating income	15 202 577	3 732 740	408 020	19 343 337
Interest income	10 785 675	3 199 248	459 701	14 444 625
Interest expense	(6 084 966)	(1 341 154)	(147 350)	(7 573 470)
Net interest income	4 700 709	1 858 094	312 351	6 871 155
Fees and Commission Income	5 854 534	480 542	-	6 335 076
Depreciation and amortisation	592 175	130 518	14 340	737 033
Segment profit before tax	59 294 798	13 068 841	1 435 847	73 799 486
Income tax expense	(14 777 712)	(3 257 075)	(357 848)	(18 392 635)
Profit/(loss) for the Year	44 517 086	9 811 767	1 077 999	55 406 851

19 OPERATING SEGMENTS (CONTINUED)

30 June 2019	Consumer ZWL\$	SME ZWL\$	Other ZWL\$	Total ZWL\$
Third party income	8 756 561	1 660 188	134 154	10 550 903
Impairment losses on loans and advances	(609 201)	(72 161)	(20 211)	(701 573)
Net operating income	8 147 361	1 588 027	113 943	9 849 330
Interest income	4 769 878	1 272 657	122 950	6 165 485
Interest expense	(1 370 826)	(259 900)	(21 002)	(1 651 727)
Net interest income	3 399 053	1 012 757	101 948	4 513 758
Fees and Commission Income	3 997 887	387 531		4 385 418
Depreciation and amortisation	117 427	22 263	1 799	141 489
Segment profit before tax	8 252 007	1 564 528	126 424	9 942 959
Income tax expense	(1 286 602)	(243 932)	(19 711)	(1 550 245)
Profit/(loss) for the Year	6 965 405	1 320 596	106 712	8 392 714

20 RISK MANAGEMENT AND CONTROL

In order to reduce uncertainty as to the level of future earnings and its book values, the Company manages several types of risks, that comprise the following:

- *Credit risk,
- *Liquidity risk,
- *Market risk,
- *Foreign currency risk.
- *Capital risk.
- *Other risks

The Company manages its financial risk in accordance with risk management policies and structures.

The Company seeks to minimise exposure to these risks by diversifying its activities among products, clients, and by limiting its exposures in various facilities accorded to its clients.

20.1 Credit risk

Credit risk from lending and investment activities and products represent the possibility of loss to the Company if a debtor fails to meet financial commitments stemming from a credit agreement. Credit risk and exposure to loss are inherent parts of the Company's business.

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 credit and monitoring of corrective action.

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 in order to collect on loans disbursed.

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, counterparty limits, individual account limits and concentration limits.

Credit risk mitigation and hedging

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

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 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.

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) in 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;
- impact 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.

Impairment and provisioning policies

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

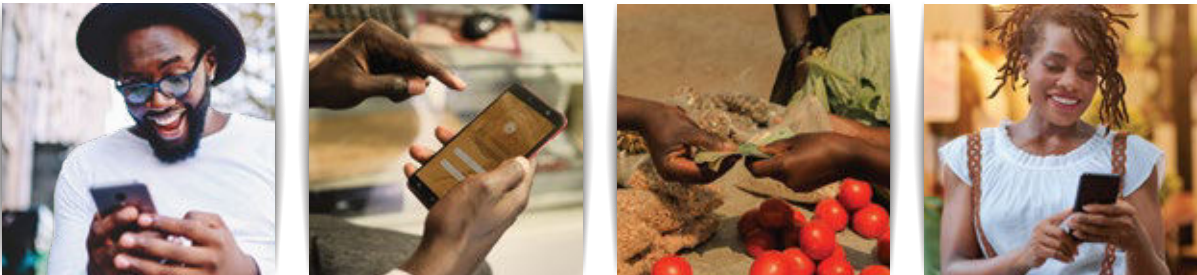
- (i) the probability of default by the client or counterparty on its contractual obligations (PD);
- (ii) current exposures to the counterparty (EAD)
- (iii) the likely loss in the event of a default (LGD); and
- (iv) Discount factor derived from the effective interest rate (Df)

Internal estimates 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 conducted based on the Through the Cycle ("TTC") approach.

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.

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



REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS

GETBUCKS MICROFINANCE BANK LIMITED

For the Six Months Ended 30 June 2020

Notes to the Reviewed Condensed Financial Statements (Continued)

For the six months ended 30 June 2020

20 RISK MANAGEMENT AND CONTROL (CONTINUED)

20.1 Credit risk (continued)

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.

20.2 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.

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.

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 ZWLS	1-3 months ZWLS	3-6 months ZWLS	6-12 months ZWLS	1-5 years ZWLS	Total ZWLS
Liquidity profiling 30 June 2020						
Assets						
Cash and cash equivalents	59 861 257	-	-	-	-	59 861 257
Loan book	9 600 233	12 818 775	14 874 315	26 036 338	9 536 405	72 866 066
Other receivables	17 318	1 945 081	69 274	159 139	-	2 190 812
	69 478 808	14 763 856	14 943 589	26 195 477	9 536 405	134 918 135
Liabilities						
Borrowings	6 012 524	35 136 684	1 546 270	2 243 865	25 156 813	70 096 156
Deposits from customers	32 891 358	10 100 000	-	1 897 510	507 581	45 396 449
Trade payables	11 539 689	-	-	-	-	11 539 689
	50 443 571	45 236 684	1 546 270	4 141 375	25 664 394	127 032 294
Asset and liability gap						
	19 035 237	(30 472 828)	13 397 319	22 054 102	(16 127 989)	7 885 841
Cumulative gap						
	19 035 237	(11 437 591)	1 959 728	24 013 830	7 885 841	
	0-1 month ZWLS	1-3 months ZWLS	3-6 months ZWLS	6-12 months ZWLS	1-5 years ZWLS	Total ZWLS
Liquidity profiling 31 December 2019						
Assets						
Cash and cash equivalents	64 671 687	-	-	-	-	64 671 687
Loan book	16 480 813	30 537 037	38 133 814	38 880 376	22 248 600	146 280 640
Other receivables	45 371	90 745	181 489	476 408	2 083 765	2 877 778
	81 197 871	30 627 782	38 315 303	39 356 784	24 332 365	213 830 105
Liabilities						
Borrowings	828 341	17 259 974	3 125 224	133 971 489	6 971 954	162 156 982
Deposits from customers	32 562 426	210 559	-	-	974 983	33 747 968
Trade payables	11 661 291	-	-	-	-	11 661 291
	45 052 058	17 470 533	3 125 224	133 971 489	7 946 937	207 566 241
Asset and liability gap						
	36 145 813	13 157 249	35 190 079	(94 614 705)	16 385 428	6 263 864
Cumulative gap						
	36 145 813	49 303 062	84 493 141	(10 121 564)	6 263 864	

20.3 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.

Sensitivity

This risk is managed through 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.

20 RISK MANAGEMENT AND CONTROL (CONTINUED)

20.4 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.

20.5 Capital risk

Capital risk refers to the risk of the Company’s own capital resources being adversely affected by unfavourable external developments.

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 Reserve Bank of Zimbabwe (“RBZ”) regulates the minimum capital requirements of all microfinance lenders.

Shareholders equity as at 30 June 2020 was ZWL105 924 956. This was in compliance with the RBZ’s ZWL5 million capital requirement.

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 higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

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.

21 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 of 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.

22 OTHER RISKS

Operational risk

Operational risk is the risk of loss arising from the potential that inadequate information system, technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses. The Company manages these risks through insurance policies, checking work, training of staff, segregation of duties, regular internal and independent audits and disaster recovery plans. In addition, the Company has operating manuals to guide staff on the execution of their duties. These manuals are updated regularly.

Reputational risk

This is the potential that negative publicity regarding the Company, whether true or not will cause a decline in the customer base, costly litigation or revenue reductions.

The Board through the Executive Committee ensures effective reputational risk management through inter-alia; codes of conduct, staff training, policies and independent oversight of functions. Reviews of the Company business practices are done periodically by the Internal Audit, the Compliance Officer and Risk Management.

Compliance risk

Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non- conformance with laws, rules, regulations, prescribed practices, internal policies and procedures or ethical standards.

Legal Risks

Legal risk is risk from uncertainty due to legal actions or uncertainty in the applicability or interpretation of contracts, laws or regulations. Legal risk may entail such issues as contract formation, capacity and contract frustration. The company has an independent legal function which is responsible for identifying and monitoring all legal issues and ensuring the company is in compliance.

Strategic risks

This refers to current and prospective impact on a Bank’s earnings and capital arising from adverse business decisions or implementing strategies that are not consistent with the internal and external environment. To manage this risk, the Bank always has a strategic plan that is adopted by the Board of Directors. Further, attainment of strategic objectives by the various departments is monitored periodically at management level.The Board, through delegation to the Compliance Officer has put in place an adequate compliance program, covering the legal compliance issues associated with the Company operations.

23 CAPITAL COMMITMENTS

There was no authorised and contracted or authorised but uncontracted capital expenditure as at 30 June 2020 (31 December 2019; nil)

24 EVENTS AFTER THE REPORTING DATE

There were no significant events after the balance sheet date.



Report on review of interim financial information

To the shareholders of GetBucks Microfinance Bank Limited

Introduction

We have reviewed the accompanying condensed interim statement of financial position of GetBucks Microfinance Bank Limited ("the Company") as at 30 June 2020 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the six month period then ended, and explanatory notes. The directors are responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for adverse conclusion

The audit report issued on the financial statements for the year ended 31 December 2019 included the following matters, which resulted in an adverse audit opinion being issued.

During the year ended 30 June 2019, the Company transacted using a combination of the Zimbabwean Dollar, RTGS Dollar, Nostro FCAs and RTGS FCA, mobile money and Bond notes and coins. In terms of International Accounting Standard (IAS) 21 - The Effects of Changes in Foreign Exchange Rates, these payment methods should 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 government policies, the interim financial information reflects these transactions and balances at parity between 1 October 2018 and 22 February 2019. We believe that events in the market and promulgation of the ZWL\$ as a formal currency support that there was a change in functional currency from the US\$ to ZWL\$ and that transactions in the market indicated a different rate between the currencies, despite the legal 1ZWL\$:1US\$ exchange rate. This caused us to issue an adverse opinion on the Company's financial statements for the year ended 30 June 2019, and the 6-month period ended 31 December 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 financial statements for the 6-month period ended 31 December 2019 and the condensed interim financial information for the 6-months ended 30 June 2020, are consequently misstated in respect of opening balances.

*PricewaterhouseCoopers, Building No. 4, Arundel Office Park, Norfolk Road, Mount Pleasant
P O Box 453, Harare, Zimbabwe
T: +263 (242) 338362-8, F: +263 (242) 338395, www.pwc.com*

T I Rwodzi – Senior Partner
The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Partners' names is available for inspection.



In addition, foreign denominated transactions and balances were translated using the interbank exchange rate which is not considered an appropriate spot rate for translation as required by IAS 21.

Furthermore, as described in Note 2.1 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. The effects on the condensed interim financial information as a result of the above have not been determined.

Additionally, the Company has not recognised interest income relating to consumer loans in accordance with the requirements of IFRS 9 'Financial Instruments'. The effective interest rate calculation should include transaction costs and fees paid or received. In the determination of the Effective Interest Rate ("EIR ") for consumer loans, the Company did not include administration fees amounting to ZWL 9,085,731 earned from consumer loan customers and collection fees charged by a collection agent amounting to ZWL 1,255,248 in the EIR calculation. As a result of the incorrect calculation of EIR, interest income, fees and commission income and fees expense is misstated.

As the EIR calculation forms an integral part of determining the Expected Credit Losses ("ECL ") on financial assets, in particular consumer loans, the ECL recognised on loans and advances is also misstated for the same reasons mentioned above. We were unable to quantify the financial effects of the misstatement to ECL on the condensed interim financial information.

It was not practicable to quantify the financial effects of these matters on the financial statements.

Adverse conclusion

Our review indicates that because of the significance of the effects on the condensed interim financial information of the matters described in the preceding paragraphs, the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

A handwritten signature in blue ink, reading 'PricewaterhouseCoopers', is positioned above the printed name of the auditor.

Tinashe Rwodzi

Registered Public Auditor

Public Accountants and Auditors Board, Public Auditor Registration Number 100

Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 253568

Partner for and on behalf of

PricewaterhouseCoopers Chartered Accountants (Zimbabwe)

23 December 2020

**Harare
Zimbabwe**