

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 SHORT CONDENSED FORM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021



The Board of Directors (the “Board”) of GetBucks Microfinance Bank Limited (the “Microfinance Bank”) present the reviewed condensed financial results of the Microfinance Bank for the six months ended 30 June 2021.

Financial Highlights of the Microfinance Bank

The comparison of inflation adjusted reviewed interim condensed financial results for the six months ended 30 June 2021 against the six months ended 30 June 2020, is set out below:

- Revenue for the year increased by 161 % to ZWL197million compared to ZWL76million for the Comparative Period;
- Loss for the period increased by 408% to ZWL21 million compared to a profit of ZWL7 million for the Comparative Period;
- Headline earnings per share decreased by 204% to a headline loss of 1.23 cents per share compared to the headline earnings per share of 1.18 cents for the Comparative Period;
- Earnings per share decreased by 408% to a loss of 1.82 cents per share compared to the earnings per share of 0.59 cents per share for the Comparative Period; and
- Net assets decreased by 7% to ZWL189million compared to ZWL202million in December 2020.

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

This short announcement should be read in conjunction with the complete set of the interim condensed financial statements for the six months ended 30 June 2021 which were reviewed by Grant Thornton Chartered Accountants (Zimbabwe) (the “Auditors”) in accordance with International Standards on Review Engagements (ISREs). The Auditors issued a qualified review conclusion (the “Review Conclusion”) on the interim condensed financial statements with respect to non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates.

This short form announcement is the responsibility of the Board 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 condensed financial results for the six months ended 30 June 2021 which may be downloaded from the Company's website at: <https://www.getbucksbank.com> and may also be viewed, at no cost, at the Zimbabwe Stock Exchange website.

By Order of the Board of Directors



Wimbayi Chigumbu
CHIEF FINANCE OFFICER

30 September 2021

Directors:

Dr. R. Mbire (Board Chairman), G. Nheweyembwa* (Managing Director), W. Chigumbu* (Chief Finance Officer), J. Machiva, R.T.L. Matsika, P. Soko, M. Madamombe, P. Matute. *Executive.
Registered Office: Ground Floor, MIPF House. 5 Central Avenue, Harare, Zimbabwe.

REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021



Microfinance Bank

GetBucks Microfinance Bank Limited

CHAIRMAN'S STATEMENT

INTRODUCTION

It gives me pleasure to present the condensed interim financial statements for GetBucks Microfinance Bank Limited (the "Microfinance Bank") for the six months ended 30 June 2021 (the "Financial Results"). The Microfinance Bank continues to be resilient in its operations, despite the global and national challenges affecting the operating environment.

CURRENT ECONOMIC CONDITIONS

The local economy has faced a very challenging six months due to the impact of inflation and COVID 19 pandemic. The economy 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 107% year on year rate as at 30 June 2021. These developments greatly increased the cost of doing business and curtailed revenue generation with notable pressure on employees to adjust wages. Further increases are expected in view of increased price of fuel and electricity. The Microfinance Bank, however, continues to explore opportunities to deliver and preserve value in this tough economic environment.

OPERATIONAL RESULTS

The Microfinance Bank improved results are a reflection of the turnaround in the institution with increases in total income brought by a rise in the loan book as new funding lines were concluded. Borrowings increased by 175% from ZWL121 million to ZWL332 million due to new funding received from a local financial institution for working capital. These funds were deployed into the loan book which in turn grew by 95% from ZWL99 million to ZWL193 million. Consequently, interest income increased by 212% from ZWL52 million in 2020 to ZWL162 million in 2021. The corresponding increase in interest expense was relatively lower than the increase in total borrowings, as it increased by 160% ZWL 25 million in 2020 to ZWL65 million in 2021. Accumulated losses have increased by 19% from ZWL122 million to ZWL144 million due to a loss during the period resulting from monetary loss from investment properties and increase in operating costs caused by the general increase in costs of doing business.

Customer deposits have reduced by 53% from ZWL141 million to ZWL66 million as clients have generally shunned deposits due to low interest rates on offer. Monetary policy has been enacted to encourage banks to pay higher rates for retail depositors and the bank hopes that this will spur market sentiment and encourage savings deposits. The bank has re-energized its drive to onboard various depositors and increase deposit base.

CAPITAL

The Microfinance Bank's net equity position was ZWL189.3million translating to USD2.2 million. The Microfinance Bank is working on strategies to ensure compliance with the new requirement of the local currency equivalent USD5 million effective 31 December 2021.

DIVIDEND

No dividend has been declared for the period under review as the Microfinance Bank seeks to increase its capital in order to meet the new capital requirement by 31 December 2021.

FINANCIAL INCLUSION

The Microfinance Bank focused on its digital offering through improvement of its mobile banking platform in order to increase its outreach. The Microfinance Bank launched its new Secure Pay application with enhanced offerings, stability and transaction options.

The launch of the GetBucks mobile application meant an increase in the geographical dispersion of the Microfinance Bank's operations as customers were able to carry out their transactions regardless of their location. The mobile application has also resulted in an increase in the usage of financial services by its customers and thereby improving on the effective access of these financial services.

COVID-19 UPDATE

The country is still suffering from the effects of the COVID-19 pandemic and the Microfinance Bank continues to monitor the impact of the crisis on its operations. The Microfinance 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. The Microfinance Bank has introduced additional delivery methods which include Whatsapp lending to reduce physical interaction with customers without compromising its product offering. The Microfinance Bank provided adequate protective equipment for staff and will continue to implement WHO guidelines such as the correct wearing of masks, use of sanitisers by staff and customers, and regular routine disinfection of offices.

OUTLOOK

The Microfinance Bank has seen significant growth of its financial position which has largely been driven by the ability to raise credit lines which will continue to be deployed into the loan book to increase interest income. In addition to this, the provision of financial services using technology continues to be the core focus of the Microfinance Bank. The Authorized dealership license has allowed various small retail clients to access foreign currency from the foreign currency auction for use in their microbusiness. This will enable the Microfinance Bank to provide access to individuals that would otherwise not have known how to access financial services in foreign currency.

APPRECIATION

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

Dr. R. Mbire

CHAIRMAN OF THE BOARD OF DIRECTORS

24 September 2021

REVIEWER'S STATEMENT

These condensed interim financial results for the six months ended 30 June 2021 have been reviewed by Grant Thornton Chartered Accountants (Zimbabwe) in accordance with International Standards on Review Engagements (ISREs). The auditors have issued a qualified review conclusion on the condensed interim financial statements with respect to non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates on accounting for comparatives and transactions for the period.

The Reviewer's report on the condensed interim financial statements which form the basis of these financial results is available for inspection at the Microfinance Bank's registered office.

The partner on the review resulting in the auditor's report is Mr. Edmore Chimhowa (PAAB Number 0470).

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REVIEWED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	INFLATION ADJUSTED		HISTORICAL COST	
		Reviewed JUN 2021 ZWL	Audited DEC 2020 ZWL	Reviewed JUN 2021 ZWL	Audited DEC 2020 ZWL
ASSETS					
Cash and cash equivalents	3	202 025 280	180 118 622	202 025 280	149 243 059
Loans and advances to customers	4	193 435 130	99 340 185	193 435 130	82 311 495
Other assets	5	36 463 782	17 068 381	32 820 165	9 705 640
Tax receivable		3 722 030	5 774 341	3 722 030	1 066 589
Investment properties	6	48 920 000	184 387 287	48 920 000	152 780 000
Right of use asset	7	5 654 583	6 845 319	535 153	669 912
Intangible assets		2 321 159	3 641 062	822 375	294 654
Property and equipment	8	162 456 737	31 785 185	118 838 805	3 674 919
Total assets		654 998 701	528 960 382	601 118 938	399 746 268
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF The Microfinance Bank					
Share capital	9	5 528	5 528	116	116
Share premium		324 059 189	324 059 189	8 562 235	8 562 235
Revaluation reserve		8 023 258	-	7 703 119	-
Regulatory reserve		1 311 898	-	1 225 048	-
(Accumulated losses)/Retained earnings		(144 120 482)	(121 618 995)	122 554 841	120 639 726
Total equity		189 279 391	202 445 722	140 045 359	129 202 077
LIABILITIES					
Other financial liabilities	10	27 378 739	31 174 913	27 378 739	25 830 974
Deposits from customers	11	66 328 782	140 892 681	66 328 782	116 741 148
Deferred tax liabilities		40 005 980	33 631 646	35 360 249	27 866 579
Borrowings	12	332 005 809	120 815 420	332 005 809	100 105 490
Total liabilities		465 719 310	326 514 660	461 073 579	270 544 191
Total equity and liabilities		654 998 701	528 960 382	601 118 938	399 746 268

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

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

Dr. R. Mbire
CHAIRMAN

Mr. G. Nheweyembwa
MANAGING DIRECTOR

24 September 2021



GETBUCKS MICROFINANCE BANK LIMITED

REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

REVIEWED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	INFLATION ADJUSTED		HISTORICAL COST	
		JUN 2021 ZWL	JUN 2020 ZWL	JUN 2021 ZWL	JUN 2020 ZWL
Interest income	13	162 353 569	52 606 263	151 052 463	14 444 625
Interest expense	14	(61 808 550)	(25 334 775)	(58 243 118)	(7 573 471)
Net interest income		100 545 019	27 271 488	92 809 345	6 871 154
Fee and commission Income		34 837 878	23 017 416	33 116 860	6 335 076
Other income		557 478	6 508 889	516 157	1 769 750
Gain on foreign exchange		1 052 898	21 695 480	973 919	8 091 285
Fair value adjustment		(9 118 909)	(4 492 118)	830 000	80 509 344
Total net income		127 874 364	74 001 155	128 246 281	103 576 609
Impairment and allowances		(3 011 207)	(4 939 409)	(2 742 411)	(1 436 364)
Operating expenses	15	(136 646 914)	(112 697 750)	(119 618 690)	(28 340 759)
Net monetary loss		(13 768 650)	(724 164)	-	-
(Loss)/Profit before taxation		(25 552 407)	(44 360 168)	5 885 180	73 799 486
Income tax credit/(expense)	16	4 362 818	51 247 757	(2 745 017)	(18 392 635)
(Loss)/Profit for the year		(21 189 589)	6 887 589	3 140 163	55 406 851
Other comprehensive income					
Gain on revaluation of property and equipment (net of tax)		8 023 258	-	7 703 119	-
Total comprehensive (loss)/income for the period, net of tax		(13 166 331)	6 887 589	10 843 282	55 406 851
(Loss)/earnings per share (cents)		(1.82)	0.59	0.27	4.76
Diluted (loss)/earnings per share (cents)		(1.82)	0.59	0.27	4.76
Headline (loss)/ earnings per share		(1.23)	1.18	0.86	5.35

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

REVIEWED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	INFLATION ADJUSTED					
	Share capital ZWL	Share premium ZWL	Revaluation reserve ZWL	Regulatory reserve ZWL	Accumulated Losses ZWL	Total equity ZWL
Balance at 1 January 2020	5 528	324 059 189	-	107 708	(37 015 623)	287 156 802
loss for the year	-	-	-	-	(84 711 080)	(84 711 080)
Total comprehensive income for the year	-	-	-	-	(84 711 080)	(84 711 080)
Transfer from regulatory reserve and other reserves	-	-	-	(107 708)	107 708	-
Balance at 31 December 2020	5 528	324 059 189	-	-	(121 618 995)	202 445 722
Balance at 1 January 2021	5 528	324 059 189	-	-	(121 618 995)	202 445 722
Profit for six months	-	-	-	-	(21 189 589)	(21 189 589)
Total comprehensive income for the six months	-	-	-	-	(21 189 589)	(21 189 589)
Other comprehensive income	-	-	8 023 258	-	-	8 023 258
Transfer to regulatory reserve and other reserves	-	-	-	1 311 898	(1 311 898)	-
Balance at 30 June 2021	5 528	324 059 189	8 023 258	1 311 898	(144 120 482)	189 279 391
	HISTORICAL COST					
	Share capital ZWL	Share premium ZWL	Revaluation reserve ZWL	Regulatory reserve ZWL	Retained Earnings ZWL	Total equity ZWL
Balance at 1 January 2020	116	8 562 235	-	19 894	41 619 093	50 201 338
Profit for the year	-	-	-	-	79 000 739	79 000 739
Total comprehensive income for the year	-	-	-	-	79 000 739	79 000 739
Transfer from regulatory and other reserves	-	-	-	(19 894)	19 894	-
Balance at 31 December 2020	116	8 562 235	-	-	120 639 726	129 202 077
Balance at 1 January 2021	116	8 562 235	-	-	120 639 726	129 202 077
Profit for six months	-	-	-	-	3 140 163	3 140 163
Total comprehensive income for the year	-	-	-	-	3 140 163	3 140 163
Other comprehensive income	-	-	7 703 119	-	-	7 703 119
Transfer to regulatory and other reserves	-	-	-	1 225 048	(1 225 048)	-
Balance at 30 June 2021	116	8 562 235	7 703 119	1 225 048	122 554 841	140 045 359

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

REVIEWED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	INFLATION ADJUSTED		HISTORICAL COST	
		JUN 2021 ZWL	JUN 2020 ZWL	JUN 2021 ZWL	JUN 2020 ZWL
Cash flows from operating activities					
Cash generated from operations	17	(252 589 966)	77 252 997	(226 689 208)	2 375 643
Interest received		116 971 384	67 102 368	109 227 693	20 636 855
Interest paid		(62 372 261)	(20 493 335)	(58 243 118)	(6 302 579)
Income tax paid		-	-	-	-
Net cash flows generated from operating activities		(197 990 843)	123 862 030	(175 704 633)	16 709 919
Cash flows from investing activities					
Proceeds from disposal of equipment		156 439	336 700	144 569	74 209
Purchase of equipment		(4 166 139)	(4 257 163)	(3 890 334)	(1 309 260)
Proceeds from/(Payments for) financial assets at amortised cost		-	4 132 909	-	2 000 000
Software development		(687 107)	-	(641 619)	-
Additions to investment property		-	(3 783 719)	-	(1 163 656)
Net cash flows used in investing activities		(4 696 807)	(3 571 273)	(4 387 384)	(398 707)
Cash flows from financing activities					
Proceeds from borrowings		248 340 879	35 031 551	231 900 319	10 773 704
Net cash flows generated from financing activities		248 340 879	35 031 551	231 900 319	10 773 704
Net increase in cash & cash equivalents		45 653 229	155 322 308	51 808 302	27 084 916
Cash and cash equivalents at the beginning of the period		180 118 622	133 641 099	149 243 059	24 685 056
Net foreign exchange differences on cash and cash equivalents		1 052 898	21 695 480	973 919	8 091 285
Inflation effect on cash and cash equivalents		(24 799 469)	(186 958 325)	-	-
Cash and cash equivalents at the end of the period		202 025 280	123 700 562	202 025 280	59 861 257

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

NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

1 GENERAL INFORMATION

GetBucks Microfinance Bank Limited (“Getbucks” or “the Microfinance Bank”) 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 (Mauritius) which holds 52.41%, (December 2020:52.41%) of the Microfinance Bank's ordinary shares. The Microfinance Bank was listed on the Zimbabwe Stock Exchange on 15 January 2016 and obtained its deposit taking licence in the same month.

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

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

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 Microfinance Bank. 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 Microfinance Bank's audited financial statements for the year ended 31 December 2020.

These condensed interim financial statements were approved by the Board of Directors on 24 September 2021.

2.1 Basis of preparation

The condensed interim 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 Microfinance Bank's functional currency on 22 February 2019. The indices used are shown below. These financial statements are reported in Zimbabwean dollars and rounded to the nearest dollar.

Dates	Indices	Conversion factor
31 December 2019	551.63	5.4138
30 June 2020	1445.20	2.0665
31 December 2020	2474.51	1.2069
30 June 2021	2986.44	1.0000



REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

2 ACCOUNTING CONVENTION (CONTINUED)

2.1 Basis of preparation (continued)

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

- All comparative figures for the periods ended 30 June 2020 and 31 December 2020 have been restated by applying the change in the index from the date of last re-measurement to 30 June 2021;
- Income statement transactions have been restated by applying the change in the index from the approximate date of the transactions to 30 June 2021;
- Gains and losses arising from the monetary assets or liability positions have been included in the statement of profit or loss;
- Non-monetary assets and liabilities have been restated by applying the change in the index from the date of the transaction to 30 June 2021;
- 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 2021;

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

2.3 New standards, amendments and interpretations, effective for accounting periods beginning on 1 January 2021 adopted by the Microfinance Bank

There are no accounting pronouncements which have become effective from 1 January 2021 that have a significant impact on the Microfinance Bank's condensed interim financial statements.

3 CASH AND CASH EQUIVALENTS

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2021 ZWL	DEC 2020 ZWL	JUN 2021 ZWL	DEC 2020 ZWL
Cash and cash equivalents consist of:				
Cash on hand	8 941 365	48 537 848	8 941 365	40 217 590
Balances with the Central Bank	62 503 958	51 833 298	62 503 958	42 948 141
Bank balances	130 579 957	79 747 476	130 579 957	66 077 328
	202 025 280	180 118 622	202 025 280	149 243 059
LOANS AND ADVANCES TO CUSTOMERS				
Loans and advances maturities				
Consumer loans				
Maturing within 3 months	51 184 029	16 113 036	51 184 029	13 350 973
Maturing within 3 - 12 months	90 027 839	46 596 791	90 027 839	38 609 265
Maturing 1- 5 years	1 165 724	-	1 165 724	-
Gross carrying amount	142 377 592	62 709 827	142 377 592	51 960 238
Less credit impairment	(3 986 880)	(2 843 648)	(3 986 880)	(2 356 196)
Net carrying amount	138 390 712	59 866 179	138 390 712	49 604 042
SME loans				
Maturing within 3 months	34 959 103	19 114 589	34 959 103	15 838 006
Maturing within 3 - 12 months	16 952 939	17 284 696	16 952 939	14 321 789
Maturing 1- 5 years	4 058 540	4 962 151	4 058 540	4 111 549
Gross carrying amount	55 970 582	41 361 436	55 970 582	34 271 344
Less credit impairment	(926 164)	(1 887 430)	(926 164)	(1 563 891)
Net carrying amount	55 044 418	39 474 006	55 044 418	32 707 453
Total net carrying amount	193 435 130	99 340 185	193 435 130	82 311 495

4.2 Irrevocable commitments

There are no irrevocable commitments to extend credit, which can expose The Microfinance Bank to penalties or expense.

	INFLATION ADJUSTED			
	JUNE 2021 ZWL	JUNE 2021 %	DEC 2020 ZWL	DEC 2020 %
Sectorial analysis				
Consumer loans	138 390 712	72%	59 866 179	60%
Small and Medium Enterprises ("SME") loans	55 044 418	28%	39 474 006	40%
	193 435 130	100%	99 340 185	100%
	HISTORICAL COST			
	JUNE 2021 ZWL	JUNE 2021 %	DEC 2020 ZWL	DEC 2020 %
Consumer loans	138 390 712	72%	49 604 042	60%
Small and Medium Enterprises ("SME") loans	55 044 418	28%	32 707 453	40%
	193 435 130	100%	82 311 495	100%

CORONAVIRUS PROTECTION

Wash Hands

GetBucks

Microfinance Bank

GETBUCKS MICROFINANCE BANK LIMITED

STATEMENTS

GetBucksBank

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4 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

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 2021 Consumer loans SME Loans		135 984 907	1 732 991	1 293 597	1 315 566	2 050 531	142 377 592
		42 060 515	2 050 651	4 853 779	6 586 624	419 013	55 970 582
		178 045 422	3 783 642	6 147 376	7 902 190	2 469 544	198 348 174
As at 31 December 2020 Consumer loans SME loans		58 799 711	2 220 853	352 380	229 427	1 107 456	62 709 827
		38 849 427	639 805	421 508	1 815	1 448 881	41 361 436
		97 649 138	2 860 658	773 888	231 242	2 556 337	104 071 263
		HISTORICAL COST					
		Pass ZWL	Special mention ZWL	Sub- standard ZWL	Doubtful ZWL	Loss ZWL	Total ZWL
As at 30 June 2021 Consumer loans SME Loans		135 984 907	1 732 991	1 293 597	1 315 566	2 050 531	142 377 592
		42 060 515	2 050 651	4 853 779	6 586 624	419 013	55 970 582
		178 045 422	3 783 642	6 147 376	7 902 190	2 469 544	198 348 174
As at 31 December 2020 Consumer loans SME loans		48 720 386	1 840 159	291 976	190 099	917 618	51 960 238
		32 189 938	530 131	349 254	1 504	1 200 517	34 271 344
		80 910 324	2 370 290	641 230	191 603	2 118 135	86 231 582

4.5 Exposure to credit risk

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2021 ZWL	DEC 2020 ZWL	JUN 2021 ZWL	DEC 2020 ZWL
Consumer loans at amortised cost				
Individually impaired				
Grade 8 - 10	4 659 694	1 689 263	4 659 694	1 399 693
Grade 4 - 7	1 732 991	2 220 853	1 732 991	1 840 159
Collectively impaired				
Grade 1 - 3	135 984 907	58 799 711	135 984 907	48 720 386
Gross carrying amount	142 377 592	62 709 827	142 377 592	51 960 238
Less credit impairment allowance	(3 986 880)	(2 843 648)	(3 986 880)	(2 356 196)
Carrying amount	138 390 712	59 866 179	138 390 712	49 604 042
SME loans				
Past due and impaired				
Grade 8 - 10	11 859 416	1 872 204	11 859 416	1 551 275
Grade 4 - 7	2 050 651	639 805	2 050 651	530 131
Grade 1 - 3	42 060 515	38 849 427	42 060 515	32 189 938
Gross carrying amount	55 970 582	41 361 436	55 970 582	34 271 344
Less credit impairment allowance	(926 164)	(1 887 430)	(926 164)	(1 563 891)
Carrying amount	55 044 418	39 474 006	55 044 418	32 707 453
Gross carrying amount SME and Consumer loans	198 348 174	104 071 263	198 348 174	86 231 582
- Measured at 12 month Expected Credit losses	161 803 361	79 510 446	161 803 361	65 880 929
- Measured at lifetime Expected Credit losses	36 544 813	24 560 817	36 544 813	20 350 653
Impairment	(4 913 044)	(4 731 078)	(4 913 044)	(3 920 087)
Net carrying amount	193 435 130	99 340 185	193 435 130	82 311 495



REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

4 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

4.5 Exposure to credit risk (continued)

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

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 within 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

Consumer loans	INFLATION ADJUSTED			Total ZWL
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	
As at 31 December 2020				
Outstanding balance as at 1 January 2020	107 754 386	5 526 465	5 413 559	118 694 410
Monetary adjustment	(118 002 949)	(11 841 133)	(5 396 338)	(135 240 420)
Financial assets derecognised during the period other than write offs	(11 399 893)	(495 776)	(580 904)	(12 476 573)
Transfers:				
Transfers from stage 1 to stage 2	(2 484 434)	2 484 434	-	-
Transfers from stage 2 to stage 1	(11 750 938)	11 750 938	-	-
Transfers from stage 1 to stage 3	(2 759 029)	-	2 759 029	-
Transfers from stage 2 to stage 3	-	(577 426)	577 426	-
New financial assets originated	93 023 494	-	-	93 023 494
Write offs	-	-	(1 291 084)	(1 291 084)
Outstanding balance as at 31 December 2020	54 380 637	6 847 502	1 481 688	62 709 827

Consumer loans	INFLATION ADJUSTED			Total ZWL
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	
As at 30 June 2021				
Outstanding balance as at 01 January 2021	54 380 637	6 847 502	1 481 688	62 709 827
Monetary adjustment	(11 250 324)	(601 908)	(25 441)	(11 877 673)
Financial assets derecognised during the period other than write offs	(25 264 355)	(2 769 006)	221 400	(27 811 961)
Transfers:				
Transfers from stage 1 to stage 2	(21 746 594)	21 746 594	-	-
Transfers from stage 2 to stage 1	753 779	(753 779)	-	-
Transfers from stage 1 to stage 3	(1 279 184)	-	1 279 184	-
Transfers from stage 2 to stage 3	-	(728 506)	728 506	-
New financial assets originated	119 874 965	-	-	119 874 965
Write offs	-	-	(517 566)	(517 566)
Outstanding balance as at 30 June 2021	115 468 924	23 740 897	3 167 771	142 377 592

Consumer loans at amortised cost

SME loans	INFLATION ADJUSTED			Total ZWL
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	
As at 31 December 2020				
Outstanding balance as at 1 January 2020	66 661 516	22 929 246	7 941 357	97 532 119
Monetary adjustment	(164 268 053)	5 682 526	(4 346 565)	(162 932 092)
Financial assets derecognised during the period other than write offs	(63 335 044)	(2 838 134)	(2 662 692)	(68 835 870)
Transfers:				
Transfers from stage 1 to stage 2	(2 477 571)	2 477 571	-	-
Transfers from stage 2 to stage 1	22 713 657	(22 713 657)	-	-
Transfers from stage 1 to stage 3	(593 222)	-	593 222	-
Transfers from stage 3 to stage 1	596 611	-	(596 611)	-
Transfers from stage 2 to stage 3	-	(1 010 581)	1 010 581	-
New financial assets originated	175 597 279	-	-	175 597 279
Outstanding balance as at 31 December 2020	34 895 173	4 526 971	1 939 292	41 361 436

SME loans	INFLATION ADJUSTED			Total ZWL
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	
As at 30 June 2021				
Outstanding balance as at 01 January 2021	34 895 173	4 526 971	1 939 292	41 361 436
Monetary adjustment	(7 219 150)	(776 004)	(232 817)	(8 227 971)
Financial assets derecognised during the period other than write offs	(14 553 506)	(4 113 845)	(3 468 489)	(22 135 840)
Transfers:				
Transfers from stage 1 to stage 2	(8 491 170)	8 491 170	-	-
Transfers from stage 2 to stage 1	1 178 386	(1 178 386)	-	-
Transfers from stage 1 to stage 3	(3 522 089)	-	3 522 089	-
Transfers from stage 2 to stage 3	-	(99 648)	99 648	-
New financial assets originated	44 046 793	-	-	44 046 793
Outstanding balance as at 30 June 2021	46 334 437	6 850 258	1 859 723	55 044 418

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 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

4.6 Impairment loss on loans and advances

	TOTAL ALLOWANCE	
	INFLATION ADJUSTED ZWL	HISTORICAL ZWL
Consumer loans		
Opening Balance as at 1 January 2021	2 843 648	2 356 196
Increase/(decrease) in expected credit losses	3 619 773	3 380 138
Loans written off	(1 873 481)	(1 749 454)
Effects of inflation	(603 060)	-
Closing Balance as at 30 June 2021	3 986 880	3 986 880
SME loans		
Opening Balance as at 1 January 2021	1 887 430	1 563 891
Increase/(decrease) in expected credit losses	(682 939)	(637 727)
Loans written off	-	-
Effects of inflation	(278 327)	-
Closing Balance as at 30 June 2021	926 164	926 164
Total loans		
Opening Balance as at 1 January 2021	4 731 078	3 920 087
Increase in impairment Allowance	2 936 834	2 742 411
Loans written off	(1 873 481)	(1 749 454)
Effects of inflation	(881 387)	-
Closing Balance as at 30 June 2021	4 913 044	4 913 044

Loss allowance movement

Consumer loans	INFLATION ADJUSTED			Total ZWL
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	
As at 31 December 2020				
Loss allowance as at 1 January 2020	5 352 556	43 771	2 054 425	7 450 752
Monetary adjustment	(3 947 279)	568 412	(1 809 380)	(5 188 247)
Financial assets derecognised during the period other than write offs	(412 719)	(1 312 901)	(1 898 246)	(3 623 866)
Transfers:				
Transfers from stage 1 to stage 2	(60 527)	60 527	-	-
Transfers from stage 2 to stage 1	38 157	(38 157)	-	-
Transfers from stage 1 to stage 3	(23 989)	-	23 989	-
Transfers from stage 2 to stage 3	-	(329 378)	329 378	-
Changes in PDs/LGDs/EADs	311 167	(91 542)	1 474 372	1 693 997
New financial assets originated	133 058	1 984 723	1 303 621	3 421 402
Write offs	(634)	(72 123)	(837 633)	(910 390)
Loss allowance as at 31 December 2020	1 389 790	813 332	640 526	2 843 648

Consumer loans	INFLATION ADJUSTED			Total ZWL
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	
As at 30 June 2021				
Loss allowance as at 1 January 2021	1 389 790	813 332	640 526	2 843 648
Monetary adjustment	(1 350 651)	(70 919)	403 626	(1 017 944)
Financial assets derecognised during the period other than write offs	(14 275)	(259 163)	(303 891)	(577 329)
Transfers:				
Transfers from stage 1 to stage 2	(2 407)	2 407	-	-
Transfers from stage 2 to stage 1	117 292	(117 292)	-	-
Transfers from stage 1 to stage 3	(641)	-	641	-
Transfers from stage 2 to stage 3	-	(181 418)	181 418	-
Changes in PDs/LGDs/EADs	(116 540)	118 870	927 638	929 968
New financial assets originated	166 193	1 560 713	523 706	2 250 612
Write offs	-	-	(442 075)	(442 075)
Loss allowance as at 30 June 2021	188 761	1 866 530	1 931 589	3 986 880

SME loans	INFLATION ADJUSTED			Total ZWL
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	
As at 31 December 2020				
Loss allowance as at 1 January 2020	205 894	24 303	269 891	500 088
Monetary adjustment	(8 036)	(133 466)	(1 017 934)	(1 159 436)
Financial assets derecognised during the period other than write offs	(2 604)	(15 207)	(354 466)	(372 277)
Transfers:				
Transfers from stage 1 to stage 2	(45 855)	45 855	-	-
Transfers from stage 2 to stage 1	43	(43)	-	-
Transfers from stage 1 to stage 3	(55 262)	-	55 262	-
Transfers from stage 2 to stage 3	-	(53)	53	-
Changes in PDs/LGDs/EADs	(335 004)	27 233	2 849 277	2 541 506
New financial assets originated	18 742	268 712	90 095	377 549
Write offs	-	-	-	-
Loss allowance as at 31 December 2020	(222 082)	217 334	1 892 178	1 887 430



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FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

4 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

4.6 Impairment loss on loans and advances (continued)

SME loans	INFLATION ADJUSTED			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
As at 30 June 2021				
Loss allowance as at 1 January 2021	(222 082)	217 334	1 892 178	1 887 430
Monetary adjustment	231 688	(58 751)	(496 476)	(323 539)
Financial assets derecognised during the period other than write offs	(4 729)	(24 144)	(995 885)	(1 024 758)
Transfers:				
Transfers from stage 1 to stage 2	(2 383)	2 383	-	-
Transfers from stage 2 to stage 1	46 294	(46 294)	-	-
Transfers from stage 1 to stage 3	(195)	-	195	-
Transfers from stage 3 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(14 169)	14 169	-
Transfers from stage 3 to stage 2	-	-	-	-
Changes in PDs/LGDs/EADs	(43 569)	38 585	212 248	207 264
New financial assets originated	71 036	105 383	3 348	179 767
Write offs	-	-	-	-
Loss allowance as at 30 June 2021	76 060	220 327	629 777	926 164

5 OTHER ASSETS

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2021 ZWL	DEC 2020 ZWL	JUN 2021 ZWL	DEC 2020 ZWL
Prepayments	28 778 942	8 101 049	26 054 014	4 613 690
Consumables	1 126 827	3 125 430	208 138	251 455
Deposits	79 480	65 751	79 480	54 480
Sundry receivables	6 478 533	5 776 151	6 478 533	4 786 015
	36 463 782	17 068 381	32 820 165	9 705 640

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

6 INVESTMENT PROPERTIES

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2021 ZWL	DEC 2020 ZWL	JUN 2021 ZWL	DEC 2020 ZWL
Opening balance	184 387 287	184 822 284	152 780 000	34 107 000
Transfer to Property and Equipment	(126 348 378)	-	(104 690 000)	-
Fair value adjustment	(9 118 909)	(4 492 118)	830 000	116 527 789
Additions	-	4 057 121	-	2 145 211
Closing Balance	48 920 000	184 387 287	48 920 000	152 780 000

Valuation process

Investment properties were 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.

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.

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 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.

Sensitivity of property valuation

	JUNE 2021 ZWL	Effect on profit before tax JUNE 2021 ZWL	DEC 2020 ZWL	Effect on profit before tax DEC 2020 ZWL
Valuation change				
5% increase in valuation	48 920 000	2 446 000	184 387 287	9 219 364
Net effect		2 446 000		9 219 364
Property values are also sensitive to foreign exchange rate movements which is demonstrated below;				
	31 DEC 2019	30 JUN 2020	31 DEC 2020	30 JUN 2021
USD values of investment properties at the time of valuation	1 923 000	1 817 600	1 867 600	571 600
Inter-bank foreign exchange market rate	15.050	57.358	81.790	85.423
Property values as a result of direct conversion (ZWL)	28 941 150	104 254 264	152 751 004	48 828 015
Investment properties value at year end (ZWL)	34 107 000	152 780 000	152 780 000	48 920 000
Difference (ZWL)	(5 165 850)	(48 525 736)	(28 996)	(91 985)

CORONAVIRUS PROTECTION

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Requirements:

- ID
- Latest payslip
- Proof of residence (New client)
- Passport size photo (New client)

Application accepted on whatsapp for existing clients.

Whatsapp “Hi” on

Bindura	0738161242	Gwanda	0773378936	Mutare	0738161279
Bulawayo	0738161243	Harare	0712593994	Rusape	0777550247
Chinhoyi	0738161247 / 0737865889	Kwekwe	0738161274	Zvishavane	0772779290
Chipinge	077 621 2611	Marondera	0738161264	Gweru	0738161261
Chiredzi	0787630833 / 0738161263	Masvingo	077 4715772		

7 RIGHT OF USE ASSET

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2021 ZWL	DEC 2020 ZWL	JUN 2021 ZWL	DEC 2020 ZWL
Buildings				
Opening carrying amount	6 845 319	8 159 023	669 912	943 549
Disposals	-	(412 349)	-	(21 399)
Amortisation charge	(1 190 736)	(901 355)	(134 759)	(252 238)
Carrying amount	5 654 583	6 845 319	535 153	669 912
Cost				
Cost	8 473 223	8 473 223	1 050 393	1 050 393
Accumulated amortisation	(2 818 640)	(1 627 904)	(515 240)	(380 481)
Carrying amount	5 654 583	6 845 319	535 153	669 912

8 PROPERTY AND EQUIPMENT

	INFLATION ADJUSTED						Total ZWL
	Land and buildings ZWL	Furniture and fittings ZWL	Motor vehicles ZWL	Office equipment ZWL	IT equipment ZWL	Leasehold improve- ments ZWL	
Yeas ended 31 December 2020							
Opening carrying amount	-	4 847 340	2 312 650	15 774 384	14 151 313	5 023 355	42 109 042
Additions	-	463 132	-	1 292 976	5 809 974	1 806 852	9 372 934
Disposals	-	-	-	(6 786 590)	(17 781)	-	(6 804 371)
Depreciation on disposal	-	-	-	1 900 490	9 322	-	1 909 812
Depreciation charge	-	(1 317 451)	(511 218)	(2 147 091)	(8 286 552)	(2 539 920)	(14 802 232)
Carrying amount	-	3 993 021	1 801 432	10 034 169	11 666 276	4 290 287	31 785 185
Cost							
Cost	-	11 309 906	8 704 198	13 904 057	31 703 483	16 983 411	82 605 055
Accumulated depreciation	-	(7 316 885)	(6 902 766)	(3 869 888)	(20 037 207)	(12 693 124)	(50 819 870)
Carrying amount	-	3 993 021	1 801 432	10 034 169	11 666 276	4 290 287	31 785 185
Six months ended 30 June 2021							
Opening carrying amount	-	3 993 021	1 801 432	10 034 169	11 666 276	4 290 287	31 785 185
Transfer from investment property	126 348 378	-	-	-	-	-	126 348 378
Additions	1 936 013	131 452	-	112 683	1 329 052	656 939	4 166 139
Disposal	-	-	-	-	(51 198)	-	(51 198)
Depreciation charge	(2 450 154)	(651 684)	(192 823)	(1 676 655)	(4 025 445)	(1 224 822)	(10 221 583)
Depreciation on disposal	-	-	-	-	7 571	-	7 571
Revaluation	5 130 104	-	2 793 185	2 498 956	-	-	10 422 245
Carrying amount	130 964 341	3 472 789	4 401 794	10 969 153	8 926 256	3 722 404	162 456 737
Cost							
Cost	133 414 495	11 441 358	11 497 383	16 515 696	32 981 337	17 640 350	223 490 619
Accumulated depreciation	(2 450 154)	(7 968 569)	(7 095 589)	(5 546 543)	(24 055 081)	(13 917 946)	(61 033 882)
Net book amount	130 964 341	3 472 789	4 401 794	10 969 153	8 926 256	3 722 404	162 456 737



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8

PROPERTY AND EQUIPMENT (CONTINUED)

	HISTORICAL						
	Land and buildings ZWL	Furniture and fittings ZWL	Motor vehicles ZWL	Office equipment ZWL	IT equipment ZWL	Leasehold improvements ZWL	Total ZWL
Year ended 31 December 2020							
Opening carrying amount	-	186 962	350 115	1 046 141	1 334 513	349 682	3 267 413
Additions	-	353 680	-	476 195	585 705	613 449	2 029 029
Disposals	-	-	-	(392 228)	(9 402)	-	(401 630)
Depreciation on disposal	-	-	-	109 838	4 929	-	114 767
Depreciation charge	-	(53 026)	(75 026)	(277 438)	(690 703)	(238 467)	(1 334 660)
							-
Carrying amount	-	487 616	275 089	962 508	1 225 042	724 664	3 674 919
							-
Cost	-	674 810	484 542	1 265 962	2 330 716	1 207 157	5 963 187
Accumulated depreciation	-	(187 194)	(209 453)	(303 454)	(1 105 674)	(482 493)	(2 288 268)
							-
Carrying amount	-	487 616	275 089	962 508	1 225 042	724 664	3 674 919
Six months ended 30 June 2021							
Opening carrying amount	-	487 616	275 089	962 508	1 225 042	724 664	3 674 919
Transfer from investment property	104 690 000	-	-	-	-	-	104 690 000
Additions	1 807 846	122 750	-	105 223	1 241 066	613 449	3 890 334
Disposal	-	-	-	-	(47 809)	-	(47 809)
Depreciation charge	(2 287 950)	(54 718)	(165 179)	(259 465)	(456 474)	(164 505)	(3 388 291)
Depreciation on disposal	-	-	-	-	7 070	-	7 070
Revaluation	5 130 104	-	2 608 271	2 274 207	-	-	10 012 582
Carrying amount	109 340 000	555 648	2 718 181	3 082 473	1 968 895	1 173 608	118 838 805
Cost	111 627 950	797 560	3 092 813	3 645 392	3 523 973	1 820 606	124 508 294
Accumulated depreciation	2 287 950)	(241 912)	(374 632)	(562 919)	(1 555 078)	(646 998)	(5 669 489)
Carrying amount	109 340 000	555 648	2 718 181	3 082 473	1 968 895	1 173 608	118 838 805

9

SHARE CAPITAL

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2021 ZWL	DEC 2020 ZWL	JUN 2021 ZWL	DEC 2020 ZWL
Authorised				
20 000 000 000 ordinary shares with nominal value of ZWL0.0000001	2 000	2 000	2 000	2 000
Issued				
Value of ordinary shares with nominal value of ZWL0.0000001	5 528	5 528	116	116
Number of ordinary shares with nominal value of ZWL0.0000001	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 increase 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 Microfinance Bank.

Share premium

The reserve relates to amounts received in the issue of shares that is in excess of their nominal value. This amount forms part of the non-distributable reserves of The Microfinance 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 Microfinance 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	
	JUN 2021 ZWL	DEC 2020 ZWL	JUN 2021 ZWL	DEC 2020 ZWL
Statutory fees	4 496 734	1 106 478	4 496 734	916 808
Accounting and audit fee provision	1 997 427	7 692 682	1 997 427	6 374 018
Provision for leave pay	2 474 339	991 243	2 474 339	821 326
Lease liabilities	1 471 649	1 550 759	1 471 649	1 284 931
Remittances	5 625 810	12 024 674	5 625 810	9 963 429
Accruals and other liabilities	11 312 780	7 809 077	11 312 780	6 470 462
	27 378 739	31 174 913	27 378 739	25 830 974

Fair value of other payables

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

11

DEPOSITS FROM CUSTOMERS

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2021 ZWL	DEC 2020 ZWL	JUN 2021 ZWL	DEC 2020 ZWL
Deposits from customers are primarily composed of amounts payable on demand				
Individual				
Current accounts	3 653 085	1 714 400	3 653 085	1 420 521
Small and medium enterprises				
Current accounts	62 336 309	136 164 915	62 336 309	112 823 806
Term deposits	339 388	3 013 366	339 388	2 496 821
	62 675 697	139 178 281	62 675 697	115 320 627
Total	66 328 782	140 892 681	66 328 782	116 741 148
Current (no more than 12 months after reporting period)	66 328 782	140 892 681	66 328 782	116 741 148
Total	66 328 782	140 892 681	66 328 782	116 741 148

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

12

BORROWINGS

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2021 ZWL	DEC 2020 ZWL	JUN 2021 ZWL	DEC 2020 ZWL
Held at amortised cost				
Ecobank Zimbabwe Limited Facility (note 12.1)	-	1 199 357	-	993 766
Everprosperous World Wide Limited promissory note (note 12.2)	70 935 907	89 794 374	70 935 907	74 402 008
Medium Term Bonds (note 12.3)	3 513 560	3 500 644	3 513 560	2 900 571
NMB Bank Limited Facility (note 12.4)	249 716 342	12 928 192	249 716 342	10 712 068
Reserve Bank of Zimbabwe Facility (note 12.5)	-	12 789 412	-	10 597 077
Zimbabwe Agricultural Development Trust Facility (note 12.6)	-	603 441	-	500 000
Womens Bank (note 12.7)	7 840 000	-	7 840 000	-
	332 005 809	120 815 420	332 005 809	100 105 490
Non-current liabilities (more than 12 months after reporting period)	2 200 876	2 630 129	2 200 876	2 179 278
Current liabilities (no more than 12 months after reporting period)	329 804 933	118 185 291	329 804 933	97 926 212
	332 005 809	120 815 420	332 005 809	100 105 490

12.1

Ecobank Zimbabwe Limited Facility

This loan was a facility to cater for working capital requirements and was issued on 25 September 2019. The facility was repayable monthly.

Security details of the loan are as follows:

- First Mortgage Bond to be registered at ZWL5million

Covenant details of the loan are as follows:

- Insurance of Microfinance Bank's property and assets
- Minimum monthly deposits of ZWL1.5 million.

The loan was paid up in full during the month of February 2021.

12.2

Everprosperous World Wide Limited

The promissory notes were issued in January (ZWL47million) and February 2021 (ZWL18 million). The loans were issued at an interest rate of 60% p.a. and have been fully paid in August 2021.

12.3

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.

12.4

NMB Bank Limited Facility

The loan is made up of two facilities with details as follows: -

- The first 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 30 September 2021. Security details of the loan are ZWL5 million cession of book debts and first mortgage bond for properties valued at USD248 000.
- The second loan is a facility with a limit of ZWL300 million issued as ZWL50 million per month from April 2021. Each monthly loan drawn down under this facility is payable over 12 months at an interest rate of 72% per annum.

Security is detailed below : -

- Irrevocable letter of undertaking confirming monthly instalments;
- Power of attorney to register First mortgage bonds of the Microfinance Bank's property amounting to ZWL141 303 428.

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 ZWL5 million.

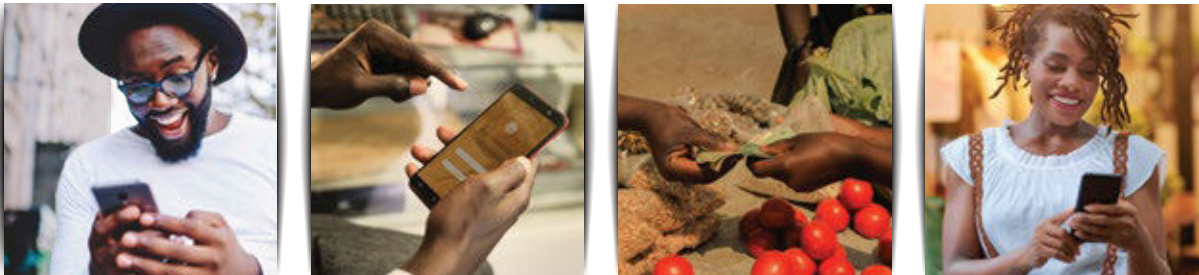
12.5

Reserve Bank of Zimbabwe Facility

The loan is a facility specifically issued to finance the agricultural sector on 20 February 2018. Interest is charged at 3.5% and is payable monthly. The Microfinance Bank accessed additional ZWL30 million at 9% per annum during the period. Security was offered by AI 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.

The loan was repaid in February 2021.



REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

GETBUCKS MICROFINANCE BANK LIMITED

NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

12 BORROWINGS (CONTINUED)

12.6 Zimbabwe Agricultural Development Trust Facility

The loan was a facility specifically to finance the agricultural sector which was issued on 20 August 2019 and repayable on 19 August 2021. Interest was charged at 9.29% and was payable on maturity of the loan. The Loan was repaid in February 2021.

12.7 Zimbabwe Women's Microfinance Bank Limited

This is a fixed term deposit that was received on 16 April 2021 at an interest rate of 48% per annum and was repaid in full on 15 July 2021.

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

13 INTEREST INCOME

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2021 ZWL	JUN 2020 ZWL	JUN 2021 ZWL	JUN 2020 ZWL
Interest income on Consumer loans	125 505 812	38 459 503	116 527 258	10 381 385
Interest income on SME loans	36 847 757	14 146 760	34 525 205	4 063 240
Total interest income	162 353 569	52 606 263	151 052 463	14 444 625

14 INTEREST EXPENSE

Interest on borrowings	61 281 564	25 056 947	57 751 019	7 488 027
Interest on leases	335 345	29 453	313 145	9 058
Interest on deposits	191 641	248 375	178 954	76 386
Total interest expense	61 808 550	25 334 775	58 243 118	7 573 471

15 OPERATING EXPENSES

Advertising, marketing and sales expenses	8 633 192	2 697 087	8 152 109	678 173
Accounting and auditing fees	1 999 883	2 016 570	1 859 378	561 050
Bank charges	2 158 362	1 801 673	2 020 683	534 219
Collection costs	5 874 946	2 593 913	5 573 267	765 223
Consulting and professional fees	2 889 537	3 374 063	2 707 189	1 070 321
Depreciation and amortisation	11 001 070	10 708 237	3 590 540	737 033
Directors fees	1 403 274	1 899 574	1 321 300	565 708
Electricity and water	1 701 497	773 085	1 578 250	234 523
Funding origination	1 902 378	987 433	1 810 724	275 971
Insurance	1 130 339	714 189	1 068 145	222 585
License fees	4 530 788	3 790 958	4 283 213	1 159 818
Listing costs	1 837 847	500 320	1 763 809	242 115
Management fees	8 480 246	8 133 581	7 922 848	2 378 359
Postage and courier	169 997	165 963	160 037	41 610
Printing and stationery	1 627 665	2 765 743	1 533 185	765 431
Rentals	4 187 551	4 732 336	3 936 619	1 313 361
Repairs and maintenance	6 561 459	2 163 427	6 208 899	600 513
Security	4 382 237	2 259 653	4 106 561	712 587
Staff costs	47 760 742	47 792 347	44 803 507	13 307 178
Staff welfare and refreshments	3 834 991	1 731 219	3 677 187	459 407
Telephone and fax	6 068 829	2 711 785	5 685 712	781 475
Training	345 035	683 883	322 956	145 751
Travel	784 369	1 253 817	726 447	304 941
Other expenses	7 380 680	6 446 894	4 806 125	483 407
	136 646 914	112 697 750	119 618 690	28 340 759

16 TAXATION EXPENSE

Major components of the tax expense

Current				
Local income tax - current period	3 199 028	(11 633 649)	3 234 540	(3 217 349)
Deferred				
Deferred tax	(7 561 846)	(39 614 108)	(489 523)	21 609 984
	(4 362 818)	(51 247 757)	2 745 017	18 392 635

17 CASH GENERATED FROM/(USED IN) OPERATIONS

(Loss)/profit before income tax	(25 552 407)	(44 360 168)	5 885 180	73 799 486
Adjustments for:				
Depreciation and amortisation	11 001 070	10 708 237	3 590 540	737 033
Fair value adjustments	9 118 909	4 492 118	(830 000)	(80 509 344)
Profit on disposal on non current assets	(156 439)	(336 700)	(144 569)	(74 209)
Unrealised foreign exchange gain	(1 052 898)	(21 695 480)	(973 919)	(8 091 285)
Net impairment	1 065 052	3 469 530	992 957	1 015 887
Interest received	-	(1 479 468)	-	(455 000)
Interest expense	61 808 550	25 334 775	58 243 118	7 573 471
Changes in working capital:				
(Increase)/decrease in loans and advances to customers	(211 066 329)	118 974 165	(221 473 389)	(27 646 875)
(Increase)/decrease in other assets	(19 395 401)	(33 212 720)	(23 114 525)	(514 429)
(Decrease)/increase in deposits from customers	(74 563 899)	9 606 290	(50 412 366)	25 251 788
(Decrease)/increase in other financial liabilities	(3 796 174)	5 752 418	1 547 765	11 289 119
	(252 589 966)	77 252 997	(226 689 208)	2 375 643

18 RELATED PARTIES

18.1 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(MBCH)
	MHMK Private Limited Zimbabwe
	SureChoice Global Ventures
	Ligagu Investments (Proprietary) Limited (Swaziland)
	GetBucks (Proprietary) Limited (South Africa)
	VSS Financial Services (Proprietary) Limited (South Africa)
	GetSure (Proprietary) Limited South Africa
	Rockcastle Commodities (Pvt) Ltd
Entities under common control	

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Gweru Branch -
1st Floor Office FD60/61,
New Post Office, Corner 7th
Robert Mugabe Street
0738161261, 0773210235,
0773033181, 0773288611

Harare Branch -
Ground Floor, MIPF House, 5
Central Avenue, 0712593994

Masvingo Branch -
Ground Floor, Zmre Centre,
Corner Hughes St and Simon
Mazoredze Road, 0773205999

Mutare Branch -
Fidelity Life Centre, Shop
No. 18, 54 Herbet Chitepo
Street, 0738161279

18 RELATED PARTIES (CONTINUED)

18.2 Related party balances

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2021 ZWL	DEC 2020 ZWL	JUN 2021 ZWL	DEC 2020 ZWL
Related party receivables				
MBCH	3 224 969	4 943 295	3 224 969	4 095 925
SureChoice	-	448 147	-	371 327
	3 224 969	5 391 442	3 224 969	4 467 252
Related party payables				
MBCH	8 723 629	-	8 723 629	-
GetBucks Botswana	272 009	635 940	272 009	526 929
	8 995 638	635 940	8 995 638	526 929
Related party deposits				
MHMK Private Limited Zimbabwe	(33 559)	(7 804)	(33 559)	(6 466)
GetBucks Limited (Mauritius)	(15 306)	(18 907)	(15 306)	(15 666)
	(48 865)	(26 711)	(48 865)	(22 132)
Related party equity balances				
P. Soko	31 045	31 045	25 723	25 723
	31 045	31 045	25 723	25 723
18.3 Related party transactions				
Management fees				
MBCH	8 480 246	-	7 922 848	-
GetBucks Limited (Mauritius)	-	8 133 581	-	2 378 359
	8 480 246	8 133 581	7 922 848	2 378 359

19 OPERATING SEGMENTS

	INFLATION ADJUSTED			
	Consumer ZWL	SME ZWL	Other ZWL	Total ZWL
30 June 2021				
Third party income	137 350 901	39 102 656	20 737 890	197 191 447
Impairment losses on loans and advances	(3 694 145)	682 938	-	(3 011 207)
Net operating income	133 656 756	39 785 594	20 737 890	194 180 240
Interest income	125 454 672	36 898 897	-	162 353 569
Interest expense	(48 111 583)	(13 696 967)	-	(61 808 550)
Net interest income	77 343 089	23 201 930	-	100 545 019
Fees and Commission Income	13 642 275	2 340 611	18 854 992	34 837 878
Depreciation and amortisation	7 662 639	2 181 489	1 156 942	11 001 070
Segment profit before tax	(17 798 166)	(5 066 989)	(2 687 251)	(25 552 407)
Income tax expense	3 038 858	865 138	458 821	4 362 818
Loss for the year	(14 759 308)	(4 201 851)	(2 228 430)	(21 189 589)



REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

19

OPERATING SEGMENTS (CONTINUED)

	INFLATION ADJUSTED			
	Consumer ZWL	SME ZWL	Other ZWL	Total ZWL
30 June 2020				
Third party income	34 500 739	7 604 118	835 449	42 940 306
Impairment losses on loans and advances	(5 056 534)	117 125	-	(4 939 409)
Net operating income	29 444 205	7 721 243	835 449	38 000 897
Interest income	39 504 609	11 631 874	1 469 780	52 606 263
Interest expense	(20 355 432)	(4 486 429)	(492 914)	(25 334 775)
Net interest income	19 149 177	7 145 445	976 866	27 271 488
Fees and Commission Income	21 168 739	1 848 677	-	23 017 416
Depreciation and amortisation	8 603 620	1 896 277	208 340	10 708 237
Segment profit before tax	(35 641 539)	(7 855 555)	(863 074)	(44 360 168)
Income tax expense	41 175 428	9 075 250	997 079	51 247 757
Profit for the year	5 533 889	1 219 695	134 005	6 887 589
	HISTORICAL COST			
	Consumer ZWL	SME ZWL	Other ZWL	Total ZWL
30 June 2021				
Third party income	127 718 657	36 618 785	19 831 881	184 169 323
Impairment losses on loans and advances	(3 380 137)	637 726	-	(2 742 411)
Net operating income	124 338 520	37 256 511	19 831 881	181 426 912
Interest income	116 483 228	34 569 235	-	151 052 463
Interest expense	(45 264 990)	(12 978 127)	-	(58 243 117)
Net interest income	71 218 238	21 591 108	-	92 809 346
Fees and Commission Income	12 912 871	2 176 027	18 027 962	33 116 860
Depreciation and amortisation	2 489 986	713 915	386 640	3 590 540
Segment profit before tax	4 081 284	1 170 163	633 733	5 885 180
Income tax expense	(1 903 628)	(545 798)	(295 591)	(2 745 017)
Profit for the year	2 177 656	624 365	338 142	3 140 163
30 June 2020	Consumer ZWL	SME ZWL	Other ZWL	Total ZWL
Third party income	16 695 620	3 679 790	404 291	20 779 701
Impairment losses on loans and advances	123 798	(1 563 891)	3 729	(1 436 364)
Net operating income	16 819 418	2 115 899	408 020	19 343 337
Interest income	10 785 676	3 199 248	459 701	14 444 625
Interest expense	(6 084 966)	(1 341 154)	(147 350)	(7 573 470)
Net interest income	4 700 710	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 for the year	44 517 086	9 811 767	1 077 999	55 406 851

20

RISK MANAGEMENT AND CONTROL

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

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

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

The Microfinance Bank 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 represents the possibility of loss to the Microfinance Bank if a debtor fails to meet financial commitments stemming from a credit agreement. Credit risk and exposure to loss are inherent parts of the Microfinance Bank's business.

The Board Credit Committee periodically reviews and approves The Microfinance Bank's policies and procedures to define, measure and monitor the credit and settlement risks arising from The Microfinance Bank'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 Microfinance Bank'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 Microfinance Bank 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 Microfinance Bank 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 Microfinance Bank's credit risk mitigation and hedging strategy, various types of collateral are taken by the Microfinance Bank. These include mortgage bonds over residential, commercial and industrial properties, cession of book debts and the underlying moveable assets financed.

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RISK MANAGEMENT AND CONTROL (CONTINUED)

20.1

Credit risk (continued)

Impaired loans and securities

Impaired loans and securities are those for which the Microfinance Bank 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 Microfinance Bank 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;
- 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.

Impairment and provisioning policies

In measuring credit risk of loans and advances The Microfinance 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; $ECL=Probability\ of\ default(PD) \times Loss\ Given\ Default(LGD) \times Exposure\ At\ Default(EAD) \times Discount\ factor(Df)$.

Write-off policy

Financial assets are only written off when the entity has no reasonable expectation of recovery. The Microfinance 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 Microfinance 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 Microfinance Bank 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 Microfinance Bank which reviews the Microfinance Bank'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 Microfinance Bank'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 Microfinance Bank relies on loan facilities from other financial institutions to ensure that it can meet its obligations.

The table below analyses the Microfinance Bank'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:

Liquidity profiling 30 June 2021

	INFLATION ADJUSTED					
	0-1 month ZWL	1-3 months ZWL	3-6 months ZWL	6-12 months ZWL	1-5 years ZWL	Total ZWL
Assets						
Cash and cash equivalents	202 025 280	-	-	-	-	202 025 280
Loan book	54 553 784	101 219 648	118 421 541	117 404 140	5 241 593	396 840 706
Other receivables	-	-	-	-	9 984 353	9 984 353
	256 579 064	101 219 648	118 421 541	117 404 140	15 225 946	608 850 339
Liabilities						
Borrowings	172 005 394	65 916 355	57 948 307	84 335 627	3 154 562	383 360 245
Deposits from customers	70 160 374	5 557 677	60 470	-	-	75 778 521
Trade payables	10 063 279	5 325 589	-	-	8 764 737	24 153 605
	252 229 047	76 799 621	58 008 777	84 335 627	11 919 299	483 292 371
Asset and liability gap	4 350 017	24 420 027	60 412 764	33 068 513	3 306 647	125 557 968
Cumulative gap	4 350 017	28 770 044	89 182 808	122 251 321	125 557 968	-



REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

GETBUCKS MICROFINANCE BANK LIMITED

NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

20 RISK MANAGEMENT AND CONTROL (CONTINUED)

20.2 Liquidity risk (continued)

Liquidity profiling 31 December 2020

	INFLATION ADJUSTED					Total ZWL
	0-1 month ZWL	1-3 months ZWL	3-6 months ZWL	6-12 months ZWL	1-5 years ZWL	
Assets						
Cash and cash equivalents	180 118 621	-	-	-	-	180 118 621
Loan book	18 477 618	45 870 002	64 958 207	75 006 405	9 766 617	214 078 849
Other receivables	20 901	41 803	83 605	157 167	5 796 875	6 100 351
	198 617 140	45 911 805	65 041 812	75 163 572	15 563 492	400 297 821
Liabilities						
Borrowings	23 767 973	9 072 066	101 486 444	1 909 250	960 202	137 195 935
Deposits from customers	140 892 682	-	141 585	-	-	141 034 267
Trade payables	4 731 079	-	-	23 152 106	-	27 883 185
	169 391 734	9 072 066	101 628 029	25 061 356	960 202	306 113 387
Asset and liability gap	29 225 406	36 839 739	(36 586 217)	50 102 216	14 603 290	94 184 434
Cumulative gap	29 225 406	66 065 145	29 478 928	79 581 144	94 184 434	-

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

Sensitivity

This risk is managed through the Microfinance Bank'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.

20.4 Foreign currency risk

The Microfinance Bank 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 Microfinance Bank does not use hedge instruments to manage foreign currency exchange risk.

20.5 Capital risk

Capital risk refers to the risk of The microfinance Bank's own capital resources being adversely affected by unfavourable external developments.

The Microfinance Bank'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 Microfinance Bank's owners, the legal claims of clients or other creditors are not compromised, and The Microfinance Bank can continue to function without interrupting its operations.

The Reserve Bank of Zimbabwe ("RBZ") regulates the minimum capital requirements of all deposit taking microfinance institutions. Shareholders equity as at 30 June 2021 was ZWL189 million. This was in compliance with the RBZ's ZWL5 million capital requirement.

The RBZ have issued a new minimum capital requirement for deposit taking microfinance institutions to have a minimum capital of USD5 million and the Microfinance Bank is working on strategies to achieve this by the deadline date of 31 December 2021.

The Microfinance Bank'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 Microfinance Bank 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 Microfinance Bank has complied with all externally imposed capital requirements throughout the period.

There have been no material changes in the Microfinance Bank's management of capital during the period.

20.6 Risk Ratings

The Reserve Bank of Zimbabwe conducted an offsite inspection on the Microfinance Bank in the last quarter of 2020 and detailed below were the final ratings.

CAMEL* Component	RBS** Rating 31 Dec 2020
Capital Adequacy	1
Asset/Portfolio quality	2
Management, Corporate Governance and Outreach	3
Earnings	2
Liquidity and Funds Management	2

*CAMEL is an acronym for Capital Adequacy, Asset quality, Management, Earnings, and Liquidity.
CAMEL rating system uses a rating scale of 1-5, where '1' is Strong, '2' is Satisfactory, '3' is Fair, '4' is Weak and '5' is Critical.
**RBS stands for Risk-Based Supervision

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



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 Microfinance Bank 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 Microfinance Bank 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 Microfinance Bank, 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 interalia; codes of conduct, staff training, policies and independent oversight of functions. Reviews of The Microfinance Bank 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

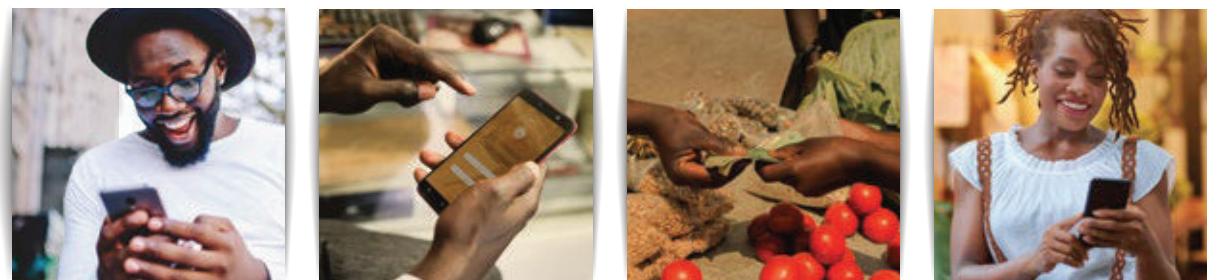
Legal risk is risk from uncertainty due to legal actions or uncertainty in the applicability or interpretation of contracts, laws or regulations. Legal risk may entail such issues as contract formation, capacity and contract frustration. The Microfinance Bank has an independent legal function which is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

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 Microfinance 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 Microfinance Bank operations.



Microfinance Bank

GETBUCKS MICROFINANCE BANK LIMITED

REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

23 CORPORATE GOVERNANCE AND RISK MANAGEMENT

23.1 Responsibility

These reviewed interim financial statements are the responsibility of the directors. This responsibility includes the setting up of internal control and risk management processes which are monitored independently. The information contained in these audited financial has been prepared on the going concern basis and is in accordance with the provisions of the Companies and Businesses Act of Zimbabwe(Chapter 24:31), the Microfinance Act (Chapter 24:29) and International Financial Reporting Standards.

23.2 Corporate Governance

Getbucks Microfinance Bank Limited corporate governance practices are stipulated by the Microfinance Act (Chapter 24:30). The Board has set up the Audit and Risk Committee, Remuneration Committee, Credit Committee and Loans Review Committee to assist in the discharge of its duties and responsibilities. Getbucks Microfinance Bank Limited was not in compliance with the Microfinance Act (Chapter 24:30) as at 30 June 2021 which requires the following:

- The Audit and Risk Committees are combined into one committee but should be separate committees;
- The Audit and Risk committee is not properly constituted as it has only two members.

The Microfinance Bank is working on appointment of the the required board members so as to regularise compliance with corporate governance requirements. The Board has also appointed management committees to assist in the execution of its mandate namely, the Asset and Liability Committee (ALCO) and the Executive Committee.

23.3 Board of Directors

The Board of Directors is comprised of eight members. The board consists of two executive and six non-executive members. Three of the four non-executive directors are independent non-executive directors. The Chairman of the Board is also an independent non-executive director.

Directors

Directors	Status	Nationality	Changes
Dr. Rungamo Mbire	Independent Non Executive Chairperson	Zimbabwean	No Change
Mr. Paul Soko	Non-Executive Independent	Zimbabwean	No Change
Mr. Joseph Machiva	Non-Executive Independent	Zimbabwean	No Change
Ms. Ruvimbo T. L. Matsika	Non-Executive Independent	Zimbabwean	No Change
Ms. Majorie Madamombe	Non-Executive Independent	Zimbabwean	Appointed 01 April 2021
Mr. Patrick Matute	Non-Executive	Zimbabwean	Appointed 01 January 2021
Mr. George T. Nheweyembwa	Managing Director	Zimbabwean	Appointed 01 January 2021
Mr. Wimbayi T. Chigumbu	Chief Finance Officer	Zimbabwean	Appointed 01 April 2021

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Chipinge	077 621 2611	Marondera	0738161264	Gweru	0738161261
Chiredzi	0787630833 / 0738161263	Masvingo	077 471 5772		

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23 CORPORATE GOVERNANCE AND RISK MANAGEMENT (CONTINUED)

23.3 Board of Directors (continued)

Meeting Attendance

Main Board	Total meetings	Total present
R. Mbire	2	2
W. Kambwanji	1	1
G. Nheweyembwa	2	2
M. Madamombe	1	1
P. Soko	2	2
P. Matute	2	1
W. Chigumbu	1	1
W. Kambwanji	2	2
J. Machiva	2	2
R. Matsika	2	2

Audit and Risk Committee	Total meetings	Total present
P. Soko (Acting Chairperson appointed 1 June 2021)	2	2
J. Machiva	2	2

Loans Review Committee	Total meetings	Total present
R. Mbire (Chairperson)	2	2
J. Machiva	2	2
P. Matute (Appointed 1 March 2021)	2	1

Remuneration Committee	Total meetings	Total present
R. Matsika (Chairperson. Appointed 1 January 2021)	2	2
J. Machiva	2	2
P. Matute	2	1

Credit Committee	Total meetings	Total present
Joseph Machiva (Chairperson. Appointed 1 March 2021)	2	2
P. Soko	2	2

Nominations Committee	Total meetings	Total present
Ruvimbo Matsika (Chairperson. Appointed 1 March 2021)	1	1
Rungamo Mbire	1	1
Patrick Matute	1	1

23 CAPITAL COMMITMENTS

There was no authorised and contracted or authorised but uncontracted capital expenditure as at 30 June 2021 (31 December 2020; nil)

24 EVENTS AFTER THE REPORTING DATE

The Microfinance bank has repaid the Everprosperous promissory notes and facility from Zimbabwe Womens Microfinance Bank Limited in full.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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To the members of GetBucks Microfinance Bank Limited

We have reviewed the accompanying statement of financial position of GetBucks Microfinance Bank Limited as at 30 June 2021 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Responsibilities of Management and Those Charged with Governance for the interim financial information

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34 - *Interim Financial Reporting* and the Company's accounting policies, this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of interim financial information that are free of material misstatement whether due to fraud or error.

Our responsibility is to express a conclusion on this 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 Qualified Conclusion

Non-compliance with International Accounting Standard 21 -The Effects of Changes in Foreign Exchange Rates

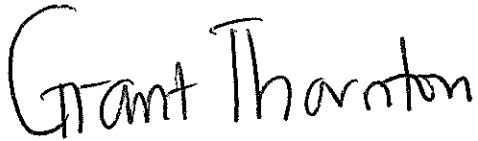
During the period, there were residual effects arising from the requirement to comply with SI 33/2019. In order to comply with SI 33/2019, the transactions and balances for the period 1 October 2018 to 22 February 2019 were accounted for on the basis of a rate of 1:1 between USD and RTGS. This was not consistent with the requirements of IAS 21. The residual effects of this non-compliance have resulted in the misstatement of retained earnings in the interim financial information for the six months ended 30 June 2021.

In addition, the foreign currency denominated transactions and balances for the months from 1 January 2020 to 30 June 2020 of the comparative period were translated into ZWL using the interbank exchange rate(s) which did not meet IAS 21 requirements for a spot rate as the rate(s) were not available for immediate delivery.

Conclusion

Based on our review, except for the issues highlighted in *Basis for Qualified Conclusion* section of our report, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects the financial position of GetBucks Microfinance Bank Limited as at 30 June 2021, and of its financial performance and its cash flows for the six month period then ended in accordance with International Financial Reporting Standards.

The engagement partner on the review engagement resulting in this independent review conclusion is Edmore Chimhowa.

A handwritten signature in black ink that reads "Grant Thornton". The signature is written in a cursive, flowing style.

Edmore Chimhowa

Partner

Registered Public Auditor (PAAB No: 0470)

Grant Thornton

Chartered Accountants (Zimbabwe)

Registered Public Auditors

24 September 2021

HARARE