GetBucksBank
Banking, But Better!

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

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors of GetBucks Microfinance Bank Limited (the "Bank") present the audited financial results of the Microfinance Bank for the year ended 31 December 2021.

Financial Highlights of the Bank

The inflation adjusted audited full year financial results (the "financial results") when compared to the prior year ended 31 December 2020 ("comparative period"), are set out below:

- Revenue for the year increased by 206% to ZWL588 million compared to ZWL192million for the comparative period;
- Total comprehensive income for the year increased by 366% to ZWL$191million compared to a loss of ZWL$72 million for the comparative period;
- Headline earnings per share increased by 445% to a headline of 17.93 cents per share compared to the headline loss per share of 5.19 cents for the comparative period;
- Earnings per share increased by 367% to 16.5 cents per share compared to the loss per share of 6.19 cents per share for the comparative period; and
- Net assets increased by 68% to ZWL474 million compared to ZWL282 million for the comparative period.

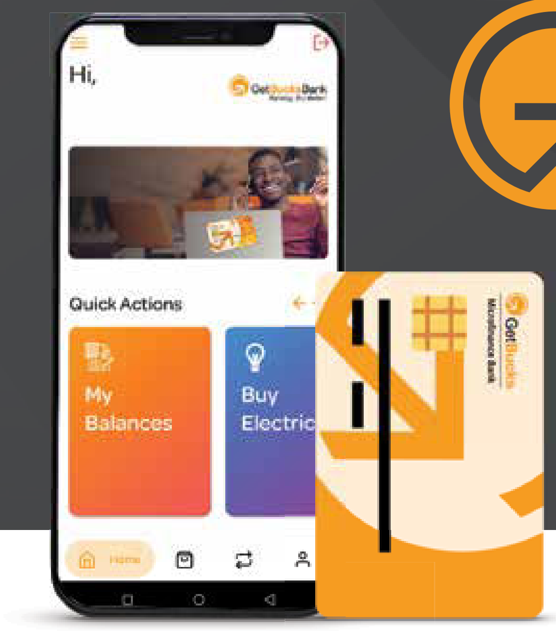
No dividends were declared or paid during the period under review.

This short announcement should be read in conjunction with the complete set of financial statements for the year ended 31 December 2021 which have been audited by Grant Thornton Chartered Accountants (Zimbabwe) in accordance with International Standards on Auditing (ISAs). The auditors have issued an adverse audit opinion on the financial statements with respect to non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates and International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies on accounting for comparatives and transactions for the period, and the extent to which fair values for assets, transactions and liabilities presented in the financial statements are affected by the prevailing economic environment.
The Auditors have included a section on key audit matters. The key audit matters were with respect to the recognition of revenue and loan advances.

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 audited financial results for the full year ended 31 December 2021 which may be downloaded from the Company's website at: http://www.getbuckszw.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
14 April 2022



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Chairman's Statement

Dear Stakeholders,

I am pleased to present the results for the year ended 31 December 2021, which showed that GetBucks Microfinance Bank Limited ('the Microfinance Bank") has been very resilient, in the face of the Covid-19 pandemic and inflationary pressures in the operating environment.

The operating environment continued to be characterised by significant challenges in the year 2021, with the Covid-19 pandemic continuing to affect businesses both globally and locally. Whilst the annual inflation rate closed at 60.74% in December 2021 from 348.6% in December 2020, the operating environment continued to experience significant increases in prices of goods and services. The Foreign Exchange Auction Trading System introduced by the Reserve Bank of Zimbabwe in June 2020 continued to operate in 2021 addressing the foreign currency challenges but the market continued to suffer from inadequate foreign currency allocations as the auction system could not fully meet the market foreign currency demand. Despite these challenges, the Microfinance Bank showed resilience.

Operational Results

The Microfinance Bank recorded a net profit of ZWL192 million representing a 366% increase from prior year loss of ZWL 72 million. This was largely as a result of a reduction in the net monetary loss from ZWL48 million in 2020 to close at net monetary profit of ZWL 25 million in 2021, largely due to the Microfinance Bank's assets being predominantly monetary. Operating expenses increased by 55% during the year under review from ZWL258million to ZWL399million. The increase was lower than the average inflation for the year under review.

Borrowings increased from ZWL161 million to ZWL284 million as the Microfinance Bank managed to mobilise new lines of credit. However, customer deposits shrunk by 58% to close at ZWL79.2 million from ZWL187 million due to the general market's reluctance to hold on to monetary assets considering the inflationary pressure and fear of real monetary loss due to currency depreciation. The loan book grew from ZWL132million in 2020 to close at ZWL179 million in 2021.

Financial Position

The Microfinance Bank grew its total assets by 44%, from ZWL70 million to ZWL 1 billion, as a result of a diversified asset portfolio made up of property carried at fair value and monetary assets in the form of loans. This portfolio mix is in line with the value preservation strategy of the Microfinance Bank which saw the property assets counter the eroding effect of inflation on monetary assets.

The Bank does not have material foreign currency denominated commitments.

Capital

The Microfinance Bank's net equity position was ZWL474 million translating to USD4.4 million at the official exchange rate as at 31 December 2021. To ensure compliance with the regulatory minimum capital requirement extended deadline of 31 December 2022, the Microfinance Bank is working on a recapitalisation plan as detailed in the Outlook section below.

Dividend

No dividend has been declared for the period under review.

Directorate

During the reporting period, Mr. Patrick Matute, Ms. Marjorie Madamombe, and Mr. Wimbayi Chigumbu, were appointed to the board.

Ms. Ledwin Magara, Ms. Ruvimbo Matsika, and Mr. Walter Kambwanji who were Non-Executive Directors resigned during the same period.

George Nheweyembwa will be stepping down as the managing director of the Microfinance Bank on 31 March 2022. Edwin Chavora, the Head of Treasury, will be taking over until a substantive appointment is made.

The Board of Directors wished to extend its gratitude to the outgoing directors and wish Edwin every success in the new role.

Outlook

The Microfinance Bank is carrying out a rights issue as part of its capital raise initiative. The capital raised will help the Microfinance Bank address the regulatory minimum capital requirement of USD 5million equivalent. The raised capital will reduce the Microfinance Bank's cost of funding, as well as capacitating the Microfinance Bank's expansion drive.

Investments in technology will continue to be the core focus of the Microfinance Bank's strategy to deliver financial services.

The local currency continues to be buffeted by inflation and exchange loss against all the major currencies. As an institution, the Microfinance Bank will continue to implement capital preservation initiatives to preserve shareholder value.

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 Bank implemented the World Health Organisation ("WHO") guidelines to ensure the health and safety of its valued stakeholders. Several safeguards were introduced, and these included staff being encouraged to get vaccinated and encouraging clients to use digital platforms. The Bank provided adequate protective equipment for staff and will continue to implement WHO guidelines such as the correct wearing of masks and use of sanitisers by staff and customers.

Appreciation

I would like to thank all our valued stakeholders for their continued support to the Bank. I am grateful to my fellow directors, management and staff for their hard work and contribution during the year and the achievement of these results.

DR. R. MBIRE
CHAIRMAN
DATE: 13 APRIL 2022

Auditor's Statement

These financial results should be read in conjunction with the complete set of financial statements for the year ended 31 December 2021 which have been audited by Grant Thornton Chartered Accountants (Zimbabwe) in accordance with International Standards on Auditing (ISAs). The auditors have issued an adverse audit opinion on the financial statements with respect to non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates and International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies.

The Auditors have included a section on key audit matters. The key audit matters were with respect to the recognition of revenue and loans and advances.

The auditor's report on the financial statements which form the basis of these financial results is available for inspection at the Company's registered office.

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		INFLATION ADJUSTED		HISTORICAL COST	
ASSETS	**Notes**	**2021 ZWL**	**2020 ZWL**	**2021 ZWL**	**2020 ZWL**
Cash and cash equivalents	4	207 083 544	239 891 582	207 083 544	149 243 059
Loans and advances to customers	5.1	179 544 277	132 306 554	179 544 277	82 311 495
Other assets	6.2	47 807 486	22 732 579	38 151 136	9 705 640
Tax receivable	7	5 775 729	7 690 575	1 122 554	1 066 589
Investment properties	9	138 440 000	245 576 821	138 440 000	152 780 000
Right of use asset	10	8 826 970	9 116 960	445 185	669 912
Property and equipment	11	418 068 634	42 333 202	322 979 205	3 674 919
Intangible assets	12	5 537 487	4 849 361	804 850	294 654
Total assets		**1 011 084 127**	**704 497 634**	**888 570 751**	**399 746 268**
EQUITY AND LIABILITIES					
Equity attributable to the owners of the Company					
Share capital	13.1	7 362	7 362	116	116
Share premium	13.2	431 599 303	431 599 303	8 562 235	8 562 235
Revaluation reserve		162 717 851	-	158 927 372	-
(Accumulated loss)/Retained earnings		(120 030 564)	(149 178 355)	227 661 885	120 639 726
Total equity		**474 293 952**	**282 428 310**	**395 151 608**	**129 202 077**
LIABILITIES					
Deposits from customers	14	79 245 137	187 648 383	79 245 137	116 741 148
Other financial liabilities	15	103 840 590	41 520 412	103 840 590	25 830 974
Borrowings	16	283 963 393	160 908 417	283 963 393	100 105 490
Deferred tax liability	8	69 741 055	31 992 112	26 370 023	27 866 579
Total liabilities		**536 790 175**	**422 069 324**	**493 419 143**	**270 544 191**
Total equity and liabilities		**1 011 084 127**	**704 497 634**	**888 570 751**	**399 746 268**

The above statement of financial position should be read in conjunction with the accompanying notes. The financial statements were approved by the Board of Directors on 13 April 2022 and signed on its behalf by:

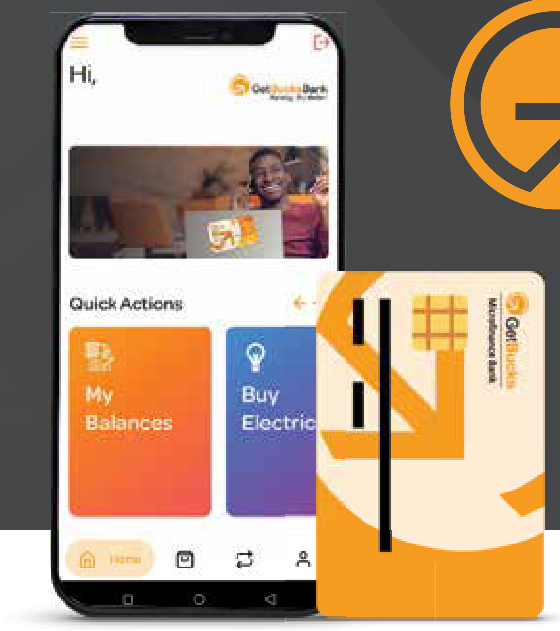
DR. R. MBIRE
CHAIRMAN
DATE: 13 APRIL 2022

EDWIN CHAVORA
CHIEF EXECUTIVE OFFICER
DATE: 13 APRIL 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	**2021 ZWL**	**2020 ZWL**	**2021 ZWL**	**2020 ZWL**
Interest income	17	474 202 407	132 289 027	375 556 964	53 123 554
Interest expense	18	(194 550 375)	(61 621 461)	(156 343 236)	(23 327 848)
Net interest income		**279 652 032**	**70 667 566**	**219 213 728**	**29 795 706**
Fee and commission income	19	114 208 537	59 705 006	93 279 222	21 010 076
Other Income		6 128 405	6 746 244	4 740 600	3 500 256
Gain on foreign exchange		7 623 409	50 681 890	6 631 582	19 374 676
Fair value adjustment	9	102 614	(5 982 842)	70 190 350	116 527 789
Total net income		**407 714 997**	**181 817 864**	**394 055 482**	**190 208 503**
Allowance for expected credit losses		(22 568 064)	(9 699 716)	(18 944 343)	(3 256 958)
Operating expenses	20	(399 121 701)	(257 856 665)	(322 325 585)	(84 657 907)
Net monetary gain / (loss)		25 051 732	(48 024 914)	-	-
Profit / (loss) before taxation		**11 076 964**	**(133 763 431)**	**52 785 554**	**102 293 638**
Income tax credit / (expense)	21	18 070 827	61 766 656	54 236 605	(23 292 899)
Profit / (loss) for the year		**29 147 791**	**(71 996 775)**	**107 022 159**	**79 000 739**
Gains on property and equipment		216 150 174	-	211 667 422	-
Tax on revaluation of property and equipment		(53 432 323)	-	(52 740 050)	-
Total comprehensive income / (loss) for the year, net of tax		**191 865 642**	**(71 996 775)**	**265 949 531**	**79 000 739**
Basic and Diluted earnings / (loss) per share (cents)	13	**16.50**	**(6.19)**	**22.87**	**6.79**

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



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	INFLATION ADJUSTED					
YEAR ENDED 31 DECEMBER 2021	**Share Capital ZWL**	**Share Premium ZWL**	**(Accumulated loss) /Retained earnings ZWL**	**Regulatory reserve ZWL**	**Revaluation reserve ZWL**	**Total equity ZWL**
Balance at 1 January 2020	**7 362**	**431 599 303**	**(77 325 031)**	**143 451**	**-**	**354 425 085**
Loss for the year	-	-	(71 996 775)	-	-	(71 996 775)
Total comprehensive loss for the year	**-**	**-**	**(71 996 775)**	**-**	**-**	**(71 996 775)**
Transactions with owners in their capacity						
Transfer to share premium	-	-	**143 451**	**(143 451)**	-	-
Balance at 31 December 2020	**7 362**	**431 599 303**	**(149 178 355)**	**-**	**-**	**282 428 310**
Balance at 1 January 2021	**7 362**	**431 599 303**	**(149 178 355)**	**-**	**-**	**282 428 310**
Profit for the year	-	-	29 147 791	-	-	29 147 791
Total comprehensive loss for the year	**-**	**-**	**29 147 791**	**-**	**-**	**29 147 791**
Transactions with owners in their capacity as owners						
Revaluation surplus	-	-	-	-	162 717 851	162 717 851
Balance at 31 December 2021	**7 362**	**431 599 303**	**(120 030 564)**	**-**	**162 717 851**	**474 293 952**

	HISTORICAL COST					
YEAR ENDED 31 DECEMBER 2021	**Share Capital ZWL**	**Share Premium ZWL**	**Retained earnings ZWL**	**Regulatory reserve ZWL**	**Revaluation reserve ZWL**	**Total equity ZWL**
Balance at 1 January 2020	**116**	**8 562 235**	**41 619 093**	**19 894**	**-**	**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**
Transactions with owners in their capacity as owners						
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**
YEAR ENDED 31 DECEMBER 2021						
Balance at 1 January 2021	**116**	**8 562 235**	**120 639 726**	**-**	**-**	**129 202 077**
Profit for the year	-	-	107 022 159	-	-	107 022 159
Total comprehensive income for the period	**-**	**-**	**107 022 159**	**-**	**-**	**107 022 159**
Transactions with owners in their capacity as owners						
Revaluation surplus	-	-	-	-	158 927 372	158 927 372
Balance at 31 December 2021	**116**	**8 562 235**	**227 661 885**	**-**	**158 927 372**	**395 151 608**

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

		INFLATION ADJUSTED		HISTORICAL COST	
Cash flows from operating activities	**Notes**	**2021 ZWL**	**2020 ZWL**	**2021 ZWL**	**2020 ZWL**
Cash (utilised in) / generated from operations	23	(208 439 935)	238 171 799	(398 902 967)	(6 397 416)
Interest received		575 124 817	151 217 793	453 336 053	59 921 458
Interest paid		(85 903 595)	(49 288 242)	(67 712 600)	(19 530 925)
Net cash flows generated from /(utilised in) operating activities		280 781 287	340 101 350	(13 279 514)	33 993 117
Cash flows from investing activities					
Proceeds from disposal of property and equipment		1 337 545	7 759 192	1 054 306	3 074 652
Purchase of property and equipment	11	(40 024 058)	(12 483 370)	(10 826 802)	(2 029 029)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

		INFLATION ADJUSTED		HISTORICAL COST	
Cash flows from operating activities	**Notes**	**2021 ZWL**	**2020 ZWL**	**2021 ZWL**	**2020 ZWL**
Proceeds from financial assets at amortised cost		-	21 612 609	-	13 445 790
Additions to intangible assets	12	(1 054 497)	(237 409)	(806 704)	(38 212)
Purchase of investment property		(25 575 541)	(5 403 491)	(20 159 650)	(2 145 211)
Net cash flows (utilised in) / generated from investing activities		**(65 316 551)**	**11 247 530**	**(30 738 850)**	**12 307 990**
Cash flows from financing activities					
Proceeds from borrowings		120 810 080	148 316 208	95 227 268	58 882 220
Net cash flows generated from financing activities		**120 810 080**	**148 316 208**	**95 227 268**	**58 882 220**
Net increase in cash and cash equivalents		**336 274 816**	**499 665 088**	**51 208 903**	**105 183 327**
Cash and cash equivalents at the beginning of the year		239 891 582	177 990 285	149 243 059	24 685 056
Net foreign exchange differences on cash and cash equivalents		50 681 890	48 939 138	6 631 582	19 374 676
Inflation effect on cash and cash equivalents		(419 764 744)	(486 702 929)	-	-
Cash and cash equivalents at the end of the year	4	**207 083 544**	**239 891 582**	**207 083 544**	**149 243 059**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 which holds 53.7%, (December 2020 :53.7%) 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. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and other Business Entities Act (Chapter 24:31), except for non-compliance with International Accounting Standard ("IAS") 21, [The Effects of Changes in Foreign Exchange Rates] described in **note 2.2** and International Accounting Standard ("IAS") 29 [Financial Reporting in Hyperinflationary Economies], and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") as issued by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in **note 3**.

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

2.1.1 Changes in accounting policy and disclosures

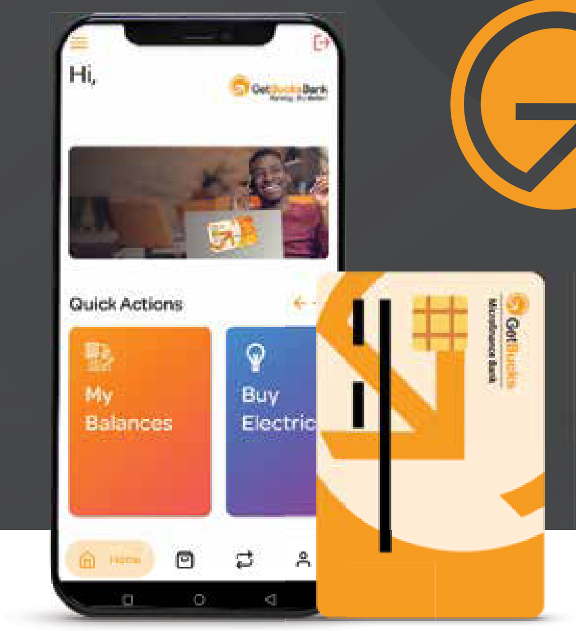
Amended standards and interpretations

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, Amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Microfinance Bank's financial statements.

Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16). The pronouncement amended IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2.1.1 Changes in accounting policy and disclosures (Continued)

Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) (Continued)

originally due on or before 30 June 2021. Since lessors continue to grant COVID-19-related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the IASB decided to look into whether to extend the time period over which the practical expedient is available for use.

The Changes in Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) amend IFRS 16 to permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021); and specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28 (f) of IAS 8.

New and revised IFRS Standards in issue but not yet effective

2.1.2 IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Mircofinance Bank's financial statements in future periods should such transactions arise. The Group does not at the moment have associates or joint venture arrangements.

Effective date

The effective date of the amendments has yet to be set by the IASB

2.1.3 Reference to Conceptual Framework (Ammendments to IFRS3)

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of International Financial Reporting Interpretations Committee ("IFRIC") 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Effective date: January 1, 2022

2.1.4 Annual Improvements to IFRS 9, Financial Instrument

The amendment clarifies that in applying the '10 percent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

2.1.5 Amendments to IAS 16 – Property, Plant and Equipment— Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Effective date: January 1, 2022

2.1.6 Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Effective date: January 1, 2022

2.2 Foreign currency translation

(a) Functional and presentation currency

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

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

From an IAS 21 perspective, the separation of the ZWL FCA and Nostro FCA accounts on 1 October 2018 by the RBZ was a strong indicator of a change in functional currency. However, the Microfinance Bank maintained the 1:1 parity between the US$ and the ZWL

2.2 Foreign currency translation (Continued)

(a) Functional and presentation currency (Continued)

for accounting purposes for the period to 22 February 2019 in order to comply with laws of Zimbabwe that did not recognise ZWL FCA as currency until 22 February 2019 when SI 33 of 2019 was promulgated. An alternative way of accounting for these changes that complies with IFRS was to use the Old Mutual Implied Rate ("OMIR") for conversion of ZWL FCA denominated numbers to the US Dollar. Though this approach would be IFRS compliant, this would result in non compliance with the laws and regulations of Zimbabwe, prior to the introduction of local currency on 22 February 2019. The above means that prior year comparative figures are not compliant with IAS 21.

b) Transactions and balances

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

2.3 Cash and cash equivalents

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

2.4 Intangible assets

Software licenses

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

2.5 Equipment

a) Recognition and measurement

The cost of an item of equipment is recognised as an asset if, and only if; it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing working condition for its intended use, the cost of dismantling the asset and removing items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where parts of equipment have different useful lives, they are accounted for (major components) as separate equipment.

b) Subsequent measurement

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

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

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

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

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

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

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

c) Derecognition

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

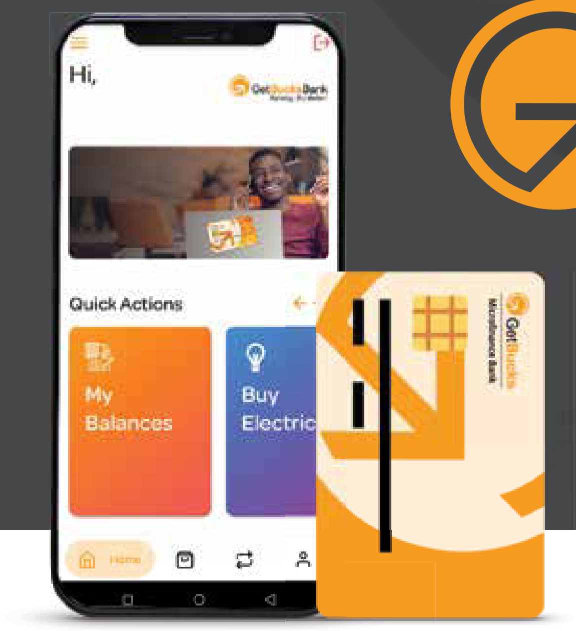
2.6 Investment properties

a) Recognition criteria

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

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

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



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2.6 Investment properties (Continued)

b) Transfers to and from investment properties

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

c) Derecognition

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

2.7 Current income and deferred tax

Current income tax assets and liabilities

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

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

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

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

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

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

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

2.8 Share capital

Ordinary shares and Share Premium

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

2.9 Share application reserve

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

2.9.1 Share issue costs

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

2.10 Revenue recognition

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

2.10.1 Revenue within the scope of IFRS 15

The Bank recognises revenue from contracts with customers under the scope of IFRS 15 as it transfers goods or services to customers at an amount that reflects the consideration to which the Bank expects to be entitled to in exchange for those services excluding amounts collected on behalf of third parties. For amounts collected on behalf of third parties, the Bank records commission earned. Commission earned represents the net amount the Bank retains from insurance sold and underwritten by insurance companies. The Bank applies the 5 step approach to revenue recognition under IFRS 15. Revenue is recognised when a performance obligation is satisfied by transferring a promised asset to the customer or performing the promised service. Control includes the ability to prevent others from directing the use of and obtaining the benefits from the asset. If the Bank does not satisfy its performance obligation over time, it satisfies it at a point in time and revenue will be recognised when control is passed or service performed at that point in time. IFRS 15 uses the terms 'contract asset and 'contract liability to describe what might more commonly be known as 'accrued income' and 'deferred income'. However, the Standard does not prohibit an entity from using alternative descriptions. The term 'accrued income' is used with respect to income recorded as a result of amortisation. Revenue is recognised under the scope of IFRS 15 as follows:

2.10.1.1 Fee and commission income

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

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

2.10.1.2 Revenue within the scope of IFRS 9

The Microfinance Bank's revenue items recognised under the scope of IFRS 9 are as follows:

Interest income

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

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

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

2.11 Leases

Transition approach

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

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

Bank as a lessor

The Microfinance Bank has no agreements or contracts where it acts as lessor.

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

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

Bank as a lessee

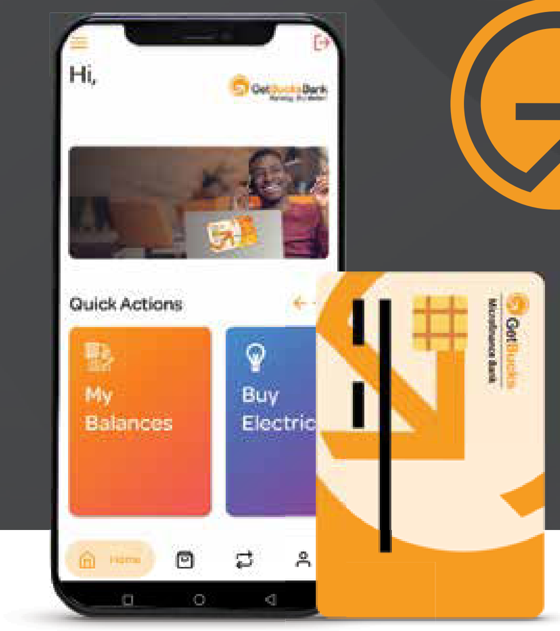
The Microfinance Bank recognises a lease liability and a right of use asset on all significant leases. This excludes all leases relating to lower value assets and leases for periods less than 12 months which will be treated as operating leases. Payments made under operating leases are charged to the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

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

IFRS 16 impacts the Microfinance Bank by virtue of lease contracts the Microfinance Bank holds with third parties relating to properties used for the company's activities. The Microfinance Bank has reviewed all its leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16.

As at the reporting date, the Microfinance Bank had non-cancellable lease commitments of ZWL11 017 150. Of these commitments, approximately ZWL6 231 450 relates to short term leases which were recognised on a straight line basis as expense in profit or loss.

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



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2.11 Leases (Continued)

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

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

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

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

2.12 Employee benefits

a) Termination benefits

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

b) Short-term employee benefits and compensation absences
Short-term employee benefits are employee benefits (other than termination benefits) which fall due wholly within twelve months after the end of the period in which the employees render service. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. Wages, salaries, paid annual leave, bonus and other monetary benefits are recognised as employee benefit expenses and accrued when the associated services are rendered by the employees to the Microfinance Bank.

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

d) Post-employment benefits
Post-employment benefits are employee benefits (other than termination benefits) which are payable after completion of employment. Obligations for contributions to a defined contribution pension plan are recognised as an expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

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

g) Share Option Scheme

The Microfinance Bank issues share options to certain employees in terms of the Employee Share Option Scheme which is an equity settled share-based payment scheme. Share options are measured at fair value of the equity instruments at the grant date. The fair value determined at the grant date of the options is expensed over the vesting period, based on the Microfinance Bank's estimate of shares that will eventually vest. Fair value is measured using the Black-Scholes option pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and other behavioural considerations. The Microfinance Bank expects that these share options will not be exercised and has thus derecognised the reserve that had been initially created during the period.

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

2.14 Dividend Distribution
Dividend distribution to the Microfinance Bank's shareholders is recognised as a liability in the Microfinance Bank's financial statements in the period in which the dividends are declared by the Microfinance Bank's Directors.

2.15 Segment information
An operating segment is a component of an entity:

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

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

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

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

2.16.1 Financial assets
Initial recognition
A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets held by the Microfinance Bank include balances with banks and cash, and loans and advances, deposits and sundry receivables. The Microfinance Bank's financial assets in the scope of IFRS 9 are classified at initial recognition and subsequently measured at amortised cost. The Microfinance Bank initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. For a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at individual instrument level. The Microfinance Bank's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement
For subsequent measurement, the Microfinance Bank's financial assets are classified at amortised cost. The Microfinance Bank's financial assets are subsequently measured at amortised cost if they meet the following criteria:
- SPPI criteria tests whether the contractual cashflows of the financial asset represent solely payments of principal and interest.
- Hold to collect business model test. The assets are held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows. Financial assets do not always have to be held to maturity in order to comply with the test.

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

2.16.2 Financial liabilities
Initial recognition
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Microfinance Bank's financial liabilities include trade and other payables, loans and borrowings, and deposits and are all classified at amortised cost.
Subsequent measurement
After initial recognition, interest bearing loans, other borrowings and deposits are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as interest income in the statement of comprehensive income.
Derecognition
A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the initial liability and the recognition of a new liability.

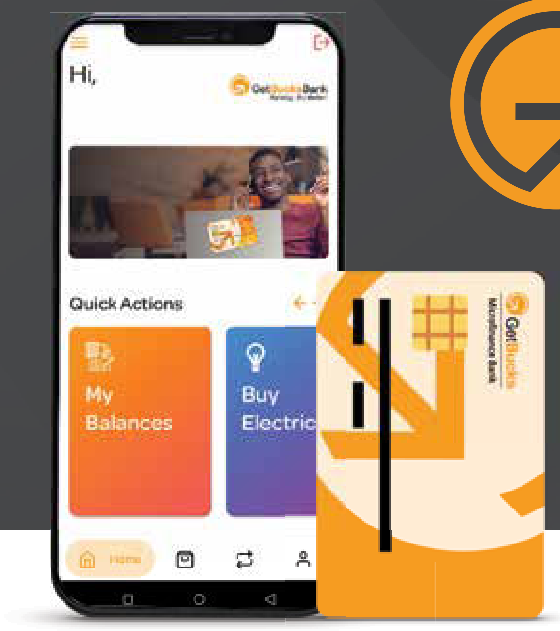
2.16.3 Allowance for expected credit losses
The Microfinance Bank assesses at each reporting date, the expected credit losses ("ECL") associated with a financial asset or group of financial assets. At each reporting date the Microfinance Bank also assesses whether the credit risk of its financial assets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

The various staging considerations are as follows;

Stage 1 - As soon as a financial instrument is originated or purchased, 12 month expected credit losses are recognised in profit or loss and a loss allowance is established. The allowance serves as a proxy for the initial expectation o f expected loss.

Stage 2 - If the credit risk increases significantly and the resulting credit quality is not considered to be low risk, full lifetime expected credit losses are recognised. Lifetime expected credit losses are only recognised if the credit risk increases significantly from when the entity originated the financial asset.

Stage 3 - If the credit risk of a financial asset increases to a point that it is considered credit impaired. Lifetime expected credit losses are still recognised on these financial assets.



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

2.16.3 Allowance for expected credit losses (Continued)

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

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

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2.17 Fair Value Measurement

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

- **Level 2** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

- **Level 3** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable Information on the Microfinance Bank's fair value hierarchy is provided in note 32.

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

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

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

2.18 Earnings per share

2.18.1 Basic earnings per share

Basic earnings per share are calculated by dividing:

- The profit attributable to equity shareholders;

- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

2.18.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take account of:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares..

2.18.3 Headline earnings per share

Headline earnings per share are calculated by dividing:

- he headline earnings of the Microfinance Bank, which is the profit attributable to equity shareholders, adjusted for goodwill impairments, capital.

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3.1 Hyperinflation

On 11 October 2019, the Public Accountants and Auditors Board made a pronouncement on the application of International accounting Standard IAS 29 " Financial reporting in Hyperinflationary economies" in Zimbabwe. The pronouncement requires that companies that prepare and present financial statements for financial periods on or after 1 July 2019 to apply requirements of IAS 29 ' Financial reporting in Hyperinflationary economies'. The Microfinance Bank adopted and applied the requirements of IAS 29 with effect from 1 July 2019 and comparatives were also restated accordingly. Monetary items, assets and liabilities; and non-monetary assets and liabilities carried at revalued amounts have not been restated as they are presented at the measuring unit current at the end of the reporting period. A net monetary loss was recognised in the statement of profit or loss. Comparative amounts have been restated to reflect the change in the reporting period.

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

	Indices	Conversion factor
CPI as at 31 December 2021	3 977.50	1.000
CPI as at 31 December 2020	2 474.51	1.607
Average CPI 2021	3 135	
Average CPI 2020	1 579	

3.2 Impairment losses on loans and advances

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

a. The Microfinance Bank's assigned probability of default (PDs) to the individual grades. This model assesses individual payment behaviour using a three month window to determine how individual loans have performed over the period.

b. The Microfinance Bank's criteria for assessing if there has been a significant increase in credit risk so that allowances for financial assets are measured on a lifetime expected credit losses basis and the qualitative assessment. To trigger significant increases in credit risk, and hence the measurement of 'Lifetime Expected Credit Losses', the model applies the 30-day rebuttable rule.

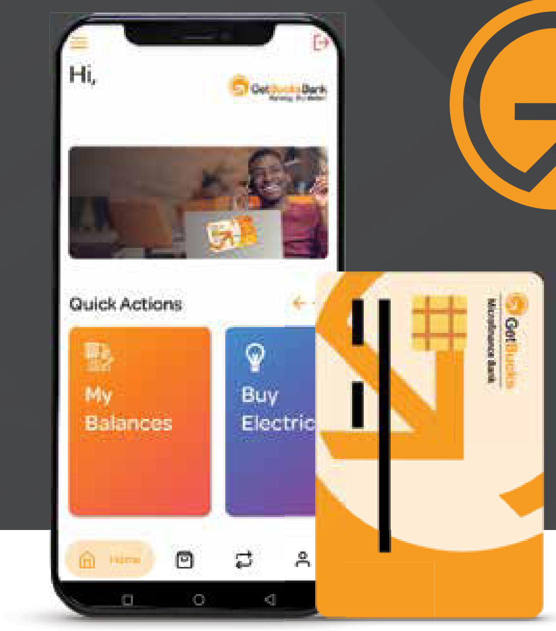
c. The segmentation of financial assets when their ECL is assessed on a collective basis. The model groups customers which exhibit similar risk profiles.

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

3.3 Principal assumptions underlying estimation of fair values for investment properties

Fair values for investment properties were arrived at by applying the implicit investment approach. This method is based on the principle that rent and capital values are inter - related. Comparable rent from offices and industrials within the locality of the property were used. These were based on use, location, size and quality of finishes. The rentals were then annualised and a capitalisation factor applied to give a market value of each property, also relying on comparable premises which are in the same category as regards the building elements. The capitalisation factor represents the yield of the properties over a year horizon and is based on observed rate of return by similar properties in Zimbabwe and the forecasted properties intrinsic value.

Fair values of the properties have been arrived at using comparative sales approach. This method compares like with like, extracts data from properties recently sold or on offer similar to those to be valued with the same planning controls. The data is then analysed



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3.3 Principal assumptions underlying estimation of fair values for investment properties (Continued)

and applied to the subject property varied by scrutiny of comparables not exactly equivalent in size, quality and location.

Comparable sales evidence of land in Harare is as follows;

		Market Value (ZWL)
Stoneridge	(ZWL$9 000 - 9 500 per square metre)	59 840 000
Bluff hill	(ZWL$6 250 - 9 000 per square metre)	31 800 000
Marlborough		23 000 000
Waterfalls		10 600 000
Ruwa		7 200 000
Norton	(ZWL$404 - 1 100 per square metre)	6 000 000
Total investment properties		**138 440 000**

3.4 Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Microfinance Bank recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Microfinance Bank recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Microfinance Bank to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Microfinance Bank to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

3.5 Going concern

As at 31 December 2021, the Microfinance Bank's inflation adjusted total assets exceeded total liabilities by ZWL474.3 million (2020: ZWL282.4 million). Loan obligations that fell due within the next 12 months amounted to ZWL283.9 million (2020: ZWL97.8 million). The Microfinance Bank attained an inflation adjusted loss of ZWL192 million (2020: ZWL72 million) yet the historical cost numbers reflect a ZWL108 million profit (2020: ZWL79 million).

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

a. The Microfinance Bank had a cash and cash equivalents balance of ZWL207 million which was just below the ZWL399 million operating expenses for the financial period.
b. The Microfinance Bank's operations were classified as essential services enabling the Microfinance Bank to continue operating during the national lockdown without incurring material incremental costs.
c. The Microfinance Bank is instituting cost rationalisation measures in response to changes in the operating environment.
d. The Microfinance Bank is at an advanced stage in securing captal injection by way of a rights issue. The facility has very strong prospects of success and will be channelled towards the loan book.
e. The Microfinance Bank is in the process of negotiating higher limits and/or rollover for current facilities in order to maximise on increased value of security pledged.
f. The Microfinance Bank has introduced new product delivery channels which has seen a significant increase in demand for its products.
g. The Microfinance Bank has secured an Authorised Dealership license which now enables it to perform international banking and foreign exchange transactions on behalf of clients.

3.5.1 Effects of COVID19 Pandemic

Many economies across the world have been severely impacted by the COVID19 pandemic. Both global and local economic activities have slowed down as governments adopt restrictive measures to curtail the spread of the COVID19 virus. The Zimbabwean Government has implemented the restrictive measures but has allowed essential service sectors to operate during the period, of which GetBucks has been ranked as a critical service.

As an essential service, the Microfinance Bank has operated at full scale by utilising its digital platforms and also implementing World Health Organisation's ("WHO") guidelines. As a result the Microfinance Bank's financial position and results of operations as at and for the period ended 31 December 2021 have not been adjusted to reflect the impact of the COVID19 pandemic. Management believes that the Microfinance Bank will not be affected by the COVID19 pandemic due to the nature of its operations.

Based on the above assessment the directors have assessed the Mircofinance Bank to continue as a going concern and believe that the preparation of these financial statements on a going concern remains appropriate.

4. CASH AND CASH EQUIVALENTS

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Cash and cash equivalents consist of:				
Cash on hand	13 965 370	64 645 293	13 965 370	40 217 590
Balances with the Reserve Bank of Zimbabwe	34 310 005	69 034 350	34 310 005	42 948 141
Bank balances	158 808 169	106 211 939	158 808 169	66 077 328
	207 083 544	**239 891 582**	**207 083 544**	**149 243 059**

4. CASH AND CASH EQUIVALENTS (Continued)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Credit rating				
AA	3 442 618	2 791 629	3 442 618	1 736 748
A+	369 417	11 793	369 417	7 337
BBB+	4 121	30 035	4 121	18 686
BBB-	32 084 564	5 142 793	32 084 564	3 199 471
BB-	71 003 191	75 443 699	71 003 191	46 935 571
BB+	33 720 903	23 697 314	33 720 903	14 742 742
B+	180 554	53 864	180 554	33 510
Unrated	52 312 806	68 075 162	52 312 806	42 351 404
	193 118 174	**175 246 289**	**193 118 174**	**109 025 469**

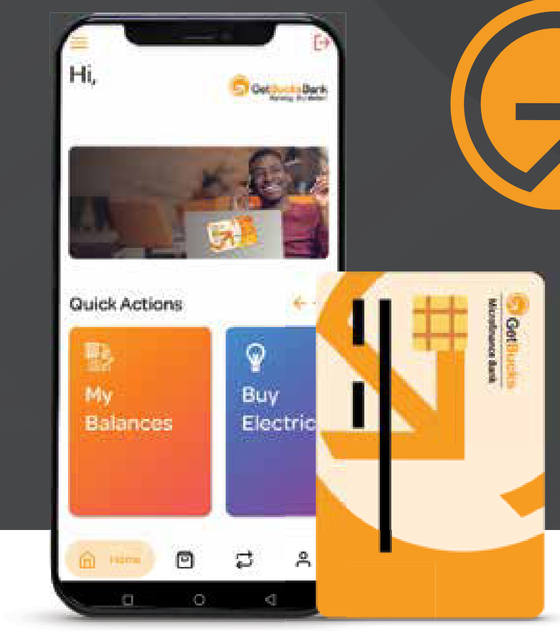
The unrated institutions include Metbank, POSB, Telecash, RBZ and One Wallet. Global Credit Ratings have been used in rating the various cash and cash equivalent balances.

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

5. LOANS AND ADVANCES TO CUSTOMERS

5.1 Loans and advances maturities

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Consumer loans				
Maturing within 3 months	54 129 557	21 460 202	54 129 557	13 350 973
Maturing within 3 - 12 months	88 661 635	62 060 088	88 661 635	38 609 265
Gross carrying amount	**142 791 192**	**83 520 290**	**142 791 192**	**51 960 238**
Less credit impairment (note 5.6)	**(14 343 230)**	**(3 787 323)**	**(14 343 230)**	**(2 356 196)**
Specific impairment allowance (note 5.6)	(314 353)	(3 673 452)	(314 353)	(2 285 354)
Portfolio impairment allowance	(14 028 877)	(113 871)	(14 028 877)	(70 842)
Net carrying amount	**128 447 962**	**79 732 967**	**128 447 962**	**49 604 042**
Current (no more than 12 months after reporting period)	**128 447 962**	**79 732 967**	**128 447 962**	**49 604 042**
	128 447 962	79 732 967	128 447 962	49 604 042
SME loans				
Maturing within 3 months	37 614 622	25 312 771	37 614 622	15 747 761
Maturing within 3 - 12 months	16 221 540	22 706 708	16 221 540	14 126 459
Maturing 1- 5 years	1 559 181	6 213 343	1 559 181	3 865 489
Gross carrying amount	55 395 343	54 232 822	55 395 343	33 739 709
Less credit impairment	**(4 525 595)**	**(2474 785)**	**(4 525 595)**	**(1 539 631)**
Specific impairment allowance	(4 022 699)	(2 459 343)	(4 022 699)	(1 530 024)
Portfolio impairment allowance	(502 896)	(15 442)	(502 896)	(9 607)
Net carrying amount	**50 869 748**	**51 758 037**	**50 869 748**	**32 200 078**
Current (no more than 12 months after reporting date)	49 310 567	45 544 694	49 310 567	28 334 589
Non-current (more than 12 months after reporting date)	1 559 181	6 213 343	1 559 181	3 865 489
	50 869 748	**51 758 037**	**50 869 748**	**32 200 078**
Mortgage loans				
Maturing within 3 months	60 804	145 060	60 804	90 245
Maturing within 3 - 12 months	182 409	313 971	182 409	195 330
Maturing 1- 5 years	-	134 657	-	83 774
Maturing over 5 years	-	260 857	-	162 286
Gross carrying amount	**243 213**	**854 545**	**243 213**	**531 635**



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

5. LOANS AND ADVANCES TO CUSTOMERS (Continued)

5.1 Loans and advances maturities (Continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Less credit impairment	**(16 646)**	**(38 995)**	**(16 646)**	**(24 260)**
Specific impairment allowance	(16 646)	(38 995)	(16 646)	(24 260)
Net carrying amount	**226 567**	**815 550**	**226 567**	**507 375**
Current (no more than 12 months after reporting date)	226 567	420 036	226 567	261 315
Non-current (more than 12 months after reporting date)	-	395 514	-	246 060
	226 567	815 550	226 567	507 375
Total net carrying amount	**179 544 277**	**132 306 554**	**179 544 277**	**82 311 495**
Current (no more than 12 months after reporting date)	177 985 096	125 697 697	177 985 096	78 199 946
Non-current (more than 12 months after reporting date)	1 559 181	6 608 857	1 559 181	4 111 549
	179 544 277	**132 306 554**	**179 544 277**	**82 311 495**

5.2 Irrevocable commitments

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

5.3 Sectoral analysis

	2021 ZWL	2021 ZWL %	2020 ZWL	2020 ZWL %
Consumer loans	128 447 962	72%	49 604 042	60%
Small and Medium Enterprises ("SME")	50 869 748	28%	32 200 078	39%
Mortgage loans	226 567	-	507 375	1%
	179 544 277	**100%**	**82 311 495**	**100%**

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

	Single highest customer loan Dec-21 %	Single highest customer loan Dec-20 %	Top 10 highest loans Dec-21 %	Top 10 highest loans Dec-20 %
Customer concentration				
Consumer	0.09	0.01	0.79	0.10
SME	26.5	4.7	82.8	29.5
Mortgage	66.2	54.1	88.3	164.1

5.4 Analysis of credit quality by sector

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

The classifications defined above are a result of regulatory requirement in order to guide the users of the financial statements.

INFLATION ADJUSTED

	Pass ZWL	Special mention ZWL	Sub-standard ZWL	Doubtful ZWL	Loss ZWL	Total ZWL
As at 31 December 2020						
Consumer	78 312 588	2 957 850	469 319	305 563	1 474 970	83 520 290
SME	50 887 193	852 126	561 387	2 418	1 929 698	54 232 822
Mortgage	854 544	-	-	-	-	854 544
	130 054 325	**3 809 976**	**1 030 706**	**307 981**	**3 404 668**	**138 607 656**
As at 31 December 2021						
Consumer	123 143 234	2 410 118	3 242 272	2 886 255	11 109 313	142 791 192
SME	34 213 678	5 804 926	1 616 677	11 328 469	2 431 593	55 395 343
Mortgage	243 212	-	-	-	-	243 212
	157 600 124	**8 215 044**	**4 858 949**	**14 214 724**	**13 540 906**	**198 429 747**

	Mortgage ZWL	SME ZWL	Consumer ZWL	Total ZWL
As at 31 December 2020				
Performing loans	854 544	50 887 193	78 312 588	130 054 325
Non performing loans	-	3 345 629	5 207 702	8 553 331
	854 544	**54 232 822**	**83 520 290**	**138 607 656**

5.4 Analysis of credit quality by sector (Continued)

INFLATION ADJUSTED

	Mortgage ZWL	SME ZWL	Consumer ZWL	Total ZWL
As at 31 December 2021				
Performing loans	243 212	34 213 678	123 143 234	157 600 124
Non performing loans	–	21 181 665	19 647 958	40 829 623
	243 212	**55 395 343**	**142 791 192**	**198 429 747**

HISTORICAL COST

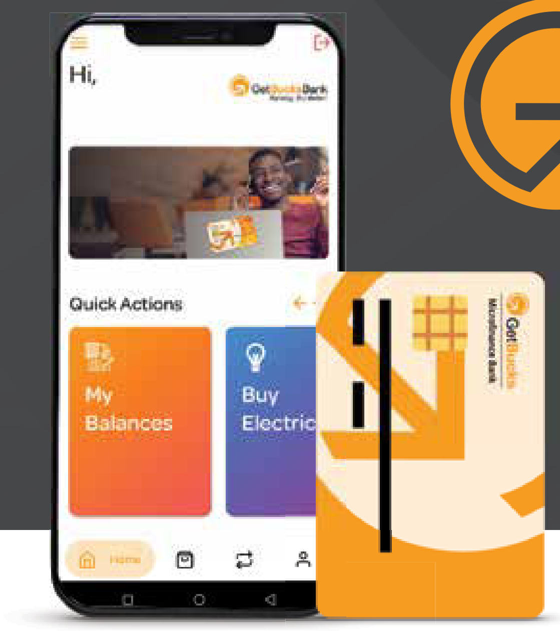
	Pass ZWL	Special mention ZWL	Sub-standard ZWL	Doubtful ZWL	Loss ZWL	Total ZWL
As at 31 December 2020						
Consumer	48 720 386	1 840 159	291 976	190 099	917 618	51 960 238
SME	31 658 303	530 131	349 254	1 504	1 200 517	33 739 709
Mortgage	531 635	-	-	-	-	531 635
	80 910 324	**2 370 290**	**641 230**	**191 603**	**2 118 135**	**86 231 582**
As at 31 December 2021						
Consumer	123 143 234	2 410 118	3 242 272	2 886 255	11 109 313	142 791 192
SME	34 213 678	5 804 926	1 616 677	11 328 469	2 431 593	55 395 343
Mortgage	243 212	-	-	-	-	243 212
	157 600 124	**8 215 044**	**4 858 949**	**14 214 724**	**13 540 906**	**198 429 747**

	Mortgage ZWL	SME ZWL	Consumer ZWL	Total ZWL
As at 31 December 2020				
Performing loans	531 635	31 658 303	48 720 386	80 910 324
Non performing loans	-	2 081 406	3 239 852	5 321 258
	531 635	**33 739 709**	**51 960 238**	**86 231 582**

	Mortgage ZWL	SME ZWL	Consumer ZWL	Total ZWL
As at 31 December 2021				
Performing loans	243 212	34 213 678	123 143 234	157 600 124
Non performing loans	–	21 181 665	19 647 958	40 829 623
	243 212	**55 395 343**	**142 791 192**	**198 429 747**

5.5 Exposure to credit risk

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Consumer loans at amortised cost				
Individually impaired				
Grade 8 - 10	17 237 840	2 249 852	17 237 840	1 399 693
Grade 4 - 7	2 410 118	2 957 850	2 410 118	1 840 159
Collectively impaired				
Grade 1- 3	123 143 234	78 312 588	123 143 234	48 720 386
Gross carrying amount	142 791 192	83 520 290	142 791 192	51 960 238
Less credit impairment allowance (note 5.6)	(14 343 230)	(3 787 323)	(14 343 230)	(2 356 196)
Carrying amount (note 5.1)	**128 447 962**	**79 732 967**	**128 447 962**	**49 604 042**
SME loans				
Past due and impaired				
Grade 8 - 10	15 376 739	2 493 503	15 376 739	1 551 275
Grade 4 - 7	5 804 926	852 126	5 804 926	530 131
Grade 1- 3	34 213 678	50 887 193	34 213 678	31 658 303
Gross carrying amount	**55 395 343**	**54 232 822**	**55 395 343**	**33 739 709**
Less credit impairment allowance (note 5.6)	**(4 525 595)**	**(2 474 785)**	**(4 525 595)**	**(1 539 631)**
Carrying amount	**50 869 748**	**51 758 037**	**50 869 748**	**32 200 078**



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

5. LOANS AND ADVANCES TO CUSTOMERS (continued)

5.5 Exposure to credit risk (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Mortgage loans				
Past due and impaired				
Grade 1- 3	243 212	854 544	243 212	531 635
Gross carrying amount	243 212	854 544	243 212	531 635
Less credit impairment allowance (note 5.6)	(16 646)	(38 995)	(16 646)	(24 260)
Carrying amount	**226 566**	**815 549**	**226 566**	**507 375**
Gross carrying amount SME, Mortgages and Consumer Loans	198 429 748	138 607 656	198 429 748	86 231 582
- Measured at 12 month Expected Credit losses	151 600 327	105 896 250	151 600 327	65 880 929
- Measured at lifetime Expected Credit losses	46 829 421	32 711 406	46 829 421	20 350 653
Less credit impairment allowance (note 5.6)	(18 885 471)	(6 301 102)	(18 885 471)	(3 920 087)
Net carrying amount	**179 544 277**	**132 306 554**	**179 544 277**	**82 311 495**
Impairment as a percentage of gross loans and advances	-9.5%	-4.5%	-9.5%	-4.5%

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

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

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

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

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

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

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

	HISTORICAL COST			
Consumer loans	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
As at 31 December 2020				
Outstanding balance as at 01 January 2020	19 903 481	1 020 802	999 947	21 924 230
Financial assets derecognised during the period other than write offs	(15 045 189)	(2 568 750)	(853 741)	(18 467 680)
Transfers:				
Transfers from stage 1 to stage 2	(1 313 649)	1 313 649	-	-
Transfers from stage 2 to stage 1	(6 213 331)	6 213 331	-	-
Transfers from stage 1 to stage 3	(1 458 842)	-	1 458 842	-
Transfers from stage 2 to stage 3	-	(305 315)	305 315	-
New financial assets originated	49 186 351	-	-	49 186 351
Write offs	-	-	(682 663)	(682 663)
Outstanding balance as at 31 December 2020	**45 058 821**	**5 673 717**	**1 227 700**	**51 960 238**

	HISTORICAL COST			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
As at 31 December 2021				
Outstanding balance as at 01 January 2021	45 058 821	5 673 717	1 227 700	51 960 238
Financial assets derecognised during the period other than write offs	(41 738 028)	(6 369 787)	(329 789)	(48 437 604)

5.5 Exposure to credit risk (continued)

	HISTORICAL COST			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Transfers:				
Transfers from stage 1 to stage 2	(839 629)	839 629	-	-
Transfers from stage 2 to stage 1	30 608	(30 608)	-	-
Transfers from stage 1 to stage 3	(1 154 809)	-	1 154 809	-
Transfers from stage 3 to stage 1	(53)	-	53	-
Transfers from stage 2 to stage 3	-	(371 243)	371 243	-
New financial assets originated	100 063 087	25 653 473	14 394 755	140 111 315
Write offs	(712)	(210 793)	(631 252)	(842 757)
Outstanding balance as at 31 December 2021	**101 419 285**	**25 184 388**	**16 187 519**	**142 791 192**

	HISTORICAL COST			
SME loans	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
As at 31 December 2020				
Outstanding balance as at 01 January 2020	11 798 989	4 164 823	1 089 165	17 052 977
Financial assets derecognised during the period other than write offs	(10 107 402)	(3 830 919)	(39 776)	(13 978 097)
Transfers:				
Transfers from stage 1 to stage 2	(395 386)	395 386	-	-
Transfers from stage 2 to stage 1	3 624 787	(3624 787)	-	-
Transfers from stage 1 to stage 3	(94 670)	-	94 670	-
Transfers from stage 3 to stage 1	95 211	-	(95 211)	-
Transfers from stage 2 to stage 3	-	(161 275)	161 275	-
New financial assets originated	30 664 829	-	-	30 664 829
Outstanding balance as at 31 December 2020	**35 586 358**	**(3 056 772)**	**1 210 123**	**33 739 709**

	HISTORICAL COST			
SME loans	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
As at 31 December 2021				
Outstanding balance as at 01 January 2021	35 586 357	(3 056 772)	1 210 123	33 739 709
Financial assets derecognised during the period other than write offs	(23 406 265)	(3 521 122)	(2 000 067)	(28 927 454)
Transfers:				
Transfers from stage 1 to stage 2	(717 844)	717 844	-	-
Transfers from stage 2 to stage 1	138 620	(138 620)	-	-
Transfers from stage 1 to stage 3	(355 358)	-	355 358	-
Transfers from stage 2 to stage 3	-	(510 479)	510 479	-
New financial assets originated	25 002 180	12 757 316	12 823 592	50 583 089
Outstanding balance as at 31 December 2021	**36 247 691**	**6 248 167**	**12 899 485**	**55 395 343**

	HISTORICAL COST			
Mortgage loans	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
As at 31 December 2020				
Outstanding balance as at 01 January 2020	514 164	70 474	377 695	962 333
Financial assets derecognised during the period other than write offs	(1 591 313)	(603 142)	(6 262)	(2 200 717)
Transfers:				
Transfers from stage 1 to stage 2	(62 250)	62 250	-	-
Transfers from stage 2 to stage 1	570 688	(570 688)	-	-
Transfers from stage 1 to stage 3	(14 905)	-	14 905	-
Transfers from stage 3 to stage 1	14 990	-	(14 990)	-
Transfers from stage 2 to stage 3	-	(25 391)	25 391	-
Changes in static loans	1 770 019	-	-	1 770 019
Outstanding balance as at 31 December 2021	**1 201 393**	**(1 066 497)**	**396 739**	**531 635**

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

5. LOANS AND ADVANCES TO CUSTOMERS (continued)

5.5 Exposure to credit risk (continued)

Mortgage loans	HISTORICAL COST			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
As at 31 December 2021				
Outstanding balance as at 01 January 2021	1 201 393	(1 066 497)	396 739	531 635
Financial assets derecognised during the period other than write offs	(1 038 777)	1 093 674	343 320	(288 423)
Transfers:				
Transfers from stage 1 to stage 2	(2 666)	2 666	-	-
Transfers from stage 2 to stage 1	515	(515)	-	-
Transfers from stage 1 to stage 3	(1 320)	-	1 320	-
Transfers from stage 2 to stage 3	-	(1 896)	1 896	-
Outstanding balance as at 31 December 2021	**159 145**	**27 432**	**56 635**	**243 212**

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

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

5.6 Impairment loss on loans and advances

	INFLATION ADJUSTED		HISTORICAL COST	
Consumer loans	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Balances as at 1 January 2021	3 787 322	9 896 831	2 356 196	1 376 241
Increase in expected credit loss	14 588 185	2 869 894	14 588 185	1 785 439
Loans written off	(2 601 151)	(3 081 698)	(2 601 151)	(805 484)
Effects of inflation	(1 431 126)	(5 897 705)	-	-
Balances as at 31 December 2021	**14 343 230**	**3 787 322**	**14 343 230**	**2 356 196**
SME loans				
Balances as at 1 January 2021	2 474 785	518 924	1 539 631	72 161
Increase in expected credit loss	4 363 771	2 358 794	4 363 771	1 467 470
Loans written off	(1 377 807)	-	(1 377 807)	-
Effects of inflation	(935 154)	(402 934)	-	-
Balances as at 31 December 2021	**4 525 595**	**2 474 785**	**4 525 595**	**1 539 631**
Mortgage loans				
Balances as at 1 January 2021	38 995	145 731	24 260	20 211
Increase in expected credit loss	(7 614)	6 508	(7 614)	4 049
Effects of inflation	(14 735)	(113 244)	-	-
Balances as at 31 December 2021	**16 646**	**38 995**	**16 646**	**24 260**
Total loans				
Balances as at 1 January 2021	6 301 102	10 561 486	3 920 087	1 468 613
Increase in expected credit loss	18 944 342	5 235 197	18 944 343	3 256 958
Loans written off	(3 978 958)	(1 294 726)	(3 978 958)	(805 484)
Effects of inflation	(2 381 015)	8 200 856	-	-
Total Balances as at 31 December 2021	**18 885 471**	**6 301 102**	**18 885 472**	**3 920 087**

Loss allowance movement

Consumer loans	HISTORICAL COST			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
As at 31 December 2020				
Loss allowance as at 1 January 2020	988 679	8 085	379 476	1 376 240
Financial assets derecognised during the period other than write offs	(76 234)	(242 508)	(350 628)	(669 370)
Transfers:				
Transfers from stage 1 to stage 2	(11 180)	10 023	-	(1 157)
Transfers from stage 2 to stage 1	2	(7 048)	-	(7 046)

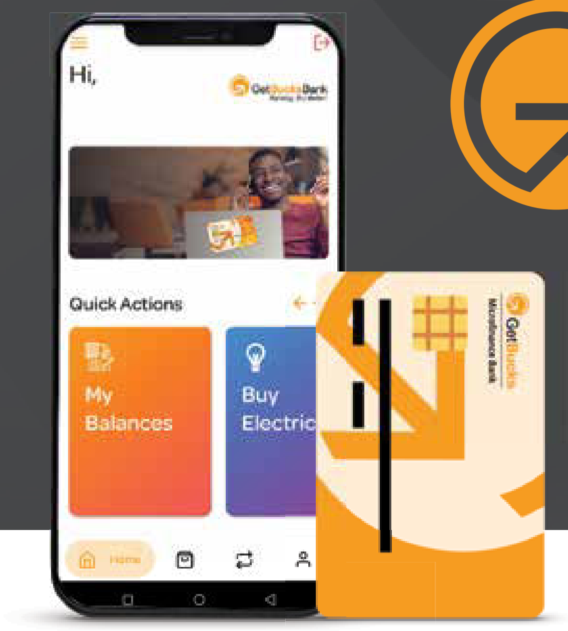
5.6 Impairment loss on loans and advances (Continued)

Loss allowance movement (Continued)

Consumer loans	HISTORICAL COST			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Transfers from stage 1 to stage 3	(4 431)	-	290 143	285 712
Transfers from stage 2 to stage 3	-	(60 840)	91 549	30 709
Changes in PDs/LGDs/EADs	184 700	(45 091)	(126 204)	13 405
New financial assets originated	70 355	1 049 426	689 292	1 809 073
Write offs	(335)	(38 135)	(442 900)	(481 370)
Loss allowance as at 31 December 2021	**1 151 556**	**673 912**	**530 728**	**2 356 196**
As at 31 December 2021				
Loss allowance as at 1 January 2021	1 151 556	673 912	530 728	2 356 196
Financial assets derecognised during the period other than write offs	1 130 065	(919 180)	(511 153)	(300 269)
Transfers:				
Transfers from stage 1 to stage 2	(16 388)	16 388	-	-
Transfers from stage 2 to stage 1	8 059	(8 059)	-	-
Transfers from stage 1 to stage 3	(999 490)	-	999 490	-
Transfers from stage 2 to stage 3	-	(239 109)	239 109	-
Changes in PDs/LGDs/EADs	(19 415)	(9 166)	(72 458)	(101 038)
New financial assets originated	314 292	4 018 685	8 645 722	12 978 699
Write offs	-	(60 288)	(530 070)	(590 358)
Loss allowance as at 31 December 2021	**1 568 679**	**3 473 183**	**9 301 368**	**14 343 230**

SME loans	HISTORICAL COST			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
As at 31 December 2020				
Loss allowance as at 1 January 2020	37 250	4 489	30 422	72 161
Financial assets derecognised during the period other than write offs	(1 190)	(2 427)	(56 568)	(60 185)
Transfers:				
Transfers from stage 1 to stage 2	-	20 948	-	20 948
Transfers from stage 2 to stage 1	20	(1 968)	-	(1948)
Transfers from stage 1 to stage 3	-	-	25 245	25 245
Transfers from stage 2 to stage 3	-	(24)	68 137	68 113
Changes in PDs/LGDs/EADs	(3 117)	12 421	1 233 518	12 42 822
New financial assets originated	8 562	122 755	41 158	172 475
Loss allowance as at 31 December 2021	**41 525**	**156 194**	**1 341 912**	**1 539 631**

SME loans	HISTORICAL COST			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
As at 31 December 2021				
Loss allowance as at 1 January 2021	41 525	156 194	1 341 912	1 539 631
Financial assets derecognised during the period other than write offs	163 015	(114 567)	(1 322 412)	(1 273 964)
Transfers:				
Transfers from stage 1 to stage 2	(11 638)	11 638	-	-
Transfers from stage 2 to stage 1	6 836	(6 836)	-	-
Transfers from stage 1 to stage 3	(108 458)	-	108 458	-
Transfers from stage 3 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(23 932)	23 932	-
Transfers from stage 3 to stage 2	-	-	-	-
Changes in PDs/LGDs/EADs	(182)	(8 265)	(38 011)	(46 458)
New financial assets originated	519 290	404 042	3 383 054	4 306 386
Loss allowance as at 31 December 2021	**610 388**	**418 274**	**3 496 933**	**4 525 595**



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

5.6 Impairment loss on loans and advances (Continued)

Mortgage loans	HISTORICAL COST			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
As at 31 December 2020				
Loss allowance as at 1 January 2020	781	-	19 430	20 211
Financial assets derecognised during the period other than write offs	(187)	(382)	(8 906)	(9 475)
Transfers:				
Transfers from stage 1 to stage 2	-	3 298	-	3 298
Transfers from stage 2 to stage 1	3	(310)	-	(307)
Transfers from stage 1 to stage 3	-	-	3 975	3 975
Transfers from stage 2 to stage 3	-	(4)	10 728	10 724
Changes in PDs/LGDs/EADs	(227 483)	1 956	194 206	(31 321)
New financial assets originated	1 348	19 327	6 480	27 155
Loss allowance as at 31 December 2020	**(225 538)**	**23 885**	**225 913**	**24 260**

Mortgage loans	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
As at 31 December 2021				
Loss allowance as at 1 January 2021	(225 538)	23 885	225 913	24 260
Financial assets derecognised during the period other than write offs	234 854	(20 187)	(225 340)	(10 673)
Transfers:				
Transfers from stage 1 to stage 2	(43)	43	-	-
Transfers from stage 2 to stage 1	25	(25)	-	-
Transfers from stage 1 to stage 3	(403)	-	403	-
Transfers from stage 2 to stage 3	-	(308)	308	-
Changes in PDs/LGDs/EADs	(1)	142	(141)	-
New financial assets originated	1700	1501	(141)	3 059
Loss allowance as at 31 December 2021	**10 595**	**5 050**	**1 001**	**16 646**

Gross carrying amounts of the instruments changed mainly as a result of factors below:

- Increased disbursement of consumer loans resulting in an increase in Stage 1 provision.
- Increased lending to the SME sector which resulted in an increase in lifetime expected credit losses.

All loans and advances are denominated in ZWL.

5.7 Credit risk impact

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

	INFLATION ADJUSTED	
	2021 ZWL	2020 ZWL
Effect of increase in emergence period by 1 month		
Increase in provision (consumer)	88 560	34 025
Effect of increase in loss ratio by % of portfolio		
Increase in provision by 5% (consumer)	822 751	319 475
Increase in provision by 5% (SME)	(2 750)	(4 420)

6 OTHER ASSETS

6.1 Financial assets at amortised cost

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Opening balance	-	92 544 652	-	12 822 837
Additions/(repayments)	-	(21 612 609)	-	(13 445 790)
Interest charge	-	1 572 084	-	622 953
Effects of inflation	-	(72 504 128)	-	-
	-	-	-	-

6 OTHER ASSETS (Continued)

6.2 Other Assets

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Prepayments	36 137 447	10 789 409	27 614 390	4 613 690
Consumables	1 286 365	4 162 614	153 072	251 455
Deposits	233 641	87 571	233 641	54 480
Sundry receivables	10 150 033	7 692 985	10 150 033	4 786 015
Total	**47 807 486**	**22 732 579**	**38 151 136**	**9 705 640**

Consumables relate to ATM cards that that have not yet been issued to customers and will be held as inventory. Consumables are held at the lower of cost or net realisable value. Deposits mainly relate to the branch and rental deposits. Sundry receivables are mainly constituted of receivables from MBC Holdings ("MBCH"), prepaid income tax and credit life commission. Management has assessed MBCH receivable for impairment and the impact is considered to be immaterial.

7 TAX RECEIVABLE

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Opening balance	7 690 575	7 690 575	1 066 589	1 066 589
Tax charge for the year	(1 970 770)	-	-	-
VAT Receivable	215 169	-	215 169	-
WHT Payable	(159 245)	-	(159 204)	-
Closing balance	**5 775 729**	**7 690 575**	**1 122 554**	**1 066 589**

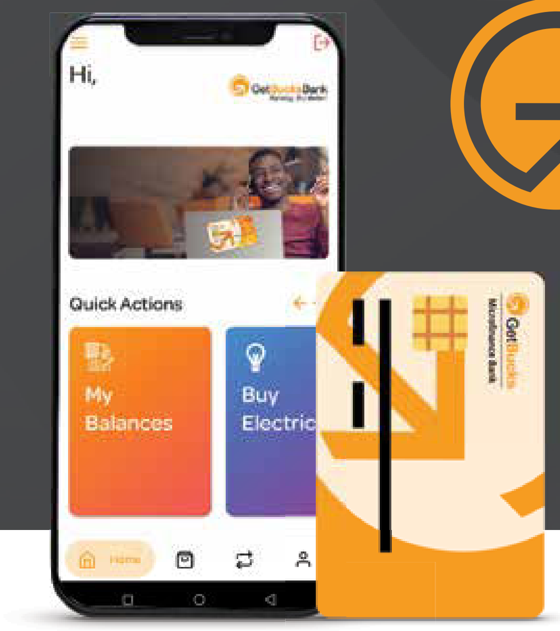
Tax receivable relates to provisional tax payments that were above the actual final tax payable for the period. Tax is paid quarterly based on Quarterly Payment Dates (QPD) based on budgeted profit. The budgeted tax profits have been more than actual profit due to changes in application of tax relating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

8 DEFERRED TAX

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Deferred tax liability				
Accelerated capital allowance for tax purposes	(58 580 239)	(9 334 433)	(34 014 274)	2 826
Investment property revaluation	(10 119 107)	(46 658 336)	(12 507 218)	(35 877 887)
Total deferred tax liability	(68 699 346)	(55 992 769)	(46 521 492)	(35 875 061)
Deferred tax asset				
EIR adjustment on loan book	6 463 907	(663 826)	6 463 908	(412 983)
Accrued expenses	2 504 677	2 859 044	2 131 735	1 778 689
Assessed tax loss	12 596 709	20 247 806	6 887 553	5 673 730
Expected credit loss on loans and advances	(22 607 002)	1 557 633	4 668 490	969 046
Total deferred tax (liability)/asset	(1 041 709)	24 000 657	20 151 469	8 008 482
Net deferred tax asset/(liability)	**(69 741 055)**	**(31 992 112)**	**(26 370 023)**	**(27 866 579)**
Reconciliation of deferred tax asset/(liability)				
At beginning of year	(31 992 112)	(116 562 835)	(27 866 579)	(4 573 680)
Temporary differences recognised in the statement of profit or loss	20 041 597	61 766 656	54 236 606	(23 292 899)
Temporary differences recognised in other comprehensive income	(53 432 328)	-	(52 740 050)	-
Effects of inflation	(4 358 217)	22 804 067	-	-
At end of year	**(69 741 055)**	**(31 992 112)**	**(26 370 023)**	**(27 866 579)**

9 INVESTMENT PROPERTIES

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Opening balance	245 576 821	246 156 172	152 780 000	34 107 000
Fair value adjustment	102 614	(5 982 842)	70 190 350	116 527 789
Additions	25 575 541	5 403 491	20 159 650	2 145 211
Transfer to property	(132 814 976)	-	(104 690 000)	-
Closing Balance	138 440 000	245 576 821	138 440 000	152 780 000



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9 INVESTMENT PROPERTIES (Continued)

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. Please refer to note 3.3 for more detail regarding valuation assumptions.

The Microfinance Bank purchased investment properties which are held for both capital appreciation and rentals. Investment properties are carried at fair value determined on an open market basis by an independent professional valuer as at 31 December 2021 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. The valuer has used the available market evidence to support the Zimbabwean Dollar values.

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

10 RIGHT OF USE OF ASSET

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Right of use asset				
Buildings				
Opening carrying amount	9 116 960	10 866 622	669 912	943 549
Disposals	-	(549 189)	-	(21 399)
Amortisation charge	(289 990)	(1 200 473)	(224 727)	(252 238)
Carrying amount	**8 826 970**	**9 116 960**	**445 185**	**669 912**
Cost	10 317 433	10 317 433	1 050 393	1 050 393
Accumulated amortisation	(1 490 463)	(1 200 473)	(605 208)	(380 481)
Carrying amount	**8 826 970**	**9 116 960**	**445 185**	**669 912**

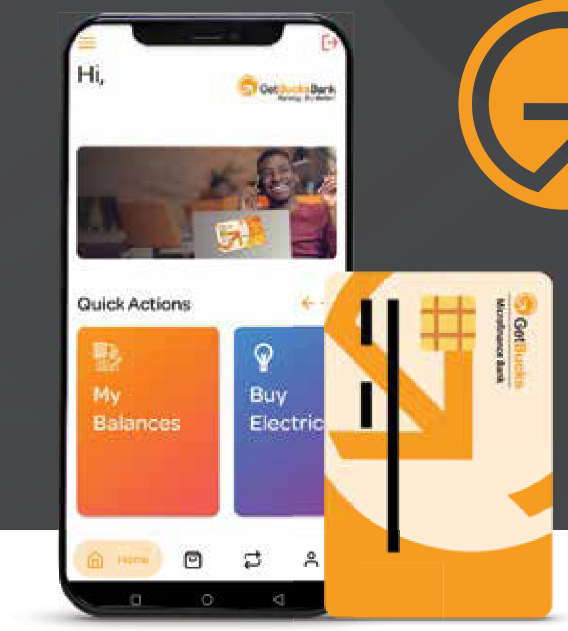
11 PROPERTY AND EQUIPMENT

	INFLATION ADJUSTED						
	Land and Buildings ZWL	Furniture and fittings ZWL	Motor vehicles ZWL	Office equipment ZWL	IT equipment ZWL	Leasehold improvments ZWL	Total ZWL
Year ended 31 December 2020							
Opening carrying amount	-	6 455 946	3 080 110	21 009 166	18 847 473	6 690 372	56 083 067
Additions	-	616 822	-	1 722 053	7 738 033	2 406 462	12 483 370
Disposals	-	-	-	(9 038 741)	(23 682)	-	(9 062 423)
Depriciation on disposal	-	-	-	2 531 174	12 415	-	2 543 589
Depreciation charge	-	(1 754 651)	(680 868)	(2 859 610)	(11 036 471)	(3 382 801)	(19 714 401)
Carrying amount	**-**	**5 318 117**	**2 399 242**	**13 364 042**	**15 537 768**	**5 714 033**	**42 333 202**
Cost	-	15 063 135	11 592 714	18 518 164	42 224 388	22 619 413	110 017 814
Accumulated depreciation	-	(9 745 018)	(9 193 472)	(5 154 122)	(26 686 620)	(16 905 380)	(67 684 612)
Carrying amount	**-**	**5 318 117**	**2 399 242**	**13 364 042**	**15 537 768**	**5 714 033**	**42 333 202**

11 PROPERTY AND EQUIPMENT (Continued)

	INFLATION ADJUSTED						
	Land and Buildings ZWL	Furniture and fittings ZWL	Motor vehicles ZWL	Office equipment ZWL	IT equipment ZWL	Leasehold improvments ZWL	Total ZWL
Year ended 31 December 2021							
Opening carrying amount	-	5 318 117	2 399 242	13 364 041	15 537 768	5 714 034	42 333 202
Additions	31 203 256	258 607	-	3 229 408	4 985 018	347 769	40 024 058
Disposals		-	-	(630 891)	(85 749)	-	(716 640)
Revaluations	208 769 131	-	3 685 168	-	-	-	212 454 299
Transfer from investment properpety	132 814 976	-	-	-	-	-	132 814 976
Depreciation on disposal		-	-	385 130	78 495	-	463 625
Depreciation charge	(5 745 787)	(151 482)	(593 782)	(785 640)	(1 557 698)	(470 497)	(9 304 886)
Carrying amount	**367 041 576**	**5 425 242**	**5 490 628**	**15 562 048**	**18 957 834**	**5 591 306**	**418 068 634**
Cost	367 041 576	15 321 742	15 277 882	21 116 681	47 123 657	22 967 182	488 848 720
Accumulated depreciation	-	(9 896 500)	(9 787 254)	(5 554 633)	(28 165 823)	(17 375 876)	(70 780 086)
Carrying amount	**367 041 576**	**5 425 242**	**5 490 628**	**15 562 048**	**18 957 834**	**5 591 306**	**418 068 634**

	HISTORICAL COST						
	Land and Buildings ZWL	Furniture and fittings ZWL	Motor vehicles ZWL	Office equipment ZWL	IT equipment ZWL	Leasehold improvments ZWL	Total ZWL
Year ended 31 December 2020							
Opening net book 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	-	-	-	109 535	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**
Year ended 31 December 2021							
Opening net book amount	-	487 616	275 089	962 508	1 225 042	724 664	3 674 919
Additions	3 229 792	199 745	-	3 039 571	4 065 484	292 210	10 826 802
Disposals	-	-	-	(630 891)	(64 200)	-	(695 091)
Revaluations	206 541 684	-	2 823 541	2 146 716	-	-	211 511 941
Transfer from invstment property	104 690 000	-	-	-	-	-	104 690 000
Depreciation on disposal	-	-	-	239 600	48 831	-	288 431
Depreciation charge	(4 461 476))	(118 778)	(480 117)	(626 790)	(1 261 447)	(369 189)	(7 317 797)
Carrying amount	**310 000 000**	**568 583**	**2 61 8513**	**5 130 714**	**4 013 710**	**647 685**	**322 979 205**
Cost	310 000 000	874 555	3 308 083	5 821 358	6 332 000	1 499 367	327 835 363
Accumulated depreciation	-	(305 972)	(689 570)	(690 644)	(2 318 290)	(851 682)	(4 856 158)
Carrying amount	**310 000 000**	**568 583**	**2 618 513**	**5 130 714**	**4 013 710**	**647 685**	**322 979 205**



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FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

12 INTANGIBLE ASSETS

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Software				
Opening carrying amount	4 849 361	7 560 392	294 654	434 481
Additions	1 054 497	237 409	806 704	38 212
Amortisation charge	(366 371)	(2 948 440)	(296 508)	(178 039)
Carrying amount	**5 537 487**	**4 849 361**	**804 850**	**294 654**
Cost	17 871 526	16 817 029	1 420 909	614 205
Accumulated amortisation	(12 334 039)	(11 967 668)	(616 059)	(319 551)
Carrying amount	**5 537 487**	**4 849 361**	**804 850**	**294 654**

13 EQUITY

13.1 Share Capital

	INFLATION ADJUSTED		HISTORICAL COST	
Authorised	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
20 000 000 000 ordinary shares with nominal value of ZWL0.0000001	2 000	2 000	2 000	2 000
Issued				
1 163 118 377 ordinary shares with nominal value of ZWL0.0000001	7 362	7 362	116	116
Basic and Diluted Earnings	**191 865 642**	**(71 996 775)**	**267 163 136**	**79 000 739**
Number of shares used to calculate basic and diluted earnings per share	**1 163 118 377**	**1 163 118 377**	**1 163 118 377**	**1 163 118 377**
Basic and Diluted Earnings per share (cents)	**16.50**	**(6.19)**	**22.97**	**6.79**
Headline earnings per share (cents)	**17.93**	**(5.19)**	**19.70**	**(0.44)**

Number of shares in issue

A share split of authorised share capital was done on 12 October 2015. 2000 ordinary shares were split into 20 000 000 000 (twenty billion shares). The share split resulted in the issued share capital being 1 000 000 000 shares (one billion shares). The share split resulted in the issued share capital being 1 000 000 000 shares in October 2015 and following an initial public offering in January 2016 the number of shares in issue increased to 1 093 567 251. A rights issue was done during the year ended 31 December 2019 and the issued shares increased to 1 163 118 377.

Unissued share capital

The unissued share capital is under the control of the Directors subject to restrictions imposed by the Zimbabwe Companies and other Business Entities Act (Chapter 24:31) and the Articles and Memorandum of Association of the Microfinance Bank.

13.2 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.

	INFLATION ADJUSTED		HISTORICAL COST	
Authorised	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Balance at 31 December	431 599 303	431 599 303	8 562 235	8 562 235

13.3 Revaluation Reserves

Other reserves is made up the revaluation surplus that arose from a revaluation exercise that was carried during the year on some items on PPE.

14 DEPOSITS FROM CUSTOMERS

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Deposits from customers are primarily composed of amounts payable on demand.				
Individual				
Current accounts	5 285 555	2 283 329	5 285 555	1 420 521
Small and medium enterprises				
Current accounts	60 034 582	181 351 692	60 034 582	112 823 806
Term deposits	13 925 000	4 013 361	13 925 000	2 496 821
	73 959 582	**185 365 053**	**73 959 582**	**115 320 627**
Total	**79 245 137**	**187 648 382**	**79 245 137**	**116 741 148**
Current (not more than 12 months after reporting date)	79 245 137	187 311 494	79 245 137	116 531 560
Non-current (more than 12 months after reporting date)	-	336 889	-	209 588
Total	**79 245 137**	**187 648 383**	**79 245 137**	**116 741 148**

14 DEPOSITS FROM CUSTOMERS (Continued)

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

The significant decrease in deposits was mainly driven by the movement in exchange rate as a portion of deposits are denominated in foreign currency. The exchange rate moved by 33% between December 2020 and December 2021. Further, the Microfinance Bank's strategic decision to disburse loans into accounts held with the Microfinance Bank and domiciliation requirements for SME loans also contributed to the increase.

15 OTHER FINANCIAL LIABILITIES

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Deposits from customers are primarily composed of amounts payable on demand.				
Payroll liabilities	5 339 286	1 473 667	5 339 286	916 808
Leave pay provision	2 460 587	1 320 190	2 460 587	821 326
Accounting and audit fees provision	7 671 600	10 245 523	7 671 600	6 374 018
Lease liabilities (note 15.1)	1 063 478	2 065 383	1 063 478	1 284 931
Remittances	77 950 680	16 015 102	77 950 680	9 963 429
Accruals and other liabilities	9 354 959	10 400 547	9 354 959	6 470 462
Statutory fees	-	-	-	-
	103 840 590	**41 520 412**	**103 840 590**	**25 830 974**

Accruals and other liabilities include ZWL77 950 680 due to foreign currency remittance balances. All the accruals are payable within the next 12 months except for the lease liability disclosed in note 15.1.

Fair value of other financial liabilities

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

15.1 Lease liabilities

The Microfinance Bank currently has 2 finance leases that have lease tenures exceeding 1 year with an option to renew.

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Current	343 556	355 961	343 556	221 453
Non-current	719 922	1 709 422	719 922	1 063 478
	1 063 478	**2 065 383**	**1 063 478**	**1 284 931**

16 BORROWINGS

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Held at amortised cost					
Ecobank Zimbabwe Limited Facility	16.1	-	1 597 368	-	993 766
Everprosperous World Wide Limited promissory note	16.2	233 342 141	119 592 935	233 342 141	74 402 008
Medium Term Bonds	16.3	2 413 853	4 662 345	2 413 853	2 900 571
NMB Bank Limited Facility	16.4	38 452 878	17 218 455	38 452 878	10 712 068
Reserve Bank of Zimbabwe Facility	16.5	9 754 521	17 033 620	9 754 521	10 597 077
Zimbabwe Agricultural Development Trust Facility	16.6	-	803 694	-	500 000
		283 963 393	**160 908 417**	**283 963 393**	**100 105 490**
Non-current liabilities (more than 12 months after reporting date) At amortised cost		--	3 705 477	-	2 305 278
Current liabilities (no more than 12 months after reporting date) At amortised cost		283 963 393	157 202 940	283 963 393	97 800 212
		283 963 393	**160 908 417**	**283 963 393**	**100 105 490**

16.1 Ecobank Zimbabwe Limited Facility

This loan is a facility to cater for working capital requirements and was issued on 25 September 2019. The facility was settled in full in February 2021.

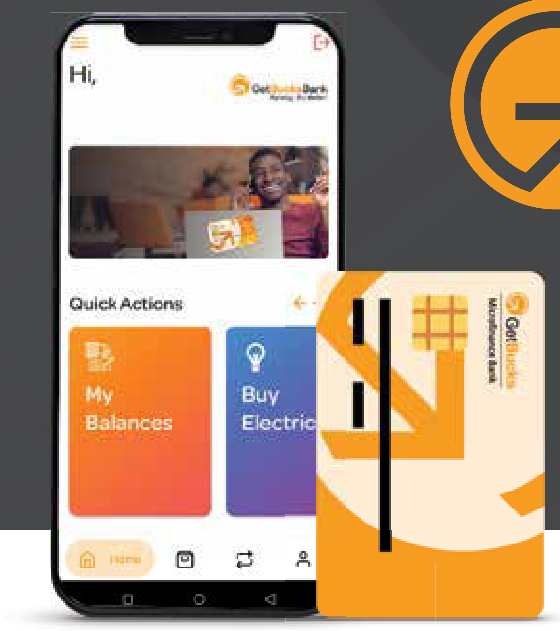
Security details of the loan were as follows:
- First Mortgage Bond to be registered at ZWL5million

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

16.2 Everprosperous World Wide Limited

The Fixed term notes were issued in September 2021 for purposes of growing the company's loan book. The loans were issued at an interest rate of 72% p.a. and are repayable in 12 months.

Security details of the loan were as follows:
-Cession of the Company's loan book



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16.3 Medium Term Bonds

This liability consists of medium term bonds that are not listed but through private placement. Majority of the bonds came through in 2021 and will expire within 12 months. Interest is charged at 60% per annum and paid monthly.

16.4 NMB Bank Limited Facility

This loan is a facility to finance business expansion and was issued on 03 October 2018. The facility is repayable monthly over a three year period to 30 September 2021. The facility's expiry date was extended by a further 12 months to 30 September 2022.

- Irrevocable letter of undertaking confirming monthly instalments;

Covenant details of the loan are as follows:
- Portfolio at risk (PAR) < 10%;
- Non-Performing loans(NPL)< 10%
- Cost to Income Ratio< 60%
- Capital adequacy ratio > 15%
- No drawdowns are to repay shareholder loans
- Minimum monthly deposits of ZWL30 million upon full faciliity disbursement.

- In the event of a breach of any of the above covenants, client will be allowed a 3 months grace period to correct the covenant breach or repay the loan should the Microfinance Bank decide so.

16.5 Reserve Bank of Zimbabwe Facility

The Reserve Bank of Zimbabwe has set up a ZWL500million facility to finance the Micro, Small and Medium Entreprises which have been adversely affected by the Covid-19 pandemic. To date, the Microfinance Bank has drawn down ZWL9 million at 30% per annum. Interest is accrued monthly in arrears and total interest shall be payable upon maturity together with the principal amount.

Security details of the loan are as follows:
- Cession and pledge of Treasury Bills, or any other bonds as shall be acceptable to the Reserve Bank of Zimbabwe;
- A first ranked mortgage bond over the Borrower's immovable property.

16.6 Zimbabwe Agricultural Development Trust Facility

This loan is a facility specifically to finance the agricultural sector. Interest is charged at 9.29% and is payable on maturity of the loan. The loan was settled in full in March 2021.

Borrowings carrying amount approximates fair value.

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Borrowings movement				
Balance at 1 January	160 908 417	338 637 078	100 105 490	46 964 770
New borrowings	8 002 548 514	213 532 804	6 307 924 212	84 773 510
Repayments	(7 881 738 435)	(65 216 596)	(6 212 696 945)	(25 891 290)
Interest capitalised/(paid)	112 441 263	(14 462 048)	88 630 636	(5 741 500)
Effects of inflation	(110 196 366)	(311 582 821)	-	-
Closing balance at 31 December	**283 963 393**	**160 908 417**	**283 963 393**	**100 105 490**

17 INTEREST INCOME

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Interest on Consumer Loans	381 868 560	90 804 068	305 141 359	36 310 576
Interest income on SME Loans	92 355 901	40 245 579	70 415 605	16 326 759
Interest income on Mortgage Loans	(22 054)	1 239 380	-	486 219
	474 202 407	**132 289 027**	**375 556 964**	**53 123 554**

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

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

18 INTEREST EXPENSE

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Interest on borrowings	190 329 972	59 593 816	153 016 548	22 524 375
Interest on leases	958 153	1 812 768	755 254	718 326
Interest on deposits	3 262 250	214 877	2 571 434	85 147
	194 550 375	**61 621 461**	**156 343 236**	**23 327 848**

19 FEE AND COMMISSION INCOME

The Microfinance Bank derives revenue from the rendering of services over time and at a point in time in the following major categories:

	INFLATION ADJUSTED		
	Consumer ZWL	SME ZWL	Total ZWL
December 2021			
Fee and commission income	113 097 728	1 110 809	114 208 537
Timing of revenue recognition:			
- At a point in time	-	-	-
- Over time	113 097 728	1 110 809	114 208 537
	113 097 728	**1 110 809**	**114 208 537**
December 2020			
Fee and commission income	55 058 404	4 646 602	59 705 006
Timing of revenue recognition:			
- At a point in time	820 924	-	820 924
- Over time	54 237 480	4 646 602	58 884 082
	55 058 404	**4 646 602**	**59 705 006**

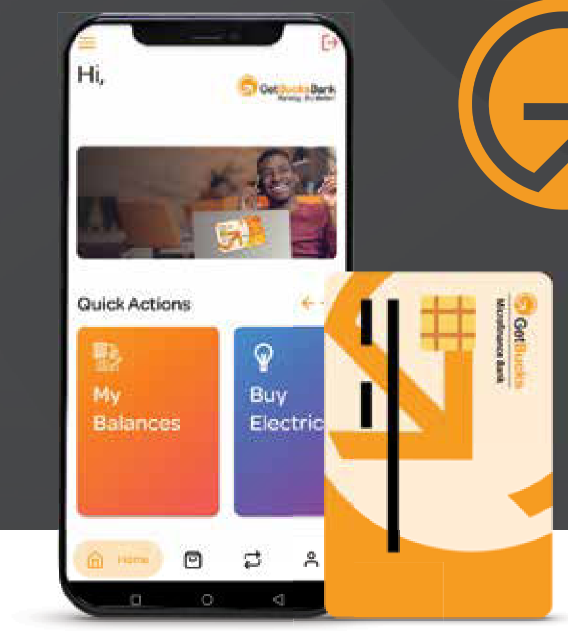
	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Administration fees	46 180 902	35 788 276	36 991 222	11 806 979
Banking fees and commissions	68 027 635	23 095 806	56 288 000	8 938 181
Commission on insurance	-	820 924	-	264 916
	114 208 537	**59 705 006**	**93 279 222**	**21 010 076**

Insurance commission is earned on credit life policies taken by customers and is recognised when the loan is granted. The Microfinance Bank derives income from the transfer of services over time and at a point in time. Administration fees are recognised over time as there is a monthly charge on loans. Commission on insurance is recognised at a point in time as the premium is paid once at inception of loans. The principal source of income is the disbursement of loans. There were no significant contract assets and liabilities related to IFRS 15 (December 2020: nil).

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

20 OPERATING EXPENSES

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Accommodation	1 810 514	152 855	1 477 600	23 655
Accounting and auditing fees	9 530 257	12 957 657	8 462 176	6 889 018
Advertising, marketing and sales expenses	28 407 532	5 500 869	23 146 053	1 994 074
Amortisation	366 371	3 514 497	296 508	402 766
Bank charges	6 990 769	4 209 346	5 673 311	1 566 367
Collection costs	19 966 985	5 735 916	16 264 592	2 072 329
Professional fees	3 785 281	7 586 421	3 396 297	2 865 807
Depreciation	9 594 876	20 914 874	7 542 524	1 334 660
Directors fees	3 567 056	4 213 775	2 803 764	1 506 769
Funding origination costs	8 806 429	5 810 851	7 313 440	3 015 121
Insurance expenses	2 753 938	1 749 655	2 165 052	670 038
License fees	13 910 653	16 779 796	11 050 098	5 352 283
Management fees	21 799 110	8 055 854	17 094 472	649 487
Consultancy	5 806 321	6 511 987	4 575 332	2 498 162
Other expenses	22 813 949	2 577 583	17 453 050	1 023 312
Postage and courier	497 141	304 332	413 652	87 261
Printing and stationery	5 226 620	6 084 531	4 303 924	2 118 634
Rentals	10 041 793	12 951 485	7 947 409	4 537 717
Repairs and maintenance	21 304 021	7 882 932	17 153 941	3 480 780
Sales acquisition costs	136 187	2 751 213	108 594	639 344
Security	12 248 427	9 879 413	9 740 428	4 611 104
Staff costs	153 128 747	91 044 858	124 349 804	28 549 948
Staff welfare and refreshments	15 016 626	7 503 018	12 268 722	3 507 034
Telephone and fax	17 018 237	8 755 167	13 477 007	3 751 239
Training	2 055 573	1 420 978	1 778 728	437 226
Travel	2 538 288	3 006 802	2 069 107	1 073 772
	399 121 701	**257 856 665**	**322 325 585**	**84 657 907**



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

21 TAXATION EXPENSE

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	**2020 ZWL**	**2021 ZWL**	**2020 ZWL**
Major components of the tax expense				
Current				
Local income tax - current period	1 970 770	-	-	-
Deferred				
Deferred tax	(20 041 597)	(61 766 656)	(54 236 605)	23 292 899
	(18 070 827)	**(61 766 656)**	**(54 236 605)**	**23 292 899**
Reconciliation between accounting profit and tax expense: Accounting profit before tax	11 076 964	(133 763 430)	52 785 554	102 293 638
Tax at the applicable tax rate of 24.72% (2020 : 24.72%)	2 738 226	(33 066 320)	13 048 589	25 286 987
Tax effect of adjustments on taxable income				
Tax effect of expenses that are not deductible in determining taxable profit : -				
Donations	28 438	75 999	23 894	14 924
Entertainment	-	-	-	-
Intermediary Money Transfer	(514 089)	(338 260)	(405 225)	(134 039)
Movement in provisions	1 080 355	(305 720)	(18 255 273)	(3683 792)
Adjustments related to prior periods	-	-	-	-
Difference between effective and simple interest	(33 110 159)	663 826	(6 463 908)	412 983
Allowance for impairment losses	4 279 691	1 757 972	3 699 443	614 405
Net effect of disallowable expenses	7 426 711	(30 554 153)	45 884 124	781 431
Net effect of disallowable expenses	**(18 070 827)**	**(61 766 656)**	**(54 236 605)**	**23 292 899**

22 AUDITORS' REMUNERATION

	INFLATION ADJUSTED		HISTORICAL COST	
Fees	9 530 257	12 957 657	8 462 176	6 889 018
	9 530 257	**12 957 657**	**8 462 176**	**6 889 018**

23 CASH GENERATED FROM/(USED IN) OPERATIONS

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	**2020 ZWL**	**2021 ZWL**	**2020 ZWL**
Profit/Loss before income tax	11 076 964	(133 763 431)	52 785 554	102 293 638
Adjustments for:				
Depreciation and amortisation	9 961 247	24 429 371	7 839 032	1 737 426
Fair value adjustments	(102 614)	5 982 842	(70 190 350)	(116 527 789)
Profit on disposal of non current assets	(567 506)	(5 041 005)	(492 166)	(2 787 798)
Unrealised foreign exchange loss/(gain)	(7 623 409)	(50 681 890)	(6 631 582)	(19 374 676)
Net impairment	17 312 671	7 111 543	14 965 385	2 485 456
Interest received	(476 450 370)	(1 569 133)	(375 556 964)	(622 953)
Interest expense	194 550 375	61 621 461	156 343 236	23 327 848
Changes in working capital:				
(Decrease) / Increase in loans and advances to customers	114 560 682	190 333 132	(101 402 585)	(115 736 985)
(Increase)/Decrease in other assets	(25 074 907)	48 866 925	(28 445 496)	(4 587 567)
(Decrease) / Increase in deposits from customers	(108 403 246)	95 938 886	(37 496 011)	104 022 176
(Decrease) / Increase in other financial liabilities	62 320 178	(5 056 902)	(10 621 020)	19 373 808
	208 439 935	**238 171 799**	**(398 902 967)**	**(6 397 416)**

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	**2020 ZWL**	**2021 ZWL**	**2020 ZWL**
Cash and cash equivalents	207 083 544	239 891 582	207 083 544	149 243 059
Borrowings - repayable within one year	(283 963 393)	(157 202 940)	(283 963 393)	(97 800 212)
Borrowings - repayable after one year	-	(3 705 477)	-	(2 305 278)
Net debt	**(76 879 849)**	**78 983 165**	**(76 879 849)**	**49 137 569**

23 CASH GENERATED FROM/(USED IN) OPERATIONS (Continued)

	Cash at bank including bank overdraft ZWL	**Borrowings ZWL**	**Total ZWL**
Net debt as at 1 January 2021	24 685 056	(46 964 770)	(22 279 714)
Cashflows (based on total amounts per Statement of Cash flows)	124 558 003	(53 140 720)	71 417 283
Net debt as at 31 December 2021	149 243 059	(100 105 490)	49 137 569
Cashflows (based on total amounts per Statement of Cash flows)	57 840 485	(183 857 903)	(126 017 419)
Net debt as at 31 December 2021	**207 083 544**	**(283 963 393)**	**(76 879 850)**

24 INCOME TAX (RECEIVABLE) / PAYABLE

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	**2020 ZWL**	**2021 ZWL**	**2020 ZWL**
Balance at beginning of the year	**(7 690 575)**	**(7 690 575)**	**(1 066 588)**	**(1 066 588)**
Current tax for the year recognised in profit or loss (note 21)	(1 970 770)	-	-	-
Net monetary adjustment	15 437 074	-	-	-
Balance at end of the year	**(5 775 729)**	**(7 690 575)**	**(1 065 588)**	**(1 066 588)**

25 AMOUNTS DUE FROM/(TO) RELATED PARTY LOANS

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	**2020 ZWL**	**2021 ZWL**	**2020 ZWL**
Staff loans				
Opening balance	3 605 149	24 829 289	2 242 861	3 443 515
Disbursements/(repayments)	2 719 392	(5 483 839)	2 143 532	(2 177 110)
Interest charge	6 957 486	2 459 558	5 484 165	976 456
Net monetary adjustment	(3 411 469)	(18 199 859)	-	-
Amount due from staff	9 870 558	3 605 149	9 870 558	2 242 861

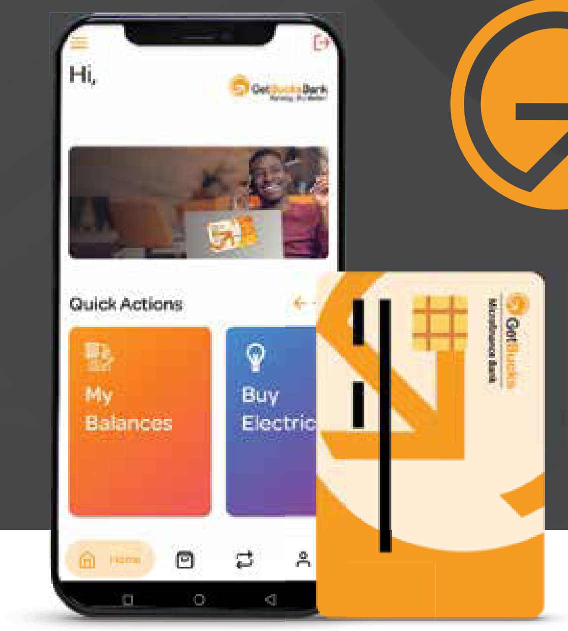
These amounts generally arise from transactions within the normal operating activities of the Microfinance Bank. Interest is charged at rates above the threshold for taxable benefits for all loans. Collateral is not obtained with the exception of mortgage loans or vehicle loans.

26 OPERATING SEGMENTS

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

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

	INFLATION ADJUSTED				
	Consumer ZWL	**SME ZWL**	**Bureau ZWL**	**Other ZWL**	**Total ZWL**
31 December 2021					
Third party income	394 199 611	93 454 092	31 470 249	69 286 992	588 410 944
Impairment losses on loans and advances	(15 973 554)	(3 786 899)	-	(2807 613)	(22 568 064)
Net operating income	**378 226 057**	**89 667 193**	**31 470 249**	**66 479 379**	**565 842 880**
Interest income	381 868 560	92 355 901	-	(22 054)	474 202 407
Interest expense	(130 336 940)	(30 899 372)	(10 405 226)	(22 908 838)	(194 550 375)
Net interest income	**251 531 620**	**61 456 529**	**(10 405 226)**	**(22 930 892)**	**279 652 032**
Fee and commission Income	113 097 728	1 110 809	-	-	114 208 537
Total net income	**364 629 348**	**62 567 338**	**(10 405 226)**	**(22 930 892)**	**393 860 568**
Depreciation and amortisation	(6 673 430)	(1 582 091)	(532 762)	(1 172 964)	(9 961 247)
Other income / (expenses)	(378 723 671)	(65 908 723)	9 280 030	20 453 585	(414 898 779)
Segment profit before tax	7 420 893	1 759 294	592 434	1 304 343	11 076 964
Income tax expense	12 106 356	2 870 091	966 490	2 127 890	18 070 827
Profit for the year	**19 527 249**	**4 629 385**	**1 558 924**	**3 432 233**	**29 147 791**



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26 OPERATING SEGMENTS (Continued)

	INFLATION ADJUSTED				
	Consumer ZWL	SME ZWL	Bureau ZWL	Other ZWL	Total ZWL
31 December 2020					
Third party income	117 193 864	41 695 887	7 955 061	25 149 220	191 994 033
Impairment losses on loans and advances	(6 176 665)	(2197 569)	-	(1 325 483)	(9 699 716)
Net operating income	**111 017 199**	**39 498 318**	**7 955 061**	**23 823 737**	**182 294 317**
Interest income	90 804 068	40 245 579	-	1 239 380	132 289 027
Interest expense	(37 613 967)	(13 382 506)	(2 553 218)	(8 071 772)	(61 621 461)
Net interest income	53 190 101	26 863 073	(2 553 218)	(6 832 391)	70 667 566
Fee and commission Income	55 058 404	4 646 602	-	-	59 705 006
Total net income	**108 248 504**	**31 509 674**	**(2 553 218)**	**(6 832 391)**	**130 372 572**
Depreciation and amortisation	(14 911 779)	(5 305 395)	(1 012 205)	(3 199 992)	(24 429 371)
Other income / (expenses)	(41 510 592)	(21 038 509)	(21 038 509)	(21 038 509)	(21 038 509)
Segment profit before tax	(81 649 691)	(29 049 783)	(5 542 340)	(17 521 617)	(133 763 431)
Income tax expense	37 702 594	13 414 040	2 559 233	8 090 790	61 766 656
Profit for the year	**(43 947 097)**	**(15 635 743)**	**(2983 107)**	**(9 430 827)**	**(71 996 775)**

	HISTORICAL COST				
	Consumer ZWL	SME ZWL	Bureau ZWL	Other ZWL	Total ZWL
31 December 2021					
Third party income	289 965 102	70 403 874	25 945 997	82 521 213	468 836 186
Impairment losses on loans and advances	(12 403 071)	(3 011 480)	-	(3529 792)	(18 944 343)
Net operating income	**277 562 031**	**67 392 394**	**25 945 997**	**78 991 421**	**449 891 843**
Interest income	305 141 359	70 415 605	-	-	375 556 964
Interest expense	(102 359 645)	(24 853 044)	-	(29 130 548)	(156 343 236)
Net interest income	**202 781 714**	**45 562 561**	**-**	**(29 130 548)**	**219 213 728**
Fee and commission Income	93 279 222	-	-	-	93 279 222
Total net income	**296 060 936**	**45 562 561**	**-**	**(29 130 548)**	**312 492 950**
Depreciation and amortisation	(4 848 273)	(1177 166)	(433 822)	(1379 771)	(7839 032)
Other income / (expenses)	(258 565 933)	(36 458 730)	3 355 042	39 801 258	(251 868 363)
Segment profit before tax	32 646 730	7 926 665	2 921 220	9 290 939	52 785 554
Income tax expense	34 294 762	8 326 809	3 068 685	9 759 953	55 450 209
Profit for the year	**66 941 492**	**16 253 474**	**5 989 905**	**19 050 892**	**108 235 763**
31 December 2020					
Third party income	39 049 327	17 295 309	3 778 043	14 010 951	74 133 630
Impairment losses on loans and advances	(1807 703)	(800 648)	-	(648 606)	(3 256 958)
Net operating income	**37 241 624**	**16 494 661**	**3 778 043**	**13 362 345**	**70 876 672**
Interest income	36 310 576	16 326 759	-	486 219	53 123 554
Interest expense	(12 947 611)	(5 734 617)	-	(4645 621)	(23 327 848)
Net interest income	23 362 965	10 592 142	-	(4 159 402)	29 795 706
Fee and commission Income	19 253 817	1 756 259	-	-	21 010 076
Total net income	**42 616 782**	**12 348 401**	**-**	**(4 159 402)**	**50 805 782**
Depreciation and amortisation	(915 176)	(405 340)	(88 544)	(328 366)	(1737 426)
Other income / (expenses)	12 180 792	11 921 952	5301 694	23 820 845	53 225 283
Segment profit before tax	53 882 398	23 865 013	5213 150	19 333 076	102 293 638
Income tax expense	(12 269 358)	(5434 212)	(1187 067)	(4402 262)	(23 292 899)
Profit for the Year	**41 613 040**	**18 430 801**	**4 026 083**	**14 930 814**	**79 000 739**

27 RELATED PARTIES

27.1 Relationships

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

27.2 Related party balances

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Related party receivables				
MBCH	7 394 404	6 583 743	7 394 404	4 095 925
SureChoice	497 690	596 867	497 690	371 327
MHMK Private Limited	1 081 544	-	1 081 544	-
	8 973 638	**7 180 610**	**8 973 638**	**4 467 252**
Related party payables				
MBCH	4 314 040	-	4 314 040	-
GetBucks Botswana	700 076	846 980	700 076	526 929
	5 014 116	**846 980**	**5 014 116**	**526 929**
Related party deposits				
MHMK Private Limited Zimbabwe	158 039	10 393	158 039	6 466
GetBucks Limited (Mauritius)	13 066	25 181	13 066	15 666
Related party equity balances				
P. Soko	25 723	41 347	25 723	25 723

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

27.3 Related party transactions

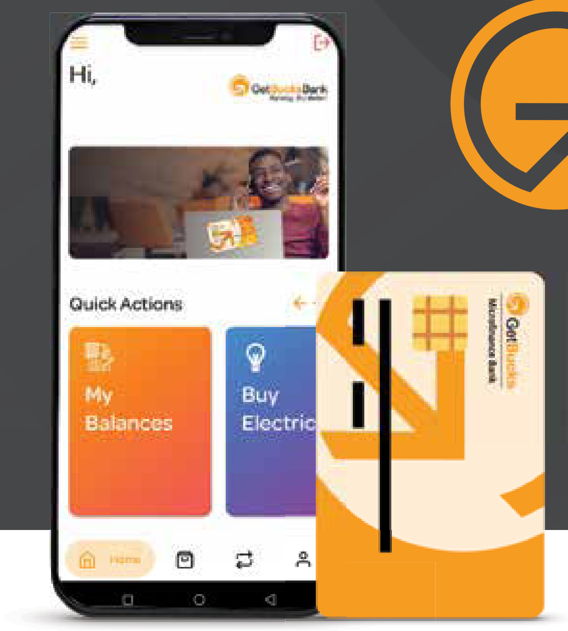
	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Management fees paid to related parties				
GetBucks Limited (Mauritius)	21 799 110	8 055 853	17 094 472	649 487

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

27.4 Key management personnel compensation

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Short term employment benefits	56 938 920	15 082 062	35 423 246	9 382 960
Post employment benefits	1 815 614	1 042 620	1 129 543	648 642
	58 754 534	**16 124 682**	**36 552 789**	**10 031 602**

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



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28 EMPLOYEE BENEFITS

Pension fund

All eligible employees contribute to the GetBucks pension fund which is a defined contribution pension fund. The Microfinance Bank has no legal or constructive obligation to pay should fund assets be insufficient to meet fund obligations. Contributions to the pension fund are expensed as part of staff costs. All employees are members of the National Social Security Authority Scheme (NSSA), to which both the Microfinance Bank and the employees contribute. Contributions by the employer are charged to profit and loss.

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Pension expense	3 170 569	1 058 949	2 499 168	658 801
NSSA expense	845 044	243 627	666 097	151 567
	4 015 613	**1 302 576**	**3 165 265**	**810 368**

29 DIRECTORS' EMOLUMENTS

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

Non-executive				
Directors' fees for services as directors (note 20)	3 567 056	4 213 775	2 803 764	1 506 769

30 RISK MANAGEMENT

Financial risk management

The Microfinance Bank's activities expose it to a number of financial risks. Taking risk is core to a financial services business and the Microfinance Bank aims to achieve a balance between risk and return. The risk management policies are designed to identify, measure, monitor, control and report risks using up to date information systems. Risk management is carried out by management using board approved policies and management is responsible for identifying, monitoring and mitigating financial risks faced by the Microfinance Bank. The Board of Directors assists in ensuring compliance with these policies. The Microfinance Bank has an Independent Risk Management Function which provides assurance that risks are being managed within approved risk levels, on a daily, weekly or quarterly basis as appropriate. The Microfinance Bank also has an independent Compliance Function whose role is to identify, record and assess compliance risks associated with the bank's operations.

30.1 Credit risk

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

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

The Board Credit Committee periodically reviews and approves the 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 loans and monitoring of any corrective action taken to address credit risk. These policies are contained in the Credit Policy.

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.

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

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

Credit policies, procedures and limits

The 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, individual account limits and concentration. During the year the minimum loan granted and limits were ZWL900 (2020:ZWL50) and the maximum was ZWL12 900 000 (2020: ZWL31 300 000) for up to 120 months (2020:120 months). To ensure that the Microfinance Bank only lends to credit worthy customers, before loans are disbursed, checks are conducted to verify identity, employment status and affordability of loan products being applied for. Where possible external credit checks are conducted. Similar checks are conducted for SME's and where deemed necessary collateral or credit insurance is obtained to mitigate risk of default.

Credit risk mitigation and hedging

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

Collateral held for exposure

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

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

Collateral types	Segment	2021 ZWL	2020 ZWL
Mortgage Bonds	SME	63 591 418	12 503 046
Mortgage Bonds	Mortgages	-	579 500
Cession of book debts	SME	-	1 975 000
Guarantees	SME	-	200 000
Notarial Specific Covering bonds (NSCB)	SME	-	1 554 220
Cash cover	SME	808 780	-
Exposure credit guarantees	SME	4 000 000	-
Security Sharing Agreement	SME	15 000 000	-
Value of collateral		**83 400 198**	**16 811 766**

The collateral above is solely for the SME segment. The gross carrying amount of assets is ZWL83 400 198. The gross loan book for SME and mortgage is ZWL55 638 555. This implies that collateral cover is 150%. There is no collateral for the consumer segment. None of the collateral was sold or repledged. The Microfinance Bank has an obligation to return it once respective loans have been settled.

Maximum exposure to credit risk without taking into account collateral

	Notes	2021 ZWL	2020 ZWL
Cash and cash equivalents (excluding cash on hand)	4	193 118 174	109 025 468
Mortgage Bonds	5.1	179 544 277	82 311 495
Loans and advances to customers		**372 662 451**	**191 336 963**

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

Other credit enhancements

Customer credit risk is mitigated by the utilisation of payroll collection models. In addition all consumer loans granted to customers are covered by credit life insurance that pays the Microfinance Bank in case of death or permanent disability of the customer.

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 all principal and interest due according to the contractual terms of the loan.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the 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. There were no renegotiated loans and advances to customers during the year (December 2021: nil).

Allowances for impairment

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

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

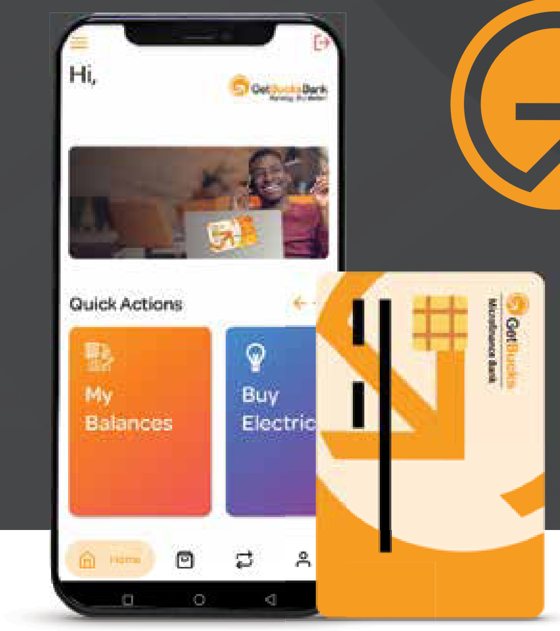
Incorporation of forward looking information in ECL measurement

Significant increase in credit risk "SICR"

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

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

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



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

30.1 Credit risk (Continued)

Other considerations to provisioning policy

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

Impairment and provisioning policies

In measuring credit risk of loans and advances the Microfinance Bank reflects three components;
(i) the probability of default by the client or counterparty on its contractual obligations (PD);
(ii) current exposures to the counterparty (EAD)
(iii) the likely loss in the event of a default (LGD); and
(iv)Discount factor derived from the effective interest rate (Df)
Internal estimate of PDs and LGDs are based on model scores and observed historical data. The Microfinance Bank does not take into account forward looking information as the model was conduced based on Through the Cycle ("TTC").

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

The expected credit losses are calculated using probability-weighted estimates calculated over the expected life of the financial 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)

Credit risk concentration	Total ZWL	ECL Stage 2 and 3 ZWL	Write offs ZWL	Impairment allowance ZWL
As at 31 December 2021				
Retail	43 852 348	2 081 406	-	3 955 369
Consumer	143 034 404	19 647 958	3 978 958	12 902 082
Construction	31 403	-	-	229
Agriculture	22 480 393	-	-	2 027 791
	209 398 548	**21 729 364**	**3 978 958**	**18 885 471**
As at 31 December 2020				
Retail	25 318 683	1 112 871	-	1 153 434
Consumer	52 491 873	3 239 852	805 484	2 397 416
Construction	400 532	-	-	2 924
Agriculture	8 020 494		-	366 313
	86 231 582	**4 352 723**	**805 484**	**3 920 087**

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

Write-off policy

Financial assets are only written off when the entity has no reasonable expectation of recovery. The 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.

30.2 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.

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

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

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:

30.2 Liquidity risk (Continued)

Liquidity profiling 31 December 2021

	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	207 083 544	-	-	-	-	207 083 544
Loan book	66 941 971	132 054 708	114 124 193	90 160 032	1 581 472	404 862 375
Other receivables	-	-	-	-	14 693 968	14 693 968
	274 025 515	132 054 708	114 124 193	90 160 032	16 275 440	626 639 887
Liabilities						
Borrowings	16 687 228	34 667 998	49 583 863	183 024 304	-	283 963 393
Deposits from customers	96 043 726	-	-	-	-	96 043 726
Trade payables	18 885 472	-	-	98 117 408	-	117 002 880
	131 616 426	**34 667 998**	**49 583 863**	**281 141 712**	**-**	**497 009 999**
Asset and liability gap	**142 409 089**	**97 386 710**	**64 540 330**	**(190 981 680)**	**16 275 440**	**129 629 888**
Cumulative gap	**142 409 089**	**239 795 799**	**304 336 129**	**113 354 449**	**129 629 888**	**-**

Liquidity profiling 31 December 2020

	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	239 891 582	-	-	-	-	239 891 582
Gross Loan book	24 609 477	61 092 114	86 514 803	99 897 529	13 007 702	285 121 625
Other receivables	27 837	55 675	111 350	209 324	7 720 588	8 124 774
	264 528 896	**61 147 789**	**86 626 153**	**100 106 853**	**20 728 290**	**533 137 981**
Liabilities						
Financial borrowings	31 655 453	12 082 661	135 165 056	2 542 840	1 278 848	182 724 858
Deposits from customers	187 459 814	-	188 571	-	-	187 648 385
Trade payables	6 301 103	-	-	30 835 209	-	37 136 312
	225 416 370	**12 082 661**	**135 353 627**	**33 378 049**	**1 278 848**	**407 509 555**
Asset and liability gap	**39 112 526**	**49 065 128**	**(48 727 474)**	**66 728 804**	**19 449 442**	**125 628 426**
Cumulative gap	**39 112 526**	**88 177 654**	**39 450 180**	**106 178 984**	**125 628 426**	**-**

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

30.3 Market risk

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

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

Interest rate risk

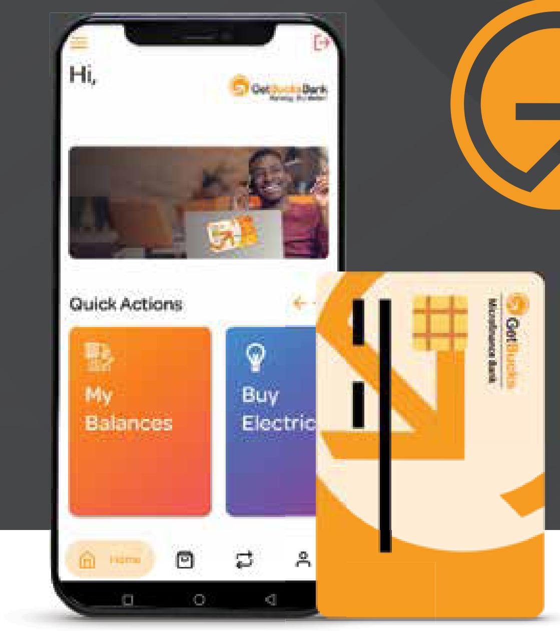
Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates.

The 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.

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

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Fixed interest bearing assets	179 544 277	132 306 554	179 544 277	82 311 495
Fixed interest bearing borrowings	283 963 393	160 908 417	283 963 393	100 105 490

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



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

30.3 Market risk (Continued)

Interest rate risk (Continued)

	2021 ZWL	Effect on profit before tax December 2021 ZWL	2020 ZWL	Effect on profit before tax December 2020 ZWL
Interest rate change				
1% increase				
Assets	179 544 277	3 755 570	82 311 495	531 236
Liabilities	283 963 393	1 563 432	100 105 490	233 278
Net effect		**2 192 138**		**297 958**

Interest rate repricing gap analysis

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

As at 31 December 2021	Up to 3 months ZWL	3 months-1 year ZWL	Over 1 year ZWL	Total ZWL
Assets				
Cash and cash equivalents	207 083 544	-	-	207 083 544
Loans and advances to customers	72 919 512	105 065 584	1 559 181	179 544 277
	280 003 056	**105 065 584**	**1 559 181**	**386 627 821**
Liabilities				
Deposits from customers	79 245 137	-	-	79 245 137
Borrowings	51 355 226	232 608 167	-	283 963 393
	130 600 363	**232 608 167**	**-**	**363 208 530**
Interest rate repricing gap	149 402 693	(127 542 582)	1559 181	23 419 291
Cumulative gap	**149 402 693**	**21 860 110**	**23 419 291**	**-**

As at 31 December 2020	Up to 3 months ZWL	3 months-1 year ZWL	Over 1 year ZWL	Total ZWL
Assets				
Cash and cash equivalents	239 891 582	-	-	239 891 582
Loans and advances to customers	40 616 928	33 273 735	6 826 414	80 717 077
	280 508 510	33 273 735	6 826 414	320 608 659
Liabilities				
Deposits from customers	20 107 440	-	598 188	20 705 628
Borrowings	11 097 851	84 113 912	4 277 551	99 489 314
	31 205 291	**84 113 912**	**4 875 739**	**120 194 942**
Interest rate repricing gap	249 303 219	(50 840 177)	1 950 675	200 413 717
Cumulative gap	**249 303 219**	**198 463 042**	**200 413 717**	**-**

30.4 Foreign currency risk

Interest rate 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.

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

As at 31 December 2021	US$	RAND	GBP	EUR	BWP	TOTAL
Assets						
Cash and cash equivalents	110 929 954	559 563	106 357	346 919	256 308	112 199 101
Liabilities						
Related party liabilities	(5 014 117)	-	-	–	–	(5 014 117)
Deposits from customers	(9 514 431)	-	-	–	–	(9 514 431)
Net foreign exchange Position	**96 401 406**	**559 563**	**106 357**	**346 919**	**256 308**	**97 670 553**

30.5 Capital risk management

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

-to comply with the capital requirements set by the Microfinance Banking regulators;

-to safeguard the Microfinance Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to customers and other stakeholders and;

-to maintain a strong capital base to support the development of its business.

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

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 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. The Reserve Bank of Zimbabwe ("RBZ") regulates the minimum capital requirements of all microfinance lenders. The shareholders' equity for the Microfinance Bank at year end of ZWL395 473 552, was in compliance with the RBZ's minimum capital requirement of ZWL5 000 000. Management determines capital requirements by analysing cash flow projections and taking into account growth and defined gearing ratios.

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

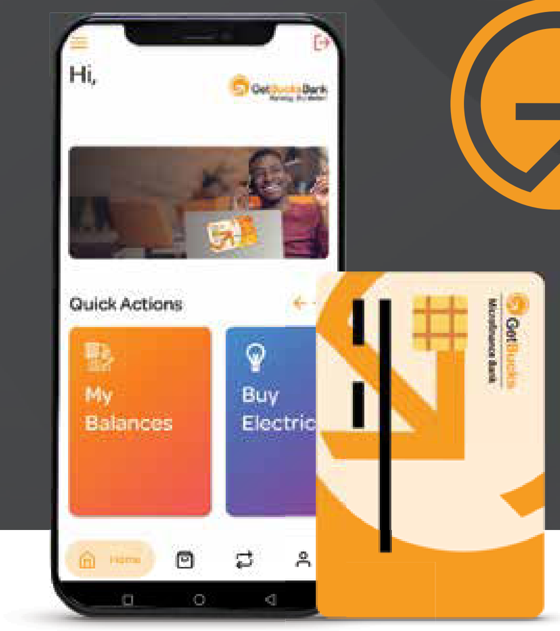
	2021 ZWL	2020 ZWL
Total borrowings		
Other financial borrowings	283 963 393	100 105 490
	283 963 393	100 105 490
Less: cash and cash equivalents	207 083 544	149 243 059
Net debt	76 879 849	(49 137 569)
Total equity	396 365 213	129 202 077
Total capital	**473 245 062**	**80 064 508**
Gearing ratio	**16%**	**-61%**

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

- **Tier 1 Capital:** capital representing a permanent commitment of funds by the shareholders of the Microfinance Bank (net of any loans and advances given to an insider) which is available to meet losses incurred without imposing a fixed unavoidable charge on the institution's earnings, and includes such of the following elements as are available to the institution after making any required deductions (a) issued and fully paid up ordinary shares or common stock; (b) paid up non-cumulative irredeemable preference shares; (c) reserves consisting of (i) non-repayable share premiums; (ii) disclosed reserves created by a charge to net income in the financial year immediately preceding the current one; (iii) published retained earnings for the current year, including interim earnings, where these have been verified by external auditors; (d) minority interests in subsidiaries arising on consolidation;

- **Tier 2 Capital:** comprises impairment allowance, revaluation reserves, undisclosed reserves, hybrid capital instruments and subordinated term debt.

Capital adequacy	2021 ZWL	2020 ZWL
Share capital	116	116
Share premium	8 562 235	8 562 235
Retained Earnings	228 875 490	120 639 726
Revaluation Reserve	158 927 372	-
	396 365 213	**129 202 077**
Less: deductions		
Insider loans	-	-
Encumbered assets (Bank facility)	-	(7 925 834)
Total core capital	**396 365 213**	**121 276 243**
Supplementary capital		
General provisions	5 436 821	1 924 575
Core capital plus supplementary	400 588 429	123 200 818
Net capital base	400 588 429	123 200 818
Risk weighted assets	434 945 675	153 965 982
Tier 1 Ratio	91%	79%
Tier 2 Ratio	92%	80%
Capital adequacy ratio	92%	80%



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

30.5 Capital risk management (Continued)

The Microfinance Bank has 3 classes of risk weighted assets. They are Credit, Market, and Operational risk assets which are components of the Capital Adequacy Ratio ("CAR") calculation. Risk weighted assets are used to determine the minimum amount of capital that must be held by banks to reduce the risk of failure. The capital requirement is based on a risk assessment for each type of bank asset. The required Tier 1 ratio is 12%, Tier 2 is 15%. This is based on operational guidelines for Deposit taking Microfinance Institutions.

Capital charges are assigned as below:

Credit risk capital

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

Market risk capital

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

Operational risk capital

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

Total capital

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

30.6 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 2021
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

31 FAIR VALUE OF ASSETS AND LIABILITIES

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

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

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

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

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value
The fair value of loans advanced to customers, lines of credit and amounts due to group companies approximate the carrying amount due to the short term nature of the financial assets and liabilities.

Fair value hierarchy	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	31 Dec 2021 ZWL
As at 31 December 2021				
Loans and advances to customers and shareholders	-	-	179 544 277	179 544 277
Financial assets at amortised cost	-	-	-	-
Investment properties	-	-	138 440 000	138 440 000
Other assets	-	-	47 807 486	47 807 486
Total	**-**	**-**	**365 791 763**	**365 791 763**
Other financial liabilities	-	-	103 840 590	103 840 590
Deposits from customers	-	-	79 245 137	79 245 137
Borrowings	-	-	283 963 393	283 963 393
Total	**-**	**-**	**467 049 120**	**467 049 120**

Fair value hierarchy	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	31 Dec 2020 ZWL
As at 31 December 2020				
Loans and advances to customers and shareholders	-	-	132 306 554	132 306 554
Financial assets at amortised cost	-	-	-	-
Investment properties	-	-	245 576 821	245 576 821
Other assets	-	-	22 732 579	22 732 579
Total	**-**	**-**	**400 615 954**	**400 615 954**
Other financial liabilities	-	-	41 520 412	41 520 412
Deposits from customers	-	-	187 648 383	187 648 383
Borrowings	-	-	160 908 417	160 908 417
Total	**-**	**-**	**390 077 212**	**390 077 212**

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

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

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

Capital adequacy	31 December 2021 ZWL	31 December 2020 ZWL
Change in land value per square meter (sales comparison):	175 243 779	120 639 726
5% change in replacement cost per square meter	6 922 000	7 639 000
Change in rentals per square meter (Implicit Investment Approach):	-	-
5% change in rentals per square meter	6 805 095	7 509 986
Change in the yield earned (Implicit investment approach):		
1% change in yield earned on the investment properties	13 844 000	15 278 000

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

32 BORROWING POWERS

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

33 CONTINGENT LIABILITIES

There were no contingent liabilities as at as at 31 December 2021 (31 December 2020: ZWLnil).

34 CAPITAL COMMITMENTS

There were no authorised and contracted or authorised but uncontracted capital expenditure as at 31 December 2021.
(31 December 2020: ZWLNil)

35 EVENTS AFTER THE REPORTING DATE

The Microfinance Bank issued a cautionary statement with regards to the the capital raise program it is carrying out.The capital raise will be done through a rights issue which is expected to have concluded in the second quarter of 2021.

Grant Thornton

GetBucks Microfinance Bank Limited

Annual Financial Statements

31 December 2021

INDEPENDENT AUDITOR'S REPORT

To the members of GetBucks Microfinance Bank Limited

Report on the Audit of the Inflation Adjusted Annual Financial Statements

Adverse Opinion

We have audited the inflation adjusted annual financial statements of GetBucks Microfinance Bank Limited set out on pages 9 to 81, which comprise the inflation adjusted statement of financial position as at 31 December 2021, and the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity and the inflation adjusted statement of cash flows for the year then ended, and the notes to the inflation adjusted financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters described in the *Basis for Adverse Opinion* section of our report, the inflation adjusted annual financial statements do not present fairly, in all material respects, the inflation adjusted financial position of GetBucks Microfinance Bank Limited as at 31 December 2021, and its inflation adjusted financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

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

During the prior and current financial years, the foreign currency denominated transactions and balances of the Microfinance Bank were translated into ZWL using the interbank exchange rates/foreign currency auction rates which were not considered appropriate spot rates for translations as required by IAS 21. The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended 31 December 2021.

Had the financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially different. The effects of the non-compliance with the requirements of IAS 21 have been considered to be material and pervasive to the financial statements as a whole.

Non-compliance with International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies

The Directors have applied the IAS 29 – Financial Reporting in Hyperinflationary Economies with effect from 1 January 2019 to 31 December 2021. However, its application was based on prior and current year's financial information which was not in compliance with IAS 21 as described above. Had the correct base numbers been used, most elements of the financial statements would have been materially different. The impact of the departure from the requirements of these standards is considered material and pervasive to the financial statements.

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

Emphasis of matter

We draw attention to **Note 3.5.1** of the inflation adjusted annual financial statements, which describes the uncertainties related to the COVID-19 outbreak. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Interest and similar income Overstatement of interest income and similar income. Interest income is a key measure used to evaluate the performance of the Microfinance Bank. There is a presumed fraud risk with regards to revenue recognition as guided by International Standard on Auditing (ISA 240). There is a risk that the income is presented at amounts higher than what has been actually generated by the Microfinance Bank. This is a significant risk and accordingly a key audit matter.	**Our audit procedures included the following:** • Our audit procedures include testing of design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of interest and similar income. • We identified key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review. • The results of our controls testing have been the basis for the nature and scoping of the additional test of details, which mainly consisted of testing individual transactions by reconciling them to external sources (supporting documentation). • Furthermore, we performed analytical procedures and assessed the reasonableness of explanations provided by management. We satisfied ourselves that the Microfinance Bank's interest and similar income recognition criteria is adequate and appropriate.
Loans and advances Loans and advances form a major portion of the Microfinance Bank's assets, and due to the significant judgement using subjective assumptions over both when and how much to record as loan impairment, and estimation of the amount of the impairment provision for loans and advances, this audit area is considered a key audit risk.	**Our audit procedures included the following:** • Our audit procedures include testing of design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of loans and advances. • We obtained understanding of the Microfinance Bank's key credit processes comprising granting, booking, monitoring and provisioning of loans. • We identified key controls involved in the issuance of loans and tested these controls to obtain satisfaction that they were operating effectively for the year under review. • The results of our controls testing have been the basis for the nature and scoping of the additional test of details, which included

	recomputation of loan balances and reconciling them to loan system balances. • We assessed reasonableness and checked the allowance for credit losses calculations. • We performed analytical procedures and assessed the reasonableness of explanations provided by management. We satisfied ourselves that the Microfinance Bank's loan and advances recognition criteria is adequate and appropriate.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Chairman's Statement and Microfinance Bank Secretary's Certificate, as required by the Companies and Other Business Entities Act (Chapter 24:31), which we obtained prior to the date of this Auditors' Report. The other information does not include the financial statements and our Auditor's Report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Inflation Adjusted Annual Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Inflation Adjusted Annual Financial Statements

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Microfinance Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Microfinance Bank audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, except for the possible effects of the matters described in the *Basis for Adverse Opinion* paragraph, the inflation adjusted annual financial statements have been properly prepared in compliance with the requirements of the Companies and Other Business Entities Act (Chapter 24:31), Microfinance Act (Chapter 24:29) and the relevant Statutory Instruments.

The engagement partner on the audit resulting in this Independent Auditor's Report is Edmore Chimhowa.

Grant Thornton

Edmore Chimhowa
Partner

Registered Public Auditor (PAAB No: 0470)

Grant Thornton 14 April 2022
Chartered Accountants (Zimbabwe)
Registered Public Auditors
HARARE