



## REVIEWED CONDENSED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

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The board of directors of GetBucks Microfinance Bank Limited presents the reviewed condensed interim financial results of the Bank for the six months ended 30 June 2022 ("Interim Results").

### Financial Highlights of the Bank

The Interim Results ("Inflation adjusted") when compared to the six months ended 30 June 2021 ("Comparative Period"), are set out below:

- Profit before tax for the six months increased by 197% to close at ZWL\$72,6million compared to a loss of (ZWL\$74,5) million for the comparative period;
- Total Assets grew by 13% to close off at ZWL2,5 billion from ZWL2,2 billion as at 31 December 2021;
- Loss per share decreased by 28% to (3.81) cents per share compared to a (5.31) cents loss per share in the comparative period;

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

This short form announcement is the responsibility of the Board and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based as a whole on consideration of the reviewed financial results for the six months ended 30 June 2022 which may be downloaded from the Company's website at: <https://www.getbucksbank.com> and may also be viewed, at no cost, at the Zimbabwe Stock Exchange website.

**By Order of the Board of Directors,**



**Wimbayi Chigumbu**  
**Chief Finance Officer**

30 September 2022

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#### Directors:

Dr. R. Mbire (Board Chairman), E. Chavora\* (Managing Director), W. Chigumbu\* (Chief Finance Officer), M. Madamombe\* (Chief Operating Officer), J. Machiva, P. Soko, T. Munowenyu, S. Chibaya. \* Executive.



# REVIEWED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

## Chairman’s Statement

### Introduction

I hereby present the condensed interim financial statement for Getbucks Microfinance Bank Limited (“the Microfinance Bank”) for the six months ended 30 June 2022. The economy continued to be affected by the global supply chain challenges as well as significant policy changes. Despite these challenges, the Microfinance Bank continued to show resilience in its operations

### Macro-economic environment

The global economy continued to reel from the global tensions which saw the domestic economy suffering from spill-over effects of supply chain disruptions and global inflation. This coupled with the poor 2021/2022 agricultural season and depreciating local currency compounded the local inflationary pressures.

The half year has been characterised by business activity growth both locally and globally as economies try to recover from the Covid-19 pandemic. The sustained reduction in new covid cases has seen the disappearance of travel restrictions and lock downs with the world gravitating towards a “business as usual” approach. Travel and tourism growth has been registered across the globe.

Annual inflation closed off at 191.6% in June 2022, up from 60.7% in December 2021. This was largely due to the 237% devaluation of the Zimbabwean dollar (ZWL) against the United States of America’s dollar (US\$) at the official foreign exchange auction market with the official exchange rate closing the period at ZWL366.27, from ZWL108.67 on 31 December 2021.

The Reserve Bank of Zimbabwe’s tight monetary policy framework continued with the aim of restoring confidence in the local currency and promoting its usage. The measures included the hiking of interest rates to stem speculative borrowing.

### Operational Results

The Microfinance Bank had an inflation adjusted loss after tax of ZWL44 million, from a ZWL62 million loss registered in June 2021. The loss was on the back of depressed lending due to the low disposable incomes affecting the civil servants’ loan affordability and the fact that the depreciation of the ZW meant that the loan size had significantly reduced in real terms. The Microfinance Bank’s non-lending revenue grew in line with the strategic vision of diversifying the top line.

The inflation adjusted total Assets grew by 13% to close off at ZWL2,5 billion in June 2022 from ZWL2,2 billion as at December 2021 on the back of a diversified asset portfolio denominated in foreign currency. This was in line with the value preservation strategy adopted by the Microfinance Bank to combat the value eroding effects of inflation.

Inflation adjusted deposits declined by 7% from the December 2021 position of ZWL173 million to close off at ZWL160 million as at 30 June 2022. This is reflective of the liquidity challenges experienced in the market and also the reluctance of clients holding on to balances towards the RBZ auction due to settlement delays.

### Capital

The Microfinance Bank’s core capital position closed off at ZWL332 million as at June 2022 translating to USD1 million at the foreign currency auction rate, which is below the current minimum regulatory requirement of ZWL equivalent to US\$5 million. The Microfinance Bank is in the process of finalizing a capital raise exercise which when complete will see the Microfinance Bank compliant with the minimum capital requirements.

### Dividend

No dividend has been declared for the period under review as the Microfinance Bank seeks to increase its capital.

### Outlook

The Board expects the operating environment to remain tight in the short to medium term; however, the Microfinance Bank has attained new lines of credit and has since started issuing USD loans which will improve profitability.

Investment in technology will continue to be the core focus of the Microfinance Bank’s strategy to deliver financial service as the Microfinance Bank seeks to grow its transactional revenue.

### Appreciation

I would like to thank all our valued clients and stakeholders for their continued support to Bank. I am grateful to my fellow directors, management and staff for their hard work and believe we will soldier through the challenges and grow the business.

I would like to advise our stakeholders of the resignation of Mr. Patrick Matute as a Non-Executive Director of the Microfinance Bank with effect from 31 July 2022, and thank Mr. Matute for his exceptional contribution to the Bank during his time as a Director. On behalf of all the Directors, I wish Mr. Matute only the best in his future endeavours.

**DR. R. MBIRE**  
**CHAIRMAN**  
**DATE: 24 September 2022**

### Managing Director’s Statement

It gives me great pleasure to present to you the Getbucks Microfinance Bank’s financial performance for the period ended 30 June 2022.

### Overview

The operating environment has been tough for businesses with ZWL liquidity being largely constrained throughout the period. This has resulted in a significant shift that has seen businesses gravitating towards foreign currency denominated transactions.

Value preservation continued to be a challenge in the inflationary environment. The Microfinance’s strategic focus has been to preserve capital by holding a balanced asset portfolio that allows the bank to meet its short-term strategies whilst hedging against the value eroding inflationary pressures.

The unstable exchange rate regime and hyperinflation continue to be key areas of concern.

### Business Performance

The Bank’s total income over the six months to June 2022, at ZWL746million increased by 100% from the total income earned in the corresponding period of 2021 which was ZWL372million. This was largely due to the underlying effects of exchange rate movements as the Microfinance Bank kept a number of USD of denominated assets.

Operating expenses increased by 41% from ZWL398million in the first half of 2021 to ZWL562million in the period under review. Efficiency however improved as the Microfinance Bank had cost to income ratio of 75% in the current period against the 107% attained in the corresponding period of 2021.

The inflation adjusted deposits at ZWL160million are 7% lower than prior year comparative period deposits of ZWL173million. This is in line with

the ZWL liquidity constraints experienced in the market coupled by the RBZ Auction settlement delays which saw some depositors withdrawing their transitory deposits.

The Microfinance Bank posted a profit of ZWL440million up from a loss of 38million attained in half year of 2021. The result was on the back of other comprehensive income of ZWL484million from revaluation credits from the office buildings revaluation exercise.

### Our Products and Service Commitments

The Microfinance Bank remains committed to providing innovative products and services and has implemented enhancements on the internet banking platform to improve customer services. The Bank has partnered with several key stakeholders to ensure that the needs of the diversified clientele base are met.

### Outlook

The liquidity challenges coupled with the increase in the minimum lending rates will see most businesses shifting their operations from local currency to foreign denominated currencies. The Microfinance Bank has positioned itself in a manner that ensures business continuity in this regard. The completion of the capital raise exercise will build the Microfinance Bank’s expansion drive.

### Appreciation

My heartfelt appreciation goes out to all our valued stakeholders and customers who have shown unwavering support to Getbucks Microfinance Bank. I am very grateful to my fellow directors for the steering arms that held strong during the half year and I am equally grateful to the Microfinance Bank’s employees for their resilience and dedication. Thank you all.

**Edwin Chavora**  
**MANAGING DIRECTOR**  
**DATE: 24 September 2022**

### Reviewer’s Statement

These condensed financial statements for the six months ended 30 June 2022 have been reviewed by Grant Thornton Chartered Accountants (Zimbabwe) in accordance with International Standards on Review Engagements (ISREs). The auditors have issued a qualified review conclusion on the condensed interim financial statements with respect to non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates on accounting for comparatives and transactions for the period.

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

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

### REVIEWED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	INFLATION ADJUSTED		HISTORICAL COST	
		Reviewed Jun 2022 ZWL	Audited Dec 2021 ZWL	Reviewed Jun 2022 ZWL	Audited Dec 2021 ZWL
<b>ASSETS</b>					
Cash and cash equivalents	3	237 523 769	453 341 961	237 523 769	207 083 544
Loans and advances to customers	4	376 203 165	393 053 707	376 203 165	179 544 277
Other assets	5	130 110 209	104 658 917	87 438 771	38 151 136
Tax receivable		31 211 868	12 644 078	31 211 868	1 122 554
Investment properties	6	625 650 000	303 069 282	625 650 000	138 440 000
Right of use asset	7	19 098 164	19 323 775	329 089	445 185
Intangible assets		11 778 555	12 122 524	593 309	804 850
Property and equipment	8	1 061 124 526	915 225 086	968 146 743	322 979 205
<b>Total assets</b>		<b>2 492 700 256</b>	<b>2 213 439 330</b>	<b>2 327 096 714</b>	<b>888 570 751</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY ATTRIBUTABLE TO OWNERS OF The Microfinance Bank</b>					
Share capital	9	16 117	16 117	116	116
Share premium		944 846 078	944 846 078	8 562 235	8 562 235
Revaluation reserve		841 181 269	356 217 729	643 890 912	158 927 372
(Accumulated losses)/Retained earnings		(307 126 607)	(262 767 819)	501 002 533	227 661 885
<b>Total equity</b>		<b>1 478 916 857</b>	<b>1 038 312 105</b>	<b>1 153 455 796</b>	<b>395 151 608</b>
<b>LIABILITIES</b>					
Other financial liabilities	10	93 927 155	227 325 145	93 927 155	103 840 590
Deposits from customers	11	160 970 665	173 481 413	160 970 665	79 245 137
Deferred tax liabilities		174 738 191	152 675 321	334 595 710	26 370 023
Borrowings	12	584 147 388	621 645 346	584 147 388	283 963 393
<b>Total liabilities</b>		<b>1 013 783 399</b>	<b>1 175 127 225</b>	<b>1 173 640 918</b>	<b>493 419 143</b>
<b>Total equity and liabilities</b>		<b>2 492 700 256</b>	<b>2 213 439 330</b>	<b>2 327 096 714</b>	<b>888 570 751</b>

The above statements of financial position should be read in conjunction with accompanying notes. The condensed interim financial statements were approved by the Board of Directors and are signed on its behalf by:

**DR. R. MBIRE**  
**CHAIRMAN**  
**DATE: 24 September 2022**

**EDWIN CHAVORA**  
**MANAGING DIRECTOR**  
**DATE: 24 September 2022**







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REVIEWED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

REVIEWED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
FOR THE SIX MONTHS ENDED 30 JUNE 2022					
Notes	INFLATION ADJUSTED		HISTORICAL COST		
	Jun 2022 ZWL	Jun 2021 ZWL	Jun 2022 ZWL	Jun 2021 ZWL	
Interest income	13	359 422 496	473 362 716	222 846 440	151 052 463
Interest expense	14	(189 121 935)	(180 210 779)	(119 830 720)	(58 243 118)
Net interest income		170 300 561	293 151 937	103 015 720	92 809 345
Fee and commission income		130 578 936	101 574 315	80 870 270	33 116 860
Other Income		50 066 119	1 625 399	36 770 048	516 157
Gain on foreign exchange		103 665 076	3 069 860	81 676 445	973 919
Fair value adjustments		291 429 712	(26 587 352)	458 121 240	830 000
Total net income		746 040 404	372 834 159	760 453 723	128 246 281
Impairment and allowances		(12 287 357)	(8 779 561)	(3 156 279)	(2 742 411)
Operating expenses	15	(562 559 359)	(398 411 656)	(365 125 799)	(119 618 690)
Net monetary loss		(98 621 992)	(40 144 270)	-	-
Profit/(Loss) before taxation		72 571 696	(74 501 328)	392 171 645	5 885 180
Income tax (expense)/credit	16	(116 930 484)	12 720 357	(118 830 997)	(2 745 017)
(Loss)/Profit for the year		(44 358 788)	(61 780 971)	273 340 648	3 140 163
Other comprehensive income					
Gain on revaluation of property and equipment		644 212 992	31 074 443	644 212 992	10 232 624
Tax on revaluation of property and equipment		(159 249 452)	(7 681 602)	(159 249 452)	(2 529 505)
Total comprehensive income/(loss) for the period, net of tax		440 604 752	(38 388 130)	758 304 188	10 843 282
(Loss)/earnings per share (cents)		(3.81)	(5.31)	23.50	0.27
Diluted (loss)/earnings per share (cents)		(3.81)	(5.31)	23.50	0.27

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

REVIEWED STATEMENT OF CHANGES IN EQUITY					
FOR THE SIX MONTHS ENDED 30 JUNE 2022					
FOR THE SIX MONTHS ENDED 30 JUNE 2022	INFLATION ADJUSTED				
	Share Capital ZWL	Share Premium ZWL	Revaluation reserve ZWL	Accumulated Losses ZWL	Total equity ZWL
Balance at 1 January 2022	16 117	944 846 078	-	(326 577 413)	618 284 782
Profit for the year	-	-	-	63 809 594	63 809 594
Total comprehensive income for the year	-	-	-	63 809 594	63 809 594
Revaluation surplus	-	-	356 217 729	-	356 217 729
Balance at 31 December 2021	16 117	944 846 078	356 217 729	(262 767 819)	1 038 312 105
Balance at 1 January 2022	16 117	944 846 078	356 217 729	(262 767 819)	1 038 312 105
Profit for the period	-	-	-	(44 358 788)	(44 358 788)
Total comprehensive income for the period	-	-	-	(44 358 788)	(44 358 788)
Revaluation surplus	-	-	484 963 540	-	484 963 540
Balance at 30 June 2022	16 117	944 846 078	841 181 269	(307 126 607)	1 478 916 857

FOR THE SIX MONTHS ENDED 30 JUNE 2022	HISTORICAL COST				
	Share Capital ZWL	Share Premium ZWL	Revaluation reserve ZWL	Retained earnings ZWL	Total equity ZWL
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 year	-	-	-	107 022 159	107 022 159
Revaluation surplus	-	-	158 927 372	-	158 927 372
Balance at 31 December 2021	116	8 562 235	158 927 372	227 661 885	395 151 608
Balance at 1 January 2022	116	8 562 235	158 927 372	227 661 885	395 151 608

REVIEWED STATEMENT OF CHANGES IN EQUITY					
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (Continued)					
FOR THE SIX MONTHS ENDED 30 JUNE 2022	HISTORICAL COST				
	Share Capital ZWL	Share Premium ZWL	Revaluation reserve ZWL	Retained earnings ZWL	Total equity ZWL
Profit for the period	-	-	-	273 340 648	273 340 648
Total comprehensive income for the period	-	-	-	273 340 648	273 340 648
Revaluation surplus	-	-	484 963 540	-	484 963 540
Balance at 30 June 2022	116	8 562 235	643 890 912	501 002 533	1 153 455 796

REVIEWED STATEMENT OF CASH FLOWS					
FOR THE SIX MONTHS ENDED 30 JUNE 2022					
Cash flows from operating activities	Notes	INFLATION ADJUSTED		HISTORICAL COST	
		Jun 2022 ZWL	Jun 2021 ZWL	Jun 2022 ZWL	Jun 2021 ZWL
Cash generated from operations	17	(1 095 621 085)	(736 458 539)	(577 846 226)	(226 689 208)
Interest received		357 245 114	341 045 117	234 651 140	109 227 693
Interest paid		182 436 528	(181 854 351)	119 830 720	(58 243 118)
Income tax paid		-	-	-	-
Net cash flows utilised in operating activities		(555 939 443)	(577 267 772)	(223 364 366)	(175 704 633)
Cash flows from investing activities					
Proceeds from disposal of equipment		1 857 048	456 118	1 036 043	144 569
Purchase of equipment		(46 105 662)	(12 146 914)	(37 282 891)	(3 890 334)
Proceeds from/(Payments for) financial assets at amortised cost		38 384 276	-	25 212 140	-
Software development		-	(2 003 349)	-	( 641 619)
Additions to investment property	6	(31 151 006)	-	(29 088 760)	-
		(37 015 344)	(13 694 145)	(40 123 467)	(4 387 384)
Cash flows from financing activities					
Proceeds from borrowings		323 142 909	724 069 780	212 251 613	231 900 319
Net cash flows generated from financing activities		323 142 909	724 069 780	212 251 613	231 900 319
Net (decrease)/increase in cash and cash equivalents		(269 811 878)	133 107 863	(51 236 220)	51 808 302
Cash and cash equivalents at the beginning of the period		453 341 961	525 159 013	207 083 544	149 243 059
Net foreign exchange differences on cash and cash equivalents		103 665 076	3 069 860	81 676 445	973 919
Inflation effect on cash and cash equivalents		(49 671 390)	(72 306 042)	-	-
Cash and cash equivalents at the end of the period		237 523 769	589 030 694	237 523 769	202 025 280

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

NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. GENERAL INFORMATION

GetBucks Microfinance Bank Limited ("Getbucks" or "the Microfinance Bank") is registered as a Deposit Taking Microfinance Bank by the Reserve Bank of Zimbabwe, under the Microfinance Act (Chapter 24:29), and is a subsidiary of GetBucks Limited (Mauritius) which holds 53.7%, (December 2021: 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. ACCOUNTING CONVENTION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position of the Microfinance Bank. These condensed interim financial statements do not include all the information required for the full annual financial statements prepared in accordance with International Financial Reporting Standards. They should be read in conjunction with the Microfinance Bank's audited financial statements for the year ended 31 December 2021.

These condensed interim financial statements were approved by the Board of Directors on 24 September 2022.

Audit Africa 340059



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REVIEWED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (Continued)

2.1 Basis of preparation

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

Indices	Indices	Conversion factor
31 December 2020	2 474.51	3.5188
30 June 2021	2 986.44	2.9156
31 December 2021	3 977.46	2.1892
30 June 2022	8 707.35	1.0000

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

- All comparative figures for the periods ended 30 June 2021 and 31 December 2021 have been restated by applying the change in the index from the date of last re-measurement to 30 June 2022;
- Income statement transactions have been restated by applying the change in the index from the approximate date of the transactions to 30 June 2022;
- Gains and losses arising from the monetary assets or liability positions have been included in the statement of profit or loss;
- Non-monetary assets and liabilities have been restated by applying the change in the index from the date of the transaction to 30 June 2022;
- Property and equipment and accumulated depreciation have been restated by applying the change in the index from the earlier of February 2009 and date of their purchase or re-assessment to 30 June 2022;

The net impact of applying the procedures above is shown in the statement of comprehensive income as the gain or loss on net monetary position. IAS 29 discourages the publication of historical results as a supplement to the inflation adjusted results. However, historical results have been published to allow comparability of the results during the transitional phase in applying the Standard.

2.2 Functional and presentation currency

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

2.3 New standards, amendments and interpretations, effective for accounting periods beginning on 1 January 2022 adopted by the Microfinance Bank

There are no accounting pronouncements which have become effective from 1 January 2022 that have a significant impact on the Microfinance Bank's interim condensed interim financial statements.

3. CASH AND CASH EQUIVALENTS

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2022 ZWL	DEC 2021 ZWL	JUN 2022 ZWL	DEC 2021 ZWL
Cash and cash equivalents consist of:				
Cash on hand	50 577 951	30 572 628	50 577 951	13 965 370
Balances with the Reserve Bank of Zimbabwe	100 025 199	75 110 579	100 025 199	34 310 005
Bank balances	86 920 619	347 658 754	86 920 619	158 808 169
	237 523 769	453 341 961	237 523 769	207 083 544

4. LOANS AND ADVANCES TO CUSTOMERS

4.1 Loans and advances maturities

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2022 ZWL	DEC 2021 ZWL	JUN 2022 ZWL	DEC 2021 ZWL
Consumer loans				
Maturing within 3 months	66 474 958	118 499 032	66 474 958	54 129 557
Maturing within 3 - 12 months	96 688 531	194 095 768	96 688 531	88 661 635
Maturing 1- 5 years	6 475 146	-	6 475 146	-
Gross carrying amount	169 638 635	312 594 800	169 638 635	142 791 192
Less credit impairment	(19 679 991)	(31 399 830)	(19 679 991)	(14 343 230)
Net carrying amount	149 958 644	281 194 970	149 958 644	128 447 962
SME loans				
Maturing within 3 months	113 720 119	82 478 072	113 720 119	37 675 426
Maturing within 3 - 12 months	91 396 123	35 911 103	91 396 123	16 403 949
Maturing 1- 5 years	21 607 994	3 413 319	21 607 994	1 559 181
Gross carrying amount	226 724 236	121 802 494	226 724 236	55 638 556
Less credit impairment	(479 715)	(9 943 757)	(479 715)	(4 542 241)
Net carrying amount	226 244 521	111 858 737	226 244 521	51 096 315
Total net carrying amount	376 203 165	393 053 707	376 203 165	179 544 277

4.2 Irrevocable commitments

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

4.3 Sectorial analysis

	INFLATION ADJUSTED			
	JUN 2022 ZWL	JUN 2022 %	DEC 2021 ZWL	DEC 2021 %
Consumer loans	149 958 644	40%	281 194 970	72%
Small and Medium Enterprises ("SME") loans	226 244 521	60%	111 858 737	28%
	376 203 165	100%	393 053 707	100%

	HISTORICAL COST			
	JUN 2022 ZWL	JUN 2022 %	DEC 2021 ZWL	DEC 2021 %
Consumer loans	149 958 644	40%	128 447 962	72%
Small and Medium Enterprises ("SME") loans	226 244 521	60%	51 096 315	28%
	376 203 165	100%	179 544 277	100%

4.4 Analysis of credit quality by sector

	INFLATION ADJUSTED					Total ZWL
	Pass ZWL	Special mention ZWL	Sub-standard ZWL	Doubtful ZWL	Loss ZWL	
As at 30 June 2022						
Consumer loans	132 206 746	6 388 426	3 706 425	3 835 087	23 501 951	169 638 635
SME Loans	182 437 141	23 459 327	76 038	56 856	20 694 874	226 724 236
	314 643 887	29 847 753	3 782 463	3 891 943	44 196 825	396 362 871
As at 31 December 2021						
Consumer loans	269 581 997	5 276 168	7 097 898	6 318 515	24 320 222	312 594 800
SME loans	75 432 138	12 707 994	3 539 188	24 799 993	5 323 181	121 802 494
	345 014 135	17 984 162	10 637 086	31 118 508	29 643 403	434 397 294

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NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (Continued)

4.5 Exposure to credit risk

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2022 ZWL	DEC 2021 ZWL	JUN 2022 ZWL	DEC 2021 ZWL
<b>Consumer loans at amortised cost</b>				
Individually impaired				
Grade 8 - 10	31 043 463	37 736 635	31 043 463	17 237 840
Grade 4 - 7	6 388 426	5 276 169	6 388 426	2 410 118
Collectively impaired				
Grade 1- 3	132 206 746	269 581 996	132 206 746	123 143 234
<b>Gross carrying amount</b>	<b>169 638 635</b>	<b>312 594 800</b>	<b>169 638 635</b>	<b>142 791 192</b>
<b>Less credit impairment allowance</b>	<b>(19 679 991)</b>	<b>(31 399 830)</b>	<b>(19 679 991)</b>	<b>(14 343 230)</b>
<b>Carrying amount</b>	<b>149 958 644</b>	<b>281 194 970</b>	<b>149 958 644</b>	<b>128 447 962</b>
<b>SME loans</b>				
Past due and impaired				
Grade 8 - 10	20 827 768	33 662 362	20 827 768	15 376 739
Grade 4 - 7	23 459 327	12 707 994	23 459 327	5 804 926
Grade 1- 3	182 437 141	75 432 138	182 437 141	34 456 891
<b>Gross carrying amount</b>	<b>226 724 236</b>	<b>121 802 494</b>	<b>226 724 236</b>	<b>55 638 556</b>
<b>Less credit impairment allowance</b>	<b>(479 715)</b>	<b>(9 943 757)</b>	<b>( 479 715)</b>	<b>(4 542 241)</b>
<b>Carrying amount</b>	<b>226 244 521</b>	<b>111 858 737</b>	<b>226 244 521</b>	<b>51 096 315</b>
Gross carrying amount SME and Consumer loans	396 362 871	434 397 294	396 362 871	198 429 748
- Measured at 12 month Expected Credit losses	337 811 642	331 879 531	337 811 642	151 600 327
- Measured at lifetime Expected Credit losses	58 551 229	102 517 763	58 551 229	46 829 421
<b>Impairment</b>	<b>(20 159 706)</b>	<b>(41 343 587)</b>	<b>(20 159 706)</b>	<b>(18 885 471)</b>
<b>Net carrying amount</b>	<b>376 203 165</b>	<b>393 053 707</b>	<b>376 203 165</b>	<b>179 544 277</b>

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

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

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

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

Consumer loans - Groupings for collective measurement

- Collection method (i.e payroll based loans)

SME and mortgage loans - Groups for collective measurement

- Product type (i.e finance a purchase of immovable properties and order financing)
- Collateral type

Consumer loans	HISTORICAL COST			Total ZWL
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	
<b>As at 31 December 2021</b>				
Outstanding balance as at 1 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)
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 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)
<b>Outstanding balance as at 31 December 2021</b>	<b>101 419 338</b>	<b>25 184 388</b>	<b>16 187 466</b>	<b>142 791 192</b>

4.5 Exposure to credit risk (Continued)

	HISTORICAL COST			Total ZWL
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	
<b>As at 30 June 2022</b>				
Outstanding balance as at 1 January 2022	101 419 338	25 184 388	16 187 466	142 791 192
Financial assets derecognised during the period other than write offs	(73 608 366)	(15 595 929)	(338 540)	(89 542 835)
Transfers:				
Transfers from stage 1 to stage 2	(3 313 603)	3 313 603	-	-
Transfers from stage 2 to stage 1	829 708	(829 708)	-	-
Transfers from stage 1 to stage 3	(2 800 721)	-	2 800 721	-
Transfers from stage 2 to stage 3	-	(7 458 915)	7 458 915	-
New financial assets originated	106 253 347	9 559 766	2 374 718	118 187 831
Write offs	1 777	-	(1 799 330)	(1 797 553)
<b>Outstanding balance as at 30 June 2022</b>	<b>128 781 480</b>	<b>14 173 206</b>	<b>26 683 950</b>	<b>169 638 635</b>

SME loans at amortised cost	HISTORICAL COST			Total ZWL
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	
<b>As at 31 December 2021</b>				
Outstanding balance as at 1 January 2021	36 787 750	(4 123 269)	1 606 862	34 271 343
Monetary adjustment				
Financial assets derecognised during the period other than write offs	(25 131 681)	(2 427 448)	(1 656 747)	(29 215 876)
Transfers:				
Transfers from stage 1 to stage 2	(720 510)	720 510	-	-
Transfers from stage 2 to stage 1	139 135	(139 135)	-	-
Transfers from stage 1 to stage 3	(356 678)	-	356 678	-
Transfers from stage 2 to stage 3	-	(512 375)	512 375	-
New financial assets originated	25 002 180	12 757 316	12 823 593	50 583 089
<b>Outstanding balance as at 31 December 2021</b>	<b>35 720 196</b>	<b>6 275 599</b>	<b>13 642 761</b>	<b>55 638 556</b>

SME loans at amortised cost	HISTORICAL COST			Total ZWL
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	
<b>As at 30 June 2022</b>				
Outstanding balance as at 1 January 2021	35 720 196	6 275 599	13 642 761	55 638 556
Financial assets derecognised during the period other than write offs	(9 859 453)	(5 121 169)	(12 107 938)	(27 088 560)
Transfers:				
Transfers from stage 1 to stage 2	(11 593)	11 593	-	-
Transfers from stage 2 to stage 1	-	-	-	-
Transfers from stage 1 to stage 3	-	-	-	-
Transfers from stage 2 to stage 3	-	(717 384)	717 384	-
New financial assets originated	181 762 982	16 397 669	13 589	198 174 240
<b>Outstanding balance as at 30 June 2022</b>	<b>207 612 132</b>	<b>16 846 308</b>	<b>2 265 796</b>	<b>226 724 236</b>

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.



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NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (Continued)

4.6 Impairment loss on loans and advances

	TOTAL ALLOWANCE	
	INFLATION ADJUSTED	HISTORICAL COST
	ZWL	ZWL
Consumer loans		
Opening Balance as at 1 January 2022	31 399 830	14 343 230
Increase/(decrease) in expected credit losses	10 990 285	7 218 805
Loans written off	(2 865 322)	(1 882 044)
Effects of inflation	(19 844 802)	-
Closing Balance as at 30 June 2022	19 679 991	19 679 991
SME loans		
Opening Balance as at 1 January 2022	9 943 757	4 542 241
Increase/(decrease) in expected credit losses	(6 185 001)	(4 062 526)
Loans written off	-	-
Effects of inflation	(3 279 041)	-
Closing Balance as at 30 June 2022	479 715	479 715
Total loans		
Opening Balance as at 1 January 2022	41 343 587	18 885 471
Increase in Impairment Allowance	4 805 283	3 156 279
Loans written off	(2 865 322)	(1 882 044)
Effects of inflation	(23 123 842)	-
Closing Balance as at 30 June 2022	20 159 706	20 159 706

Loss allowance movement

Consumer loans	HISTORICAL COST			Total ZWL
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	
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)	(300 268)
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)	(101 039)
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
As at 30 June 2022				
Loss allowance as at 1 January 2022	1 568 679	3 473 183	9 301 368	14 343 230
Financial assets derecognised during the period other than write offs	(140 177)	(1 869 188)	(2 243 677)	(4 253 041)
Transfers:				
Transfers from stage 1 to stage 2	(11 910)	377 343	-	365 433
Transfers from stage 2 to stage 1	183	(91 170)	-	(90 987)
Transfers from stage 1 to stage 3	(9392)	-	3 604 590	3 595 198
Transfers from stage 2 to stage 3	-	(1482 961)	6 218 369	4 735 408
Changes in PDs/LGDs/EADs	(128 820)	(299 342)	(419 335)	(847 497)
New financial assets originated	172 400	745 055	914 791	1 832 247
Loss allowance as at 30 June 2022	1 450 963	852 920	17 376 106	19 679 991

4.6 Impairment loss on loans and advances (Continued)

SME loans	HISTORICAL COST			Total ZWL
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	
As at 31 December 2021				
Loss allowance as at 1 January 2021	(184 013)	180 079	1 567 825	1 563 891
Financial assets derecognised during the period other than write offs	397 869	(134 754)	(1 547 752)	(1 284 637)
Transfers:				
Transfers from stage 1 to stage 2	(11 681)	11 681	-	-
Transfers from stage 2 to stage 1	6 861	(6 861)	-	-
Transfers from stage 1 to stage 3	(108 861)	-	108 861	-
Transfers from stage 2 to stage 3	-	(24 240)	24 240	-
Changes in PDs/LGDs/EADs	(183)	(8 123)	(38 152)	(46 458)
New financial assets originated	520 990	405 543	3 382 912	4 309 445
Write offs	-	-	-	-
Loss allowance as at 31 December 2021	620 982	423 325	3 497 934	4 542 241
As at 30 June 2022				
Loss allowance as at 1 January 2022	620 982	423 325	3 497 934	4 542 241
Financial assets derecognised during the period other than write offs	(71 005)	(381 453)	(3 560 161)	(4 012 619)
Transfers:				
Transfers from stage 1 to stage 2	(364)	414	-	50
Transfers from stage 2 to stage 3	-	(37 950)	28 134	(9 816)
Changes in PDs/LGDs/EADs	(413 435)	(33)	(56)	(413 524)
New financial assets originated	28 708	331 085	13 590	373 383
Loss allowance as at 30 June 2021	164 886	335 388	(20 559)	479 715

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NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (Continued)

5. OTHER ASSETS

	INFLATION ADJUSTED		HISTORICAL COST	
	JUNE 2022 ZWL	DEC 2021 ZWL	JUNE 2022 ZWL	DEC 2021 ZWL
Prepayments	76 838 815	79 111 168	34 418 041	27 614 390
Consumables	381 516	2 816 077	130 852	153 072
Deposits	300 750	511 481	300 750	233 641
Sundry receivables	22 679 680	22 220 191	22 679 680	10 150 033
EPWL financial asset	29 909 448	-	29 909 448	-
	130 110 209	104 658 917	87 438 771	38 151 136

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

EPWL financial assets

EPWL financial asset relates to promissory notes taken up by the Microfinance Bank for tenures at coupon rates of 72% per annum.

6. INVESTMENT PROPERTIES

	INFLATION ADJUSTED		HISTORICAL COST	
	JUNE 2022 ZWL	DEC 2021 ZWL	JUNE 2022 ZWL	DEC 2021 ZWL
Opening balance	303 069 282	537 610 452	138 440 000	152 780 000
Transfer to Property and Equipment	-	(290 755 125)	-	(104 690 000)
Fair value adjustment	291 429 712	224 640	458 121 240	70 190 350
Additions	31 151 006	55 989 315	29 088 760	20 159 650
Closing Balance	625 650 000	303 069 282	625 650 000	138 440 000

Valuation process

Investment properties were valued by Dawn Property Consultancy (Private) Limited in accordance with the relevant professional guidelines and statements issued under the Royal Institute of Chartered Surveyors (RICS) Valuation - Professional Standards 2017 (the "Red Book"); International Valuation Standards ("IVS") and the Real Estate Institute of Zimbabwe "REIZ" standard.

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

Valuations rely on historical market evidence for calculation inputs. These include transaction prices for comparable properties and rent and capitalisation rates.

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

7. RIGHT OF USE OF ASSET

	INFLATION ADJUSTED		HISTORICAL COST	
	JUNE 2022 ZWL	DEC 2021 ZWL	JUNE 2022 ZWL	DEC 2021 ZWL
<b>Buildings</b>				
Opening carrying amount	19 323 775	19 958 614	445 185	669 912
Disposals	-	-	-	-
Amortisation charge	(225 611)	(634 839)	(116 096)	(224 727)
Carrying amount	19 098 164	19 323 775	329 089	445 185
Cost	22 586 658	22 586 658	1 050 393	1 050 393
Accumulated amortisation	(3 488 494)	(3 262 883)	(721 304)	( 605 208)
Carrying amount	19 098 164	19 323 775	329 089	445 185

8. PROPERTY AND EQUIPMENT

	INFLATION ADJUSTED						Total ZWL
	Land and Buildings ZWL	Furniture and fittings ZWL	Motor vehicles ZWL	Office equipment ZWL	IT equipment ZWL	Leasehold improvements ZWL	
Year ended 31 December 2021							
Opening carrying amount	-	11 642 285	5 252 359	29 256 214	34 014 882	12 509 016	92 674 756
Additions	68 309 364	566 135	-	7 069 736	10 913 073	761 327	87 619 635
Disposals	-	-	-	(1 381 130)	(187 720)	-	(1 568 850)
Revaluations	457 032 005	-	8 067 475	-	-	-	465 099 480
Transfer form investment property	290 755 125	-	-	-	-	-	290 755 125
Depreciation on disposal	-	-	-	843 117	171 839	-	1 014 956
Depreciation charge	(12 578 529)	(331 620)	(1 299 892)	(1 719 903)	(3 410 072)	(1 030 000)	(20 370 016)
Carrying amount	803 517 965	11 876 800	12 019 942	34 068 034	41 502 002	12 240 343	915 225 086
Cost	803 517 965	33 541 963	33 445 946	46 228 094	103 161 896	50 279 163	1 070 175 027
Accumulated depreciation	-	(21 665 163)	(21 426 004)	(12 160 060)	(61 659 894)	(38 038 820)	(154 949 941)
Carrying amount	803 517 965	11 876 800	12 019 942	34 068 034	41 502 002	12 240 343	915 225 086
Six months ended 30 June 2022							
Opening carrying amount	803 517 965	11 876 800	12 019 942	34 068 034	41 502 002	12 240 343	915 225 086
Additions	38 018 546	-	5 292 892	1 938 305	855 919	-	46 105 662
Disposal	-	-	(1 863 993)	( 875 006)	(5009 464)	-	(7748 463)
Depreciation charge	(10 847 899)	(104 299)	(463 954)	( 855 661)	(1 631 697)	( 348 861)	(14 252 371)
Depreciation on disposal	-	-	201 141	143 695	2 138 388	-	2 483 224
Revaluation	119 311 388	-	-	-	-	-	119 311 388
Carrying amount	950 000 000	11 772 501	15 186 028	34 419 367	37 855 148	11 891 482	1 061 124 526
Cost	950 000 000	33 541 963	36 874 845	47 291 393	99 008 351	50 279 163	1 216 995 715
Accumulated depreciation	-	(21 769 462)	(21 688 817)	(12 872 026)	(61 153 203)	(38 387 681)	(155 871 189)
Net book amount	950 000 000	11 772 501	15 186 028	34 419 367	37 855 148	11 891 482	1 061 124 526



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NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (Continued)

8. PROPERTY AND EQUIPMENT (Continued)

	HISTORICAL COST						Total ZWL
	Land and Buildings ZWL	Furniture and fittings ZWL	Motor vehicles ZWL	Office equipment ZWL	IT equipment ZWL	Leasehold improvements ZWL	
Year ended 31 December 2021							
Opening carrying 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 form investment property	104 690 000	-	-	-	-	-	104 690 000
Depreciation on disposal	-	-	-	239 600	48 831	-	288 431
Depreciation charge	(4461 476)	(118 778)	(480 117)	(626 790)	(1 261 447)	(369 189)	(7317 797)
Carrying amount	310 000 000	568 583	2 618 513	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

	Land and Buildings ZWL	Furniture and fittings ZWL	Motor vehicles ZWL	Office equipment ZWL	IT equipment ZWL	Leasehold improvements ZWL	Total ZWL
Six months ended 30 June 2022							
Opening carrying amont	310 000 000	568 583	2 618 513	5 130 714	4 013 710	647 685	322 979 205
Transfer from investment property	-	-	-	-	-	-	-
Additions	2 478 206	-	5 494 031	2 082 000	468 500	149 600	10 672 337
Disposal	-	-	(590 801)	(525 742)	(94 523)	-	(1 211 066)
Depreciation charge	(6 691 198)	(64 091)	(279 745)	(539 610)	(1009 126)	(215 724)	(8 799 494)
Depreciation on disposal	-	-	119 385	91 129	82 255	-	292 769
Revaluation	644 212 992	-	-	-	-	-	644 212 992
Carrying amount	950 000 000	504 492	7 361 383	6 238 491	3 460 816	581 561	968 146 743
Cost	950 000 000	874 555	8 211 313	7 377 616	6 705 977	1 648 967	974 818 428
Accumulated depreciation	-	(370 063)	( 849 930)	(1 139 125)	(3 245 161)	(1 067 406)	(6 671 685)
Carrying amount	950 000 000	504 492	7 361 383	6 238 491	3 460 816	581 561	968 146 743

9. SHARE CAPITAL

Authorised

20 000 000 000 ordinary shares with nominal value of ZWL0.00000001

Issued

Value of ordinary shares with nominal value of ZWL0.00000001

Number of ordinary shares with nominal value of ZWL0.00000001value of ZWL0.00000001

Number of shares in issue

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

Unissued share capital

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

Share premium

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

Regulatory reserve

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

10. OTHER FINANCIAL LIABILITIES

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2022 ZWL	DEC 2021 ZWL	JUN 2022 ZWL	DEC 2021 ZWL
Payroll liabilities	16 713 200	11 688 627	16 713 200	5 339 286
Accounting and audit fee provision	9 928 090	16 794 469	9 928 090	7 671 600
Provision for leave pay	7 172 228	5 386 654	7 172 228	2 460 587
Lease liabilities	898 180	2 328 139	898 180	1 063 478
Remittances	26 974 631	170 647 621	26 974 631	77 950 680
Accruals and other liabilities	32 240 826	20 479 635	32 240 826	9 354 959
	93 927 155	227 325 145	93 927 155	103 840 590

Fair value of other payables

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

11. DEPOSITS FROM CUSTOMERS

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2022 ZWL	DEC 2021 ZWL	JUN 2022 ZWL	DEC 2021 ZWL
Deposits from customers are primarily composed of amounts payable on demand				
Individual				
Current accounts	11 072 457	11 571 001	11 072 457	5 285 555
Small and medium enterprises				
Current accounts	149 898 208	131 426 161	149 898 208	60 034 582
Term deposits	-	30 484 251	-	13 925 000
	149 898 208	161 910 412	149 898 208	73 959 582
Total	160 970 665	173 481 413	160 970 665	79 245 137
Current (no more than 12 months after reporting period)	160 970 665	173 481 413	160 970 665	79 245 137
Total	160 970 665	173 481 413	160 970 665	79 245 137



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NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (Continued)

12. BORROWINGS

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2022 ZWL	DEC 2021 ZWL	JUN 2022 ZWL	DEC 2021 ZWL
<b>Held at amortised cost</b>				
Everprosperous World Wide Limited promissory note (note 12.1)	306 972 938	510 826 605	306 972 938	233 342 141
Medium Term Bonds (note 12.2)	322 092	5 284 345	322 092	2 413 853
NMB Bank Limited Facility (note 12.3)	221 532 906	84 180 050	221 532 906	38 452 878
Reserve Bank of Zimbabwe Facility (note 12.4)	55 319 452	21 354 346	55 319 452	9 754 521
	<b>584 147 388</b>	<b>621 645 346</b>	<b>584 147 388</b>	<b>283 963 393</b>
<b>Non-current liabilities</b> (more than 12 months after reporting date)	44 440 000	-	44 440 000	-
<b>Current liabilities</b> (no more than 12 months after reporting date)	584 147 388	621 645 346	584 147 388	283 963 393
	<b>584 147 388</b>	<b>621 645 346</b>	<b>584 147 388</b>	<b>283 963 393</b>

12.1 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

12.2 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.

12.3 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:

- Non-Performing loans(NPL)< 10%
- Portfolio at risk (PAR) < 10%;
- Capital adequacy ratio > 15%
- No drawdowns are to repay shareholder loans;
- Minimum monthly deposits of ZWL30 million upon full facility 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 bank decide so.

12.4 Reserve Bank of Zimbabwe 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.

Borrowings carrying amount approximates fair value.

13. INTEREST INCOME

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2022 ZWL	JUN 2021 ZWL	JUN 2022 ZWL	JUN 2021 ZWL
Interest income on Consumer loans	323 990 391	365 928 340	199 410 586	116 527 258
Interest income on SME loans	35 432 105	107 434 376	23 435 854	34 525 205
<b>Total interest income</b>	<b>359 422 496</b>	<b>473 362 716</b>	<b>222 846 440</b>	<b>151 052 463</b>

14. INTEREST EXPENSE

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2022 ZWL	JUN 2021 ZWL	JUN 2022 ZWL	JUN 2021 ZWL
Interest on borrowings	183 787 430	178 674 284	116 326 830	57 751 019
Interest on leases	410 077	977 741	269 353	313 145
Interest on deposits	4 924 428	558 754	3 234 537	178 954
<b>Total interest expense</b>	<b>189 121 935</b>	<b>180 210 779</b>	<b>119 830 720</b>	<b>58 243 118</b>

15. OPERATING EXPENSES

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2022 ZWL	JUN 2021 ZWL	JUN 2022 ZWL	JUN 2021 ZWL
Advertising, marketing and sales expenses	36 781 904	25 171 181	23 833 510	8 152 109
Accounting and auditing fees	9 038 407	5 830 916	6 284 027	1 859 378
Bank charges	10 006 911	6 292 982	6 953 182	2 020 683
Collection costs	17 081 291	17 129 161	10 451 068	5 573 267
Consulting and professional fees	14 527 760	8 424 817	9 512 950	2 707 189
Depreciation and amortisation	14 821 951	32 075 034	9 127 132	3 590 540
Directors fees	6 397 274	4 091 426	4 724 377	1 321 300
Electricity and water	6 178 714	4 960 933	4 357 499	1 578 250
Funding origination	8 868 316	5 546 628	5 210 407	1 810 724
Insurance	3 007 877	3 295 649	1 788 283	1 068 145
License fees	12 813 633	13 210 095	8 202 931	4 283 213
Listing costs	6 989 950	5 358 479	4 827 022	1 763 809
Management fees	25 112 332	24 725 248	17 138 503	7 922 848
Postage and courier	1 486 338	495 648	852 527	160 037
Printing and stationery	9 136 449	4 745 667	6 846 045	1 533 185
Rentals	20 465 020	12 209 344	13 867 310	3 936 619
Repairs and maintenance	23 951 154	19 130 778	17 836 648	6 208 899
Security	16 690 452	12 776 976	10 750 499	4 106 561
Staff costs	256 946 018	139 252 587	162 661 777	44 803 507
Staff welfare and refreshments	21 932 826	11 181 410	13 846 813	3 677 187
Telephone and fax	16 799 427	17 694 452	10 109 565	5 685 712
Training	3 345 221	1 005 994	2 146 568	322 956
Travel	3 557 765	2 286 929	2 532 543	726 447
Other expenses	16 622 369	21 519 322	11 264 613	4 806 125
	<b>562 559 359</b>	<b>398 411 656</b>	<b>365 125 799</b>	<b>119 618 690</b>

16. TAXATION EXPENSE

	INFLATION ADJUSTED		HISTORICAL COST	
	Jun 2022 ZWL	Jun 2021 ZWL	Jun 2022 ZWL	Jun 2021 ZWL
Major components of the tax expense				
<b>Current</b>				
Local income tax - current period	-	9 327 178	-	3 234 540
<b>Deferred</b>				
Deferred tax	116 930 484	(22 047 535)	118 830 997	(489 523)
	<b>116 930 484</b>	<b>(12 720 357)</b>	<b>118 830 997</b>	<b>2 745 017</b>

17. CASH GENERATED FROM/(USED IN) OPERATIONS

	INFLATION ADJUSTED		HISTORICAL COST	
	JUN 2022 ZWL	JUN 2021 ZWL	JUN 2022 ZWL	JUN 2021 ZWL
Profit/(Loss) before income tax	72 571 696	(74 501 328)	392 171 645	5 885 180
<b>Adjustments for:</b>				
Depreciation and amortisation	14 821 951	32 075 035	9 127 132	3 590 540
Fair value adjustments	(291 429 712)	26 587 352	(458 121 240)	( 830 000)
Profit on disposal of non current assets	(1857 048)	(456 118)	(1 036 043)	(144 569)
Unrealised foreign exchange gain	(103 665 076)	(3 069 860)	(81 676 445)	( 973 919)
Net impairment	9 331 633	3 105 296	1 274 235	992 957
Interest received	(251 286 719)	-	(234 651 140)	-
Interest expense	189 121 935	180 210 779	119 830 720	58 243 118
<b>Changes in working capital:</b>				
(Increase)/decrease in loans and advances to customers	(561 869 715)	( 615 391 034)	(347 289 548)	(221 473 389)
(Increase)/decrease in other assets	(25 451 292)	(56 549 787)	(49 287 635)	(23 114 525)
(Decrease)/increase in deposits from customers	(12 510 748)	( 217 400 640)	81 725 528	(50 412 366)
(Decrease)/increase in other financial liabilities	(133 397 990)	(11 068 234)	(9 913 435)	1 547 765
	<b>(1 095 621 085)</b>	<b>(736 458 539)</b>	<b>(577 846 226)</b>	<b>(226 689 208)</b>

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GetBucks is a member of the Deposit Protection Corporation.

# GetBucks Microfinance Bank

Registered deposit taking microfinance institution

REVIEWED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (Continued)

18.	RELATED PARTIES			
18.1	Relationships			
	Holding Company	MyBucks S.A (Luxembourg)		
	Intermediate holding Company	GetBucks Limited (Mauritius)		
	Shareholder	Ecsponent Zimbabwe (Private) Limited		
	Fellow subsidiaries	GetBucks (Proprietary) Limited (Botswana)		
		BU Bucks (Proprietary) Limited		
		CashCorp (Proprietary) Limited		
		TU Loans (Proprietary) Limited		
		GetBucks Limited (Malawi)		
		EMU-INYA Enterprises: Limited Kenya		
		GetSure Botswana (Proprietary) Limited (Botswana)		
		GetBucks Botswana		
		GetBucks Invest GmbH (Austria)		
		GetBucks Spain SL		
		GetBucks Poland SP z.o.o.		
		GetBucks Financial Services Limited (Zambia)		
		MyBucks Banking Corporation Holdings(MBCH)		
		MHMK Private Limited Zimbabwe		
		SureChoice Global Ventures		
		Ligagu Investments (Proprietary) Limited (Swaziland)		
	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		
18.2	Related party balances			
		INFLATION ADJUSTED		HISTORICAL COST
		JUN 2022 ZWL	DEC 2021 ZWL	JUN 2022 ZWL
				DEC 2021 ZWL
	Related party receivables			
	MBCH	18 488 198	16 187 639	18 488 198
	SureChoice	1 677 508	1 089 530	1 677 508
	MHMK Private Limited	-	2 367 688	3 882 249
		20 165 706	19 644 857	24 047 955
	Related party payables			
	MBCH	15 603 025	9 444 185	15 603 025
	GetBucks Botswana	2 359 668	1 532 588	2 359 668
		17 962 693	10 976 774	17 962 693
	Related party deposits			
	MHMK Private Limited Zimbabwe	158 039	345 975	158 039
	GetBucks Limited (Mauritius)	10 066	28 604	10 066
		168 105	374 579	168 105
	Related party equity balances			
	P. Soko	56 312	56 312	25 723
		56 312	56 312	25 723
18.3	Related party transactions			
		INFLATION ADJUSTED		HISTORICAL COST
		JUN 2022 ZWL	JUN 2021 ZWL	JUN 2022 ZWL
				JUN 2021 ZWL
	Management fees paid to related parties			
	MBCH	25 112 332	24 725 248	17 138 503
		25 112 332	24 725 248	17 138 503

OPERATING SEGMENTS	INFLATION ADJUSTED			
	Consumer ZWL	SME ZWL	Other ZWL	Total ZWL
30 June 2022				
Third party income	359 877 095	35 532 083	582 158 963	977 568 141
Impairment losses on loans and advances	(11 316 450)	( 970 907)	-	(12 287 357)
Net operating income	348 560 645	34 561 176	582 158 963	965 280 784
Interest income	323 990 391	35 432 105	-	359 422 496
Interest expense	(172 127 144)	(16 994 791)	-	(189 121 935)
Net interest income	151 863 247	18 437 314	-	170 300 561
Fee and commission Income	130 478 958	99 978	-	130 578 936
Depreciation and amortisation	(5 456 480)	(538 740)	(8 826 732)	(14 821 951)
Segment profit before tax	3 570 631	352 542	5 776 068	9 699 241
Income tax expense	(134 991 615)	(13 328 254)	(218 370 604)	(366 690 473)
Loss for the year	(131 420 984)	(12 975 712)	(212 594 536)	(356 991 232)
	Consumer ZWL	SME ZWL	Other ZWL	Total ZWL
30 June 2021				
Third party income	400 464 221	114 008 824	60 463 986	574 937 031
Impairment losses on loans and advances	(10 770 755)	1 991 194	-	(8 779 561)
Net operating income	389 693 466	116 000 018	60 463 986	566 157 469
Interest income	365 779 235	107 583 481	-	473 362 716
Interest expense	(140 275 509)	(39 935 269)	-	(180 210 779)
Net interest income	225 503 726	67 648 212	-	293 151 937
Fee and commission Income	39 775 808	6 824 352	54 974 155	101 574 315
Depreciation and amortisation	22 341 410	6 360 412	3 373 213	32 075 035
Segment profit before tax	(51 892 843)	(14 773 458)	(7835 026)	(74 501 327)
Income tax expense	8 860 181	2 522 421	1 337 752	12 720 354
Profit for the year	(43 032 661)	(12 251 037)	(6 497 274)	(61 780 973)
	HISTORICAL COST			
	Consumer ZWL	SME ZWL	Other ZWL	Total ZWL
30 June 2022				
Third party income	220 208 073	23 435 854	558 764 876	802 408 803
Impairment losses on loans and advances	(2 518 553)	( 637 726)	-	(3 156 279)
Net operating income	217 689 520	22 798 128	558 764 876	799 252 524
Interest income	199 410 586	23 435 854	-	222 846 440
Interest expense	(107 228 610)	(12 602 109)	-	(119 830 719)
Net interest income	92 181 976	10 833 745	-	103 015 721
Fee and commission Income	80 870 270	-	-	80 870 270
Depreciation and amortisation	(2 504 793)	(266 575)	(6 355 764)	(9 127 132)
Segment profit before tax	107 625 143	11 454 108	273 092 394	392 171 645
Income tax expense	(32 611 239)	(3470 682)	(82749 076)	(118 830 997)
Profit for the year	75 013 905	7 983 426	190 343 317	273 340 648
	Consumer ZWL	SME ZWL	Other ZWL	Total ZWL
30 June 2021				
Third party income	127 718 857	36 618 785	19 831 881	184 169 523
Impairment losses on loans and advances	(3 380 137)	637 726	-	(2 742 411)
Net operating income	124 338 720	37 256 511	19 831 881	181 427 112
Interest income	116 483 228	34 569 235	-	151 052 463
Interest expense	(45 264 990)	(12 978 127)	-	(58 243 117)
Net interest income	71 218 238	21 591 108	-	92 809 346
Fee and commission Income	12 912 871	2 176 027	18 027 962	33 116 860
Depreciation and amortisation	(2 489 986)	( 713 915)	( 386 640)	(3 590 541)
Segment profit before tax	4 081 284	1 170 163	633 733	5 885 180
Income tax expense	(1 903 628)	( 545 798)	(295 591)	(2 745 017)
Profit for the year	2 177 656	624 365	338 142	3 140 163







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REVIEWED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (Continued)

20.

RISK MANAGEMENT AND CONTROL

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

\*Credit risk,

\*Liquidity risk,

\*Market risk,

\*Foreign currency risk.

\*Capital risk.

\*Other risks

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

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

20.1

Credit risk

Credit risk from lending and investment activities and products represents the possibility of loss to the Microfinance Bank if a debtor fails to meet financial commitments stemming from a credit agreement. Credit risk and exposure to loss are inherent parts of the Microfinance Bank's business. The Board Credit Committee periodically reviews and approves The Microfinance Bank's policies and procedures to define, measure and monitor the credit and settlement risks arising from The Microfinance Bank's activities. Limits are established to control these risks. Any facility exceeding established limits of management must be approved by the Board Credit Committee. Management evaluates the credit exposure and assures ongoing credit quality by reviewing individual credit and monitoring of corrective action.

The Microfinance Bank's Credit Department periodically prepares detailed reports on the quality of the customers and adequacy of loan impairment allowance for review. To maintain an adequate allowance for credit losses, the Microfinance Bank generally provides for a loan or a portion thereof, when a loss is probable. The objective of our credit risk management is to ensure that credit is granted to credit worthy clients in order to collect on loans disbursed.

Credit policies, procedures and limits

The Microfinance Bank has sound and well-defined policies, procedures and limits which are reviewed and approved by the Board of Directors and strictly implemented by management. Credit risk limits include delegated approval and write-off limits for management and Board Credit Committee, counterparty limits, individual account limits and concentration limits.

Credit risk mitigation and hedging

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

Impaired loans and securities

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

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where The Microfinance Bank has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

Allowances for impairment

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

- transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;

- additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;

- impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;

- impacts on the measurement of ECL due to changes made to models and assumptions;

- financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

Impairment and provisioning policies

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

(i) the probability of default by the client or counterparty on its contractual obligations (PD);

(ii) current exposures to the counterparty (EAD)

(iii) the likely loss in the event of a default (LGD); and

(iv)Discount factor derived from the effective interest rate (Df)

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

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

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

Write-off policy

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

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

20.

RISK MANAGEMENT AND CONTROL (Continued)

20.2

Liquidity risk

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

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

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

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

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


Liquidity profiling 30 June 2022

	INFLATION ADJUSTED					Total ZWL
	0-1 month ZWL	1-3 months ZWL	3-6 months ZWL	6-12 months ZWL	1-5 years ZWL	
Assets						
Cash and cash equivalents	237 523 769	-	-	-	-	237 523 769
Loan book	79 366 560	131 749 938	95 757 933	31 031 075	38 297 659	376 203 165
Other receivables	32 198 903	-	-	-	55 239 868	87 438 771
	349 089 232	131 749 938	95 757 933	31 031 075	93 537 527	701 165 705
Liabilities						
Borrowings	16 944 970	436 721 507	194 747	-	130 286 164	584 147 388
Deposits from customers	160 970 665	-	-	-	-	160 970 665
Trade payables	-	-	-	-	93 927 155	93 927 155
	177 915 635	436 721 507	194 747	-	224 213 319	839 045 208
Asset and liability gap	171 173 597	(304 971 569)	95 563 186	31 031 075	(130 675 792)	(137 879 503)
Cumulative gap	171 173 597	(133 797 972)	(38 234 786)	(7 203 711)	(137 879 503)	-

Liquidity profiling 31 December 2021

	INFLATION ADJUSTED					Total ZWL
	0-1 month ZWL	1-3 months ZWL	3-6 months ZWL	6-12 months ZWL	1-5 years ZWL	
Assets						
Cash and cash equivalents	453 341 961	-	-	-	-	453 341 961
Loan book	146 547 639	289 090 766	249 837 744	197 376 020	3 462 118	886 314 286
Other receivables	-	-	-	-	32 167 656	32 167 656
	599 889 600	289 090 766	249 837 744	197 376 020	35 629 774	1371 823 903
Liabilities						
Borrowings	36 531 250	75 894 288	108 547 716	400 672 092	-	621 645 346
Deposits from customers	210 256 451	-	-	-	-	210 256 451
Trade payables	41 343 589	-	-	214 796 103	-	256 139 691
	288 131 290	75 894 288	108 547 716	615 468 195	-	1088 041 488
Asset and liability gap	311 758 310	213 196 478	141 290 028	(418 092 175)	35 629 774	283 782 415
Cumulative gap	311 758 310	524 954 788	666 244 816	248 152 641	283 782 415	-

The Microfinance Bank is implementing a balance sheet restructure exercise aimed at improving its liquidity position.

AvenirAfrica 340059



REVIEWED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (Continued)

20. RISK MANAGEMENT AND CONTROL (Continued)  
20.3 Market Risk

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

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

**Interest rate risk**

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

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

**Sensitivity**

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

20.4 **Foreign currency risk**

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

20.5 **Capital risk**

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

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

The Reserve Bank of Zimbabwe ("RBZ") regulates the minimum capital requirements of all deposit taking microfinance institutions. The Microfinance Bank's core capital position closed off at ZWL332 million as at June 2022 translating to USD1 million at the foreign currency auction rate, which is below the current minimum regulatory requirement of ZWL equivalent to US\$5 million.

The RBZ have issued a new minimum capital requirement for deposit taking microfinance institutions to have a minimum capital of USD5 million and the Microfinance Bank is working on strategies to achieve this by the deadline date of 31 December 2022.

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

Capital adequacy and the use of regulatory capital is monitored daily 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	JUN 2022 ZWL	DEC 2021 ZWL
Share capital	116	116
Share premium	8 562 235	8 562 235
Accumulated profits	501 002 533	227 661 885
	<b>509 564 884</b>	<b>236 224 236</b>
Less: deductions		
Insider loans	-	-
Encumbered assets (Bank facility)	(176 917 050)	(176 917 050)
<b>Total core capital</b>	<b>332 647 834</b>	<b>59 307 186</b>
<b>Supplementary capital</b>		
Other reserves (limited to equivalent of core capital)	324 313 287	53 870 365
General provisions	8 334 547	5 436 821
Core capital plus supplementary	665 295 668	118 614 372

20.5 Capital risk (Continued)

Capital adequacy	JUN 2022 ZWL	DEC 2021 ZWL
Net capital base	665 295 668	118 614 372
Risk weighted assets	1 006 744 000	434 945 675
Tier 1 Ratio	33%	14%
Tier 2 Ratio	66%	27%
Capital adequacy ratio	66%	27%

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.

20.6 Risk Ratings

The Reserve Bank of Zimbabwe conducted an offsite inspection on the Microfinance Bank in the first quarter of 2022 and detailed below were the final ratings.

CAMEL* Component	RBS** Rating 31 Mar 2022
Capital Adequacy	4
Asset/Portfolio quality	4
Management, Corporate Governance and Outreach	4
Earnings	4
Liquidity and Funds Management	1

\*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

21. FAIR VALUE OF ASSETS AND LIABILITIES

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

Quoted market prices - level 1

Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets 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.

22. OTHER RISKS

Operational risk

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

Reputational risk

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

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

Compliance risk

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

Legal Risks

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

Strategic risks

This refers to current and prospective impact on a Bank's earnings and capital arising from adverse business decisions or implementing strategies that are not consistent with the internal and external environment. To manage this risk, the Microfinance Bank always has a strategic plan that is adopted by the Board of Directors. Further, attainment of strategic objectives by the various departments is monitored periodically at management level.



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# GetBucks Microfinance Bank

Registered deposit taking microfinance institution

REVIEWED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

**NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (Continued)**

**22. OTHER RISKS (Conntinued)**

This refers to current and prospective impact on a Bank's earnings and capital arising from adverse business decisions or implementing strategies that are not consistent with the internal and external environment. To manage this risk, the Microfinance Bank always has a strategic plan that is adopted by the Board of Directors. Further, attainment of strategic objectives by the various departments is monitored periodically at management level.

The Board, through delegation to the Compliance Function has put in place an adequate compliance program, covering the legal compliance issues associated with the Microfinance Bank operations.

**23. CORPORATE GOVERNANCE STATEMENT**

**23.1 Responsibility**

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

**23.2 Corporate Governance**

Getbucks Microfinance Bank Limited corporate governance practices are stipulated by the Microfinance Act (Chapter 24:30). The Board has set up the Audit and Risk Committee, Remuneration Committee, Credit Committee and Loans Review Committee to assist in the discharge of its duties and responsibilities. Getbucks Microfinince Bank Limited was not in compliance with the microfinance act as 30 June 2022 which act requires that the audit and risk committee be split into two committees.

The Board has also appointed management committees to assist in the execution of its mandate namely, the Asset and Liability Committee (ALCO) and the Executive Committee.

**23.3 Board of Directors**

The Board of Directors is comprised of nine members. The board consists of three executive and six non-executive members. Four of the six non-executive directors are independent, including the Chairman of the Board.

Directors	Status	Nationality	Changes
Dr. Rungamo Mbire	Non Executive Chairperson	Zimbabwean	No Change
Mr. Paul Soko	Non-Executive	Zimbabwean	No Change
Mr. Joseph Machiva	Non-Executive	Zimbabwean	No Change
Mr. Patrick J. Matute	Non-Executive	Zimbabwean	Resigned 31 July 2022
Mrs. M. Madamombe	Chief Operating Officer	Zimbabwean	No change
Mr. George T. Nheweyembwa	Managing Director	Zimbabwean	Resigned 31 March 2022
Mr. Wimbayi Chigumbu	Chief Finance Officer	Zimbabwean	No change
Mrs. Thembelihle Munowenyu	Non-Executive	Zimbabwean	Appointed 8 February 2022
Ms. Sibusisiwe Chibaya	Non-Executive	Zimbabwean	Appointed 11 March 2022
Mr. Edwin Chavora	Managing Director	Zimbabwean	Appointed 1 July 2022

Meeting Attendance

Main Board	Total Meetings	Total present
R. Mbire	2	2
P. Soko	2	2
J. Machiva	2	2
S. Chibaya	2	2
T. Munowenyu	2	2
E. Chavora	1	1
P. Matute	2	1
G. Nheweyembwa	1	1
W. Chigumbu	2	2
M. Madamombe	2	2
Audit and Risk Committee	Total Meetings	Total present
T. Munowenyu (Chairperson)	2	2
P. Soko	2	2
J. Machiva	2	2
Loans Review Committee	Total Meetings	Total present
R. Mbire (Chairperson)	2	2
P. Matute	2	1
S. Chibaya	2	2

**23. CORPORATE GOVERNANCE AND RISK MANAGEMENT (Continued)**

**23.3 Board of Directors (Continued)**

Remuneration Committee	Total Meetings	Total present
P. Matute (Chairperson)	2	2
S. Chibaya	2	2
J. Machiva	2	2

Credit Committee	Total Meetings	Total present
J. Machiva (Chairperson)	2	2
P. Soko	2	2
T. Munowenyu	2	2

Nominations Committee	Total Meetings	Total present
S. Chibaya (Chairperson)	1	1
P. Matute	2	2
R. Mbire	2	2

**23.4 Regulatory Compliance Statement**

The Microfinance Bank did not comply with the minimal regulatory capital requirement.

**24. CAPITAL COMMITMENTS**

There was no authorised and contracted or authorised but uncontracted capital expenditure as at 30 June 2022 (31 December 2021; nil)

**25. EVENTS AFTER THE REPORTING DATE**

There were no events after the reporting date.

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## **REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION**

**Grant Thornton**

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**To the members of GetBucks Microfinance Bank Limited**

We have reviewed the accompanying interim statement of financial position of GetBucks Microfinance Bank Limited as at 30 June 2022 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-months then ended, and a summary of significant company's accounting policies and other explanatory notes.

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

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

Our responsibility is to express a conclusion on these interim condensed financial information based on our review.



## Scope of Review

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

## Basis for Qualified Conclusion

### Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates

A modified conclusion and a modified opinion, were issued on the inflation adjusted financial information for the six months ended 30 June 2021 and on the inflation adjusted financial statements for the year ended 31 December 2021, respectively. This was due to the use of foreign currency exchange rates that were not considered to be appropriate spot rates for translation of foreign currency denominated transactions and balances, as required by IAS 21, ‘The Effects of Changes in Foreign Exchange Rates’ and its consequential effects on the inflation adjusted financial statements prepared in terms of IAS 29, ‘Financial Reporting in Hyperinflationary Economies’

Our conclusion on the interim condensed financial information for the six-month period ended 30 June 2022 is modified because of the residual effects of this non-compliance which have resulted in the misstatements of retained earnings in the interim condensed financial information for the period ended 30 June 2022.

## Material Uncertainty Related to Going Concern

We draw attention to **note 20.2** in the interim condensed financial statements, which indicates that the Microfinance Bank had a negative liquidity gap amounting to **ZWL137 879 503**. This indicates that a material uncertainty exists that may cast significant doubt on the Microfinance Bank’s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

## Qualified Conclusion

Based on our review, except for the effects of the matters described in the Basis for Qualified Conclusion paragraph, the accompanying interim condensed financial information presents fairly, in all material respects the financial position of GetBucks Microfinance Bank Limited as at 30 June 2022, and of its financial performance and its cash flows for the six months then ended in accordance with International Financial Reporting Standards (IFRSs).

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

Grant Thornton

Edmore Chimhowa

Partner

Registered Public Auditor (PAAB No: 0470)

Grant Thornton

Chartered Accountants (Zimbabwe)

Registered Public Auditors

30 September 2022

HARARE