GetBucks Microfinance Bank

31 DECEMBER 2023

AUDITED FINANCIAL STATEMENTS

Chairman's Statement

I am pleased to present to you the results for the year ended 31 December 2023, which again showed that GetBucks Microfinance Bank Limited ('the Microfinance Bank'') has been very resilient, in the face of inflationary pressures and market disruptions in the operating environment.

The operating environment continued to be characterised by significant challenges in the year 2023. The exchange rate continued to be unstable, causing a plethora of operational challenges to businesses. Inflation remained high largely as a result of the rapidly depreciating currency. Falling international commodity prices towards the end of the year reduced foreign currency inflows which resulted in a backlog on the foreign currency auction system.

Operational Results

The Microfinance Bank recorded an inflation adjusted profit before tax of ZWL$14,624 billion which was a 1,461% increase as compared to the prior year inflation adjusted profit of ZWL$936 million. Inflation adjusted operating expenses increased by 462% during the year under review from ZWL$1.572 billion in 2022 to ZWL$8.831 billion in 2023. The increase was lower than the average inflation for the year under review as the Microfinance Bank embarked on a cost cutting drive while operating in an inflationary environment.

Financial Position

Based on the historical figures, the Microfinance Bank grew its total assets by 1,742%, from ZWL$3.85 billion to ZWL$70.97 billion. Borrowings increased from ZWL$1.404 billion to ZWL$42.082 billion as the Microfinance Bank managed to mobilise new lines of credit. Customer deposits grew by 1,257% to close at ZWL$8.57 billion up from ZWL$631 million in 2022. The increase is attributable to the increased use of the USD in the economy. The loan book increased by 646%, growing from ZWL$1.526 billion in 2022 to close at ZWL$11.391 billion in 2023.

Capital

The Microfinance Bank's net equity position was ZWL$11,317 billion as at 31 December 2023. To ensure compliance with the regulatory minimum capital requirement, 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, Dr Rungano Mbire, Mr Paul Soko, Mr Joseph Machiva, Mrs Majorie Madamombe, Mr Wimbayi Chigumbu, Mrs. Thembi Munowenyu and Ms. Sibusisiwe Chibaya resigned as directors of the board. Mr. Innocent Chagonda and Mr. Gabriel Chiome were appointed to the Board. Mr. Gabriel Chiome was appointed as the substantive Finance Director on the 1st of July 2023. Mr. Innocent Chagonda takes over as Chairman of the Board from Dr. Rungano Mbire. The Board of Directors wishes to extend its gratitude to the outgoing directors.

Outlook

The former majority shareholders of the Microfinance Bank, Getbucks Limited of Mauritius disposed of their 52.41% shareholding. With the coming in of the new shareholders, the Microfinance Bank is set to be recapitalized. The injection of capital by the new shareholders will address the regulatory minimum capital requirement of US$5 million equivalent. The raised capital will capacitate Microfinance Bank to underwrite increased business volumes.

Appreciation

I would like to thank all our valued stakeholders, my fellow directors, management and staff for their hard work and contribution during the year and the achievement of these results in a tough operating environment.

MR I. CHAGONDA
CHAIRMAN

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GENERAL INFORMATION
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NATURE OF ACTIVITIES:	GetBucks Microfinance Bank Limited is registered as a Deposit Taking Microfinance Bank registered with the Reserve Bank of Zimbabwe, under the Microfinance Act (Chapter 24:29).	
DIRECTORS:	Mr. Innocent Chagonda	Board Chairperson
	Mr. Edwin Chavora	Managing Director
	Mr. Gabriel Chiome	Finance Director
	Mr. Muchineripi Chingwendere	Company secretary
REGISTERED OFFICE:	First Floor, Unity Court Building 64 Union Avenue **Harare**	
PRINCIPAL BANKERS:	**Ecobank Zimbabwe Limited** 2 Piers Road **Harare**	
AUDITORS:	**Crowe Chartered Accountants (Zimbabwe)** 7 Avon Rise Avondale **Harare**	
LAWYERS:	**Mafongoya and Matapura Law Practice** 3 Cinnabar Court 103 Baines Avenue **Harare**	

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
31 December 2023

The Directors of GetBucks Microfinance Bank Limited ("GetBucks" or "the Microfinance Bank") are responsible for the maintenance of adequate accounting records and the preparation of the financial statements comprising of the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 December 2023, statement of financial position as at 31 December 2023, summary of accounting policies and notes to the financial statements. The Microfinance Bank's independent external auditors, Crowe Chartered Accountants ("Crowe") have audited the financial statements, and their report appears on pages **4** to **6.**

The Directors are also responsible for the implementation and maintenance of systems of internal controls. These are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements, and to safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review except those reported by the auditor.

The financial statements are presented on the going concern basis. There is no information that has come to the attention of the Directors to indicate that the Microfinance Bank will not remain a going concern for the foreseeable future.

Approval of Annual financial statements

The financial statements set out on pages **7** to **34** were approved by the Board of Directors on 12 February 2024 and were signed on behalf by:

……………………………………………
Managing Director

……………………………………………
Board Chairperson

These financial statements were prepared under the supervision of:

……………………………………………
Finance Director

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF GETBUCKS MICROFINANCE BANK LIMITED

Opinion

We have audited the financial statements of GetBucks Microfinance Bank Limited ("the Microfinance Bank"), set out on pages **7** to **34**, and comprising:

- Statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2023;
- Statement of financial position as at 31 December 2023;
- A summary of significant accounting policies applied by the Microfinance Bank during the financial year ended 31 December 2023; and
- Notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of the Microfinance Bank as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Microfinance Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

Key audit matters

This section is intended to describe the matters communicated with those charged with governance that the auditor has determined, in the auditor's professional judgement, were of most significance in the audit of the financial statements. We have determined that there are no key audit matters to report.

Responsibilities of the Directors for the financial statements

The Directors of the Microfinance Bank are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. This responsibility includes, but is not limited to the following:

- Designing, implementing, and maintaining internal controls that ensure proper preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- Formulating and applying appropriate accounting policies; and
- Making accounting estimates that are reasonable in the Microfinance Bank's circumstances.

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements are free from material misstatements, 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 based on these financial statements.

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

- Identify and assess the risks of material misstatements 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 controls.

- Obtain an understanding of internal controls 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 controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements and 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.

Crowe

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF GETBUCKS MICROFINANCE BANK LIMITED

Report on legal and regulatory requirements

In our opinion, these financial statements comply in all material respects, with the legal and regulatory requirements of Companies and Other Business Entities Act (Chapter 24:31) and the Microfinance Act (Chapter 24:29) except for:

Non-compliance with minimum capital requirements

As at 31 December 2023, the shareholders' equity (i.e., capital) of the Microfinance Bank was ZWL11 317 399 035 which was equivalent to USD1 853 876. This was not in compliance with the Reserve Bank of Zimbabwe's (RBZ) minimum capital requirement of USD5 000 000 equivalent.

The Engagement Partner on the audit resulting in this independent auditor's report is Albert Tirivangani.

Crowe

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CROWE CHARTERED ACCOUNTANTS

Albert Tirivangani
Engagement Partner
Registered Auditor
PAAB Practicing Number: 0584

4 April 2024

Albert Tirivangani-CA(Z)
Signature..........................
04 APR 2024
Crowe Chartered Accountants
7 Avon Rise, Avondale, Harare
Tel: 0242- 300135 / 38
Email: albert.tirivangani@crowe.co.zw

GETBUCKS MICROFINANCE BANK LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2023

		INFLATION ADJUSTED		HISTORICAL COST	
		2023	2022	2023	2022
	Note	ZWL	ZWL	ZWL	ZWL
Interest income	2	11 745 260 654	1 115 009 523	9 995 917 653	727 138 889
Interest expense	3	(10 914 884 022)	(739 630 594)	(9 289 217 591)	(482 340 426)
Net interest income		**830 376 632**	**375 378 929**	**706 700 062**	**244 798 463**
Fee and commission income	4	12 291 666 861	407 682 174	10 460 941 939	265 864 602
Other income	5	19 759 570 781	1 105 560 455	20 167 276 434	822 060 260
Total net income		**32 881 614 274**	**1 888 621 558**	**31 334 918 435**	**1 332 723 325**
Operating expenses	6	(8 831 224 836)	(1 572 410 840)	(7 515 899 294)	(1 025 427 180)
Allowance for expected credit loss		(10 463 941 054)	(47 580 260)	(8 905 438 218)	(31 028 845)
Monetary gain		1 037 905 832	667 878 400	-	-
Profit before taxation		**14 624 354 216**	**936 508 858**	**14 913 580 923**	**276 267 300**
Income tax expenses	7	(4 791 349 997)	(47 457 331)	(4 077 724 746)	(30 948 678)
Profit for the year		**9 833 004 219**	**889 051 527**	**10 835 856 177**	**245 318 622**
Other comprehensive income:					
Revaluation gains on property and equipment		-	1 066 815 762	-	843 462 992
Tax on revaluation of property and equipment		-	(263 716 856)	-	(208 504 052)
Total comprehensive income for the year		**9 833 004 219**	**1 692 150 433**	**10 835 856 177**	**880 277 562**

GETBUCKS MICROFINANCE BANK LIMITED

STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

	Note	INFLATION ADJUSTED 2023 ZWL	INFLATION ADJUSTED 2022 ZWL	HISTORICAL COST 2023 ZWL	HISTORICAL COST 2022 ZWL
ASSETS					
Cash and cash equivalents	**8**	28 245 514 511	694 902 616	28 245 514 511	549 415 054
Loans and advances to customers	**9**	11 391 660 922	1 930 921 152	11 391 660 922	1 526 655 858
Investment properties	**10**	21 651 840 004	653 903 916	21 651 840 004	517 000 004
Other assets	**11**	9 498 471 327	124 318 325	9 488 431 462	90 076 157
Intangible assets	**12**	30 294 620	6 227 173	24 219 700	3 736 866
Property and equipment	**13**	71 755 358	1 469 675 166	47 795 863	1 151 149 830
Right of use asset	**14**	135 495 653	24 215 373	110 318 627	15 612 468
Tax receivable	**15**	11 055 186	-	11 055 186	-
Total assets		**71 036 087 581**	**4 904 163 721**	**70 970 836 275**	**3 853 646 237**
EQUITY AND LIABILITIES					
Equity attributable to the owners:					
Share capital	**16**	250	250	116	116
Share premium		18 416 603	18 416 603	8 562 235	8 562 235
Revaluation reserve		1 144 937 493	1 144 937 493	793 886 312	793 886 312
Retained earnings		10 232 375 359	399 371 140	11 308 836 684	472 980 507
Total equity		11 395 729 705	1 562 725 486	12 111 285 347	1 275 429 170
Non-current liabilities					
Borrowings	**17**	36 963 670 515	53 725 529	36 963 670 515	42 477 340
Deferred tax liability	**18**	5 103 693 258	407 618 002	4 343 547 499	265 822 753
		42 067 363 773	461 343 531	41 307 218 014	308 300 093
Current liabilities					
Borrowings	**17**	5 118 502 293	1 722 337 374	5 118 502 293	1 361 742 005
Deposits from customers	**19**	8 570 996 566	798 751 028	8 570 996 566	631 521 352
Other financial liabilities	**20**	3 883 495 244	355 938 715	3 862 834 055	274 228 272
Tax payable	**15**	-	3 067 587	-	2 425 345
		17 572 994 103	2 880 094 704	17 552 332 914	2 269 916 974
Total equity and liabilities		**71 036 087 581**	**4 904 163 721**	**70 970 836 275**	**3 853 646 237**

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Managing Director

12 February 2024

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Board Chairperson

GETBUCKS MICROFINANCE BANK LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

INFLATION ADJUSTED

	Share capital ZWL	Share premium ZWL	Retained earnings ZWL	Revaluation reserve ZWL	Total equity ZWL
Balance as at 31 December 2021	**250**	**18 416 603**	**(489 680 387)**	**341 838 587**	**(129 424 947)**
Profit for the year	-	-	889 051 527	-	889 051 527
Revaluation surplus	-	-	-	803 098 906	803 098 906
Balance as at 31 December 2022	**250**	**18 416 603**	**399 371 140**	**1 144 937 493**	**1 562 725 486**
Profit for the year	-	-	9 833 004 219	-	9 833 004 219
Balance as at 31 December 2023	**250**	**18 416 603**	**10 232 375 359**	**1 144 937 493**	**11 395 729 705**

HISTORICAL COST

	Share capital ZWL	Share premium ZWL	Retained earnings ZWL	Revaluation reserve ZWL	Total equity ZWL
Balance as at 31 December 2021	**116**	**8 562 235**	**227 661 885**	**158 927 372**	**395 151 608**
Profit for the year	-	-	245 318 622	-	245 318 622
Revaluation surplus	-	-	-	634 958 940	634 958 940
Balance as at 31 December 2022	**116**	**8 562 235**	**472 980 507**	**793 886 312**	**1 275 429 170**
Profit for the year	-	-	10 835 856 177	-	10 835 856 177
Balance as at 31 December 2023	**116**	**8 562 235**	**11 308 836 684**	**793 886 312**	**12 111 285 347**

GETBUCKS MICROFINANCE BANK LIMITED

STATEMENT OF CASHFLOWS
for the year ended 31 December 2023

		INFLATION ADJUSTED		HISTORICAL COST	
		2023	2022	2023	2022
		ZWL	ZWL	ZWL	ZWL
	Note				
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax		14 624 354 216	936 508 858	14 913 580 923	276 267 300
Adjustments for:					
Depreciation and amortisation		72 564 708	72 996 113	61 756 896	47 603 461
Fair value adjustment on investment property		(19 619 819 788)	(684 500 087)	(20 048 340 000)	(547 471 244)
Profit on disposal of non current assets		(13 361 436)	(53 172 948)	(11 371 379)	(34 676 043)
Net impairment		410 403 600	32 022 661	349 277 952	20 883 160
Interest income		(11 745 260 654)	(1 115 009 523)	(9 995 917 653)	(727 138 889)
Interest expense		10 914 884 022	739 630 594	9 289 217 591	482 340 426
Changes in working capital:					
Increase in loans and advances to customers		(9 460 739 770)	(2 065 688 225)	(9 865 005 064)	(1 347 111 581)
Increase in other assets		(9 374 153 002)	(79 622 881)	(9 398 355 305)	(51 925 021)
Increase in deposits from customers		7 772 245 538	846 871 551	7 939 475 214	552 276 215
Increase / (decrease) in other financial liabilities		3 527 556 529	(281 471 755)	3 588 605 783	(183 558 127)
Cash (utilised) in operations		**(12 891 326 037)**	**(1 651 435 642)**	**(13 177 075 042)**	**(1 512 510 343)**
Interest received		12 911 299 153	1 583 876 911	10 988 285 993	1 032 904 629
Interest paid		(6 291 813 711)	(244 177 833)	(5 354 708 899)	(159 237 383)
Income tax paid		(13 480 531)	-	(13 480 531)	-
Net cash flows utilised in operating activities		**(19 176 647 163)**	**(1 963 172 206)**	**(7 556 978 479)**	**(638 843 097)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		13 917 409	54 581 081	11 844 545	233 596 376
Purchase of property, plant and equipment		(46 180 707)	(26 245 115)	(39 302 537)	(17 115 409)
Additions to intangible assets		(28 932 762)	(5 168 410)	(24 623 507)	(3 370 510)
Purchase of investment property		-	(44 605 295)	-	(29 088 760)
Net cash (outflows) / inflows from investing activities		**(61 196 060)**	**(21 437 739)**	**(52 081 499)**	**184 021 697**
CASH FLOWS FROM FINANCING ACTIVITIES					
New borrowings		43 382 614 037	2 863 052 073	36 921 193 175	1 867 101 995
Repayments		(1 899 644 483)	(1 640 681 631)	(1 616 710 806)	(1 069 949 085)
Net cash flows generated from financing activities		**41 482 969 554**	**1 222 370 442**	**35 304 482 369**	**797 152 910**
Net increase / (decrease) in cash and cash equivalents		22 245 126 331	(762 239 503)	27 695 422 391	342 331 510
Cash and cash equivalents at the beginning of the year		694 902 616	408 394 724	549 415 054	207 083 544
Inflation effect on cash and cash equivalents		5 304 808 498	1 048 747 395	-	-
Cash and cash equivalents at the end of the year	8	**28 244 837 445**	**694 902 616**	**28 244 837 445**	**549 415 054**

1 BASIS OF PREPARATION

Compliance with International Financial Reporting Standards
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).

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 Microfinance Bank'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 section 3 of the accounting policies.

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 IAS 29. The financial statements are presented in Zimbabwean dollars and all values are rounded to the nearest dollar.

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.

Accounting convention
The financial statements are prepared from books and records maintained under the historical cost convention and are restated to take account of the effects of inflation in accordance with International Accounting Standard (IAS) 29 (Financial Reporting in Hyperinflationary Economies). The historical cost financial information has been restated for changes in the general purchasing power of the Zimbabwe Dollar (ZWL). Accordingly, the inflation adjusted financial statements are the primary financial statements of the Microfinance Bank. Historical cost financial statements have been provided by way of supplementary information.

IAS 29 requires that the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that the corresponding figures for the comparative periods be stated in the same terms .The financial statements and the corresponding figures for the previous year have been restated to take account of the changes in the general purchasing power of the Zimbabwe dollar. The restatement is based on conversion factors derived from the Zimbabwe Consumer Price Index (CPI) compiled by the Reserve Bank of Zimbabwe from the figures provided by Zimbabwe National Statistics Agency.

The indices and conversion factors used are as follows:

Monthly consumer price indices

Month	Index	Conversion factor
January 2023	89.50	1.26480
February 2023	86.10	1.31475
March 2023	85.90	1.31781
April 2023	87.20	1.29817
May 2023	89.50	1.26480
June 2023	100.30	1.12861
July 2023	101.40	1.11637
August 2023	100.00	1.13200
September 2023	101.00	1.12079
October 2023	103.40	1.09478
November 2023	108.10	1.04718
December 2023	113.20	1.00000

Yearly consumer price index

Year	Index	Conversion factor
December 2023	113.20	1.00000
December 2022	89.50	1.26480
December 2021	57.40	1.97213

The main procedures applied in the above-mentioned restatement of transactions and balances are as follows:

- All corresponding comparative figures as of and for the year ended 31 December 2022 are restated by applying the change in the index from 31 December 2022 to 31 December 2023;
- Monetary assets and liabilities are not restated because they are already stated in terms of the measuring unit current at reporting date;
- Non-monetary assets and liabilities that are not carried at amounts current at reporting date and components of equity are restated by applying the change in the index from the date of the transaction or if applicable from their most recent revaluation;
- Property and equipment is restated by applying the change in the index from the date of acquisition or the date of their most recent revaluation to 31 December 2023. Depreciation and amortisation amounts are based on the restated amounts;
- Gains and losses arising from the net monetary position are included in the statement of profit or loss; and
- All items in the cash flow statement are expressed in terms of the measuring unit current at the reporting date.

Changes in accounting policies and interpretation

a. New standards, interpretations and amendments effective from 1 January 2023
The following new standards, amendments and interpretations are effective for the first time for periods beginning on or after 1 January 2023 but have not had a material effect on the Microfinance Bank and so have not been discussed in detail in the notes to the financial statements:

IFRS 17 Insurance contracts
This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The effective date was 1 January 2023

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

The effective date was 1 January 2023

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction
These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The effective date was 1 January 2023

b. New standards, interpretations, and amendments not yet effective
The following new standards, interpretations, and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Microfinance Bank's future financial statements:

Amendment to IFRS 16 – Leases on sale and leaseback
These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

The effective date is 1 January 2024

Amendment to IAS 1 – Non-current liabilities with covenants
These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

The effective date is 1 January 2024

Amendment to IAS 7 and IFRS 7 Supplier finance
These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.

The effective date is 1 January 2024

Amendments to IAS 21 - Lack of Exchangeability
An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations, or exchange mechanism that creates enforceable rights and obligations.

The effective date is 1 January 2025

2 SUMMARY OF 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.

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).

Revenue recognition (continued)

Revenue within the scope of IFRS 15
The Microfinance 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 Microfinance 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 Microfinance Bank records commission earned. Commission earned represents the net amount the Microfinance Bank retains from insurance sold and underwritten by insurance companies. The Microfinance Bank applies the five (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 Microfinance 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:

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.

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.

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.

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 when incurred.

Property and equipment

a. Recognition and measurement
The cost of an item of property and 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. Property and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes property and 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 the asset to its intended working condition, 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 (major components) have different useful lives, they are accounted for 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.

b. Subsequent measurement (continued)

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

Items	Average useful life
Furniture and fittings	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 profit or loss 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. Revaluation

Under the revaluation model, revaluations should be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the balance sheet date. If an item is revalued, the entire class of assets to which that asset belongs should be revalued. Revalued assets are depreciated in the same way as under the cost model. If a revaluation results in an increase in value, it should be credited to other comprehensive income and accumulated in equity under the heading "revaluation surplus" unless it represents the reversal of a revaluation decrease of the same asset previously recognised as an expense, in which case it should be recognised in profit or loss. A decrease arising as a result of a revaluation should be recognised as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset.

When a revalued asset is disposed of, any revaluation surplus may be transferred directly to retained earnings, or it may be left in equity under the heading revaluation surplus. The transfer to retained earnings should not be made through profit or loss. The Microfinance Bank revalued the Land and Buildings as at 30 June 2022 and 31 December 2022. The revaluation exercise was done by an independent valuer on both dates.

d. 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.

Investment property

a. **Recognition criteria**

Investment property are those assets 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 and any other transaction costs).

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

b. Transfers to and from investment properties

Transfers are made to or from investment property only when there is a change in use and a revaluation is done first before the transfer. If a significant portion 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 property is 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 investment property is recognised in profit or loss in the period of derecognition.

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.

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.

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.

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.

Leases

Microfinance Bank as a lessor
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.

Microfinance 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 Microfinance Bank's activities.

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 and the carrying amount of the lease liability is reduced by cash repayments of rentals.

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 Microfinance 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 (NSSA) 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.

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 amount 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.

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.

IFRS 9 Financial Instruments

Financial assets

Classification
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.

Financial assets (continued)

Classification (continued)
There are three measurement classifications for financial assets under IFRS 9 and these are (a) at amortised cost, (b) at fair value through profit or loss (FVTPL) and (c) at fair value through other comprehensive income (FVOCI). Financial assets are classified into these measurement classes on the basis of the business model within which they are held and their contractual cashflow characteristics. The business model reflects how groups of financial assets are managed to achieve a particular business objective. Financial assets can only be held at amortised cost if the instruments are held in order to collect the contractual cashflows (hold to collect), and where these contractual cashflows are solely payments of principal and interest (SPPI). Interest in this context represents compensation for the time value of money and associated credit risk together with compensation for other basic lending risks and costs at a profit margin.

Financial assets may be sold from hold to collect portfolios when there is an increase in credit risk. Disposals for other reasons are permitted but such sales should be insignificant in value or infrequent in nature. Financial debt instruments where the business model objectives are achieved by collecting the contractual cashflows and by selling the assets (hold to collect and sale) are held at FVOCI, with unrealised gains or losses deferred in reserves until the asset is derecognised. All other financial debt instruments are held at FVTPL.

Initial recognition
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.

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 profit or loss.

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.

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.

Allowance for expected credit losses (continued)

The various staging considerations are as follows;

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

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

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

The carrying amount of financial assets in the statement of financial position is reduced by the loss allowance for ECLs. The 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.

Significant increase in credit risk

Under IFRS 9 when determining whether the credit risk on a financial instrument has increased significantly since initial recognition the bank will consider reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Microfinance bank's historical experience, expert credit assessments and forward-looking information.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Microfinance Bank compares the risk of a default occurring on the financial asset at the reporting date based on the remaining maturity of the asset with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Microfinance Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Microfinance Bank's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For SME lending, forward-looking information includes the future prospects of the industries in which the Microfinance Bank's lenders operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For the consumer portfolio, forward looking information includes the same economic forecasts as the corporate portfolio with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour. The Microfinance Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality.

The variable determinants of the ECL are defined below, which are derived from statistical models

Probability of Default (PD)
The PD is the likelihood that that a counterparty (borrower) will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2). The Microfinance Bank uses historical credit default information, current credit information as well as forward looking information to determine the PD.

Exposure at Default (EAD)
This is the total estimated value that the Microfinance Bank would be exposed in the event of a default by a counterparty. The estimated value is derived from statistical models that factor in historical experience of instruments that defaulted and expected changes in exposure in future including repayments of principal amounts whether contractual or otherwise and committed expected drawdowns.

Loss given Default (LGD)
The Microfinance Bank define LGD as the ultimate credit loss that is expected to arise in the event of a default. The measurement of the LGD incorporates forward looking projections of macro-economic variables and credit risk factor to determine a range of possible outcomes of LGD.

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. 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.

Fair Value Measurement (continued)

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
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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.

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:

Impairment losses on loans and advances

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

The 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 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

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.

Going concern

The Microfinance Bank assesses its going concern at each reporting date. Going concern assessment is an area involving management judgmental estimates and assumptions regarding future cash flows and the discount rate used to determine the present value of the cash flows.

1 Incorporation and activities

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). 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 First Floor, Unity Court, 64 Union Avenue, Harare, Zimbabwe.

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWL	**2022 ZWL**	**2023 ZWL**	**2022 ZWL**
2 Interest income				
Interest on Consumer Loans	4 956 924 491	801 301 947	4 218 638 520	522 558 593
Interest income on SME Loans	6 788 336 163	313 707 576	5 777 279 133	204 580 296
	11 745 260 654	**1 115 009 523**	**9 995 917 653**	**727 138 889**
3 Interest expense				
Interest on borrowings	10 712 585 975	694 910 742	9 117 049 882	453 176 959
Interest on deposits	140 909 622	15 635 641	119 922 496	10 196 579
Interest on leases	61 388 425	29 084 211	52 245 213	18 966 888
	10 914 884 022	**739 630 594**	**9 289 217 591**	**482 340 426**
4 Fees and commission				
Banking fees and commission	10 570 334 665	294 252 137	8 995 985 529	191 892 686
Administration fees	1 721 332 196	113 430 037	1 464 956 410	73 971 916
	12 291 666 861	**407 682 174**	**10 460 941 939**	**265 864 602**
5 Other income				
Fair value adjustment on investment property	19 619 819 788	684 500 087	20 048 340 000	547 471 244
Penalties and fines	114 792 624	54 141 312	97 695 373	35 307 549
Profit on disposal of assets	13 361 436	53 172 948	11 371 379	34 676 043
Rental income	11 596 933	2 935 187	9 869 682	1 914 144
Bad debts recovered	-	414 970	-	270 617
Gain on foreign exchange	-	310 395 951	-	202 420 663
	19 759 570 781	**1 105 560 455**	**20 167 276 434**	**822 060 260**
6 Operating expenses				
Accommodation	-	1 245 090	-	811 969
Accounting and auditing fees	32 427 844	36 090 396	27 598 030	23 535 880
Advertising, marketing and sales expenses	408 754 357	94 329 223	347 874 348	61 515 570
Amortisation	4 865 315	672 397	4 140 673	438 495
Bank charges	172 428 571	25 403 889	146 747 003	16 566 814
Intermediated Money Transfer Tax (IMTT)	16 599 495	10 849 076	14 127 161	7 075 083
Collection costs	540 326 814	50 771 440	459 850 360	33 109 931
Computer expenses	1 890 782	2 873 251	1 609 168	1 873 753
Professional fees	29 393 068	12 485 773	25 015 255	8 142 434
Depreciation	67 699 393	72 323 716	57 616 223	47 164 966
Directors fees	6 544 824	20 913 350	5 570 036	13 638 368
Electricity and water	5 702 391	29 408 819	4 853 075	19 178 577
Fines and penalties	686 347 425	657 564	584 122 613	428 822
Funding origination costs	-	10 471 256	-	6 828 693
Insurance expenses	67 141 907	8 257 010	57 141 769	5 384 701
License fees	426 828 744	32 398 131	363 256 730	21 128 018
Loss on foreign exchange	1 864 366 136	-	1 586 686 828	-
Management fees	-	70 438 730	-	45 935 697
Consultancy	92 206 267	55 125 762	78 473 035	35 949 545
Other expenses	75 002 219	58 558 823	63 831 364	38 188 371
Postage and courier	1 845 711	2 511 000	1 570 810	1 637 516
Printing and stationery	12 785 774	28 222 277	10 881 457	18 404 789
Rentals	669 653 062	60 958 471	569 914 714	39 753 270
Balance c/d	**5 182 810 099**	**684 965 444**	**4 410 880 652**	**446 691 262**

		INFLATION ADJUSTED		HISTORICAL COST	
		2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
6	**Operating expenses (continued)**				
	Balance b/d	**5 182 810 099**	**684 965 444**	**4 410 880 652**	**446 691 262**
	Repairs and maintenance	30 736 982	38 787 694	26 159 006	25 294 888
	Retrenchment cost	-	18 310 938	-	11 941 239
	Sales acquisition costs	15 510	94 715	13 200	61 767
	Security	213 144 728	75 391 932	181 398 882	49 165 863
	Staff costs (**note 6.1**)	3 227 541 441	621 938 496	2 746 830 353	405 589 063
	Staff welfare and refreshments	6 691 842	30 762 849	5 695 157	20 061 590
	Telephone and fax	148 209 247	82 647 457	126 134 913	53 897 459
	Training	294 669	4 220 459	250 781	2 752 317
	Travel	21 780 318	15 290 856	18 536 350	9 971 732
		8 831 224 836	**1 572 410 840**	**7 515 899 294**	**1 025 427 180**
6.1	**Staff costs**				
	Basic salary	2 627 690 402	497 175 679	2 236 321 326	324 226 622
	Medical aid contribution	341 535 460	20 124 545	290 667 056	13 123 959
	Pension contributions	130 708 759	71 074 861	111 240 953	46 350 542
	Provision for leave pay	127 606 820	31 512 195	108 601 018	20 550 266
	Staff recruitment	-	2 051 216	-	1 337 674
		3 227 541 441	**621 938 496**	**2 746 830 353**	**405 589 063**
7	**Taxation expense**				
	Major components of the tax expense:				
	Local income tax - current period	-	-	-	-
	Deferred tax	4 791 349 997	47 457 331	4 077 724 746	30 948 678
		4 791 349 997	**47 457 331**	**4 077 724 746**	**30 948 678**
7.1	**Reconciliation between accounting profit and tax expense:**				
	Accounting profit before tax	14 624 354 216	936 508 858	14 913 580 923	276 267 300
	Tax at the applicable tax rate of 24.72% (2022 : 24.72%)	3 615 140 362	231 504 990	3 686 637 204	68 293 277
	Tax effect of adjustments on taxable income : -				
	Profit on disposal of property and equipment	(3 302 947)	-	(2 811 005)	-
	Tax effect of expenses that are not deductible in determining taxable profit : -				
	Intermediary Money Transfer	4 103 395	(3 540 460)	3 492 234	(2 308 865)
	Movement in provisions	39 510 234	4 791 820	33 625 567	3 124 923
	Difference between effective and simple interest	-	61 812 422	-	40 310 163
	Allowance for impairment losses	101 451 770	7 916 002	86 341 510	5 162 317
	Net effect of disallowable expenses	317 767 656	(128 244 749)	270 439 236	(83 633 137)
	Adjustment for inflation	716 679 527	(126 782 694)	-	-
		4 791 349 997	**47 457 331**	**4 077 724 746**	**30 948 678**
8	**Cash and cash equivalents**				
	Cash and cash equivalents consist of:				
	Bank balances	6 752 483 324	95 062 871	6 752 483 324	75 160 132
	Balances with the Reserve Bank of Zimbabwe	10 271 040 555	171 344 680	10 271 040 555	135 471 280
	Cash on hand	11 221 990 632	428 495 065	11 221 990 632	338 783 642
		28 245 514 511	694 902 616	28 245 514 511	549 415 054
	Bank overdraft	(677 066)	-	(677 066)	-
		28 244 837 445	**694 902 616**	**28 244 837 445**	**549 415 054**

		INFLATION ADJUSTED		HISTORICAL COST	
		2023	2022	2023	2022
		ZWL	ZWL	ZWL	ZWL
9	**Loans and advances maturities**				
9.1	**Consumer loans**				
	Maturing within 3 months	1 283 938 655	484 397 988	1 283 938 655	382 982 508
	Maturing within 3 - 12 months	4 768 166 317	286 343 488	4 768 166 317	226 393 482
	Maturing 1- 5 years	56 163 946	2 547 688	56 163 946	2 014 294
	Gross carrying amount	6 108 268 918	773 289 164	6 108 268 918	611 390 284
	Less credit impairment	(332 659 040)	(29 307 098)	(332 659 040)	(23 171 248)
	Specific impairment allowance	(60 515 395)	(28 960 688)	(60 515 395)	(22 897 364)
	Portfolio impairment allowance	(272 143 645)	(346 410)	(272 143 645)	(273 884)
	Net carrying amount	**5 775 609 878**	**743 982 066**	**5 775 609 878**	**588 219 036**
	Current (no more than 12 months after reporting date)	5 729 862 040	741 434 378	5 729 862 040	586 204 742
	Non-current (more than 12 months after reporting date)	45 747 838	2 547 688	45 747 838	2 014 294
	Net carrying amount	**5 775 609 878**	**743 982 066**	**5 775 609 878**	**588 219 036**
9.2	**SME loans**				
	Maturing within 3 months	3 499 822 576	1 205 099 640	3 499 822 576	952 795 210
	Maturing within 3 - 12 months	2 172 616 011	2 517 237	2 172 616 011	1 990 218
	Maturing 1- 5 years	-	314 654	-	248 777
	Gross carrying amount	5 672 438 587	1 207 931 531	5 672 438 587	955 034 205
	Less credit impairment	(56 387 543)	(20 992 445)	(56 387 543)	(16 597 383)
	Specific impairment allowance	(54 481 219)	(8 258 732)	(54 481 219)	(6 529 651)
	Portfolio impairment allowance	(1 906 324)	(12 733 713)	(1 906 324)	(10 067 732)
	Net carrying amount	**5 616 051 044**	**1 186 939 086**	**5 616 051 044**	**938 436 822**
	Current (no more than 12 months after reporting date)	5 616 051 044	1 186 624 432	5 616 051 044	938 188 045
	Non-current (more than 12 months after reporting date)	-	314 654	-	248 777
	Net carrying amount	**5 616 051 044**	**1 186 939 086**	**5 616 051 044**	**938 436 822**
	Total net carrying amount	**11 391 660 922**	**1 930 921 152**	**11 391 660 922**	**1 526 655 858**
	Current (no more than 12 months after reporting date)	11 345 913 084	1 928 058 810	11 345 913 084	1 524 392 787
	Non-current (more than 12 months after reporting date)	45 747 838	2 862 342	45 747 838	2 263 071
	Net carrying amount	**11 391 660 922**	**1 930 921 152**	**11 391 660 922**	**1 526 655 858**

9.3 Expected credit loss analysis

INFLATION ADJUSTED	Gross carrying amount ZWL	Allowance for ECL ZWL	Net carrying amount ZWL
As at 31 December 2023			
Stage 1 loans	9 544 215 145	39 346 941	9 504 868 204
Stage 2 loans	486 143 598	68 232 349	417 911 249
Stage 3 loans	1 750 348 762	349 552 680	1 400 796 082
Adjustment for inflation	-	(68 085 387)	68 085 387
Total	**11 780 707 505**	**389 046 583**	**11 391 660 922**
As at 31 December 2022			
Stage 1 loans	1 890 077 807	15 687 325	1 874 390 482
Stage 2 loans	38 389 066	8 162 488	30 226 578
Stage 3 loans	52 753 822	37 132 212	15 621 610
Adjustment for inflation	-	(10 682 482)	10 682 482
Total	**1 981 220 695**	**50 299 542**	**1 930 921 152**

9 Loans and advances maturities (continued)

9.3 Expected credit loss analysis (continued)

HISTORICAL COST	Gross carrying amount ZWL	Allowance for ECL ZWL	Net carrying amount ZWL
As at 31 December 2023			
Stage 1 loans	9 544 215 145	33 486 595	9 510 728 550
Stage 2 loans	486 143 598	58 069 800	428 073 798
Stage 3 loans	1 750 348 762	297 490 188	1 452 858 574
Total	**11 780 707 505**	**389 046 583**	**11 391 660 922**
As at 31 December 2022			
Stage 1 loans	1 494 363 637	10 230 284	1 484 133 353
Stage 2 loans	30 351 779	5 323 060	25 028 719
Stage 3 loans	41 709 073	24 215 287	17 493 786
Total	**1 566 424 489**	**39 768 631**	**1 526 655 858**

9.4 Exposure to credit risk

	Stage 1 12 months ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Loss allowance as at 1 January 2023	**10 230 284**	**5 323 060**	**24 215 287**	**39 768 631**
Financial assets derecognised during the period other than write offs				
Transfers:				
Transfers from stage 1 to stage 2	(13 432 566)	13 432 566	-	-
Transfers from stage 1 to stage 3	(264 427 956)	-	264 427 956	-
Transfers from stage 3 to stage 2	-	3 839 317	(3 839 317)	-
Write Offs	-	-	(10 145 686)	(10 145 686)
New financial assets originated	358 355 731	1 067 907	-	359 423 638
Loss allowance as at 31 December 2023	**90 725 493**	**23 662 850**	**274 658 240**	**389 046 583**

	INFLATION ADJUSTED 2023 ZWL	INFLATION ADJUSTED 2022 ZWL	HISTORICAL COST 2023 ZWL	HISTORICAL COST 2022 ZWL
10 Investment properties				
Opening balance	653 903 916	273 021 045	517 000 004	138 440 000
Fair value adjustment	19 619 819 788	684 500 087	20 048 340 000	547 471 244
Additions	-	44 605 295	-	29 088 760
Disposals	(38 775 190)	(303 617 216)	(33 000 000)	(198 000 000)
Transfer from property and equipment (**note 13**)	1 416 891 490	-	1 119 500 000	-
Closing balance	**21 651 840 004**	**653 903 916**	**21 651 840 004**	**517 000 004**
11 Other assets				
Prepayments	36 793 390	59 109 413	31 313 370	38 547 431
Consumables	30 615 248	200 651	26 055 403	130 852
Deposits	9 389 306 426	380 390	9 389 306 426	300 750
Other receivable	-	64 627 871	-	51 097 124
Rental receivable	41 756 263	-	41 756 263	-
	9 498 471 327	**124 318 325**	**9 488 431 462**	**90 076 157**
12 Intangible assets				
Software				
Opening carrying amount	6 227 173	1 731 160	3 736 866	804 850
Additions	28 932 762	5 168 410	24 623 507	3 370 511
Amortisation charge	(4 865 315)	(672 397)	(4 140 673)	(438 495)
Carrying amount	**30 294 620**	**6 227 173**	**24 219 700**	**3 736 866**
Cost	36 792 940	7 984 494	29 414 926	4 791 419
Accumulated amortisation	(6 498 320)	(1 757 321)	(5 195 226)	(1 054 553)
Carrying amount	**30 294 620**	**6 227 173**	**24 219 700**	**3 736 866**

13 Property and equipment

INFLATION ADJUSTED

		Land ZWL	Buildings ZWL	Furniture and fittings ZWL	Motor vehicles ZWL	Equipment ZWL	Leasehold improvements ZWL	Total ZWL
13.1	**Cost / Valuation**							
	Balance as at 31 December 2021	**93 349 525**	**573 432 796**	**1 881 090**	**7 115 391**	**26 140 788**	**3 225 005**	**705 144 595**
	Additions	3 800 131	-	-	7 785 759	13 338 030	1 321 195	26 245 115
	Disposals	-	-	-	(905 946)	(951 125)	-	(1 857 071)
	Revaluation	269 643 640	489 002 958	-	-	-	-	758 646 598
	Balance as at 31 December 2022	**366 793 296**	**1 062 435 754**	**1 881 090**	**13 995 204**	**38 527 693**	**4 546 200**	**1 488 179 237**
	Additions	-	-	8 753 147	-	37 427 560	-	46 180 707
	Disposals	-	-	-	-	(617 748)	-	(617 748)
	Transfer to investment property (**note 10**)	(366 793 296)	(1 062 435 754)	-	-	-	-	(1 429 229 050)
	Balance as at 31 December 2023	**-**	**-**	**10 634 237**	**13 995 204**	**75 337 505**	**4 546 200**	**104 513 146**
13.2	**Depreciation**							
	Balance as at 31 December 2021	**-**	**-**	**658 118**	**1 483 203**	**6 471 948**	**1 831 892**	**10 445 161**
	Depreciation charge for the year	-	39 778 759	196 963	1 589 335	5 937 041	784 509	48 286 607
	Accumulated depreciation on disposals	-	-	-	(183 067)	(265 871)	-	(448 938)
	Writeback of depreciation on revaluation	-	(39 778 759)	-	-	-	-	(39 778 759)
	Balance as at 31 December 2022	**-**	**-**	**855 081**	**2 889 471**	**12 143 118**	**2 616 401**	**18 504 071**
	Depreciation charge for the year	-	12 337 560	263 974	1 512 752	11 846 656	692 110	26 653 052
	Accumulated depreciation on disposals	-	-	-	-	(61 775)	-	(61 775)
	Writeback of depreciation on revaluation	-	(12 337 560)	-	-	-	-	(12 337 560)
	Balance as at 31 December 2023	**-**	**-**	**1 119 055**	**4 402 223**	**23 927 999**	**3 308 511**	**32 757 788**
13.3	**Net Book Amount**							
	Balance as at 31 December 2023	**-**	**-**	**9 515 182**	**9 592 981**	**51 409 506**	**1 237 689**	**71 755 358**
	Balance as at 31 December 2022	**366 793 296**	**1 062 435 754**	**1 026 009**	**11 105 733**	**26 384 575**	**1 929 799**	**1 469 675 166**

13 Property and equipment

HISTORICAL COST

		Land ZWL	Buildings ZWL	Furniture and fittings ZWL	Motor vehicles ZWL	Equipment ZWL	Leasehold improvements ZWL	Total ZWL
13.4	**Cost / Valuation**							
	Balance as at 31 December 2021	**43 400 000**	**266 600 000**	**874 555**	**3 308 083**	**12 153 358**	**1 499 367**	**327 835 363**
	Additions	2 478 206	-	-	5 077 381	8 698 222	861 600	17 115 409
	Disposals	-	-	-	(590 801)	(620 264)	-	(1 211 065)
	Revaluation	244 121 794	573 400 000	-	-	-	-	817 521 794
	Balance as at 31 December 2022	**290 000 000**	**840 000 000**	**874 555**	**7 794 663**	**20 231 316**	**2 360 967**	**1 161 261 501**
	Additions	-	-	7 449 450	-	31 853 087	-	39 302 537
	Disposals	-	-	-	-	(525 740)	-	(525 740)
	Transfer to investment property (**note 10**)	(290 000 000)	(840 000 000)	-	-	-	-	(1 130 000 000)
	Balance as at 31 December 2023	**-**	**-**	**8 324 005**	**7 794 663**	**51 558 663**	**2 360 967**	**70 038 298**
13.5	**Depreciation**							
	Balance as at 31 December 2021	**-**	-	**305 972**	**689 570**	**3 008 934**	**851 682**	**4 856 158**
	Depreciation charge for the year	-	25 941 198	128 447	1 036 464	3 871 764	511 607	31 489 480
	Accumulated depreciation on disposals	-	-	-	(119 385)	(173 384)	-	(292 769)
	Writeback on revaluation	-	(25 941 198)	-	-	-	-	(25 941 198)
	Balance as at 31 December 2022	**-**	**-**	**434 419**	**1 606 649**	**6 707 314**	**1 363 289**	**10 111 671**
	Depreciation charge for the year	-	10 500 000	224 658	1 287 442	10 082 211	589 027	22 683 338
	Accumulated depreciation on disposals	-	-	-	-	(52 574)	-	(52 574)
	Transfer to investment property	-	(10 500 000)	-	-	-	-	(10 500 000)
	Balance as at 31 December 2023	**-**	**-**	**659 077**	**2 894 091**	**16 736 951**	**1 952 316**	**22 242 435**
13.6	**Net Book Amount**							
	Balance as at 31 December 2023	**-**	**-**	**7 664 928**	**4 900 572**	**34 821 712**	**408 651**	**47 795 863**
	Balance as at 31 December 2022	**290 000 000**	**840 000 000**	**440 136**	**6 188 014**	**13 524 002**	**997 678**	**1 151 149 830**

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
14 Leases				
14.1 Right of use asset				
Buildings				
Opening carrying amount	24 215 373	957 553	15 612 468	445 185
Additions	155 550 024	-	132 382 352	-
Remeasurement of right of use asset	-	47 294 928	-	30 842 769
Amortisation charge	(41 046 341)	(24 037 108)	(34 932 885)	(15 675 486)
Disposals	(3 223 403)	-	(2 743 308)	-
Carrying amount	**135 495 653**	**24 215 373**	**110 318 627**	**15 612 468**
Cost	155 550 024	48 905 622	132 382 352	31 893 162
Accumulated amortisation	(20 054 371)	(24 690 249)	(22 063 725)	(16 280 694)
Carrying amount	**135 495 653**	**24 215 373**	**110 318 627**	**15 612 468**
14.2 Lease liabilities				
Buildings				
Opening carrying amount	40 312 055	2 287 446	31 872 164	1 063 478
Additions	155 550 024	-	132 382 352	-
Disposals	(12 580 091)	-	(10 706 408)	-
Interest expense	61 388 425	29 084 211	52 245 213	18 966 888
Lease payments	(168 834 255)	(29 136 474)	(143 688 025)	(19 000 971)
Adjustment for lease modification	675 072 132	38 076 872	688 802 994	30 842 769
	750 908 290	**40 312 055**	**750 908 290**	**31 872 164**

14.3 The table below describes the nature of the lease resulting in the right of use asset and related lease liabilities:

Identified asset	Lease term	Remain term	Option for extension
First Floor, Unity Court, 64 Union Avenue, Harare.	3 years	2.5 years	Yes

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
15 Tax receivable / (payable)				
Opening balance	(3 067 587)	2 213 807	(2 425 345)	1 122 549
Tax charge for the year	-	-	-	-
WHT Payable		(5 440 413)	-	(3 547 894)
Provisional tax payments	13 480 531	-	13 480 531	-
Adjustment for inflation	642 242	159 019	-	-
	11 055 186	**(3 067 587)**	**11 055 186**	**(2 425 345)**
16 Equity				
Share Capital				
Authorised				
20 000 000 000 ordinary shares with nominal value of ZWL0.0000001	4 302	4 302	2 000	2 000
Issued				
1 163 118 377 ordinary shares with nominal value of ZWL0.0000001	250	250	116	116

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	
		2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
17	**Borrowings**				
17.1	**Held at amortised cost**				
	Everprosperous World Wide Limited promissory notes (**note 17.4**)	42 082 172 808	1 678 963 554	42 082 172 808	1 327 449 100
	Reserve Bank of Zimbabwe Facility (**note 17.5**)	-	97 099 350	-	76 770 246
		42 082 172 808	**1 776 062 904**	**42 082 172 808**	**1 404 219 346**
17.2	**Non-current liabilities** (more than 12 months after reporting date) At amortised cost	36 963 670 515	53 725 529	36 963 670 515	42 477 340
17.3	**Current liabilities** (no more than 12 months after reporting date) At amortised cost	5 118 502 293	1 722 337 374	5 118 502 293	1 361 742 005

17.4 Everprosperous World Wide Limited

The fixed term notes were issued from January 2023 for purposes of growing the Microfinance Bank's loan book. The loans were issued at an interest rate of 60% per annum and are repayable in 12 months from the date of the drawdown.

Security details of the loan are as follows:
- Cession of the Microfinance Bank's loan book

The main shareholder of Everprosperous World Wide Limited is also a shareholder of the Microfinance Bank, and therefore the two entities have common control. Consequently, the Microfinance Bank and Everprosperous World Wide Limited are related parties.

17.5 Reserve Bank of Zimbabwe Facility

The Reserve Bank of Zimbabwe had set up a ZWL500 million facility to finance Micro, Small and Medium Enterprises which had been adversely affected by the Covid-19 pandemic. The Microfinance Bank had drawn down ZWL 50 million under this facility and the Microfinance Bank repaid both the interest accrued and principal by July 2023.

		INFLATION ADJUSTED		HISTORICAL COST	
		2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
18	**Deferred tax**				
18.1	**Deferred tax liability**				
	Accelerated capital allowance for tax purposes	844 884 421	331 765 047	719 047 056	216 356 240
	Investment property revaluation	5 532 561 891	197 294 788	4 708 540 296	128 663 218
	Total deferred tax liability	**6 377 446 312**	**529 059 835**	**5 427 587 352**	**345 019 458**
18.2	**Deferred tax asset**				
	Effective interest rate adjustment on loan book	-	(61 812 422)	-	(40 310 163)
	Accrued expenses	34 291 893	30 308 692	29 184 447	19 765 418
	Assessed tax loss	1 126 458 138	137 870 804	958 683 091	89 910 643
	Expected credit loss on loans and advances	113 003 023	15 074 759	96 172 315	9 830 807
	Total deferred tax asset	**1 273 753 054**	**121 441 833**	**1 084 039 853**	**79 196 705**
	Net deferred tax liability	**(5 103 693 258)**	**(407 618 002)**	**(4 343 547 499)**	**(265 822 753)**
18.3	**Reconciliation of deferred tax liability**				
	At beginning of year	**(407 618 002)**	**(96 443 815)**	**(265 822 753)**	**(26 370 023)**
	Temporary differences:				
	Recognised in the statement of profit or loss	(4 791 349 997)	(47 457 331)	(4 077 724 746)	(30 948 678)
	Recognised in other comprehensive income	-	(263 716 856)	-	(208 504 052)
	Adjustment for inflation	95 274 741	-	-	-
	At end of year	**(5 103 693 258)**	**(407 618 002)**	**(4 343 547 499)**	**(265 822 753)**

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
19 Deposits from customers				
Deposits from customers are primarily composed of amounts payable on demand.				
Individual				
Current accounts	617 297 594	140 513 559	617 297 594	111 095 084
Small and medium enterprises				
Current accounts	7 802 168 074	655 691 203	7 802 168 074	518 413 098
Term deposits	151 530 898	2 546 266	151 530 898	2 013 170
	7 953 698 972	658 237 469	7 953 698 972	520 426 268
Total	**8 570 996 566**	**798 751 028**	**8 570 996 566**	**631 521 352**
Current (not more than 12 months after reporting date)	8 570 996 566	798 751 028	8 570 996 566	631 521 352
Non-current (more than 12 months after reporting date)	-	-	-	-
Total	**8 570 996 566**	**798 751 028**	**8 570 996 566**	**631 521 352**
				-
20 Other financial liabilities				
Payroll liabilities	361 075 955	27 322 939	361 075 955	21 602 500
Leave pay provision	133 786 091	18 095 364	113 859 946	11 800 655
Accounting and audit fees provision	4 935 159	33 816 197	4 200 115	22 052 791
Lease liability (**note 14.2**)	750 908 290	40 312 055	750 908 290	31 872 164
Remittances	149 917 709	78 549 589	149 917 709	62 104 136
Accruals and other liabilities	2 446 660 141	157 842 571	2 446 660 141	124 796 026
Bank overdraft	677 066	-	677 066	-
Loans awaiting payment	35 534 833	-	35 534 833	-
	3 883 495 244	**355 938 715**	**3 862 834 055**	**274 228 272**

21 Related parties information

21.1 Nature of relationships

Related party	**Relationship**
Everprosperous World Wide Limited	Common control / shareholder

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
21.2 Related parties borrowings				
Everprosperous World Wide Limited	36 963 670 515	-	36 963 670 515	-
21.3 Related parties payables				
Everprosperous World Wide Limited	4 966 971 395	-	4 966 971 395	-
21.4 Related party deposits				
Everprosperous	151 530 898	-	151 530 898	-
MHMK Private Limited Zimbabwe	-	2 698 288	-	2 133 364
	151 530 898	**2 698 288**	**151 530 898**	2 133 364

21.5 Nature of transactions

Everprosperous World Wide Limited isssued promissory notes for the puropose of growing the Microfinance Bank's loan book. The loans were issued at an interest rate of 69% and are repayable after 12 months from the date of drawdown.

MHMK was a subsidiary of the previous shareholder and the related party transaction ended when the former shareholder sold their shares to Everprosperous World Wide Limited

21 Related parties information (continued)

21.6 Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, and include the Managing Director, Finance Director, Head of Legal and Compliance, Head of Treasury, Head of Human Resources and Head of International Banking.

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWL	**2022 ZWL**	**2023 ZWL**	**2022 ZWL**
Short term employment benefits	698 098 604	347 716 062	594 123 567	226 758 486
Post employment benefits	8 072 989	26 243 386	6 870 595	17 114 281
	706 171 593	**373 959 448**	**600 994 163**	**243 872 767**

22 Employee benefits

Pension fund

All eligible employees contribute to the GetBucks Pension Fund (the Pension Fund) which is a defined contribution pension fund. The Microfinance Bank has no legal or constructive obligation to pay should the Pension Fund's assets be insufficient to meet the Pension Fund's 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	
	2023 ZWL	**2022 ZWL**	**2023 ZWL**	**2022 ZWL**
Pension expense	125 625 860	11 969 287	106 915 103	7 805 614
NSSA expense	104 037 823	10 387 995	88 542 395	6 774 395
	229 663 683	**22 357 282**	**195 457 498**	**14 580 009**

22.1 Directors' emoluments

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

23 Statement of compliance

The Microfinance Bank is registered Deposit Taking Microfinance Bank and complies with the MicroFinance Act (Chapter 24:29), the Companies Act (Chapter 24:31) and the Exchange Control Act (Chapter 22:05).

As at 31 December 2023, the Microfinance Bank was non-compliant with the minimum capital requirement of USD5 million equivalent in Zimbabwe dollars (ZWL).

24 Treasury and 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 also has a compliance function whose role is to identify, record and assess compliance risks associated with the Microfinance Bank's operations.

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 and loans and advances to customers.

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 Microfinance Bank's credit department periodically prepares detailed reports on the quality of the customers and adequacy of loan impairment allowance for review.

24 Treasury and risk management (continued)

Credit risk (continued)
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 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. 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. Similar checks are conducted for SME's and where deemed necessary collateral or credit insurance is obtained to mitigate risk of default.

Credit risk mitigation and hedging
As part of the 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
An estimate of the fair value of collateral and other credit enhancements held against loans and advances to customers are shown below based on their collateral types :-

		2023	2022
Collateral types	**Segment**	**ZWL**	**ZWL**
Mortgage Bonds	SME	15 940 163 275	63 591 418
Guarantees	SME	305 236 130	-
Cash cover	SME	21 610 718	808 780
Exposure credit guarantees	SME	-	4 000 000
Security Sharing Agreement	SME	-	15 000 000
Value of collateral		**16 267 010 123**	**83 400 198**

The collateral above is solely for the SME loans. The gross carrying amount of the assets is ZWL16 267 010 123. The gross loan book for SME is ZWL5 672 438 587. This implies that collateral cover is 287%. 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

	2023	2022
	ZWL	**ZWL**
Cash and cash equivalents (excluding cash on hand)	17 023 523 879	266 407 551
Loans and advances to customers	5 775 609 878	743 982 066
Total credit risk exposure	**22 799 133 757**	**1 010 389 617**

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.

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 2022: 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 consequently "step up" (or "step down") between 12-month and Lifetime ECL;

Allowances for impairment (continued)

- additional allowances for new financial instruments recognised during the period, as well as releases of 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.

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.

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 reviewing 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 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 Microfinance Bank relies on loan facilities from other financial institutions to ensure that it can meet its obligations.

Market risk

This is 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 thereby reducing net interest expense.

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.

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
- 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.

Capital risk management (continued)

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 ZWL11 317 399 035 which translates to USD1 853 876, was not in compliance with the RBZ's minimum capital requirement of USD5 000 000 equivalent. Management continues to pursue strategies to ensure that the Microfinance Bank meets the minimum capital requirements by both organic growth and fund raising. The deadline for meeting the minimum capital requirement has been extended to 31 December 2024.

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.

	2023 ZWL	2022 ZWL
Total borrowings		
Other financial borrowings	42 082 172 808	1 404 219 346
Less: cash and cash equivalents	(28 245 514 511)	(549 415 054)
Net debt	13 836 658 297	854 804 292
Total equity	16 808 662 632	1 275 429 170
Total capital	30 645 320 929	2 130 233 462
Gearing ratio	45%	40%

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	2023 ZWL	2022 ZWL
Share capital	116	116
Share premium	8 562 235	8 562 235
Retained earnings	11 308 836 684	472 980 507
Revaluation reserve	793 886 312	793 886 312
	12 111 285 347	1 275 429 170
Less: deductions		
Encumbered assets (Bank facility)	-	(176 917 050)
Total core capital	**12 111 285 347**	**1 098 512 120**
Supplementary capital		
Other reserves (limited to equivalent of core capital)	-	304 625 807
General provisions	422 388 030	20 857 883
Core capital plus supplementary	**12 533 673 377**	**1 423 995 810**
Net capital base	12 533 673 377	1 423 995 810
Risk weighted assets	33 791 042 386	2 740 342 833
Tier 1 Ratio	33%	40%
Tier 2 Ratio	4%	52%
Capital adequacy ratio	37%	52%

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 risk management (continued)
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.

Risk ratings
The Reserve Bank of Zimbabwe conducted an offsite inspection on the Microfinance Bank in the last quarter of 2023 and was assigned a composite rating of '4'

	RBS** Rating	
CAMEL* Component	**2023**	**2022**
Capital Adequacy	4	4
Asset/Portfolio quality	4	3
Management, Corporate Governance and Outreach	4	4
Earnings	3	3
Liquidity and Funds Management	3	3

*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

Legal and compliance risk
Legal and compliance risk is the risk that arises due to the Microfinance Bank’s failure to adhere to legal and regulatory obligations. The Microfinance Bank manages this risk through dedicated Legal and Compliance units, and deliberations by its Board Risk and Compliance Committee.

Board and Directors evaluation
The Board is required to conduct an annual evaluation process which assesses the performance and effectiveness of individual directors, the Board Chairperson, Committees and overall performance of the Board. Every Board member is expected to make an assessment of the quality of board oversight. Board members also perform peer review of each member in addition to the individual member review done by the Chairperson of the Board. Due to the current Board composition and transition at the Microfinance Bank, there was no evaluation that was carried out during the period under review.

25 Contingent liabilities

There were no contingent liabilities as at as at 31 December 2023 (31 December 2022: nil).

26 Capital commitments

There were no authorised and contracted or authorised but uncontracted capital expenditure as at 31 December 2023. (31 December 2022 : nil)

27 Going concern

The Directors believe that the Microfinance Bank has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Microfinance Bank is in a sound financial position and that it has access to sufficient financing facilities to meet its foreseeable cash requirements. The Directors are not aware of any material changes that may adversely impact the Microfinance Bank. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the going concern of the Microfinance Bank.

28 Events after the reporting date

There were no subsequent events requiring disclosure or recognition in the audited financial statements.

29 Corporate Governance

Getbucks Microfinance Bank Limited adheres to governance practices as stipulated by the Companies and Other Business Entities Act, the Reserve Bank of Zimbabwe Operational Guidelines, and the KIng IV Code. The Board has set up the Audit and Risk Committee, Remuneration Committee, Credit Committee, Loans Review Committee and the Nominations Committee to assist in the discharge of its duties and responsibilities. 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.

Board of Directors

The resignation of several Board of Directors during the course of 2023 resulted in the Board only having two executive directors at the end of the year. Therefore the Board was not compliant with section 20 of the Microfinance Act (Chapter 24:30) which requires the Board of Directors of a deposit taking microfinance institution to have a minimum of five (5) directors. New Board Members were identified and nominated. A new Chairman for the board, Mr Innocent Chagonda has since been approved by Registrar of Microfinance Institution. Other members are at various stages of submitting their paperwork for vetting.

Audit and Risk Committee

The Committee oversees the Company's financial reporting process, monitoring the integrity and appropriateness of the Company's financial statements, evaluating the adequacy of the Company's financial and operational processes, compliance, internal controls and risk management processes and the selection, compensation, independence and performance of the Company's external and internal auditors. The Committee meets at least four times a year. The Committee meets regularly with the Company's internal and external auditors. Both the internal and external auditors have unrestricted access to the committee for their independence and objectivity.

Loans Review

The Loans Review Committee assesses compliance of the loan book with the lending policy and regulations. The Committee conducts loan reviews independent of any person or Committee responsible for sanctioning credit.

Credit Committee

The Credit Committee's main responsibilities are to consider loan applications beyond the discretionary limits of the Executive Credit Committee and to direct the formulation of, review and monitor the credit principles and policies of the Microfinance Bank.

Remuneration Committee

The Committee is responsible for setting the Microfinance Bank's remuneration philosophy and reviews the overall remuneration structures of the Microfinance Bank, including all material remuneration proposals and packages for Executive Directors and senior personnel.

Executive Committee

The Executive Committee is the operational management forum responsible for the delivery of the Company's operational plans. The Executive Committee acts as a link between the Board and management and is responsible for implementation of operational plans, annual budgeting and periodic review of strategic plans, as well as identification and management of key risks. The Executive Committee is made up of the Managing Director, Finance Director, Head Treasury, Head of Risk, and Company Secretary.

Assets and Liabilities Committee (ALCO)

The ALCO's objective is to derive the most appropriate strategy for the Company in terms of the mix of assets and liabilities given its expectations of the future and potential consequences of interest rate movements, liquidity constraints and capital adequacy within acceptable risk frameworks. The Committee is made up of executive committee members and heads of departments.

29.1 Directors

The directors in office at the date of this report are as follows:

Directors		Nationality	Changes
Dr. Rungamo Mbire	Non Executive Chairperson	Zimbabwean	Resigned May 2023
Mr. Paul Soko	Non-Executive	Zimbabwean	Resigned April 2023
Mr. Joseph Machiva	Non-Executive	Zimbabwean	Resigned June 2023
Mrs. M. Madamombe	Chief Operating Officer	Zimbabwean	Resigned May 2023
Mr. Wimbayi Chigumbu	Chief Finance Officer	Zimbabwean	Resigned April 2023
Mrs. Thembelihle Munowenyu	Non-Executive	Zimbabwean	Resigned August 2023
Ms. Sibusisiwe Chibaya	Non-Executive	Zimbabwean	Resigned August 2023
Mr. Edwin Chavora	Managing Director	Zimbabwean	No Change
Mr. Gabriel Chiome	Finance Director	Zimbabwean	Appointed July 2023

29.2 Meeting Attendance

Main Board	Total meetings	Total present	Total absent
R. Mbire	1	1	-
P. Soko	1	1	-
J. Machiva	1	1	-
S. Chibaya	1	1	-
T. Munowenyu	1	1	-
E. Chavora	1	1	-
W. Chigumbu	1	1	-
M. Madamombe	1	1	-
G Chiome	0	-	
Audit and Risk Committee			
T. Munowenyu (Chairperson)	1	1	-
P. Soko	1	1	-
J. Machiva	1	1	-
Loans Review Committee			
R. Mbire (Chairperson)	1	1	-
S. Chibaya	1	1	-
Remuneration Committee			
S. Chibaya (Chairperson)	1	1	-
J. Machiva	1	1	-
P. Soko	1	1	

	Total meetings	Total present	Total absent
Credit Committee			
J. Machiva (Chairperson)	1	1	-
P. Soko	1	1	-
T. Munowenyu	1	1	-

29.3 Directors' interests in contracts

During the financial year, no contracts were entered into where directors or officers of the Company had an interest and which significantly affected the business of the Company.

30.0 Holding Company

The entity's holding Company was GetBucks Limited which held 52.41% of the Microfinance Bank's equity. It sold its entire shareholding to Ever Prosperous Worldwide Private Limited. The transaction was approved by the Registrar of Microfinance Institutions in May 2023.