

ANNUAL REPORT
2019

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Address

RCS Luxembourg: B199543
9, rue du Laboratoire, L-1911 Luxembourg

Contact us:

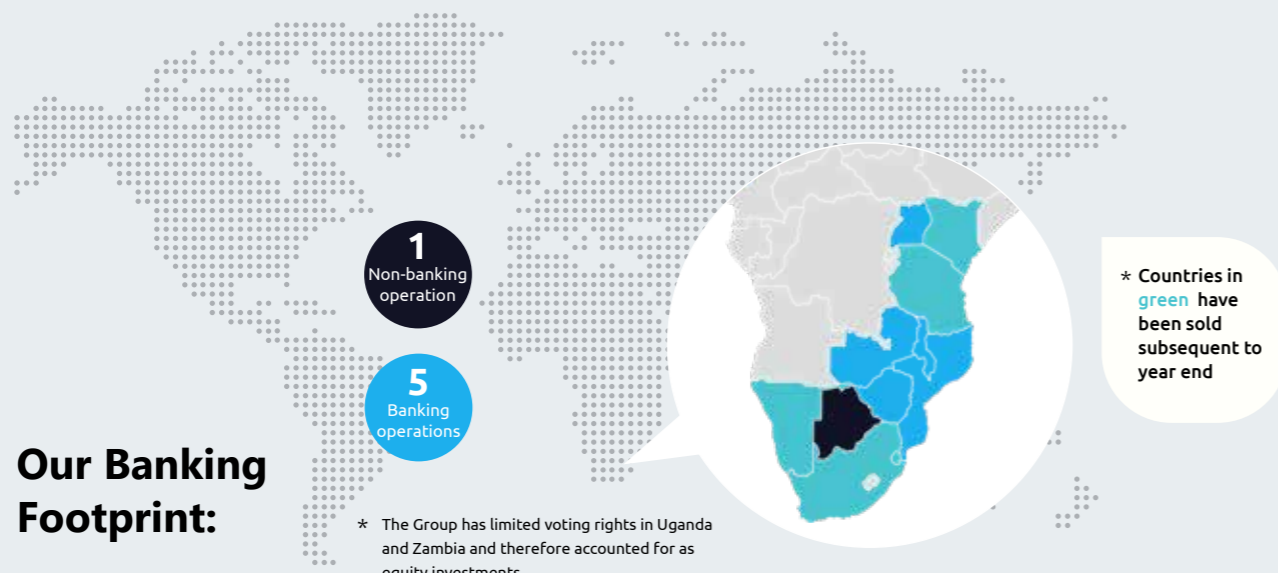
Phone: +352 2088 2123
Website: www.mybucks.com
Email: info@mybucks.com

MYBUCKS AT A GLANCE

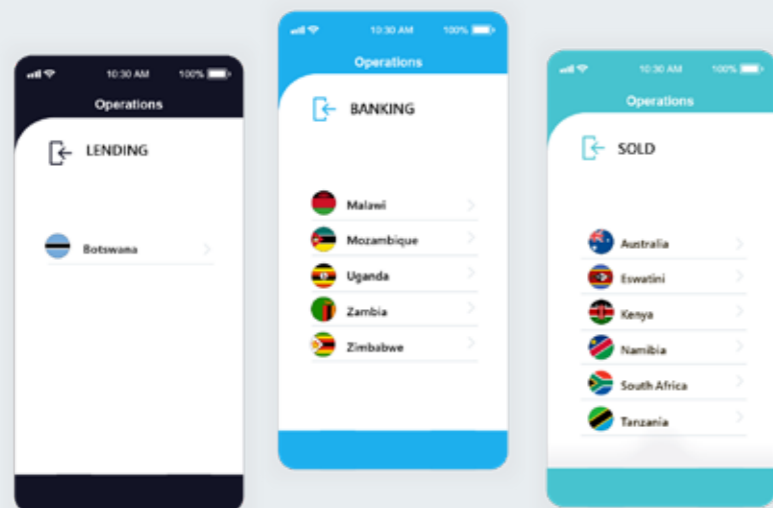
Banking the Unbanked:

MyBucks is a digital banking Group that uses proprietary technology to provide financial services and products to underbanked and unbanked customers predominantly in Africa. MyBucks believes technology is an enabler that can assist to exponentially promote financial inclusion.

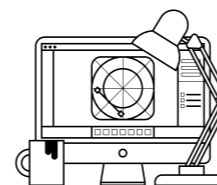
116 Branches | **1,108** Employees | **2,106** Agents



Our Banking Footprint:



Our applications:



- Jessie:** Credit scoring
- Dexter:** Fraud detection
- Amie:** Affordability calculator based on income and expenses
- Wakala:** Agent App
- FinCloud:** Loan management system

- 1** On the 26th of March 2019, MyBucks announced a recapitalisation of c.€44.8m which would be achieved through a combination of a debt to equity conversion and the contribution of certain assets at a price of €1 per share.
- 2** MyBucks recapitalisation increased to €63.9m from the €44.8m announced on 26 March 2019. Further capital raises are in progress.
- 3** MyBucks issued more than 63.9 million shares at €1 per share.
- 4** MyBucks issued share capital increased from 12.7 million shares to 76.6 million shares.

Highlights of debt restructuring:

Impact of restructuring

	Before 31st of March 2019	Improvements after 31 March 2019
Governance	✗ Founder chaired board	✓ Non-Executive Chairman ✓ Empowered professional CEO/CFO
HQ Cost	✗ Large and expensive support structure (Head office) with more than a 100 staff members	✓ Lean head office – 10 staff ✓ South African office park disposed in November 2019
Strategy		✓ Divestment from non-core markets (Poland and Australia) and focus on Africa ✓ Divestment from lending-only operations with no outlook to upgrading to a deposit-taking license (South Africa, Swaziland, Namibia, Kenya and Tanzania) ✓ Building a digital bank offering basic financial services with technology
Capital	✗ Negative parent equity	✓ Positive pro forma parent equity of c. €17.6m

- Group successfully launched and expanded profitable banking operations in key growth markets in Africa
- Ability to utilise the Group's digital tech ahead of the competition

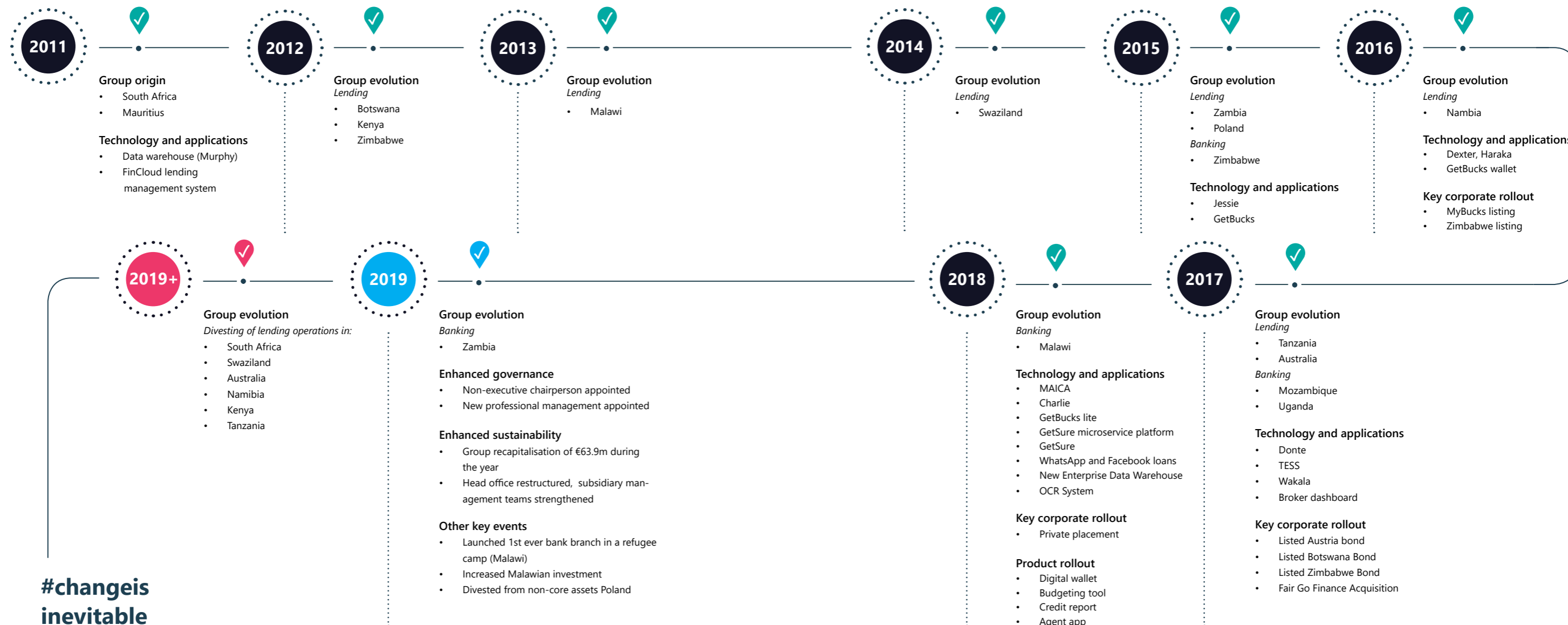
#global
digitalbanking

01 PERFORMANCE REVIEW

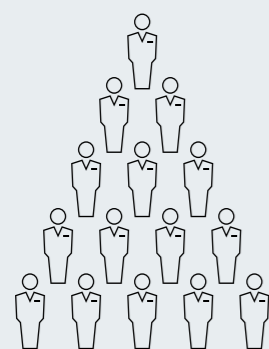
01

The strength of a
business lies in its
ability to continuously
evolve.

KEY HIGHLIGHTS



#changeis inevitable



374k
ACTIVE CLIENTS

253m
POPULATION WITHIN REACH OF MYBUCKS

€45m
INTEREST INCOME

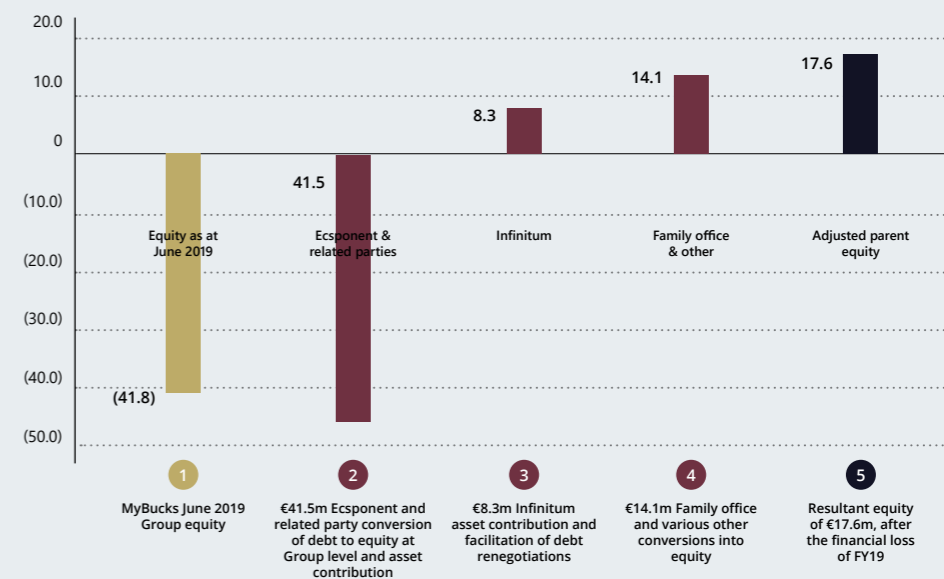
€12m
FEE & COMMISSION INCOME

€83m
NET LOAN BOOK

€208m
TOTAL ASSETS

Mybucks Equity Recapitalisation - Completion Q4 2019 (€ million)

- Decrease
- Increase
- Total



CHIEF EXECUTIVE OFFICER REVIEW

Dear Shareholders, business partners & friends of MyBucks S.A.

MyBucks' financial year ending 30 June 2019 was a turbulent year – and although I am proud to return as Chief Executive Officer, I regret the circumstances leading to it.

Historically, MyBucks funded its operational growth and technology innovation partially through mezzanine funding that required refinancing. Due to a difficult market environment paired with aggressive investment in technology run by an extensive overhead structure, MyBucks capital needs grew significantly in the past twelve months. This resulted in the Group having a significant negative equity position as of 31 March 2019, necessitating a debt recapitalisation in which Ecsponent Limited, MHMK Investments Limited through their subsidiary Surechoice Global Investment (Pty) Ltd, Infinitum Limited and a family office committed to convert €49.1 million of claims, expenses of €4.5 million as well as contribute €10.2 million of assets against the issuance of 63.9-million shares in 2019. MyBucks has completed the regulatory approval process regarding these transactions and as of the date of this report has issued the majority of the shares forming part of the recapitalisation.

Unfortunately, the regulatory approvals came through after June 30, 2019, and as a result the balance sheet of the company still showed negative equity attributable to the shareholders of MyBucks S.A. of €42.9 million and negative total equity of €41.8 million. However – pro forma, post restructuring, the company would have had a positive equity position of €17.6 million as at June 30, 2019 if all approvals had been obtained. With that equity position, the company has returned to positive equity territory and compliance with debt covenants. We are confident that we can grow our banks significantly from hereon.

Since its inception eight years ago in 2011, MyBucks has grown from being an online consumer lender in South Africa into a strong digital banking platform in five key markets in Africa (Malawi, Mozambique, Uganda, Zambia and Zimbabwe) with further microfinance lending operations powered by proprietary technology to provide financial services and products to underbanked and unbanked customers.

We continue to believe technology is an enabler that can assist to exponentially promote financial inclusion and use our in-house, proven, advanced proprietary A.I. algorithms for credit granting and fraud prevention.

As of June 30, 2019, MyBucks has issued over 2.5-million loans since inception with a total volume of over €600-million and a current loan book of over €100 million (including the equity accounted investments). Since launching its deposit taking activities, the company has gathered deposits of over €60 million across its five banking markets. In September 2018, MyBucks launched the first-ever bank branch in a refugee camp in Malawi and has since opened over 5,000 bank accounts. MyBucks hopes to roll this out to its other markets with the aim of servicing a large proportion of the total 5.6-million refugees in sub-Saharan Africa.

In driving our growth, we are focused on:

- Leveraging our digital technology (proprietary and outsourced) which we detail in pages 16 to 17 of this report
- Building a strong local management team (from page

We continue to believe technology is an enabler that can assist to exponentially promote financial inclusion and use our in-house, proven, advanced proprietary A.I. algorithms for credit granting and fraud prevention.

**#global
digitalbanking**

TIMOTHY NUY
CHIEF EXECUTIVE OFFICER

20 to page 37) and supporting them from head office (pages 48 and 49) and from board level with international expertise which we detail on page 41

- Optimising risk management and corporate governance in our subsidiaries which we detail in pages 52 to 56

As part of the restructuring, we have adjusted our head-office by reducing the workforce by c.100 people and where possible moved required skills to countries where the skills are required. We have a lean management approach – focused on where we can add value. It is our ambition to drive our banks to become top-three local champions in their respective markets, delivering attractive double-digit equity returns for Shareholders.

While driving the growth in our banks we will continue to opportunistically evaluate our lending assets and look at opportunities to either convert them into banking operations or achieve a sale or phased exit at an attractive valuation to the Group.

BANKING OPERATIONS

MyBucks increased its shareholding in Malawi from 50% to 100% as of June 30, 2019, completed the merger with GetBucks Malawi and rebranded the bank to MyBucks Banking Corporation Malawi Ltd ("MBC Malawi"). MBC Malawi increased its deposits from €38.3 million as of 1 July 2018 to €40.9 million as of June 30, 2019. At the same time, MBC Malawi increased its loan book from €15.5 million as of 1 July 2018 to €25.9 million as of June 30, 2019. Most notably, MyBucks launched the first-ever bank branch in a refugee camp in September 2018, since then successfully serving more than 5,000 refugees with bank accounts.

In Mozambique, MyBucks likewise rolled-out the MyBucks Banking Corporation Mozambique S.A. (MBC Mozambique) brand. MBC Mozambique increased its deposits from €7.1 million as of July 1, 2018 to €18.9 million as of June 30, 2019. At the same time, MBC Mozambique increased its loan book from €13.5 million as of July 1, 2018 to €30.0 million as of June 30, 2019. MyBucks was significantly affected by cyclone Kenneth and Idai in March and April of 2019 as a result a significant number of customer loans were impaired. MyBucks is working with various aid organisations to assist the affected customers to the degree possible.

In Uganda, Opportunity Bank Uganda Limited ("OBUL") submitted the upgrade of its license to a tier one license – through which it will be able to increase its product offering to include current accounts and overdrafts. OBUL increased its deposits from €13.4 million as of July 1, 2018 to €17.4 million as of June 30, 2019. At the same time, OBUL increased its loan book from €16.2 million as of July 1, 2018 to €22.9 million as of June 30, 2019.

In Zambia, MyBucks launched its banking operations under Ecsponent Financial Services Zambia Limited trading as MyBucks Zambia on April 8, 2019 in a ceremony attended, amongst others, by the deputy governor. MyBucks operations in Zambia are run by Barkat Ali, the former Chief Executive Officer of Finance Bank Zambia Limited, which was one of the largest banks in Zambia prior to its sale to Atlas Mara Limited in 2014. Since launch until June 30, 2019, MyBucks Zambia has managed to gather deposits to the tune of €4.4 million and consolidated its loan book to €7.0 million as of June 30, 2019.

In Zimbabwe, MyBucks' carrying value was impacted negatively due to the re-introduction of the Zimbabwean currency. However – from an operational perspective, MyBucks had foreseen these developments and ensured that its assets and liabilities were matched in local currency. As a result GetBucks Microfinance Bank Zimbabwe Limited ("GetBucks Zimbabwe") has remained one of the few financial institutions in the market actively disbursing loans. In local currency, GetBucks Zimbabwe significantly grew its deposits to ZWL2.9 million (2018: ZWL2.0 million) (2019: €0.3 million and 2018: €1.7 million) and loan book to ZWL36.3 million (2018: ZWL20.4 million) (2019: €4.4 million and 2018: €17.5 million). The bank continued to deliver profits in 2019.

OUTLOOK

MyBucks believes its banking Group strategy will lead to increased stability and less volatility, with a clear route to profitability. The Group has disposed of various non-core assets over the past few months, see the new banking structure on page 15. Immediately following the restructuring, c. €39 million of holding company debt remains – which the Group plans to address through a combination of disposal of non-core assets and capital raising. MyBucks will strive for an improved cost-to-income ratio of 40% and a long-term target return on equity of up to 30%, with strong continued growth in its asset base driven by its technology-based lending paired with an effective deposit gathering strategy.

MyBucks will continue its endeavours to raise capital to fund the business growth, starting with the Rights Issuance in the first half of 2020. I would like to sincerely thank all the employees of the MyBucks Group for their continued support and dedication throughout this difficult phase. The foundation for our expected exponential growth has been successfully laid, enabling us to fulfil our vision of becoming a leading and innovative player in Sub-Saharan Africa (SSA) banking.



TIMOTHY NUY
CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER REVIEW

MyBucks completed phase 1 of the Group recapitalisation

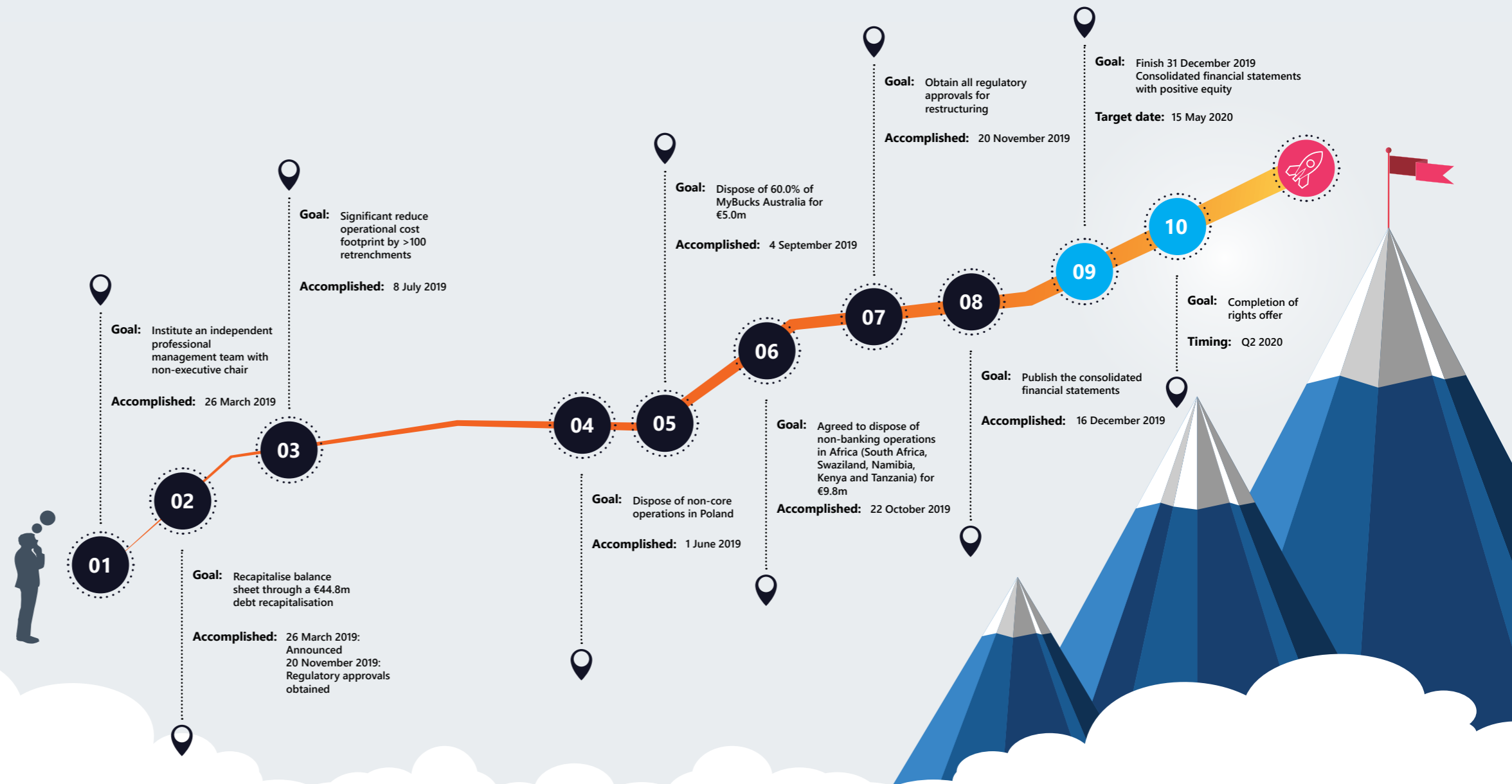
The Group recapitalisation of €44.8 million as announced on March 26, 2019 increased to €63.9 million at the date of this report. The recapitalisation was paired with the appointment of a non-executive chairman to the board supported by the appointment of qualified individuals as Group Chief Executive Officer and Group Chief Financial Officer.

Over the past 3 years, MyBucks successfully grew its loan book from €41.2 million at the end of FY16 to €83.3 million at the end of FY19. However – as a result of an inefficient capital structure, combined with high operating expenditures, the Group has recorded significant losses in FY17, FY18 and FY19 of cumulatively €57.3 million.

Most of the operating entities have recorded profits in FY18 with the trend continuing in FY19 with seven out of the nine key investments delivering a profit. South Africa delivered a substantial loss in FY19 resultant from the high finance costs as well as the significant impairments of related party loans granted in previous years. The Zambian banking operations, which was launched on 8 April 2019, is still in the start-up phase with high costs and lower income whilst the asset base is being developed.

As a result of the high cost structure, predominately in the management segment the Group delivered a loss after taxation of €8.2 million in FY18. This loss, the continuous negative operational cash flows as well as the debt structure of the Group resulted in an emphasis of matter paragraph to be included in the FY18 independent audit report. During FY19 the continued high and increasing operating expenses paired with an inefficient capital structure led to the Group disclosing negative equity attributable to shareholders of MyBucks S.A. as of 31 December 2019. The Group was further negatively impacted by the devaluation of the currency used in Zimbabwe. This devaluation had a €15.2 million negative impact through other comprehensive income. This with the losses from the Management segment culminated in the Group delivering a total comprehensive loss of €51.2 million in FY19.

The Board responded to the financial challenges of the past few periods by firstly changing the senior management of the business as well as initiating a significant recapitalisation. The first item that was addressed was the significant level



of debt in the Group. Various debt holders have agreed to convert their debt claims into MyBucks equity. This has resulted in €49.1 million of debt being converted into equity at €1 per share, expenses of €4.5 as well as acquiring €10.2 million of assets through the issuance of MyBucks shares. The Group has also revisited the overhead costs of the supporting entities and have implemented various measures to reduce these costs. The Group has also agreed to acquire assets with equity contributions which will strengthen the balance sheet further.

In addition to this, the Group has targeted the liquidity constraints that has been challenging the business over the past few years. These constraints were eased with the debt-to-equity transactions; however these concerns have not been completely resolved. The Group has approached a number of other debt holders and have started negotiations to further restructure debt which will ensure that the Group can honour these obligations as and when they fall due.

To align the presentation of the financial results with the Group strategy as an African banking Group, the Group amended the method of presentation of the financial statements to a liquidity-based set of financials. The Shareholders approved the change of the Company's financial year end at the extra ordinary meeting held on 4 June 2019. The Company and Group will in future prepare financial results for the period January to December. The next results to be released by the Group will be the consolidated financial statements for the six month period ending 31 December 2019.

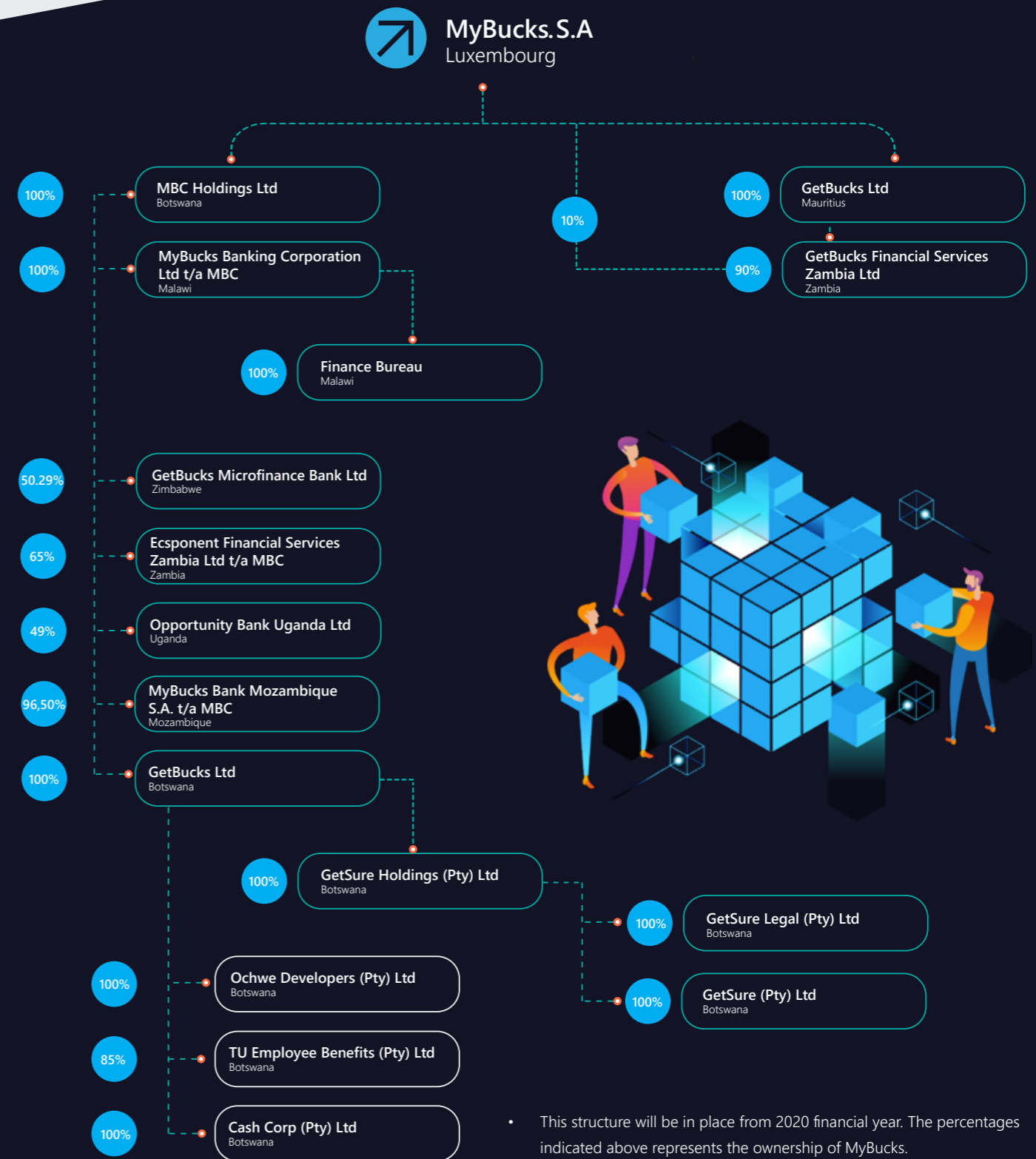
The Group's banking subsidiaries have delivered consistent profits over the past few years. The lending segment was adversely impacted in FY19 with the continued challenging credit environment and impairment of various financial assets in South Africa. The amended strategy of the Group, which will focus on African banking operations resulted in the Group disposing of various lending operations. The Group has concluded the sales of the South African operations (which includes Swaziland and Namibia), the East African operations (Kenya and Tanzania), the Australian operations as well the operations in Europe (which includes Poland). The Group retained the lending operations in Bot-

swana, with the intention to expand these operations into commercial banking in the near future. With most of the Group's investment being financial institutions, the Group is in the process of restructuring the investment structure to have all banking entities owned by an entity which is also regulated as a bank. This restructure is expected to be completed early in the 2020 financial year.



RIAAN PAUL
CHIEF FINANCIAL OFFICER

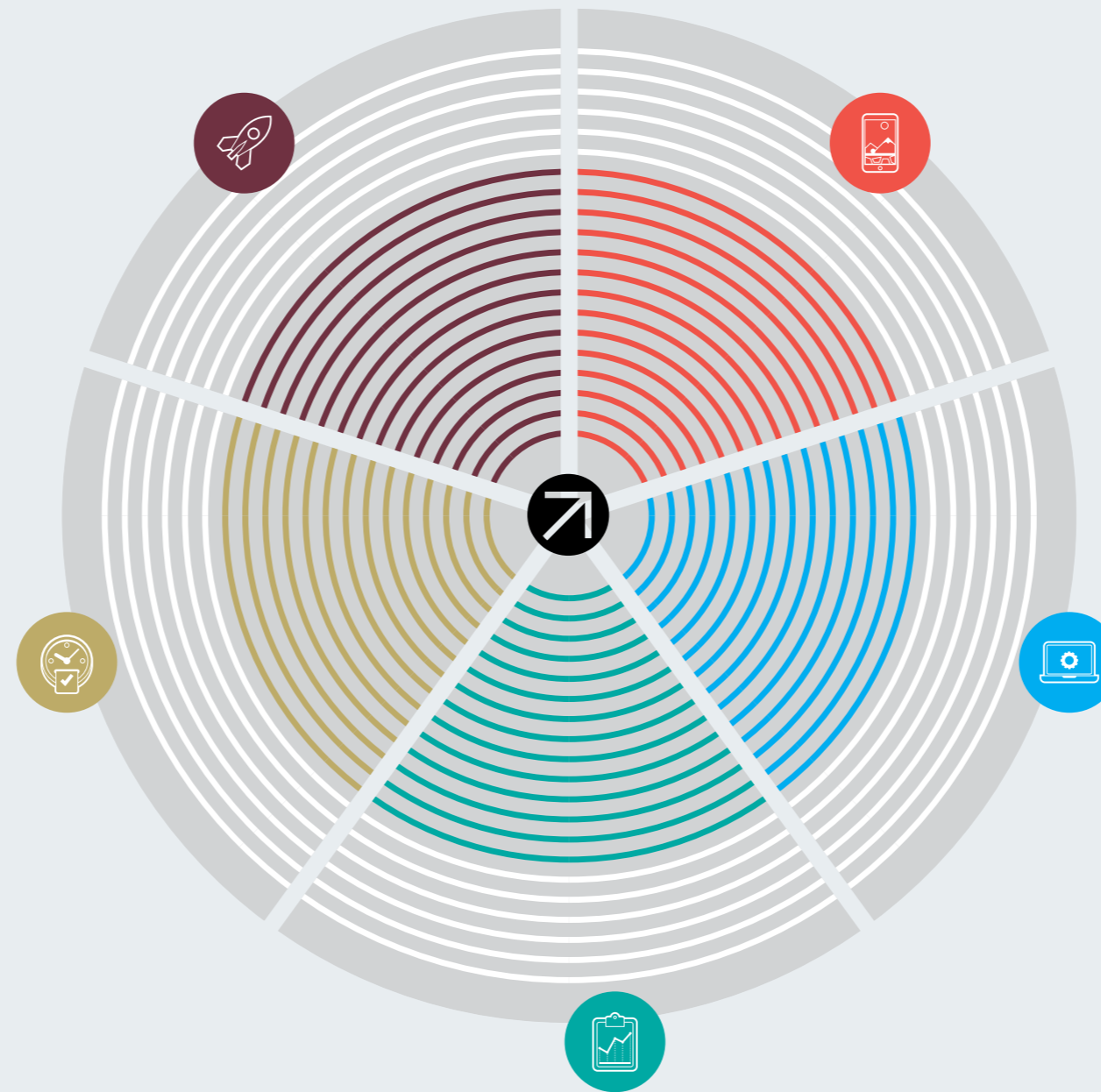
#mybucks
structure



OUR STRATEGY

Technology allows MyBucks to serve customers largely ignored by traditional banks whilst controlling credit risk.

- 01 German listed Pan-African banking Group focused on frontier markets in Sub-Sahara Africa
- 02 Ability to generate strong earnings through local retail banks
- 03 Positively impacting the communities in which we operate
- 04 Refugee banking services and other offerings focused on bottom of the pyramid
- 05 Clear strategy of taking a significant market share at the bottom and middle of the pyramid today, and grow through the value chain with these customers repeating the Capitec success in South Africa in each of our key markets



Focus on Banking

Provide easily accessible digital basic financial services to bottom and middle of the pyramid

Using Technology

We leverage on digital technology (proprietary and outsourced) which significantly reduces provisions through the use of our technology

Focus on Growth

Expanding existing banking operations to top 5 positions by market share and assets by 2024

Focus on Efficiency

Target cost to income ratio of 40% in the existing banking operations in the next 3 – 5 years

Focus on Profitability

Target return on equity (ROE) of 30% p.a. by 2022 and net profit of €25 million in the next 3 – 5 years

KEY TECHNOLOGIES

Jessie
Credit Scoring



Predicts the probability that a person will repay a loan, by training on historical loan outcomes - combines credit bureau and other data sources as input. Able to combine thousands of different data features to predict a probability

Dexter
Fraud Detection



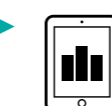
An AI fraud detection system, Dexter is able to characterise client responses behaviour and detect anomalous behaviour by monitoring various data sources in the prevention of fraud. This system monitors a variety of data sources

Amie
Income & expenses calculator



MyBucks Income and Expenses calculator (AMIE) implements Optical Character Recognition (OCR) that streamlines the digitisation of bank statements and automatically classifies income and expense transactions that are used to calculate affordability

Wakala
Agent App



Empowering agents with a lending service to assist customers anywhere, anytime

Fincloud
Loan management system (LMS)



Our in-house LMS is used in various African operations

#working
together

02 COUNTRY OVERVIEW

02

Growth is never by
mere chance; it is
the result of forces
working together.

Banking operations: MBC Malawi

PRESENCE IN COUNTRY

MyBucks Banking Corporation Malawi Limited (MBC Malawi) - as rebranded from New Finance Bank Ltd (NFB), was licensed on May 13, 2014 and started operating on July 24, 2015. It currently has ten branches, more than 100 agency banking agents and ten ATMs. It also operates a foreign exchange bureau and a microfinance division within the bank. There is more than 195 staff. The bank has expanded its footprint to provide inclusive financial products and services to the unbanked through agency banking and simple, affordable and accessible digital/ virtual/ e-financial services and products.

COUNTRY OVERVIEW

Malawi is located in southern Africa, and shares a border with Mozambique, Zambia and Tanzania. According to the 2018 Census, the country has an estimated population of 17.6 million most of who are rural based. In the past decade, Malawi has been able to make significant economic and structural reforms and sustain economic growth. The Gross Domestic Product (GDP) in Malawi was worth 7.06 billion US dollars in 2018. The economy is heavily dependent on agriculture and its main exports are tobacco, tea and sugar. Malawi's local currency is the kwacha. The country's annual inflation rate was 8.9% in May 2019. Malawi is generally a peaceful country that has had stable Governments since independence in 1964. Socially, Malawi has made progress in building its human capital in recent years – this is the knowledge, skills and health that people accumulate over their lives.

GROWTH POTENTIAL

MBC Malawi is one of the fastest growing banks in Malawi. It currently has over 9 branches and over 100 other points of representation. In a world's first, the bank opened a branch at the Dzaleka refugee camp in 2018, extending its services to people of concern living at the camp. The bank is currently rolling out an enhanced digital platform that will provide its customers with access to convenient banking services using technology. This will expand the reach of customers and lead to an increase in transaction volumes. The Bank

has also introduced Bancassurance products to increase the value proposition available to customers.

The future growth of MBC Malawi will be both organic as well as through strategic acquisitions. The bank will also increase its footprint through digital and tailor made products for its customers.

CORPORATE SOCIAL INVESTMENT (CSI)

MBC Malawi acknowledges its role as a corporate citizen and aims at making a social impact in areas where it operates. Its main areas of support include education, child health (infants) and environmental sustainability. Some of the many CSI activities that it has undertaken include: supporting three tertiary education students at Malawi University of Science and Technology and supporting two secondary school students through their education from year 1 to 4.

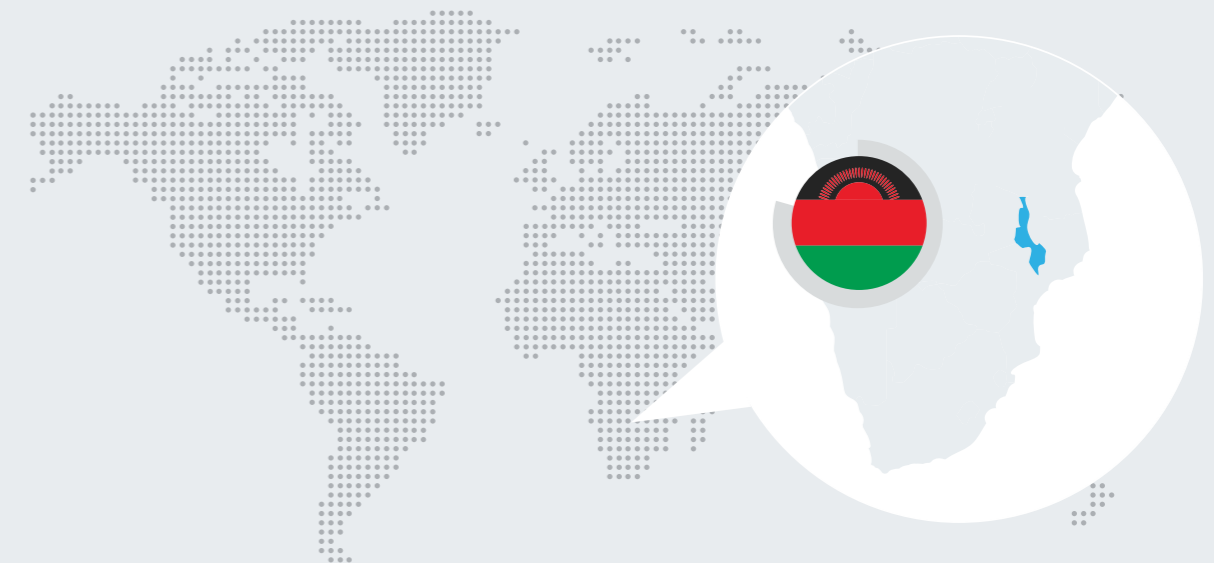
MBC Malawi was the first in the world to open a branch in a refugee camp in order to empower and bank the unbanked.

In addition, the bank also launched a group lending product which targets small and medium enterprise owners to boost the capital in their businesses.

AWARDS WON

In 2017 the bank scooped an award from The Association of Certified Compliance Professionals in Africa (ACCPA), as one of the most Compliance-Focused Banks in Africa and the Best in Malawi. ACCPA is the continental body for Compliance professionals and is the leading professional body on all matters relating to Anti-Money laundering and counter terrorist financing. It has nearly 3,000 members from over 45 financial institutions in 46 African countries.

#fastest
growingbank



8
BRANCHES

Lilongwe
HEAD OFFICE

195
STAFF COMPLEMENT

39,482
ACTIVE LOANS

€25.9m
LOAN BOOK

€40.9m
DEPOSITS



ZANDILE SHABA
CHIEF EXECUTIVE OFFICER
BSc, MBA



THOMSON KUMWENDA
CHIEF FINANCIAL OFFICER
MA(Econs), ACCA, CA(M)

Regulated by:

Reserve bank of Malawi

Type of license

Commercial banking license

Banking operations: MBC Mozambique

PRESENCE IN COUNTRY

MyBucks Banking Corporation Limited Mozambique as re-branded from Opportunity Bank Mozambique, S.A. (BOM), now MBC Mozambique, is a commercial bank that has operated in Mozambique since 2005. It currently offers savings and investment products, microcredit, consumer credit, agricultural credit, small business credit, public sector employee credit, insurance, bank cards and electronic banking.

The Bank has 12 branches. These are located in Maputo, Matola, Beira, Dondo, Chimoio, Manica, Tete, Nampula, Nacala, Quelimane, Mocuba and Gurué. In addition to these locations, MBC Mozambique is also represented in remote areas of Mozambique through Banco Móvel and has four ATMs in main municipalities.

COUNTRY OVERVIEW

Mozambique, a country in South East Africa with a coast along the Indian Ocean, is bordered by Tanzania to the north, Malawi and Zambia to the northwest, Zimbabwe to the west, and Swaziland and South Africa to the southwest. Mozambique was a Portuguese colony until independence in 1975. It is divided into ten provinces and one city with provincial status, Maputo, which is the capital. Portuguese is the official language of Mozambique and the currency is the metical (MZN).

About 70% of its population of 28 million (2016) live and work in rural areas. Mozambique has ample arable land, water, energy, as well as mineral resources and newly discovered natural gas offshore. Mozambique is also strategically located; four of the six countries it borders are landlocked, and are dependent on Mozambique as a conduit to global markets.

GROWTH POTENTIAL

As MBC Mozambique has only been able to activate two revenue stream products, the main revenue drivers are still interest-based income generated through microloans, agriculture financing and Government payroll lending.

The implementation of the agency banking module in 2019

will see the establishment of more than 100 “super agents” across the country, with many agents linked to the super agents, all being enabled to provide financial service products on behalf of MBC Mozambique. These products include bank accounts, debit card issuance, deposit placements, loan applications and some insurance products.

The implementation of an e-wallet functionality will support the financial inclusion drive of Mozambicans living in rural areas, who would be able to make use of MBC Mozambique financial services and products through selected agents and merchants, without the requirement of having access to cash. This initiative has the potential to on-board a further 300,000 clients in the coming 12 months.

Revenue generation from agency banking and e-wallet transactions will develop a non-interest income stream which should equal the interest income revenue stream in years to come. Future growth will be derived from technological enablers activated through mobile phones, with the existing branch footprint remaining intact.

CORPORATE SOCIAL INVESTMENT

MBC Mozambique Offer an IT lab to a School

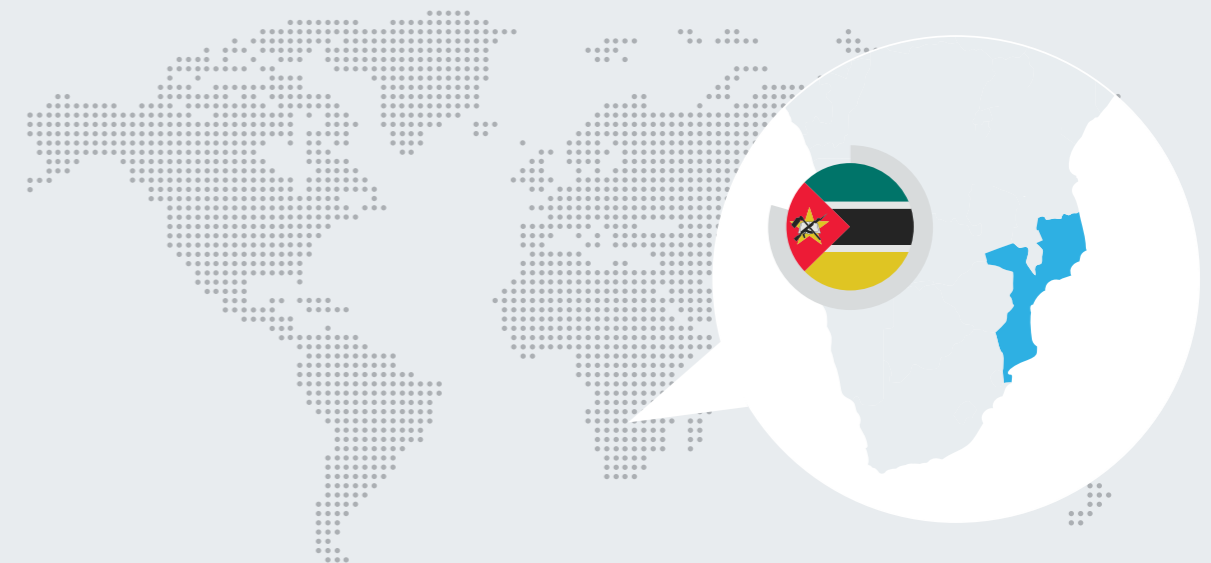
As part of its Social Responsibility supported by MyBucks Group, MBC Mozambique donated an IT Lab to Escola Comumão na Colheita as part of Ministério Arco Iris Church the event was coordinated by the Transformation Team.

As part of the donation, MBC Mozambique offered 10 completed desktop computers, 10 computer desks and chairs and also branded the room. In the Event, MBC Mozambique was represented by the team of Directors, Transformation Manager and other MBC Mozambique staff who were involved in several activities.

MBC Mozambique partners with Tilizinwe day Care and Educational Centre

MBC Mozambique has partnership with Tilizinwe day Care and Educational Centre in Bazaruto. Tilizinwe day Care and Educational Centre is an organization that provides a safe environment for children.

#introducing superagents



12
BRANCHES

Maputo
HEAD OFFICE

238
STAFF COMPLEMENT

28,499
ACTIVE LOANS

€30.0m
LOAN BOOK

€18.9m
DEPOSITS



GEORGE NHEWEYEMBWA
CHIEF EXECUTIVE OFFICER
MBA, CA(Z)



MARTIN NYANDIMA
CHIEF FINANCIAL OFFICER
ACCA, CFA

Regulated by:

.....
Banco de Moçambique

Type of license

.....
Microfinance banking license

Banking operations: Opportunity Bank Uganda

PRESENCE IN COUNTRY

Opportunity Bank Uganda Limited (OBUL) has eight branches in and around Kampala and Entebbe, and 15 branches in peri-urban and rural areas across the country. We are also introducing agency banking, starting with 100 agents spread across the country.

COUNTRY OVERVIEW

Uganda's economy has recently grown at a slower pace, reducing the effect on incomes and poverty reduction. Average annual growth was 4.5% in the five years to 2016, compared to the 7% achieved during the 1990s and early 2000s. The slowdown was mainly driven by adverse weather, unrest in South Sudan, private sector credit constraints and the poor execution of public projects.

However, the economy rebounded in the second half of 2017, driven largely by growth in information and communication technology (ICT) services and favourable weather conditions for the agricultural sector. Real gross domestic product (GDP) growth is expected to be above 5% in 2018 and could rise to 6% in 2019. This outlook assumes continued good weather, favourable external conditions to boost demand for exports, an increase in foreign direct investment (FDI) as oil production draws closer and capital investments executed as planned.

Reliance on rain-fed agriculture, however, remains a downside risk to growth and export earnings, which affects income for the population. Tax collections are below expectations and fiscal pressures are rising. Meanwhile, delays and poor management of the public investment programme could prevent the productivity gains expected from enhanced infrastructure, while an acceleration in domestic arrears may have an adverse impact on private investment and further limit the extension of credit.

Finally, regional instability and a continued influx of refugees could undermine exports and disrupt growth in refugee-hosting parts of Uganda. Potentially escalating conflicts in South Sudan and the Democratic Republic of the Congo (DRC), currently Uganda's second and fourth top export destinations, could negatively affect the growth of Uganda's exports. Lower exports, taxes and overall growth will have implications for debt sustainability and the current account.

GROWTH POTENTIAL

- 1.2-million refugees in settlements in Uganda, with an average stay of 17 years in the country – this is a largely untapped market
- Northern Uganda and West Nile region are rich in agriculture but currently underbanked
- Bancassurance offering has great potential for growth
- Remittances and foreign exchange offer great potential on acquisition of a tier one license
- The use of FinTech after migration to new core banking platform

CORPORATE SOCIAL INVESTMENT

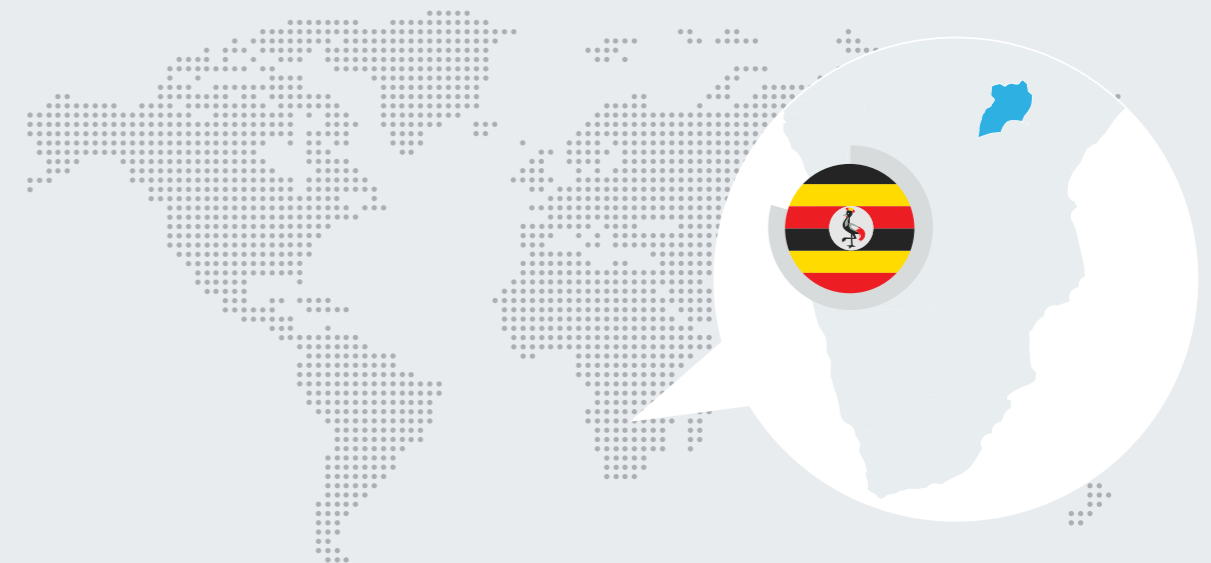
OBUL sponsored the Kirk Whalum Concert. The concert brought awareness to blood donation and was in support of the Mengo Hospital blood bank

OBUL, together with its partners MasterCard Foundation and EGE, gave scholarships to the tune of over 350-million Ugandan Shillings to support children in primary and secondary schools. This attracted media attention and portrayed the bank as a brand that cares about the wellbeing of the current and future generations of the country. The commissioner of private schools was the guest of honour.

OBUL also sponsored the Chairman's Marathon. The event was an initiative for the Mengo Hospital blood bank to raise awareness around blood donation as a way of addressing the shortage of blood in the country. The bank's staff from all over the country participated by running in the marathon and donating blood.

#provide
financialtraining

OPPORTUNITY BANK



23
BRANCHES

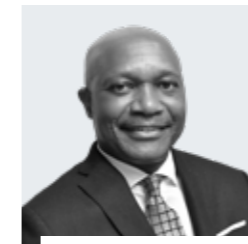
Kampala
HEAD OFFICE

272
STAFF COMPLEMENT

32,525
ACTIVE LOANS

€22.9m
LOAN BOOK

€17.4m
DEPOSITS



TINEYI MAWOCHA
CHIEF EXECUTIVE OFFICER
MBA, MDevF



OWEN AMANYA
CHIEF FINANCIAL OFFICER
Bcom, FCCA, ICPAU, MBA

Regulated by:

Bank of Uganda

Type of license

Commercial banking license

Banking operations: MBC Zambia

PRESENCE IN COUNTRY

MyBucks Banking Corporation Limited (MBC Zambia) officially launched in Zambia on April 8, 2019. MyBucks Zambia currently has one branch and four sales offices located in Lusaka, Mansa & Kasama.

Having been issued with a deposit-taking license by the Central Bank in July 2018, Shareholders agreed to take over selected assets and liabilities of GetBucks Financial Services Zambia and consolidate them into one registered entity under Ecsponent Financial Services Limited, trading as MyBucks. MBC Zambia is poised to become a serious contender in the financial landscape in Zambia, offering greater inclusivity in both lending and deposit-taking. There are more than 200 sales agents operating in ten provinces countrywide.

COUNTRY OVERVIEW

Zambia is a landlocked country in south-central Africa. Its neighbors are the Democratic Republic of the Congo to the north, Tanzania to the north-east, Malawi to the east, Mozambique to the southeast, Zimbabwe and Botswana to the south, Namibia to the southwest, and Angola to the west. It shares several of its key geographical and economic features with neighboring Zimbabwe—the Victoria Falls, Lake Kariba (and its hydroelectric capacity), and a stretch of the Zambezi River. The capital city is Lusaka, located in the south-central part of Zambia. The population is concentrated mainly around Lusaka in the south and the Copperbelt Province to the northwest, the core economic hubs of the country.

Zambia's population, much of it urban, is estimated at about 17 million. Zambia is significantly ethnically diverse, with a total of 73 ethnic tribes.

Zambia is considered a stable country in Africa with successful democratic elections held every five years.

GROWTH POTENTIAL

MyBucks Zambia plans to open ten sales outlets within the third quarter of 2019 to increase its presence countrywide. MyBucks Zambia has partnered with Professional Insurance Corporation Limited, the largest general insurance com-

pany in Zambia for the use of its sales outlets across the country. These are in Livingstone, Kabwe, Choma, Chipata, Kitwe, Mongu and Mumbwa. Currently, MyBucks Zambia is undergoing a deposit mobilisation campaign which targets an increase in low-cost sticky deposits as well as corporate fixed-term deposits for a longer period.

MyBucks Zambia is targeting over 5,000 savings accounts before the end of the calendar year while the SME portfolio continues to grow as the business expands its customer base countrywide.

CORPORATE SOCIAL INVESTMENT

During the year, MyBucks Zambia donated assorted goods to SOS Children's Village an international organization working to protect and care for children who have lost parental care, or who stand at risk of losing it. Over 1,500 children across the country attend the kindergartens and schools run by SOS Children's Villages in Zambia

Mybucks Zambia also donated assorted goods at Levy Mwanawasa Hospital in Lusaka, complimenting the Government's effort to provide quality medical services to the communities.

Mybucks Zambia plans to continue supporting various hospitals across the country and intends to sink boreholes for the purposes of providing clean drinking water and sanitation in various communities as part of its Corporate Social Responsibility.

#serious financialcontender



1
BRANCHES

Lusaka
HEAD OFFICE

35
STAFF COMPLEMENT

12,897
ACTIVE LOANS

€7.0m
LOAN BOOK

€4.4m
DEPOSITS



BARKAT ALI
CHIEF EXECUTIVE OFFICER
Bcom – LLB, FZIB, JAIBP



ASWELL MOONGA
CHIEF FINANCIAL OFFICER
ZCAS- ACCA, NATECH, ZCPIT

Regulated by:

Bank of Zambia

Type of license

Microfinance banking license

Banking operations: GetBucks Microfinance Bank Zimbabwe

PRESENCE IN COUNTRY

Incorporated in 2012 as a microlender, Getbucks Microfinance Bank has grown to become one of the largest microfinance institutions and currently operates 14 branches spread across the country operating in most major cities.

The bank offers loans, transactional and savings accounts and debit cards that all can be accessed electronically.

COUNTRY OVERVIEW

Zimbabwe, the home of the Victoria Falls, is landlocked and lies in the heart of Southern Africa bordered by five countries which makes it a thoroughfare for goods moving from South Africa going northwards.

With a population of about 16 million, it is divided into ten provinces and its economy is dominated by Agriculture, with tobacco being a top revenue earner; and mining, with gold, platinum and chrome being its key resources.

Hyperinflation

On 12 October 2019 the Public Accountants and Auditors Board (PAAB) of Zimbabwe confirmed that Zimbabwe is back in a hyperinflation status. The PAAB confirmed that all corporate entities should apply International Accounting Standard (IAS) 29 Hyperinflation accounting from 1 July 2019.

Zimbabwe first experienced hyperinflation from around 2005 until 2008, peaking in 2008 at 500 billion percent. At that stage the US\$ 1 was equivalent to Z\$2,621,984,228. This resulted in the abandonment of the Zimbabwe dollar (Z\$). Now just over a decade since stability was instilled in Zimbabwe, the country is again challenged with hyperinflation. The hyperinflation is the result of the unsustainable import bill, corruption, externalisation of money coupled with the printing of electronic money (RTGS\$).

Consumers have had to deal with rampant price increases with the recent one being a 300% increase in electricity tariff and a 26% increase in the price of fuel. Prices of basic products are now beyond reach of many, with inflation topping 175% in June before the Government stopped publication of annual inflation figures, saying they were misleading.

The business in Zimbabwe is built on a strong framework which management believes will survive this storm.

GROWTH POTENTIAL

Potential for growth exists in the retail banking space, where Getbucks has previously been offering only loans but has now moved to opening bank accounts for its customers. With an existing client base of 50,000 customers the potential for growth remains very high.

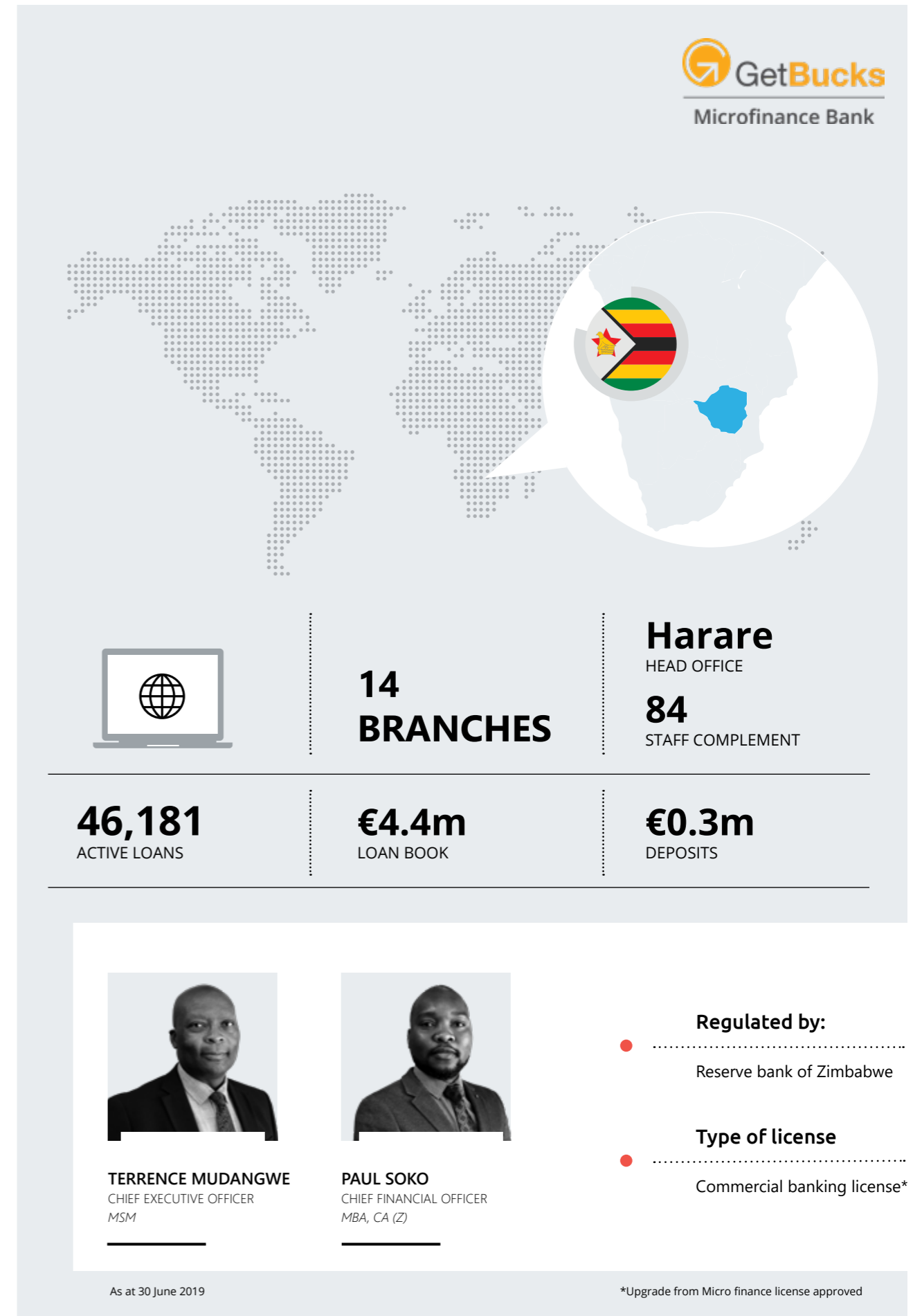
The bank has also started consumer finance lending by partnering with various household and electronic products providers as the finance partner. In addition, the continued growth of the online offering will open the possibility for on-line lending in the near future.

CORPORATE SOCIAL INVESTMENT

The eastern parts of Zimbabwe were affected by the devastation of cyclone Ida, that left thousands of people homeless after their homes were destroyed by the downpours of water and mudslides.

The bank managed to raise funds to acquire foodstuffs to donate to those affected by the cyclone. The bank is assessing additional assistance that it can offer as families try to rebuild.

**#liberalised
foreigncurrency**



Non-Banking operations: GetBucks Botswana

PRESENCE IN COUNTRY

GetBucks has 15 branches across the country. There are five branches in Gaborone and one branch each in the other major cities or towns.

COUNTRY OVERVIEW

The Republic of Botswana, a landlocked country located in Southern Africa, is bordered by Namibia to the north and west, Zimbabwe to the east, and South Africa to the south. Botswana's terrain is mostly flat desert, savannah and grassland. As most of the country is sparsely populated with an estimated population of 2.3-million, it is a haven for wildlife and, for example, hosts the largest population of elephant in the world. Botswana is divided into nine districts and five town councils, with Gaborone as the capital. The official language of Botswana is English, although Setswana is widely spoken across the country. The official currency of Botswana is the pula (BWP).

Botswana's real GDP growth was up from 2.4% in 2017 to an estimated 4.2% in 2018, largely driven by the recovery in mining and broad-based expansion of non-mining activities. The growth in mineral production was driven mainly by favourable global trading conditions and the commencement of operations at the Damtshaa diamond mine in January 2018. The non-mining expansion was driven largely by continuing accommodative fiscal and monetary policies, as well as a recovery in downstream diamond industries.

Manufacturing also picked up slightly, benefiting from stable water and electricity supply. Growth prospects for the medium term are favourable, with real GDP growth projected at 3.8% in 2019 and 4.1% in 2020.

The fiscal deficit in 2018 was an estimated 1.0% of GDP, due to higher spending and a decline in revenues from the volatile Southern African Customs Union.

Monetary policy is directed mainly at price stability and remains accommodative, taking advantage of low inflation. Inflation was an estimated 3.4% in 2018, up marginally from 3.3% in 2017 but within the Bank of Botswana's medium-term target of 3%–6%.

The real effective exchange rate has remained stable and

competitive because of the crawling peg exchange rate regime. In September 2018, gross reserves amounted to about \$7.1 billion, or 17 months of imports.

The outlook for the mining sector is positive due to an anticipated increase in demand for Botswana's rough diamonds (diamonds account for three-fourths of Botswana's total exports). The non-mining sectors are expected to pick up further, driven by structural reforms, including an amended immigration law that ensures expeditious processing of work and residence permits, and a move that provides utilities at reasonable prices to encourage domestic manufacturers. Construction is expected to continue benefiting from the ongoing fiscal stimulus.

GROWTH POTENTIAL

- Enhance of customer value proposition
- Increase product offering minimum to three products per customer
- Increase footprint in strategic locations and relook at agency model
- Increase private payroll agreements
- Enhance digital products and marketing strategy
- Explore new sources of funding (local asset managers and councils)
- Reduction in product pricing

AWARDS WON

GetBucks Botswana was runner-up finalist in the Investor of the year – Services category at the Grant Thornton Private Business Growth Awards. Grant Thornton's Private Business Growth Awards are presented in association with the Botswana Investment and Trade Centre (BITC).

#significant
progress



15
BRANCHES

Gaborone
HEAD OFFICE

74
STAFF COMPLEMENT

6,484
ACTIVE LOANS

€9.2m
LOAN BOOK



DUDU GAREKWE
CHIEF EXECUTIVE OFFICER
BCom, MBA, ACCA



MARSHAL CHIMEDZA
DEPUTY CHIEF EXECUTIVE OFFICER
Bcompt, Bcompt Hons, CTA, CA (SA), CA (Z)

Regulated by:

Non-Banking Financial
Institutions Regulatory Board
(NBFIRA)

Non-Banking operations: GetBucks Southern Africa: South Africa

PRESENCE IN COUNTRY

GetBucks SA (GBSA) is a registered credit provider that provides a range of online lending and insurance solutions in South Africa. GetBucks has been in operation since 2011 and has assisted over 300,000 customers since its launch.

COUNTRY OVERVIEW

Following a decade of economic weakness, there are positive signs that the economy has started to regain lost ground. The policy uncertainty that has constrained investment and confidence has started to lift. The reconfiguration of Eskom is a major step in the broad reform of state-owned enterprises. Several commissions are probing allegations of widespread corruption in the public and private sectors. The president's investment drive has yielded pledges of R300-billion in investment.

Over the next three years, general Government infrastructure investment is projected at R526-billion. Interventions are already underway to improve the efficiency of this pipeline. In addition, the Government will contribute R100-billion to a blended-finance infrastructure fund over the next decade in the form of new spending, reprioritisation and guarantees. The fund will allow the public and private sectors to work together to finance sustainable social and economic infrastructure projects.

The Government is acting decisively to mitigate the risks that Eskom poses to the economy and public finances. The restructuring of the electricity sector and state support for Eskom's balance sheet are central to a transparent and credible reform of the utility's business model. Over the long term, this will support the transition to a more sustainable and resilient economy. The president's economic stimulus and recovery plan, announced in September 2018, aims to restore policy certainty and boost confidence in the near term. Efforts to implement the growth-enhancing reforms outlined in the plan have made some headway.

Increasing the long-term growth rate to sharply reduce unemployment and raise the revenue needed for social and economic development requires far-reaching structural reforms. A wide range of policies considered by the Government offer clear benefits to boost economic activity and reduce exclusion. Yet policy inertia, poor implementation

capacity and inadequate prioritisation continue to hinder the achievement of key developmental goals. These factors have also eroded the country's global competitiveness.

A country's economic competitiveness measures its ability to efficiently produce and trade goods and services. This is strongly linked to its ability to raise living standards over time. In recent years, policy inertia and a deterioration in the relationship between Government and the private sector have reduced South Africa's global competitiveness. South Africa has fallen from 44th (2007) to 67th (2018) on the Global Competitiveness Index. And between 2008 and 2018, South Africa's ranking fell from 35th to 82nd in the World Bank's Ease of Doing Business report.

GROWTH POTENTIAL

Over the last six months of the financial year we have embarked on a strategy of securing appropriate partners who we can enable to bring lending solutions to market. These are typically large corporates who want to enter a segment of the market but lack the required skills or technologies to do so. As GetBucks, we bring the risk and balance sheet expertise supported by our innovative lending platform and credit assessment technologies, while these partners bring marketing spend and access to in excess of 15-million consumers with whom they already have direct relationships.

We expect to be able to bring the first of these to market in the first quarter of the new financial year.

CORPORATE SOCIAL INVESTMENT

This Youth day, the GetBucks South Africa team came together to give back to children in need by gathering and donating some much needed items for education purposes. We at GetBucks were overjoyed to spend time with Principal MR Thupa at Mabafeng Primary School to hand over the collected items and see the children's happy faces. A special thank you to Rutland Books on the amazing donation of books.

#economic competitiveness



1
BRANCH

Pretoria
HEAD OFFICE

45
STAFF COMPLEMENT

14,141
ACTIVE LOANS

€5.8m
LOAN BOOK



MARK YOUNG
CHIEF EXECUTIVE OFFICER



DEAN CROCKER
CHIEF FINANCIAL OFFICER
BCom (Hons), CFA

Regulated by:

National Credit Regulator
(NCR)

Non-Banking operations: GetBucks Southern Africa: Eswatini (Swaziland)

PRESENCE IN COUNTRY

The MyBucks Group holds one non-deposit-taking micro-finance institution in Eswatini, trading under the GetBucks name and regulated by the Financial Services Regulatory Authority (FSRA), as well as an insurance entity, GetSure, which offers credit life. We are expecting to launch funeral cover in the second half of 2019.. We have four branches currently, with two more to be opened shortly to further expand our footprint.

There are 22 permanent staff and a network of about 40 commission-only sales agents. 80% of the business is originated through the agent network with the remainder of the business coming through walk-in business and online applications.

COUNTRY OVERVIEW

Eswatini is a small landlocked country with a population of 1.4-million people (ranked 160th in the world) measuring only 17,300 km². It is bordered by South Africa and Mozambique. The country, one of the last few monarchies with a strong tribal and cultural heritage, is commonly referred to as "The Kingdom of Eswatini" and is ruled by King Mswati III. The country was renamed from Swaziland in May 2018, and its new name translates to "place of the Swazis".

23.8 % of the population lives in urban areas with the majority of the people living in smaller rural towns and villages. 53% of the population is female and the median age is 23.2 years. The official languages are Siswati and English. The currency is the Swazi Lilangeni (denoted by E or SZL) which currently trades at about € 1 = 17.03 Lilangeni.

GROWTH POTENTIAL

- Small, medium enterprises (SME) lending to small businesses will be piloted
- Private payroll "at source" deduction loans for larger organisations will be tested in the market
- Acquisitions (book purchases) of smaller competitors
- Application selling and mergers

- Haraka sales through the MTN (Cellular service provider) partnership
- Double agent numbers
- Cellphone finance (branded handsets)
- Partnership with SwaziPost (post office) to further increase footprint

CORPORATE SOCIAL INVESTMENT

GetBucks Eswatini has Partnered with the World of Saints International and Eswatini National Youth Council (SNYC) in empowering the youth of Eswatini in a verge to combat unemployment and help provide career guidance to the youth of Shiselweni Region. This has been an initiative for the entity to raise brand awareness the region where we recently opened a branch.

**#expanding
ourfootprint**

GetBucks

4 BRANCHES

22 STAFF COMPLEMENT

Manzini
HEAD OFFICE

6,854
ACTIVE LOANS

€2.9m
LOAN BOOK

Regulated by:
Financial Services Regulating Authority (FSRA)

ZANDILE DLAMINI
CHIEF EXECUTIVE OFFICER
BCoM, ACCA

As at 30 June 2019

Non-Banking operations: GetBucks East Africa: Kenya

PRESENCE IN COUNTRY

Emu Inya Enterprises Limited trading as GetBucks Kenya has experienced phenomenal growth since 2017. The footprint has grown to seven full branches and 18 satellite offices covering most major towns in Kenya. Since July 2017, Kenya's overall sales have grown from €153,060 to €837,569 in June 2019 - which constitutes a growth of 447%. During FY19 the total Kenya debtors book value increased by 54% and the number of debtor accounts increased by 34% (excluding Haraka).

In addition to the previous 12 months' sales growth, GetBucks Kenya's collection rates have improved significantly during FY19. The payroll loan portfolio "first strikes" averaged 97.5% and payroll "combined strikes" 94%. Despite the significant growth, Kenya has managed to only increase operating expenses by 9% compared to the previous financial year.

COUNTRY OVERVIEW

Kenya has a population of more than 50-million people, with about four million residing in its capital city, Nairobi. There are 42 ethnic groups who call Kenya home. Each group has its own unique language and culture. Although Kikuyu is the largest ethnic group, the Maasai are the most well-known due to both their long-preserved culture and their involvement in Kenyan tourism. Kenya's official languages are English and Swahili.

Financially, Kenya's near-term gross domestic product (GDP) growth is expected to rise, underpinned by a recovery in agriculture, better business sentiment, and easing of political uncertainty. Medium-term GDP growth should rebound to 5.8% in 2019 and 6.0% in 2020 respectively, dependent on growth in private sector credit, continued strong remittance flows, management of public debt and expenditure and global oil prices. In the long-term, adoption of prudent macro-economic policies will help safeguard Kenya's robust economic performance. This includes implementation of fiscal and monetary prudence and lowering the deficit to 4.3% by FY 2019/2020 as per the Medium-Term Fiscal Framework.

Kenya has the potential to be one of Africa's success stories because of its growing youthful population, a dynamic private sector, highly skilled workforce, improved infrastruc-

ture, a new constitution, and its pivotal role in East Africa.

GROWTH POTENTIAL

- Increase product offering from the current six products to nine
- Increase footprint from seven branches and 18 satellite offices to seven branches and 24 satellite offices
- Increase payroll loans turnaround time by the introduction of the Wakala app
- Reduce costs and staff by the introduction of the Wakala app
- Introduce arrears penalty fees to increase revenue and encourage positive repayment behaviour
- Change Haraka specifications to maximise sales and collections
- Increase active agent force from 180 to 240 by the end of FY20

CORPORATE SOCIAL INVESTMENT

GetBucks Kenya "adopted" a school called Nairobi West Educational Centre, situated in the biggest slum in Africa - Kibera. The children at this school either have no parents or one or both of their parents are unemployed. GetBucks Kenya will periodically sponsor items the school requires to educate these children.

AWARDS WON

Kenya Haraka won runner up in the Kenya Second Digital Inclusion Awards - Best non-bank Instant Mobile Loans Platform division. Kenya currently has 49 digital mobile lending applications.

#experience
phenomenalgrowth



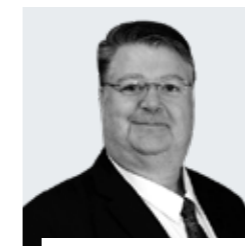
25
BRANCHES

Nairobi
HEAD OFFICE

51
STAFF COMPLEMENT

17,684
ACTIVE LOANS

€5.8m
LOAN BOOK



JACO COETZEE
CHIEF EXECUTIVE OFFICER



SIMBARASHE MAMBANDA
CHIEF FINANCIAL OFFICER
B.Com (Accounting), CA

Regulated by:

Unregulated

#challenge
meetsopportunity

03 GOVERNANCE

OB

More than work.
It's a drive & passion.

GOVERNANCE

Key management: Board of directors



#theright
teamcanexecute



MARKUS SCHACHNER
CHAIRMAN
Austrian

- >15 years financial services experience
- Managing Director at Schütz Family Office and personal advisor to Alex Schütz (Founder of C-Quadrat and Supervisory Board Member Deutsche Bank AG)
- Former McKinsey partner in Zurich
- PhD from University of Vienna in Business Administration



TIMOTHY NUY
CHIEF EXECUTIVE OFFICER
Dutch

- >10 years financial services experience of which 8 is in Sub-Saharan Africa
- Formerly, Investment Director at ADC African Development Corporation AG which was successfully sold to Atlas Mara
- CFA Charterholder



RIAAN PAUL
CHIEF FINANCIAL OFFICER
South African

- >10 years financial services experience in South Africa
- Formerly, Finance Executive at Freyssinet and audit manager at E&Y
- Chartered account (South Africa) qualified in 2010 as a CA(SA)
- MBA



FRÉDÉRIC BIDET
NON-EXECUTIVE DIRECTOR
French/British

- >15 years financial services experience
- Chief Operating Officer at TLG Capital
- Mergers, acquisitions, extensive corporate finance and risk management expertise
- CFA Charterholder



TREVOR JOSLIN
NON-EXECUTIVE DIRECTOR
British

- >30 years banking experience
- Previously managed East-Africa region for HSBC after starting up their Asia banking unit
- PhD from University of Southampton in Computer modeling of mathematical equations



CORNEL VERMAAK
NON-EXECUTIVE DIRECTOR
Swiss/South African

- >25 years financial services experience
- Qualified attorney with specialty in finance and tax law
- Runs his own financial services company in Geneva
- Previously with Geneva Bank Hoffman in private banking

Corporate governance statement:

The Board of Directors of MyBucks (“the Board”) strongly believes that good corporate governance enhances the sustainable growth of performance of the Group and is central to achieving the Group’s primary objective of maximising shareholder value.

With the change in the chairman of the board as well as the appointment of a new executive management team, the board charter as well as the associated committee charters were updated. The Board’s view is that the corporate governance practices at MyBucks should provide the structure which will enable the achievement of the objectives of the Group.

The Board operates in accordance with an updated Board Charter (“Charter”). The Charter was reviewed, enhanced and approved during the April 2019 Board meeting, along with reviewed Terms of Reference for the three sub-committees which were approved in May 2019.

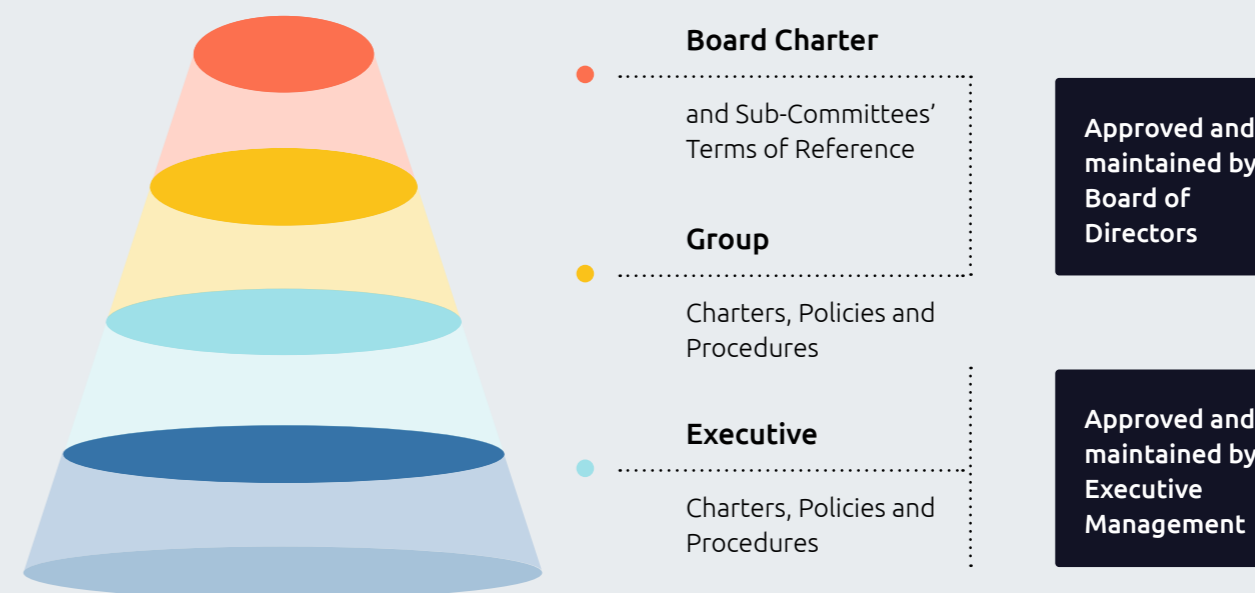
The Board takes note of the voluntary application of the principles of The X Principles of Corporate Governance of the Luxembourg Stock Exchange to the extent that they advance effective business leadership as well as strengthen the strategic intent of the Group.

In addition to the above, the Board implemented procedures to regularly review the Group’s corporate governance practices, considering national and international developments in corporate governance practices, country codes and associated legislation. This will ensure that the Group will continuously improve in this space.

Where applicable and appropriate, the Board shall amend the Group’s corporate governance policies and practices to adopt corporate governance best practices, if it is in the best interests of the Group to do so.

The Board consists of two executive directors – the Chief Executive Officer and the Chief Financial Officer, – and four Non-Executive Directors. One Non-Executive Director is independent. The Board is in the process of identifying additional independent directors, however with the financial restructure this will only materialise early in 2020. A key focus is to appoint an independent Chairman to the board.

MyBucks commits to ensure adherence to all pertinent local laws, regulations, policies as well as internally developed policies and procedures. The following governance structure demonstrates the various relevant internal charters, policies and procedures, including where responsibility for approval reside.



#goodcorporategovernance
enhancesustainablegrowth

All subsidiaries in the Group follow a similar governance structure. However, the various subsidiaries are independent with separate Boards of Directors, as required by the various country legislations.

The Board consists of the following individuals:

MyBuck's board of directors is ultimately responsible for the MyBucks Group in its entirety and instructs and oversees a management and control structure that directs and executes all functions within the Group.



Dr. Markus Schachner
Chairman and Non-Executive Director



Mr. Timothy Nuy
Chief Executive Officer



Mr. Riaan Paul
Chief Financial Officer



Dr. Trevor Joslin
Independent Non-Executive Director



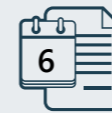
Mr. Frédéric Bidet
Non-Executive Director



Mr. Cornel Vermaak
Non-Executive Director

Name	Designation	Date and type of change
Trevor Joslin ("TJ")	Independent Non-Executive Director	Appointed 17 July 2017
Markus Schachner ("MS")	Non-Executive Chairman	Appointed 1 April 2018
Timothy Nuy ("TN")	Chief Executive Officer	Resigned 3 September 2018
George Manyere ("GM")	Non-Executive Director	Resigned 6 December 2018
Frederic Bidet ("FB")	Non-Executive Director	Appointed 6 December 2018
Cornel Vermaak ("CV")	Non-Executive Director	Appointed 6 December 2018
Dennis Wallestad ("DW")	Non-Executive Director	Resigned 27 February 2019
Willem Oberholzer ("WO")	Non-Executive Director	Appointed 27 February 2019
Dave van Niekerk ("DvN")	Executive Chairman	Resigned 26 March 2019
Timothy Nuy ("TN")	Chief Executive Officer	Appointed 26 March 2019
Riaan Paul ("RP")	Chief Financial Officer	Appointed 26 March 2019
Christopher Hall ("CH")	Non-Executive Chairman	Resigned 30 April 2019
Willem Oberholzer ("WO")	Non-Executive Director	Resigned 31 July 2019

**#effectiveand
ethicaleadership**



6 DECEMBER 2018
EXTRAORDINARY
GENERAL MEETING (EGM)



6 DECEMBER 2018
ANNUAL
GENERAL MEETING (AGM)



4 JUNE 2019
EXTRAORDINARY
GENERAL MEETING (EGM)



31 JANUARY 2020
ANNUAL
GENERAL MEETING (AGM)

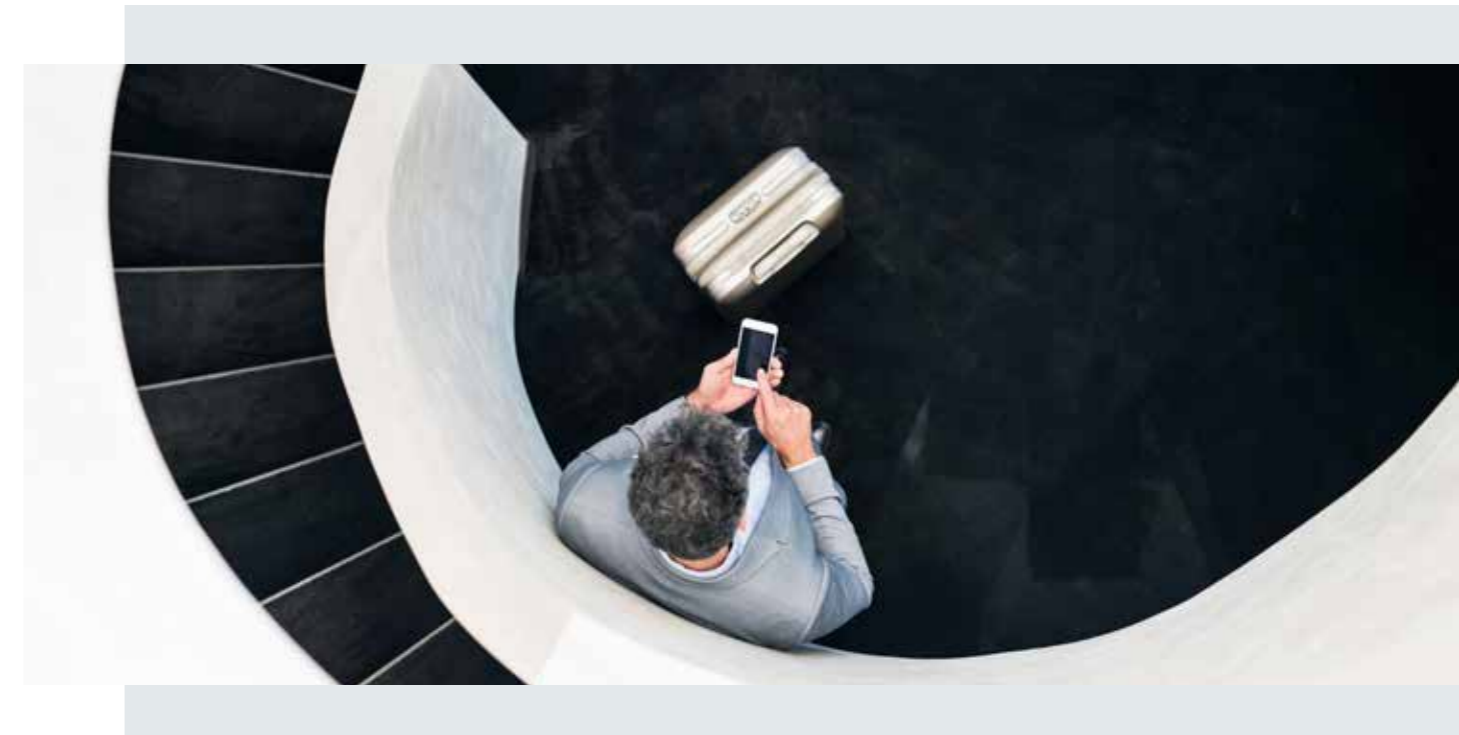
MYBUCKS LEADERSHIP

Success results from effective and ethical leadership provided by an experienced and skilled board of directors and executive management committee. We pride ourselves on responsible, ethical leadership as the basis for good corporate citizenship and sustainable performance.

Board committees

The Group's committee's strategies provides a structured and coherent approach to identifying, assessing and managing risk. It builds in processes for regularly updating and reviewing the assessment based on new developments or actions taken.

**#evaluate
monitormanage**



01 CREDIT COMMITTEE

The Credit Committee primarily assists the Board with overseeing the:

- Credit and lending strategies and objectives of the Company, its subsidiaries and affiliates
- Credit risk management of the Group, including, but not limited to, reviewing internal credit policies and establishing portfolio limits as further described below
- Implementation of the credit risk strategy approved by the Board
- Development of policies and processes for identifying, measuring, monitoring and controlling credit risk
- The quality and performance of the Group's credit portfolio

The Credit Committee convened in October 2018, February 2019 and April 2019

02 REMUNERATION COMMITTEE

The Remuneration Committee primarily assists the Board with overseeing the:

- Quality and integrity of the Company's nomination and remuneration policies
- Appointment of directors and their remuneration

The Remuneration Committee convened in December 2018 at which DvN and MS were given contracts

The Remuneration Committee also convened in April 2019

03 AUDIT AND RISK COMMITTEE

The Audit and Risk Committee primarily assists the Board with overseeing the:

- Quality and integrity of the Group's integrated reporting, incorporating the financial statements (including consolidated financial statements of the MyBucks Group and sustainability reporting, and public announcements in respect of the financial results
- The qualification and independence of the independent auditors for the Company and all Group companies
- The scope and effectiveness of the independent audit function for the Company and all Group companies
- The scope and effectiveness of the Company and all Group companies' internal controls and internal audit function

- Compliance with legal and regulatory requirements relative to all operating jurisdictions to the extent that it might have an impact on financial statements

The reviewed Board Charter approved in April 2019, also changed the name of the Committee from the "Audit Committee" to the "Audit and Risk Committee".

The Audit and Risk Committee convened in October 2018, February 2019 and April 2019.

Key management: Leadership team

Our business relies on employees who are able to deliver on our strategic objectives by upholding our values and working according to the MyBucks Way.



TIMOTHY NUY
CHIEF EXECUTIVE OFFICER
BSc, CFA



RIAAN PAUL
CHIEF FINANCIAL OFFICER
BCom (Hons), CA(SA), MBA



GUNTHER MARAIS
CHIEF RISK OFFICER
MSc, CQF



MARK YOUNG
CHIEF DIGITAL OFFICER



GUSTAF WESSELS
CHIEF INFORMATION OFFICER
NDip, ICT



NIC LOUW
HEAD OF LEGAL & COMPLIANCE
LLB, MBA



RAINER KÜSEL
HEAD OF INTERNAL AUDIT
BCom (Hons), CIA, CFSA



TONDERAI MUTESVA
HEAD OF CORPORATE
FINANCE
BSc, CFA



CLAIRE MORTEN
HEAD OF HUMAN
RESOURCES

**#deliveron
strategicobjectives**

#Changethe
wayyouthink

04 RISK MANAGEMENT

04

Evolution is
the secret for
the next step.

Risk management strategy and monitoring

MYBUCKS RISK STRATEGY

MyBucks advocates a sustainable and rigorous process for tailoring internal control systems in a manner that keeps pace with changes in the business environment. The governance structures and processes relating to risk management supports continuous improvement in the quality of risk management initiatives.

MyBucks categorises risks as follows:

- Risk Categories:
 1. Preventable (Controllable)
 2. Strategy
 3. External
- Risk Sub-Categories:
 1. Reporting
 2. Finance
 3. Brand (Reputation)
 4. Operations
 5. Compliance
 6. Technology
 7. Human Resources
- Risk Management is the responsibility of all managers and employees in the Group and is an embedded discipline in the day-to-day, on the job activities.

Executive Management consider the following key risks to MyBucks' objectives in the execution of the Group strategy:

- Adverse foreign exchange exposure
- Non-adherence to debt covenant requirements
- Not realising sustainable funding lines in line with capital requirements
- Inability to honour obligations due to a lack of liquidity;

- Changes in the political landscape in countries of operation that impact Group strategic objectives
- Inability of subsidiaries to make foreign payments due to local reserve bank restrictions
- Negative brand reputation
- Inability to collect on issued loans
- External (cyber and other sources) or, unauthorised internal, data manipulation or access to confidential information
- Inability to attract and retain key talent

The key initiative for the risk department in the next financial period is the implementation of a re-engineered risk management framework, aligned with the new strategy and objectives for the Group.

The risk management framework will allocate the above risks into overarching, or principal risks. A principal risk can apply to the Group, the subsidiaries, or both and the goal is to actively monitor and manage these risks.

Due to the Group initially focusing on the granting of credit, Credit Risk has been the key focus, monitored by the Board Credit Committee.

Credit risk is the risk of portfolio losses due to borrowers' inability to honour the terms of their debt agreement, and is a key risk to both the Group and its subsidiaries.

The Company has direct credit risk in the form of inter-company loans, related party loans, surety and guarantee agreements. The Group has direct credit risk due to the credit risk faced by its subsidiaries.

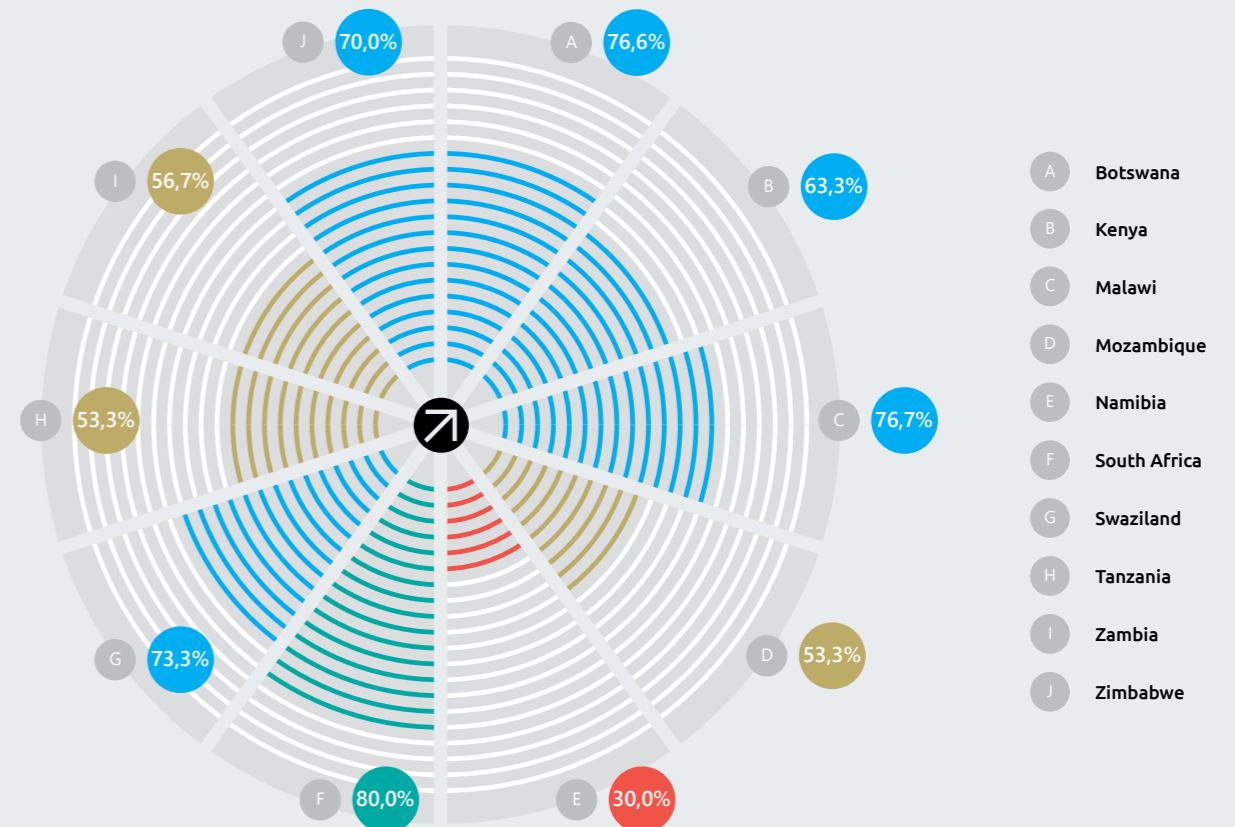
Credit risk at a subsidiary level is generated by the granting of credit and being exposed to customer defaults. This is monitored using real-time, data-driven dashboards and is managed through monthly Exco meetings with local Chief Executive Officers (CEO), Chief Financial Officers (CFO) and Chief Risk Officers (CRO).

For this purpose, the Risk Quality Indicator (*graphs below*), as at 30 June 2019, serves as a tool to monitor the loan advances to customers. *Table 1* below provides the legend and indicators used to determine this single quality indicator, with green indicating the highest quality, while maroon indicates the lowest quality.

Indicator	Weight	0-20%	20-40%	40-60%	60-80%	80-100%
Stage 1 - 2 default rate (CD0 -> CD1)	16.7%	>2%	1.5-2%	1-1.5%	0.5-1%	<0.5%
Stage 2 - 3 default rate (CD3 -> CD4)	16.7%	>2%	1.5-2%	1-1.5%	0.5-1%	<0.5%
Impairments / Revenue	16.7%	>30%	25-30%	20-25%	15-20%	<15%
Collections efficiency rate	16.7%	>80%	80-85%	85-90%	90-95%	>95%
NPL	16.7%	>8%	6-8%	4-6 %	2-4%	<2%
Expected IRR	16.7%	<3%	3-6%	6-9%	9-12%	>12%

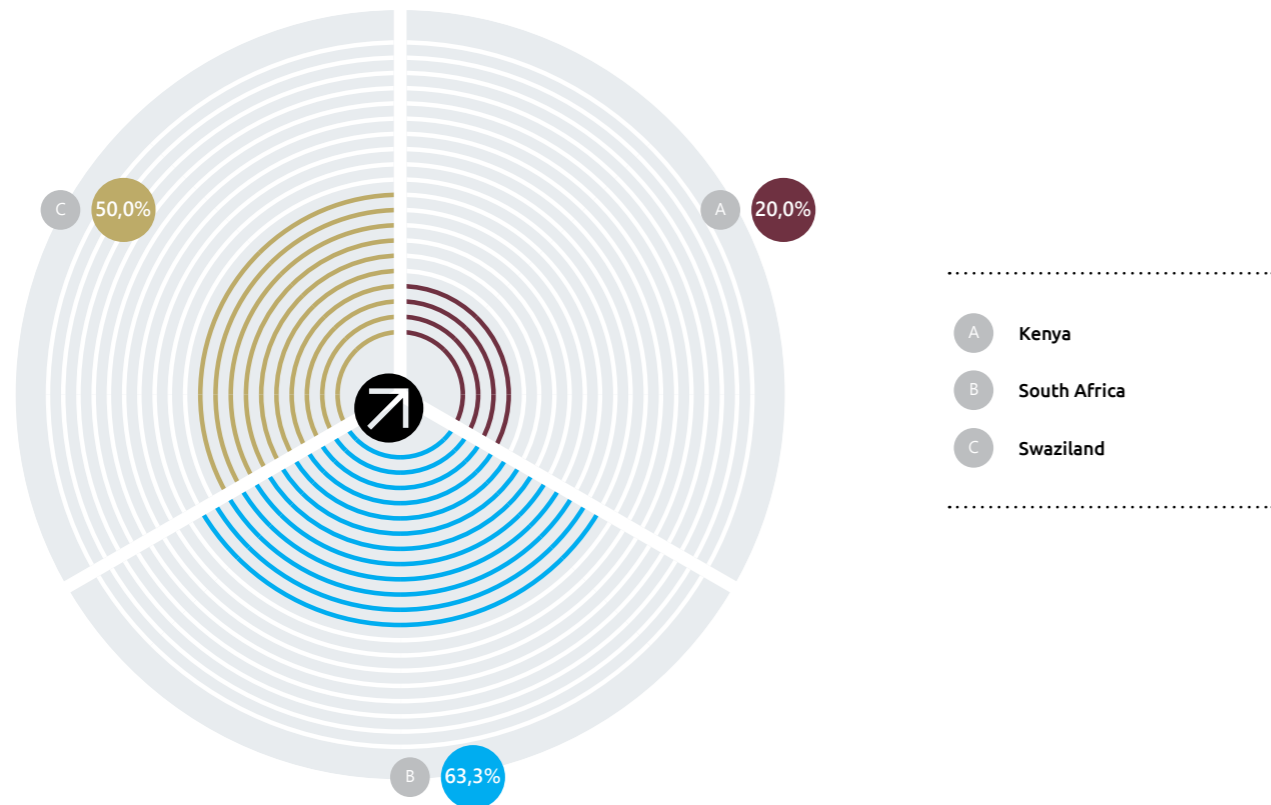
Table 1: Legend and indicators

COUNTRIES PAYROLL PRODUCT PROPORTION 30 JUNE 2019

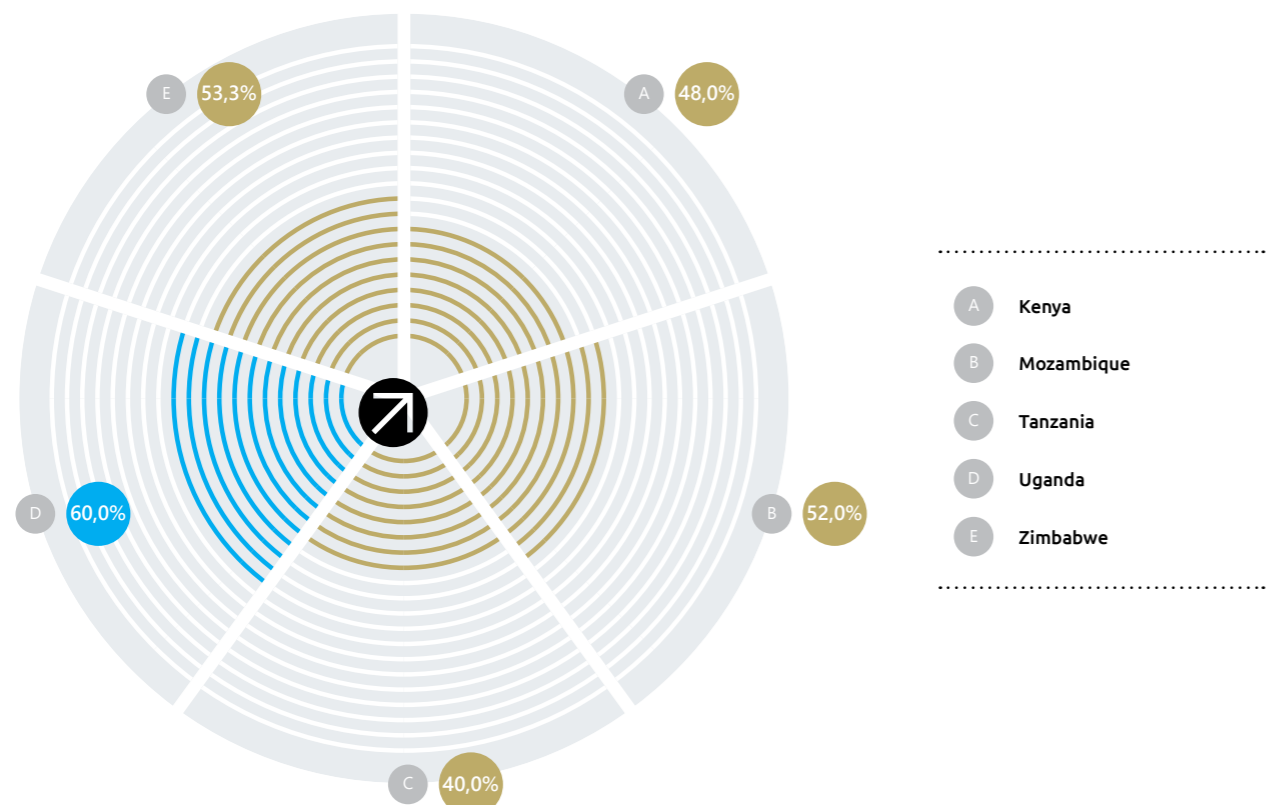


#advocatesustainable andrigorousprocess

COUNTRIES OTHER PRODUCTS PROPORTION
30 JUNE 2019



COUNTRIES SMALL, MEDIUM ENTERPRISE PRODUCT PROPORTION
30 JUNE 2019



Material existing and emerging risks

ZIMBABWE

The reintroduction of statutory reserve requirements continues to put pressure on liquidity in the market. As at December 2018, the Reserve Bank of Zimbabwe was estimated holding as much as US\$500m in statutory reserves.

The Ministry of Finance introduced a 2% tax on electronic transactions which helped revenue, with the government realising a surplus of US\$100m each month, with March 2019 showing a surplus of US\$200m.

The new local currency, Zimbabwean Dollar (ZWL), was introduced in February 2019, trading at a rate of 1:2.5 to the US\$. Subsequent to the introduction, the currency was exposed to black market trading which resulted in the rate deteriorating to as much as 1:14 to the US\$.

The immediate effect of this was that official inflation figures spiralled from 42.09% in December 2018 to 56.9%, 59.39% and 66.8% in January 2019, February 2019 and March 2019 respectively. As of June 2019, inflation was estimated as high as 176%.

Government exposure of the loan book was at 56.69% in March 2019 vis-à-vis 63.25% in December 2018 vis-à-vis 63.83% in September 2018. The risk to the Zimbabwean operations is that there is a dependency on Government's ability to generate funds and pay its employees, as well as maintain the large numbers of government employees.

MALAWI

In response to pressure from Members of Parliament (MPs) to introduce interest rate caps, from February 2019 the central bank has implemented ceilings on the banks' lending risk premiums and fixed the banks' base lending rates to the central bank's policy rate. From September 2019, the base rate will be determined by a reference rate, to be updated monthly, which will comprise of a basket of rates (the policy rate, average monthly interbank rate, weighted average monthly Treasury Bill rate, adjusted for liquidity reserves held with the central bank, and an average of the banks' savings deposit rates). This introduces an element of un-

certainty in addition to the downward pressure on lending rates and Net Interest Spreads.

Due to the May 2019 presidential elections, there has been political uncertainty as claims of election rigging are investigated. There has been a sharp depreciation (5%) in the local currency over just a couple of months. This appears to have stabilised in July 2019.

MOZAMBIQUE

According to IMF 4th Article Consultation Ref. IMF Country report No.19/166, published in June 2019, Mozambique's economic situation had been improving until tropical cyclones Idai and Kenneth hit the country in March 2019 and April 2019, respectively.

Economic growth was recovering gradually and becoming broader based, and inflation reached low single digits.

Economic activity is expected to decelerate sharply in 2019 due to the supply shock to productive capacity, but it should rebound to pre-cyclone levels by 2020. After decelerating sharply in 2019, growth is projected to rebound strongly in 2020 in response to recovery in agricultural production to normal levels and to reach 4% annually in 2021-22. The very sharp acceleration in growth projected for 2023-24 reflects the start of Liquid Natural Gas ("LNG") production while other economic activity (non-LNG) is conservatively assumed to continue to grow at a steady rate of 4% per year. Inflation would return to pre-cyclone levels after the supply shock runs its course as the Bank of Mozambique continues to normalize the monetary policy stance while standing ready to act if second round effects on inflation are identified.

Supervision and regulation

The following regulatory bodies supervise our operations.

BANKING ENTITIES

- **Malawi:** Reserve Bank of Malawi (RMB)
- **Mozambique:** Banco de Moçambique (Bank of Mozambique)
- **Uganda:** Bank of Uganda (BOU)
- **Zambia:** Bank of Zambia (BOZ)
- **Zimbabwe:** Reserve Bank of Zimbabwe (RBZ)

MICRO FINANCE INSTITUTIONS

- **Botswana:** Non-Bank Financial Institutions Regulatory Authority (NBFIRA)
- **Kenya:** Unregulated
- **Namibia:** The Namibia Financial Institutions Supervisory Authority (NAMFISA)
- **South Africa:** National Credit Regulator (NCR)
- **Swaziland:** Financial Services Regulatory Authority (FSRA)
- **Tanzania:** Business Registration and Licensing Agency (BRELA)

The MyBucks Group operations are subject to a large number of rules and regulations that are a condition for authorisations to conduct banking and financial service business in each of the jurisdictions in which the MyBucks Group operates.

**#autonomous
authority**



**#responsible
operation**

#true
partnership

05 FINANCIAL STATEMENTS

05

Realise your chances.
Make your decisions.

**#increasingly
contributes to
improvement**

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Directors' responsibility

The Directors are required, in terms of the Luxembourg Act of 10 August 1915 on commercial companies to maintain adequate accounting records and are responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS) adopted by the EU and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner.

The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout MyBucks S.A. ("company") and its subsidiaries ("MyBucks" or "Group") and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems

and ethical behaviour are applied and managed within predetermined procedures and constraints. The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and applying the going concern basis of accounting, if appropriate in the circumstances. Refer to the Directors' report and the notes to the consolidated financial statements (Note 1) for more detail on the going concern assessment.

The consolidated financial statements have been examined by the Group's independent auditor and their report is included as part of the consolidated financial statements.

The consolidated financial statements have been prepared on the going concern basis and was approved by the Directors and were signed on their behalf by on 16 December 2019:



Riaan Paul



Timothy Nuy

Directors' report

The Directors have pleasure in presenting their annual report together with the audited consolidated financial statements for the year ended 30 June 2019.

Nature of the business

MyBucks is a Frankfurt listed digital Pan-African Banking Group that uses technology to provide financial services and products to underbanked and unbanked customers. MyBucks believes technology is an enabler that can assist to exponentially promote financial inclusion.

Through our brands – GetBucks, GetSure and MyBucks Banking Corporation (MBC) – we offer consumer loans, banking solutions and insurance products. Our solutions are created with the aim of driving financial inclusion for both the unbanked and under-banked, as well as the financially vulnerable population globally.

We follow a robust approach towards risk modelling and an innovative approach towards credit scoring. Our custom developed system allows for an effective and accurate mitigation of risk by understanding, managing and accessing each customer's credit profile based on individual affordability.

The products offered by the Group enable customers to manage their financial affairs easily and conveniently. We continuously aim to ensure that our products are accessible, simple and trustworthy in comparison to traditional, non-technological methods, ultimately, working towards enhancing benefits to the customer.

Since our inception in 2011, MyBucks has experienced exponential growth. The Group has expanded into various jurisdictions and different operational models. These are:

- Banking
Malawi, Mozambique, Uganda, Zambia and Zimbabwe;
- Lending
Botswana, East Africa (Kenya and Tanzania), South Africa (including Eswatini and Namibia);
- Management
Mauritius and Luxembourg.

Strategic overview

Restructure of the Group

The Group has been continuously challenged over the past few years which resulted in recording significant losses. In response, the Board has changed senior management and announced a significant debt recapitalisation. Further, the Group has refocused its strategy, closed the operational head-office in South Africa and initiated the sale of non-core investments.

Operations

MyBucks has disposed of a significant stake in the Australian operation in September 2019 following the restructure despite expanding its operations earlier in the year through a debt-funded acquisition. In line with its banking strategy, the Group has increased its investment in Malawi to control with a rebranding to MBC. The accounting of the Ugandan operations was amended to equity account for this entity with the loss of control.

Technology

The Group has continued to improve on existing systems. Credit scoring, fraud detection and AI computing back end have undergone significant development changes to make them faster, more accurate and scalable.

The has most notably seen the development and deployment of AMIE, the Automated MyBucks Income and Expense calculator. AMIE is capable of analysing and summarising bank statements within seconds, by using state-of-the-art AI to classify bank statement transactions.

Our people

MyBucks has successfully retained key staff throughout the restructuring and aims to maintain a workforce delivering the highest standards of service delivery across all its markets. We differentiate ourselves through our people.

We are committed to assisting employees achieve their professional and personal objectives and we encourage our employees to broaden their skill set and gain work experience in other organisational roles. In addition, we provide company-subsidised training opportunities to help employees develop or refine their skills, thereby increasing productivity and innovation in the workplace.

Directors' report continued

Having the right people and promoting an appropriate risk culture are critical to the future success of MyBucks. As a result, the Group is committed to fostering a culture of risk awareness and transparency.

Financial performance

The financial performance of the Group deteriorated severely, specifically with the high (and increased) costs incurred in the management segment. Operating entities in the banking segment delivered profits. The profit of the lending segment was adversely impacted by the impairments on financial assets processed.

The Group concluded the financial year with a negative net asset position. This is however addressed through the debt to equity conversion post year end.

The gross loans and advances to customers decreased from 2018 with the deconsolidation of the Uganda and Zambian operations and the reclassification of the Australian operations to available for sale. The devaluation of Zimbabwean currency also impacted the closing value of the loan book significantly. The net loan book is at €83.3 million (30 June 2018: €85.7 million). MyBucks encountered a loss after tax from continuing operations of €25.8 million and a total comprehensive loss of €51.2 million from total operations.

MyBucks adopted IFRS 9 during the period which changed the provision model from an incurred loss model to an expected loss model.

The management segment, which is a cost centre, incurred losses in excess of €59.3 million (not considering the €8.8 million which was lost in South Africa and included in discontinued operations). This urged the Group reassess this position and various changes were implemented i.e. the supporting staff compliment was reduced with c. 100 people.

For the twelve months ended 30 June 2018 ("FY18"), both the operating segments (banking and lending) delivered a profit after tax for the first time. The banking segment continued with this trend in the 2019 financial year by once again contributing a profit. The lending segment delivered a loss, specifically from the South African entity. The after-tax contributions from the various segments are as follows:

- Lending segment (losses): €15.1 million;
- Banking segment (profits): €11.7 million; and
- Management and technology (losses): €59.3 million. (See note 7 for the detail segment disclosure)

Going concern assessment

The Board has assessed the entity's ability to continue as a going concern and believe it is appropriate that the consolidated financial statements are prepared on the going concern basis.

All considerations are discussed in the notes to the consolidated financial statements.

Equity restructure

The Group concluded agreements to convert €49.1 million of debt into par €1 per share equity as well as acquired additional assets through the issuance of 10.3 million shares of €1 per share. Expenses of €4.5 million incurred post June 2019 were settled with equity. These transactions were concluded after year end. The restructure would impact the 30 June 2019 statement of financial position as follows:

Figures in €	As presented	Adjustment	Pro- forma after recapitalisation
Loans and advances to customers	83,319,753	3,011,488	86,331,241
Other assets	124,749,625	7,246,515	131,996,140
Total assets	208,069,378	10,258,003	218,327,381
Loans from shareholders	12,067,317	(11,230,292)	837,025
Loans from related parties	53,906,587	(28,638,437)	25,268,150
Financial borrowings	88,956,107	(7,700,000)	81,256,107
Other payables	15,601,566	(1,592,500)	14,009,066
Other liabilities	79,344,436	-	79,344,436
Total liabilities	249,876,013	(49,161,229)	200,714,784
Share capital	12,715,613	63,926,378	76,641,991
Retained earnings	(68,861,772)	(4,507,146)	(73,368,918)
Other parent equity	13,227,423	-	13,227,423
Total parent equity	(42,918,736)	59,419,232	16,500,496
Non-controlling interest	1,112,101	-	1,112,101
Total equity	(41,806,635)	59,419,232	17,612,597

(The restructure was concluded after year end on a different statement of financial position date – therefore this pro-forma is only illustrative and not a true reflection.)

Directors' report continued

Share capital

Authorised capital changed in the Group's extra ordinary meeting (EGM) held on 6 December 2018 to 7,500,000 shares. On 4 June 2019 at the Group held an additional EGM where the authorised capital was increased to 107,284,387 shares. During the year there was no change in the issued share capital. The par value of the shares is €1 per share. All shares have equal voting rights. No ordinary shares were repurchased during the year.

Board meetings

The composition of the Board changed as follows:

Name	Date appointed	Date resigned
Markus Schachner		
Trevor Joslin		
George Manyere		6 December 2018
Dennis Wallestad		27 February 2019
David van Niekerk		26 March 2019
Christopher Hall		30 April 2019
Willem Oberholzer	27 February 2019	31 July 2019
Timothy Nuy	26 March 2019	3 September 2018
Riaan Paul	26 March 2019	
Cornel Vermaak	6 December 2018	
Fred Bidet	6 December 2018	

Timothy Nuy was requested to return as Chief Executive Officer by the board to facilitate the restructure as well as guide the Group going forward.

Christopher Hall was appointed as independent non-executive Chairman on 26 March 2019 and resigned on 30 April 2019 from the Board. Markus Schachner was appointed as non-executive chairman of the Board with the departure of Christopher Hall.

Board meetings are held at least once a quarter.

Risk management

The Board is responsible for approving and reviewing MyBucks' risk management strategy and policy.

The full risk profile of the Group is discussed in the risk report included in the report.

Internal control is a process applied by the Board of Directors, management and all levels of personnel in the Group to ensure that management has reasonable assurance that:

- Operations are effective, efficient and aligned with strategy;
- Management information reports are valid, accurate and complete;
- The Group is in compliance with applicable laws and regulations; and
- if an instance of non-compliance is identified, remedial action is taken to rectify the matter.

Internal controls over financial reporting

Organisational structure

The financial management team of the Group are responsible for the accounting and daily financial operations of the Group as well as the internal and external reporting that supports the organisation and its stakeholders.

The tasks of the Group's financial management team consist of, inter alia, monthly consolidation of Group entities, preparation of half-year financial reports and annual consolidated financial statements, management of liabilities, protection against exchange risk, and transfer pricing. The finance function of the Group implements operative supervision under the Chief Financial Officer who reports any supervisory findings to the Audit and Risk Committee.

Financial reporting systems

The consolidated financial statements are prepared by consolidating the accounting information as reported by the various entities in the Group. The accounting of the Group's subsidiaries is done by local teams and further enabled by a single accounting system. Annual budgets and forecasts are prepared by each subsidiary and consolidated to present the Group budget.

Internal controls

The Group's internal control mechanisms are based on policies, financial reporting review meetings, and segregation of key accounting duties.

General description of internal control and operational procedures

Directors' report continued

Software development and IT solutions

As part of our research and development activities, we have developed and utilised proprietary and custom designed technologies and in-house IT solutions. Our cloud-based proprietary customer interface and loan management system, FinCloud, is designed to be both powerful enough to handle the large volumes of data required to evaluate customer applications and flexible enough to capitalise on changing customer preferences, market trends and regulatory changes.

Furthermore, the information gathered from our loan management system allows us to focus on clients, both potential and existing, who we believe are more likely to perform within pre-defined credit parameters.

Using this approach, we are able to build a list of clients who use our credit products, and to whom we can market our new product offerings. In addition, we have fully integrated third-party platforms such as several government platforms into our systems to ensure seamless customer and internal processes. We have also developed and periodically improved custom loan processing and debt collection systems that are based on Microsoft.Net technologies.

The systems which we utilise share a common code, which is the same across our countries of operation. This ensures that our websites always have a consistent look and feel whether viewed on desktops or on mobile devices.

Future plans

The FinTech industry is teeming with opportunity, innovation and competitiveness. At the same time, it is disrupting a host of traditional financial services, including retail banking, lending and financing, payments and transfers, wealth and asset management, money markets, exchanges and insurance.

While traditional banking institutions across the globe grapple with implementing technological innovation matching that of the FinTech sector, Africa presents FinTechs, such as MyBucks, with enormous opportunity as it comes without the burden of a legacy of technological structures.

The continuing growth of the markets in the countries in which the Group operates allows us to grow with the market and capitalise on expanding the existing business models.

Post-balance sheet events

Refer to the notes in the consolidated financial statements for the subsequent events.



Audit report

To the Shareholders of
MyBucks S.A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of MyBucks S.A. (the "Company") and its subsidiaries (the "Group") as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 30 June 2019;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Material Uncertainty Related to Going Concern

We draw attention to Note 1. 2 "Going concern" in the consolidated financial statements, which indicates that the Group incurred a net loss of EUR 36. 1 million and negative cash outflows from operating activities.

*PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg
T : +352 494848 1, F : +352 494848 2900, www.pwc.lu*

*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518*



The Group also breached the covenants of certain debt facilities during the year ended 30 June 2019. These events or conditions, along with other matters as set forth in Note 1. 2 "Going concern", indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the Directors' report but does not include the consolidated financial statements and our audit report thereon.

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

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

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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 the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated 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 audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



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

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

Report on other legal and regulatory requirements

The Directors' report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative

Represented by

Malik Lekehal

Luxembourg, 16 December 2019

Consolidated statement of financial position

Figures in €	Note	2019	2018
Assets			
Cash and balances with other financial institutions	9	13,123,944	13,036,969
Fixed deposits	10	2,875,371	13,102,968
Financial investments	11	32,219,692	1,719,869
Other receivables	12	9,636,730	15,496,350
Other financial assets	13	-	224,104
Loans and advances to customers	14	83,319,753	85,722,930
Loans to shareholders	15	4,766,039	435,724
Loans to other related parties	15	2,695,583	13,145,811
Taxation receivable	16	749,670	776,108
Held for sale - assets	17	23,887,502	389,322
Investments accounted for using the equity method	18	7,845,406	5,178,949
Investment properties	19	1,581,785	461,469
Properties and equipment	20	4,976,185	13,894,619
Intangible assets	21	7,158,927	5,766,667
Deferred taxation	22	2,315,303	3,511,661
Goodwill	23	10,917,488	3,002,860
Total assets		208,069,378	175,866,380
Liabilities			
Bank overdraft	9	2,785,287	988,499
Deposits from customers	24	60,100,815	20,668,749
Other payables	25	15,601,566	8,682,992
Finance lease liabilities	26	144,322	201,725
Financial borrowings	27	88,956,107	72,833,496
Loans from shareholders	15	12,067,317	2,365,798
Loans from other related parties	15	53,906,587	43,528,408
Taxation payable	16	764,650	940,199
Held for sale - liabilities	17	14,070,851	383,161
Deferred grant income	28	-	1,096,116
Deferred taxation	22	1,478,511	208,328
Total liabilities		249,876,013	151,897,471
Equity			
Share capital		12,715,613	12,715,613
Share premium		25,083,825	25,083,825
Foreign currency translation reserve		(11,715,705)	(3,207,000)
Other reserves		(140,697)	(80,156)
Accumulated loss		(68,861,772)	(27,660,031)
Total equity attributable to owners of the parent	29	(42,918,736)	6,852,251
Total equity attributable to non-controlling interest	30	1,112,101	17,116,658
Total equity		(41,806,635)	23,968,909
Total equity and liabilities		208,069,378	175,866,380

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of profit or loss and other comprehensive income

Figures in €	Note	2019	2018
Interest income	32		
Interest revenue calculated using the effective interest method		39,707,942	35,973,350
Other interest and similar income		5,042,869	3,590,171
Interest expense	33		
Interest expense calculated using the effective interest method		(32,633,849)	(20,378,874)
Net interest income		12,116,962	19,184,647
Fee and commission income		11,562,216	10,463,957
Fee and commission expense		(400,602)	-
Net fee and commission income	34	11,161,614	10,463,957
Other operating income	35	5,181,509	4,828,863
Credit loss expense on loans and advances to customers	36	(6,193,798)	(8,681,665)
Impairment of other financial assets	37	(9,062,919)	(1,203,863)
Collection expenses		(2,505,126)	(3,382,614)
Foreign exchange loss		(533,113)	(725,763)
Profit from equity accounted investments	18	2,604,596	530,173
Net operating income		12,769,725	21,013,735
Employee costs	38	(12,183,153)	(9,823,093)
Depreciation, amortisation and non-financial instrument impairments	39	(4,536,530)	(1,697,468)
Professional fees	40	(5,383,425)	(3,489,632)
Other operating expenses	41	(12,647,949)	(8,307,177)
Loss before taxation		(21,981,332)	(2,303,635)
Taxation charge	42	(3,837,415)	(2,039,194)
Loss from continued operations		(25,818,747)	(4,342,829)
Discontinued operations	17	(10,288,389)	(3,849,104)
Loss for the year		(36,107,136)	(8,191,933)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange difference on translation of foreign operations		(15,759,590)	(2,312,367)
Recycling of previously accounted other comprehensive income		280,091	-
Fair value adjustment on financial investments, net of taxation		143,400	-
Items that may not be reclassified to profit or loss:			
Revaluation of property and equipment net of taxation		238,412	1,047,212
Other comprehensive (loss) for the year net of income taxation		(15,097,687)	(1,265,155)
Total comprehensive loss for the year		(51,204,823)	(9,457,088)

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

Consolidated statement of profit or loss and other comprehensive income

Figures in €	2019	2018	
Loss attributable to:			
Owners of the parent	(38,539,533)	(10,857,638)	
From continuing operations	(28,386,447)	(7,140,769)	
From discontinued operations	(10,153,086)	(3,716,869)	
Non-controlling interest	2,432,397	2,665,705	
From continuing operations	2,567,700	2,797,940	
From discontinued operations	(135,303)	(132,235)	
Total comprehensive loss attributable to:	(51,204,823)	(9,457,088)	
Owners of the parent	(46,666,426)	(11,609,730)	
Non-controlling interest	(4,538,397)	2,152,642	
Earnings per share			
Basic loss per share from continuing operations	43	(2.23)	(0.59)
Basic loss per share from discontinued operations	43	(0.80)	(0.31)
Diluted loss per share from continuing operations	43	(2.23)	(0.59)
Diluted loss per share from discontinued operations	43	(0.80)	(0.31)

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

Consolidated statement of changes in equity

Figures in €	Foreign currency			Total attributable to owners of the parent			Non-controlling interest	Total equity
	Share capital	Share premium	translation reserve	Other reserves	Accumulated loss	parent		
Balance at 1 July 2017	11,665,613	19,348,747	(1,483,168)	(1,274,763)	(16,802,393)	11,454,036	8,779,591	20,233,627
Profit / (loss) for the year	-	-	-	-	(10,857,638)	(10,857,638)	2,665,705	(8,191,933)
Other comprehensive income / (loss)	-	-	(1,723,832)	971,740	-	(752,092)	(513,063)	(1,265,155)
Total comprehensive income / (loss) for the year	-	-	(1,723,832)	971,740	(10,857,638)	(11,609,730)	2,152,642	(9,457,088)
Issue of shares	1,300,000	10,210,078	-	-	-	11,510,078	-	11,510,078
Cancellation of shares	(250,000)	(4,475,000)	-	-	-	(4,725,000)	-	(4,725,000)
Preference shares issued by subsidiary	-	-	-	-	-	-	6,822,625	6,822,625
Share based payment reserve	-	-	-	222,867	-	222,867	-	222,867
Dividends declared	-	-	-	-	-	-	(638,200)	(638,200)
Total movement	1,050,000	5,735,078	-	222,867	-	7,007,945	6,184,425	13,192,370
Balance as at 30 June 2018	12,715,613	25,083,825	(3,207,000)	(80,156)	(27,660,031)	6,852,251	17,116,658	23,968,909
Note	29.2	29.3	29.4	29.5			30	

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

Consolidated statement of changes in equity

Figures in €	Foreign currency			Total attributable to owners of the parent			Non-controlling interest	Total equity
	Share capital	Share premium	translation reserve	Other reserves	Accumulated loss	parent		
Balance as at 30 June 2018	12,715,613	25,083,825	(3,207,000)	(80,156)	(27,660,031)	6,852,251	17,116,658	23,968,909
IFRS 9 restatement	-	-	-	-	(1,549,821)	(1,549,821)	13,107	(1,536,714)
Balance as at 1 July 2018	12,715,613	25,083,825	(3,207,000)	(80,156)	(29,209,852)	5,302,430	17,129,765	22,432,195
Profit / (loss) for the year	-	-	-	-	(38,539,533)	(38,539,533)	2,432,397	(36,107,136)
Other comprehensive income / (loss)	-	-	(8,508,705)	238,412	143,400	(8,126,893)	(6,970,794)	(15,097,687)
Total comprehensive income / (loss) for the year	-	-	(8,508,705)	238,412	(38,396,133)	(46,666,426)	(4,538,397)	(51,204,823)
Loss of control of subsidiary	-	-	-	(338,304)	95,389	(242,915)	(4,755,743)	(4,998,658)
Repurchase of preference shares issued	-	-	-	-	-	-	(6,822,625)	(6,822,625)
Share capital subscription by non-controlling interest	-	-	-	-	-	-	534,166	534,166
Share based payment reserve	-	-	-	39,351	-	39,351	-	39,351
Profit allocation for preference share dividend	-	-	-	-	(1,351,176)	(1,351,176)	1,351,176	-
Dividends declared	-	-	-	-	-	-	(1,786,241)	(1,786,241)
Total movement	-	-	-	(298,953)	(1,255,787)	(1,554,740)	(11,479,267)	(13,034,007)
Balance as at 30 June 2019	12,715,613	25,083,825	(11,715,705)	(140,697)	(68,861,772)	(42,918,736)	1,112,101	(41,806,635)
Note	29.2	29.3	29.4	29.5			30	

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

Consolidated statement of cash flows

Figures in €		2019	2018
Cash flows from operating activities			
Cash used in operating activities	44	(6,885,184)	(4,372,667)
Interest received		990,613	2,152,376
Interest paid		(19,181,067)	(18,581,973)
Taxation paid	16	(2,293,158)	(4,260,929)
Dividend received		123,517	-
Net cash (outflow) from operating activities		(27,245,279)	(25,063,193)
Cash flows from investing activities			
Purchase of property and equipment		(3,532,833)	(4,080,071)
Proceeds on sale of property and equipment		388,382	470,578
Proceeds on disposal of subsidiary		49,650	-
Investment in investment property		(2,820,696)	(451,993)
Proceeds on disposal of investment property		45,147	-
Investment in intangible assets		(92,909)	(1,980,336)
Investment in joint venture		-	(1,522,406)
Investment in financial investments		(849,588)	-
Acquisition of subsidiary, net of cash acquired		(1,031,643)	-
Disposal of assets and liabilities net of cash		(132,686)	-
Loss of control of subsidiary		(985,454)	-
Acquisition of financial investments		(21,344,458)	-
Encashment of financial investments		36,262,955	-
Placement of short-term deposits		(2,844,119)	-
Encashment of short-term deposits		7,640,154	3,537,052
Loans advanced to related parties		(2,356,840)	(2,412,376)
Repayments received from related parties		5,567,498	1,605,566
Investment in other financial assets		(53,857)	(3,090,991)
Payments received from other financial assets		61,814	3,961,707
Net cash inflow / (outflow) from investing activities		13,970,517	(3,963,270)
Cash flows from financing activities			
Proceeds on share issue		-	11,700,000
Share issued to minority interest		324,359	6,822,625
Capital raising fee		-	(189,922)
Proceeds from other financial borrowings		23,165,929	55,164,147
Repayment of other financial borrowings		(8,792,935)	(41,413,543)
Proceeds from shareholder loans		4,280,335	3,974,145
Payments on shareholder loans		(1,814,631)	(543,509)
Advances from related parties		9,831,886	12,248,538
Repayments to related parties		(7,115,243)	(16,183,966)
Finance lease payments		(30,497)	(31,946)
Grants received		268,083	353,395
Dividends paid		(606,552)	(638,200)
Net cash inflow from financing activities		19,510,734	31,261,764
Total cash inflow for the year		6,235,972	2,235,301
Cash and cash equivalents at the beginning of the year		12,048,470	10,683,568
Held for sale cash	17	(2,042,701)	(15,713)
Effect of exchange rate movement on cash and cash equivalent balances		(5,903,084)	(854,686)
Total cash and cash equivalents at the end of the year	9	10,338,657	12,048,470

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

Notes to the consolidated financial statements as at 30 June

1. Preparation of the consolidated financial statements

1.1 Background and purpose of the consolidated financial statements

MyBucks S.A. was incorporated as a holding company with interests in the financial services industry on 7 August 2015 in Luxembourg and was registered under the number B199543 Luxembourg Trade and Companies Register. The Group operates in Africa with supporting operations in Europe (Luxembourg) and Africa (Mauritius). The companies registered office is at 9, rue du Laboratoire, L-1911, Luxembourg.

On 23 June 2016 MyBucks listed on the Frankfurt Stock Exchange Entry Standard.

1.2 Going concern

The consolidated financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

In performing the going concern assessment, the Board considered historical data relating to resources and reserves, available information about the future, the possible outcomes of planned events, changes in future conditions and the responses to such events and conditions that would be available to the Board.

The Board has, inter alia, considered the following specific factors in determining whether the Group is a going concern:

- Whether the net current liability position would result in the Group not having access to enough cash through the conversion of current assets into cash resources as and when required to facilitate the payment of liabilities;
- whether the Group has sufficient cash resources to pay its creditors and maturing liabilities as and when they fall due and meet its operating costs for the ensuing twelve months;
- whether the Group has available cash resources to deploy in developing and growing existing operations or invest in new opportunities; and
- Whether there is any significant pending litigation that will threaten the going concern status of the Group.

The Board believes that the current economic outlook presents some challenges in the near term, predominantly evidenced by the Group's operational performance, the negative net asset position and challenges on the net cash outflows from operating activities in recent reporting periods.

The Board has contemplated that the combination of the circumstances above could represent a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and therefore, the Group may possibly be unable to realise its assets and discharge its liabilities or meet its financial obligations in the normal course of business.

The Group has for the past several months been cutting operational expenses with specific focus in reducing the support functions previously performed by head office. The Board secured debt to equity conversions in excess of €49.1 million which not only alleviates the liquidity requirements as well as improves the overall net asset position of the Group. This gives credence to the Board believing that the Group is and will continue to be a going concern.

The anchor debt to equity conversion received all required approvals on 20 November 2019, which allowed the Group to finalise the restructuring transactions as explained in note 1.3. Majority of the transactions were concluded on 28 November 2019 and the Board believes all confirmed transactions will be concluded by 31 December 2019.

The Board will continue with further capital raises. There is strong interest from various other investors for further capital increases. The Group has in the past demonstrated its ability to raise additional capital when required. The new capital raised will strengthen the statement of financial position, alleviate cash flow concerns, lower finance costs and improve profitability.

The Group had some covenant breaches (these breaches primarily relate to the debt to equity ratio) (refer to note 47.3.9) and some of these breaches is rectified with the debt-to-equity conversions.

As such, the Board continues to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Notes to the consolidated financial statements as at 30 June

Furthermore, based on the latest forecasts, the product offering of the Group and the performance of the banking segment, the Board is of the opinion that the Group will return to profitability and net cash generation in the medium-term.

1.3 Equity restructure

On 29 November 2019 the Group concluded on the equity restructure as announced on 26 March 2019. The Group has agreed to the following significant equity transactions:

Ecsponent Limited

The Group and Ecsponent Limited have agreed to convert €27,829,313 of debts and accrued interest into ordinary shares of the company issued at €1 per share.

Infinitum Limited

The Group and Infinitum Limited (Infinitum) have agreed the following key transactions:

- Infinitum will support the Group by facilitating the refinancing the Flatex Bank debt facility (€6.5 million);
- Infinitum will sell their stake in TLG Capital Limited (valued at €4.8 million) to the Group. (The Group has agreed with TLG Capital Limited that this stake will be used to settle a portion of the debts due).
- Infinitum will work with the various Austrian bond holders in order to facilitate the renewal of these Group bonds.
- A restructuring fee of €3.25 million was settled in shares.

TLG Capital Limited

The Group and TLG Capital Limited restructured the facility whereby the repayment terms has been adjusted. These include the repayment of a portion of the debt with the stake acquired from Infinitum. A restructuring fee of €500 thousand was paid with Group equity at €1 per share.

Surechoice Global Ventures Proprietary Limited

The Group and Surechoice Global Ventures Proprietary Limited (Surechoice) have agreed the following key transactions:

- Surechoice has agreed to sell their Loans and advances to customers for €3,011,488;
- Surechoice has acquired debts from the Company to subsidiaries for the value of €9,019,607;
- A restructuring fee of €644,640 was paid to facilitate these transactions.

Shares to the value of €13.68 million was issued at €1 per shares.

Family office

The Group and a family office have agreed to settle a claim and accrued interest with the issuance of 12,106,002 shares at €1 per share.

Share issuance dates

The Group has completed the first conversion of a claim on 25 September 2019 for €600,000 and the remaining shares were issued on 28 November 2019 amounting to €63,326,378.

The issued share capital of the company increased to €76,641,991.

Notes to the consolidated financial statements as at 30 June

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 Basis of preparation

The consolidated financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU). The consolidated financial statements have been prepared on the historical cost basis, except for investment properties, buildings (classified as property and equipment) or when fair value of another specific measurement basis is required by specific standard and incorporate the principle accounting policies set out below. All intra group balances within the Group, income and expenses, unrealized gains and losses resulting from transactions between the Group entities are eliminated in the consolidated financial statements.

2.2 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, whom are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive committee members that make strategic decisions. The executive committee consists of executive Directors and upper management. In line with the Group's reporting practices each country is treated as a separate operating segment. All countries are allocated to an operational segment based on the key operations of the entity. The key operational entities are: Banking, Lending and Management.

2.3 Consolidation

2.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the company has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Control exists when an investor is exposed or has rights to variable returns from its involvement with the investee and can affect these returns through its power over the investee. Where such exposure and power exist over an investee, the investee is accounted for as a subsidiary.

Transactions with non-controlling interests ("NCI") that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies as adopted by the Group.

2.3.2 Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled through profit or loss.

2.3.3 Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Notes to the consolidated financial statements as at 30 June

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss and other comprehensive income.

2.4 Investments accounted for using the equity method

2.4.1 Joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

2.4.2 Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

2.4.3 General

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Notes to the consolidated financial statements as at 30 June

2.5 Property and equipment

The cost of an item of property and equipment is recognised as an asset when:

- It is probable that future economic benefits associated with the item will flow to the company; and
- The cost of the item can be measured reliably.

Property and equipment are tangible assets which the Group holds for its own use and which are expected to be used for more than one year. Property and equipment are initially measured at cost.

Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Property and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses and buildings, which are stated at the revalued amount less accumulated depreciations and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. All assets are depreciated over a straight-line basis over the estimated useful life. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property and equipment have been assessed as follows:

Category	Average useful life
Building	20 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	5 years
Computer equipment	5 years
Leasehold improvement	Lease period

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year.

If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Impairment tests are performed on property and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Acquisition of Group of assets or net assets that does not constitute the business

When the Group acquires a group of assets or net assets that does not constitute a business, it allocates the cost of the Group between the individual identifiable assets and liabilities based on their relative fair values at the acquisition date. Such a transaction or event does not give rise to goodwill. When purchase consideration paid for the acquisition of the group of assets includes contingent consideration, the Group recognises subsequent changes to the contingent consideration in the statement of profit and loss and other comprehensive income.

Notes to the consolidated financial statements as at 30 June

2.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

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

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.7 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

A gain on bargain purchase arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire and the fair value of the non-controlling interest in the acquire over the consideration transferred. A bargain purchase represents a gain on the acquisition of the acquire and this

resulting gain is recognised in the profit and loss. Cash-Generating Units (CGU) is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less cost of disposal. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

2.8 Intangible assets

An intangible asset is recognised when:

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the asset so that it will be available for use or sale;
- There is an intention to complete and use or sell it;
- There is an ability to use or sell it;
- It will generate probable future economic benefits;
- There are available technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

Notes to the consolidated financial statements as at 30 June

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years. Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Category	Average useful life
Computer software, internally generated	5 years
Computer software, other	3-5 years
Customer relationships	3-14 years
Core deposits	2 years

2.9 Financial instruments initial measurement

2.9.1 Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date on which the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Group recognises balances due to customers when funds are transferred to the Group.

2.9.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at Fair value through profit or loss, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

2.9.3 Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

2.9.4 Measurement categories of financial assets and liabilities

From 1 July 2018, the Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- FVOCI; or
- FVPL.

Before 1 July 2018, the Group classified its financial assets as loans and receivables (amortised cost), FVPL, available-for-sale or held-to-maturity (amortised cost).

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading.

2.10 Determination of fair value

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- Level 1 financial instruments – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

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- Level 2 financial instruments – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.
- Level 3 financial instruments – Those that include one or more unobservable input that is significant to the measurement as whole.

The Group periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Group's financial instruments such as credit risk (CVA), own credit (DVA) and/or funding costs (FVA). Therefore, the Group applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralised financial instruments. The Group estimates the value of its own credit from market observable data, such as secondary prices for its traded debt and the credit spread on credit default swaps and traded debts on itself.

The Group evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary, based on the facts at the end of the reporting period.

2.11 Financial assets and liabilities

2.11.1 Due from banks, Loans and advances to customers, Financial investments at amortised cost

Before 1 July 2018, *Due from bank* and *Loans and advances to customers*, included non-derivative financial assets with fixed or determinable payments that were not quoted in an active market, other than those:

- That the Group intended to sell immediately or in the near term;
- That the Group, upon initial recognition, designated as at FVPL or as available for sale;
- For which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which were designated as available for sale.

From 1 July 2018, the Group measures *Due from banks, Loans and advances to customers* and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the growth in the loans and advances to customers of the company managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Notes to the consolidated financial statements as at 30 June

The SPPI test

As a second step of its classification process the Group assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than *de minimis* exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

2.11.2 Debt instruments at FVOCI (Policy applicable from 1 July 2018)

The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset meet the SPPI test.

These instruments largely comprise assets that had previously been classified as financial investments available-for-sale under IAS 39.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. Where the Group holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition,

cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

2.11.3 Debt issued and other borrowed funds

After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the effective interest rate (EIR). A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

The Group has issued financial instruments with equity conversion rights, write-down and call options. When establishing the accounting treatment for these non-derivative instruments, the Group first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities, financial assets, or equity instruments in accordance with IAS 32. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercising the option may appear to have become economically advantageous to some holders. When allocating the initial carrying amount of a compound financial instrument to the equity and liability components, the equity component is assigned as the residual amount after deducting from the entire fair value of the instrument, the amount separately determined for the liability component. The value of any derivative features (such as a call options) embedded in the compound financial instrument, other than the equity component (such as an equity conversion option), is included in the liability component.

2.11.4 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or

Notes to the consolidated financial statements as at 30 June

- The liabilities (and assets until 1 July 2018 under IAS 39) are part of a group of financial liabilities (or financial assets, or both under IAS 39), which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The liabilities (and assets until 1 July 2018 under IAS 39) contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in the credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of the instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using the contractual interest rate. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

2.11.5 Financial assets / liabilities at fair value through profit or loss (Policy applicable before 1 July 2018)

Financial assets / liabilities at fair value through profit or loss are financial assets / liabilities held for trading. A financial asset / liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets / liabilities in this category are classified as current assets/liabilities if expected to be settled within 12 months, otherwise they are classified as non-current.

2.11.6 Loans and receivables / financial liabilities measured at amortised cost (Policy applicable before 1 July 2018)

Loans and receivables / financial liabilities measured at amortised cost are non-derivative financial assets/liabilities with fixed or determinable payments that are not quoted

in an active market. They are included in current assets / liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets/liabilities. The Group's loans and receivables/financial liabilities measured at amortised cost comprise 'loans to / (from) related parties', 'other financial assets', 'loans to / (from) shareholders', 'loan book', 'other receivables', 'cash and cash equivalents', 'other financial borrowings', 'finance lease liabilities' and 'trade and other payables' in the consolidated statement of financial position.

2.11.7 Available-for-sale financial investments (Policy applicable before 1 July 2018)

Available for sale (AFS) financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in Other Comprehensive Income ("OCI") and credited to the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

2.12 Reclassification of financial assets and liabilities

From 1 July 2018, the Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in 2019.

Notes to the consolidated financial statements as at 30 June

2.13 Derecognition of financial assets and liabilities

2.13.1 Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset or liability, such as a loans and advances to a customer or a debt facility, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

- Change in the method of collection from payroll deduction method;
- Change in counterparty; and
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded. For financial liabilities, the Group considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. For financial assets, this assessment is based on qualitative factors.

2.13.2 Derecognition other than for substantial modification

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates;
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients; and
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Notes to the consolidated financial statements as at 30 June

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

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 original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

2.14 Impairment of financial assets (Policy applicable from 1 July 2018)

2.14.1 Overview of the expected credit loss principles

As described in note 5, the adoption of IFRS 9 has fundamentally changed the Group's loan loss impairment method by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. From 1 July 2018, the Group has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as "financial instruments". Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or "LTECL"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL").

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group categorises its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- *Stage 1:* When loans are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans also include certain facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
- *Stage 2:* When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include certain facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- *Stage 3:* Loans considered credit impaired. The Group records an allowance for the LTECLs.
- *POCI:* Purchased or originated credit impaired ("POCI") assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

2.14.2 The calculation of ECLs

The Group calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at each loan's original EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- *The Probability of Default ("PD")* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- *The Exposure at Default ("EAD")* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- *The Loss Given Default ("LGD")* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral that are integral to the loan. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Group considers three scenarios (a base case, an upside and a downside). Each of these is associated with different PDs, and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure as well as the value of collateral.

For non-revolving (i.e. fixed term) loans, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier. For revolving facilities such as credit cards and overdrafts, the maximum life is calculated based on historic utilisation periods.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

- **Stage 1:**
The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. The forecasted EAD is adjusted for

expected prepayment behaviour as well as additional charges in the event of default. The expected 12-month default probabilities are applied to this forecasted EAD, multiplied by the expected LGD and discounted using the original EIR. This calculation is made for each of the three scenarios, as explained above.

- **Stage 2:**
When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted using the original EIR.
- **Stage 3:**
For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100% and with LGD based on a recovery curve.
- **POCI:**
POCI assets are financial assets that are credit impaired on initial recognition. The Group only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit adjusted EIR.

2.14.3 Forward looking information

In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs, such as:

- Gross domestic product ("GDP") growth
- Unemployment rates
- Central Bank base rates
- House price indices

2.15 Credit enhancements: collateral valuation and financial guarantees

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

Notes to the consolidated financial statements as at 30 June

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers or based on housing price indices.

2.16 Impairment of financial assets (Policy applicable before 1 July 2018)

At each reporting date the Group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or Group of financial assets have been impaired. An emergence period concept is applied to ensure that only impairments that exist at the reporting date are captured. The emergence period is defined as the time lapse between the occurrence of a trigger event (unidentified impairment) and the impairment being identified at an individual account level (identified impairment).

A financial asset or a group of financial assets are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Criteria that are used by the Group in determining whether there is objective evidence of impairment include:

- A breach of contract, such as default or delinquency in interest and/or principal payments;
- It is becoming probable that the borrower will enter bankruptcy; and
- Concessions granted from the lender to the borrower that the lender would not have considered normally.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the loan is reduced through the use of an allowance for credit losses account and the loss is recognised as a credit impairment charge in the consolidated statement of profit or loss.

If the Group determines that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a group of financial loans with similar credit risk characteristics and collectively assesses for impairment. Loans that are individually assessed for impairment and for which an impairment loss is recognised are not included in a collective assessment for impairment.

In order to provide for latent losses in a group of loans that have not yet been identified as specifically impaired, a credit impairment for incurred but not reported losses is recognised based on historic loss patterns and estimated emergence periods (time period between the loss trigger events and the date on which the Group identifies the losses).

All significant counterparty relationships are reviewed periodically. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The impairment of loans takes into account past loss experience adjusted for changes in economic conditions and the nature and level of risk exposure since the recording of the historic losses.

The Group adopts a formulaic approach to its impaired loans. A progressively higher percentage loss rate is applied the longer a customer's loan is past due and are grouped into aged categories as per note 41.

The Group assesses the probability of default by making reference to historical collection data. Rehabilitated loans are non-performing loans where an outstanding amount has been collected whether partial or in full.

Rehabilitated loans are monitored separately and are treated as either performing loans or non-performing loans based on proven subsequent performance history. Impairment losses are recognised in profit or loss. Subsequent to impairment, the effects of discounting unwind over time as interest income.

Notes to the consolidated financial statements as at 30 June

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the customers' credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in the consolidated statement of profit or loss and other comprehensive income. Impaired loans (and the related impairment allowance) are written off at the impaired loans earliest of when they are past due for 365 days or when there is no likelihood of recalling future payments.

The carrying value of these assets, being the present value of estimated future cash flows discounted at the respective financial assets' original effective interest rate, is disclosed as part of net advances.

The estimated recoveries on loans written off are regarded as insignificant and are recognised as a gain in the consolidated statement of profit or loss and other comprehensive income.

Loans that are either subject to collective impairment assessment or are individually significant and whose terms have been renegotiated are no longer considered to be past due but are reset to performing loan status. These loans are subject to ongoing review to determine whether they are considered impaired or past due.

2.17 Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non-restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

2.18 Taxation (tax)

2.18.1 Current taxation

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the

reporting date in the countries where the Group operates and generates taxable income.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

2.18.2 Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Notes to the consolidated financial statements as at 30 June

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value remeasurement of debt instruments at fair value through OCI, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI.

These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain. The Group also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Group only off-sets its deferred tax assets against liabilities when there is both a legal right to offset its current tax assets and liabilities and it is the Group's intention to settle on a net basis.

2.18.3 Tax expenses

The tax expense for the period comprises current and deferred tax. The taxation charge is recognised in the consolidated 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.

Current tax and deferred taxes are charged or credited from other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, from other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

2.19 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

2.19.1 Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding

liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

2.19.2 Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

2.20 Held for sale assets, liabilities or disposal groups

2.20.1 Held for sale

Assets, liabilities and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets, liabilities and disposal groups are classified as held for distribution to owners when the entity is committed to distribute the asset or disposal group to the owners. This condition is regarded as met only when the distribution is highly probable and the asset (or disposal group) is available for immediate distribution in its present condition, provided the distribution is expected to be completed within one year from the classification date.

Assets, liabilities and disposal groups held for sale (distribution to owners) are measured at the lower of their carrying amount and fair value less costs to sell (distribute).

Notes to the consolidated financial statements as at 30 June

Assets and disposal groups is not depreciated (or amortised) while it is classified as held for sale (held for distribution to owners), or while it is part of a disposal group classified as such. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale (distribution to owners) are recognised in profit or loss.

2.20.2 Discontinued operation

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of profit or loss and other comprehensive income.

2.21 Impairment of non-financial assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired.

If any such indication exists, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit or Group of cash generating units to which the asset belongs is determined. The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

2.22 Share capital, equity and other reserves

2.22.1 Share capital

Ordinary shares are classified as equity. Any premium received over and above the par value of the share is classified as 'share premium' in equity.

2.22.2 Share premium

Proceeds from issue of shares above the nominal value is recorded as share premium. Incremental costs directly attributable to the issue of new shares or options are shown in share premium as a deduction, net of tax, from the proceeds. For equity-settled options, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.22.3 Share-based payment reserve

Share-based compensation benefits are provided to employees via an employee share option plan.

The options granted to employees under the MyBucks S.A. Employee Option Plan are potential ordinary shares. They have been included in the determination of diluted earnings per share as they have a dilutive effect.

2.22.4 Revaluation reserve

A revaluation surplus is recorded in OCI and credited to the revaluation reserve in equity.

2.22.5 Common control reserve

This reserve represents an adjustment due to predecessor accounting with the contribution of the sub-groups.

2.23 Earnings per share

2.23.1 Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

2.23.2 Diluted earnings per share

Diluted earnings per share are determined by adjusting profit or loss attributable to ordinary equity holders of the parent entity and dividing this by the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

Notes to the consolidated financial statements as at 30 June

2.24 Employee benefits

2.24.1 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognised as another expense in the consolidated statement of profit or loss and other comprehensive income, as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as another expense in the consolidated statement of profit or loss and other comprehensive income, when there is a legal or constructive obligation to make such payments as a result of past performance.

2.25 Recognition of interest income and expense

2.25.1 The effective interest rate method

Under both IFRS 9 and IAS 39, interest income is recorded using the effective interest rate (EIR) method for all financial assets measured at amortised cost. Similar to interest-bearing financial assets classified as available-for-sale or held to maturity under IAS 39, interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life.

If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

2.25.2 Interest and similar income/expense

Net interest income comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information.

In its Interest income/expense calculated using the effective interest method, the Group only includes interest on those financial instruments that are set out in note 2.25.1 above.

Interest income/expense on all trading financial assets/liabilities is recognised as a part of the fair value change in Net trading income.

The Group calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

When a financial asset becomes credit-impaired and is therefore regarded as 'Stage 3', the Group calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Notes to the consolidated financial statements as at 30 June

For purchased or originated credit-impaired (POCI) financial assets, the Group calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the financial asset. The credit adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI financial asset.

2.26 Fee and commission income

The Group earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Group's revenue contracts do not typically include multiple performance obligations.

When the Group provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Where a fee or commission is charge in full at the inception of the transaction, the income and/or expense is deferred over the life of the product it relates to and realised using the effective interest rate method.

2.27 Deferred grants and grant income

The Group may grant loans and advances to customers at reduced rates in certain conditions. If this loans and advances forms part of a Social Responsibility Programme and is funded by a grant, the grant will realise through profit or loss as the expenses are incurred. The remainder of the amount is deferred until the conditions associated with the grant is met.

2.28 Loan impairments

Impairment on loans relate to bad debts written-off and the movement in the bad debt provision from prior year.

2.29 Translation of foreign currencies

2.29.1 Functional and presentational currency

The Group's consolidated financial statements are presented in Euro. For each entity in the Group, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation.

2.29.2 Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All foreign exchange differences arising on non-trading activities are taken to other operating income/expense in the income statement, with the exception of the effective portion of the differences on foreign currency borrowings that are accounted for as an effective hedge against a net investment in a foreign entity. These differences are recognised in OCI until the disposal of the net investment, at which time, they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

2.29.3 Group companies

On consolidation, the assets and liabilities in foreign operations are translated into Euro's ("€") at the spot rate of exchange prevailing at the reporting date and their income statements are translated at spot exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and are translated at the closing rate of exchange.

Notes to the consolidated financial statements as at 30 June

2.29.4 Zimbabwe change in functional currency

Resultant from the change in the functional currency of Zimbabwe on 22 February 2019, the financial information of Zimbabwe was converted to €, for consolidation purposes, by using the average United States Dollar ("US\$") to the € for the first 8 months (until 22 February 2019) and the exchange rate of the Zimbabwe Dollar ("ZWL\$") compared to the € there after.

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

A number of new or amended standards became applicable for the current reporting period and the Group amended its accounting policies and made retrospective adjustments as a result of adopting the following standards:

- IFRS 9 Financial Instruments (refer to note 5), and
- IFRS 15 Revenue from Contracts with Customers (No material impact which required restatement).

The impact of the adoption of these standards and the new accounting policies are disclosed in note 5 below. The other standards did not have a material impact on the Group's accounting policies and did not require retrospective adjustments.

3.2 Standards and interpretations not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

3.2.1 IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces *IAS 17 Leases*, *IFRIC 4 Determining whether an Arrangement contains a Lease*, *SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12

months or less). The Group will make use of both exemptions.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset, which will lead to a higher charge being recorded in the income statement compared to IAS 17. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Group performed a detailed impact assessment of IFRS 16 and will apply the modified retrospective approach as permitted by the standard. The Group will recognise a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying IAS 17. As permitted by the standard, this amount will be equal to the lease liability, adjusted for any prepayments or accrued lease payments relating to that lease. The lease liability will be measured at an amount equal to the outstanding lease payments at the date of initial application, considering extension and termination options, discounted at the Group's incremental borrowing rate in the economic environment of the lease. The capitalised right-of-use asset will mainly consist of office property, namely the retail branches.

In summary, the adoption of IFRS 16 is expected to impact the Group accounts as follows:

Figures in €	
Right of use asset	2,870,817
Leasehold liability	3,450,907
Equity	(580,090)

Notes to the consolidated financial statements as at 30 June

3.2.2 Amendments to IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. These amendments are applicable for annual reporting periods beginning after 1 January 2019 with the amendments being applied to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. The clarification is in line with how the Group currently recognises the income tax consequences of dividends and, therefore, expects no impact on its financial statements when this amendment becomes effective.

3.2.3 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date.

Since the Group operates in a complex multinational tax environment, applying the Interpretation will affect its consolidated financial statements. In addition, the Group

may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

4.1 Revaluation of property and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. For investment properties, a valuation methodology based on an independent valuator.

In addition, it measures the owner-occupied office properties of the Group at revalued amounts, with changes in fair value being recognised in OCI. The office properties were valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to assess fair values as at 30 June 2019 for the investment properties for the office properties.

Notes to the consolidated financial statements as at 30 June

4.2 Impairment losses on financial assets (Policy applicable after 1 July 2018)

The measurement of impairment losses both under IFRS 9 and IAS 39 across all categories of financial assets in scope 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 Group's 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:

- The Group's internal credit grading model, which assigns PDs to the individual grades;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on an ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.3 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from

observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

4.4 Effective Interest Rate (EIR) method

The Group's EIR method recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and lifecycle of the instruments, as well expected changes to the Group's base rate and other fee income/expense that are integral parts of the instrument.

4.5 Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Although, tax losses can be utilised indefinitely. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies.

4.6 Entities held for sale

MyBucks Australia Proprietary Limited is available for immediate sale and can be sold to the buyer in its current condition:

- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification;
- A potential buyer has been identified and negotiations as at the reporting date are at an advance stage;
- The sales transaction was concluded on 7 September 2019.

The Group has also classified Lyngreen Properties Proprietary Limited as available for sale. This entity was an entity that held a building in South Africa. This sales transaction was concluded post financial year end (November 2019).

Notes to the consolidated financial statements as at 30 June

4.7 Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period.

4.8 Investment in associate

The Group has classified the investments in Ecspoint Financial Services Limited trading as MyBucks Zambia and Opportunity Bank of Uganda Limited as associates. The Group has 65% ownership in MyBucks Zambia but resultant from the option granted over the shares only voting rights on 25%. The Group owns 49% of OBUL.

4.9 Joint venture

Judgement was exercised in the determination of the classification of the investment as a joint venture. Judgement was based mainly on the shareholder agreement in place which provides for the two shareholders to have joint control through unanimous

decision making. Since the Group has rights to the net assets of joint arrangement through its investment in equity, the joint arrangement was concluded to be a joint venture.

4.10 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 company 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 Group 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 company 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 company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

5. Transition disclosures

The following pages set out the impact of adopting IFRS 9 on the statement of financial position, and retained earnings including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECLs.

Category definition:

L&R	Loans and receivables at amortised cost
AC	Amortised cost
FVOCI	Fair Value through Other Comprehensive Income

A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 July 2018 is, as follows:

Figures in €	IAS 39 measurement		Remeasurement of ECL	IFRS 9	
	Category	Amount		Amount	Category
Financial assets					
Cash and balances with other financial institutions	L&R	13,036,969	-	13,036,969	AC
Fixed deposits	L&R	13,102,968	-	13,102,968	AC
Other receivables	L&R	15,496,350	-	15,496,350	AC
Loans and advances to customers	L&R	85,722,930	(1,399,296)	84,323,634	AC
Loans to related parties	L&R	13,145,811	-	13,145,811	AC
Other financial assets	L&R	224,104	-	224,104	AC
Financial investments (sub-note A)	L&R	1,719,869	-	1,719,869	FVOCI
Non-financial assets					
Investments accounted for using the equity method		5,178,949	(166,694)	5,012,255	
Other assets		28,238,430	-	28,238,430	
Total assets		175,866,380	(1,565,990)	174,300,390	
Financial liabilities					
Financial liabilities	AC	150,209,866	-	150,209,866	AC
Non-financial liabilities					
Held for sale – liability		383,161	(29,276)	353,885	
Other non-financial liabilities		1,304,444	-	1,304,444	
Total assets		151,897,471	(29,276)	151,868,195	
Total equity attributable to parent		6,852,251	(1,549,821)	5,302,430	
Total equity attributable to non-controlling interest		17,116,658	13,107	17,129,765	
Total equity		23,968,909	(1,536,714)	22,432,195	

A As of 1 July 2018, the Group has assessed its liquidity portfolio which had previously been classified as AFS financial instruments. The Group concluded that, these instruments are managed within a business model of collecting contractual cash flows and selling the financial assets. Accordingly, the Group has classified these investments as financial instruments measured at FVOCI.

The provision for impairment on the loans and advances to customers as at 30 June 2018 reconciles to the opening provision on 1 July 2018 as follows:

Figures in €	Investment in joint venture	Held for sale – liability	Provision for expected credit loss on loans and advances to customers
Balance as at 30 June 2018 – calculated under IAS 39	1,045,672	791,621	10,518,649
Amounts restated through opening retained earnings	166,694	(29,276)	1,399,296
Opening loss allowance as at 1 July 2018 – calculated under IFRS 9	1,212,366	762,345	11,917,945

6. Change in presentation and reclassification of financial disclosure

In previous financial periods the Group's key focus has been the advancement of the Group's inhouse developed Artificial Intelligence software ("AI"). These software systems were deployed to subsidiaries as part of the value-added services to enhance customer experience as well as improve service delivery. However, the strategy of the Group has evolved to an African focussed financial institution which focuses on providing financial services in Sub-Saharan Africa to the underbanked.

In previous periods the Group disclosed the financial statements in line with IAS 1 paragraph 60 where it is indicated that financial statements should be disclosed on the current and non-current principle. However, IAS 1 allows for a different method of disclosure as long as the change enables more reliable and more relevant information to the user of the financial statements.

The liquidity-based presentation is based on the principle of disclosing financial information in the Statement of financial position based on the liquid nature of the various items.

The Group operates in three major segments. The Group is a market leader in the micro-finance segment (lending). The Group has transformed, through natural evolution as well as with acquisitions to more banking operations. From the 2019 financial year the Group has more banking related investments than other investments, which resulted in the Group re-assessing the method of disclosure and resultantly adapt to the liquidity-based presentation.

As the consolidated statement of financial position does not require any reclassification the various current and non-current disclosures were aggregated for the 2019 comparative disclosure, no reclassification disclosure is being presented. However, as the consolidated statement of profit or loss and other comprehensive income required reclassification of various items the table below is used to indicate the reclassifications of the 2018 results as previously presented.

Figures in €	As originally presented	Reclassification due to change in presentation	Reclassification to discontinued operations	As re-presented
Revenue	61,307,099	(61,307,099)	-	-
Interest revenue calculated using the effective interest method	-	45,656,871	(9,683,521)	35,973,350
Other interest and similar income	-	3,644,375	(54,204)	3,590,171
Interest expense calculated using the effective interest method	-	(9,035,497)	(11,343,377)	(20,378,874)
Other interest and similar expense	-	(13,754,647)	13,754,647	-
Net interest income	61,307,099	(34,795,997)	(7,326,455)	19,184,647
Fee and commission income	-	13,076,091	(2,612,134)	10,463,957
Fee and commission expense	-	-	-	-
Net fee and commission income	-	13,076,091	(2,612,134)	10,463,957
Other operating income	6,792,482	-	(1,963,619)	4,828,863
Credit loss expense on loans and advances to customer	(11,834,181)	-	3,152,516	(8,681,665)
Impairment of other financial assets	-	(1,136,371)	(67,492)	(1,203,863)
Collection expenses	(7,103,117)	3,397,627	322,876	(3,382,614)
Foreign exchange loss	-	(729,931)	4,168	(725,763)
Profit from equity accounted investments	-	530,173	-	530,173
Net operating income	49,162,283	(19,658,408)	(8,490,140)	21,013,735
Employee costs	(15,096,534)	-	5,273,441	(9,823,093)
Depreciation, amortisation and non-financial instrument impairments	(3,594,142)	1,136,371	760,303	(1,697,468)
Professional fees	(4,161,315)	-	671,683	(3,489,632)
Other operating expenses	(12,400,762)	-	4,093,585	(8,307,177)
Share of profit in joint venture	530,173	(530,173)	-	-
Operating profit	14,439,703	(19,052,210)	2,308,872	(2,303,635)
Investment revenue	3,671,478	(3,671,478)	-	-
Finance costs	(22,723,688)	22,723,688	-	-
Loss before taxation	(4,612,507)	-	2,308,872	(2,303,635)
Taxation charge	(2,586,658)	-	547,464	(2,039,194)
Loss from continuing operations	(7,199,165)	-	2,856,336	(4,342,829)
Discontinued operations	(992,768)	-	(2,856,336)	(3,849,104)
Loss for the year	(8,191,933)	-	-	(8,191,933)

7. Segment information

7.1 Group segment view

2019	Banking	Lending	Management	Eliminations	Continued operations	Discontinued operations
Summarised statement of profit or loss						
Net interest income / (expense)	18,791,750	6,747,828	(11,088,992)	(2,333,624)	12,116,962	7,545,306
Net fee and commission income	6,360,800	4,401,178	-	399,636	11,161,614	3,501,350
Other operating income	3,985,454	213,744	30,000	952,311	5,181,509	567,015
Credit loss expense on loans and advances to customers	(2,353,831)	(3,839,967)	-	-	(6,193,798)	(2,947,540)
Impairment of other financial assets	-	(9,840,750)	(38,610,105)	39,387,936	(9,062,919)	(1,910,549)
Collection expenses	(514,202)	(1,990,924)	-	-	(2,505,126)	(445,342)
Foreign exchange gain / (loss)	296,243	21,324	(885,460)	34,780	(533,113)	(576,938)
Profit from equity accounted investments	2,604,596	-	-	-	2,604,596	-
Net operating income / (expense)	29,170,810	(4,287,567)	(50,554,557)	38,441,039	12,769,725	5,733,302
Employee costs	(6,563,852)	(4,007,201)	(1,612,100)	-	(12,183,153)	(8,564,718)
Depreciation, amortisation and non-financial instrument impairments	(824,628)	(831,206)	(891,217)	(1,950,120)	(4,536,530)	(508,790)
Professional fees	(1,287,107)	(921,213)	(3,180,812)	5,707	(5,383,425)	(1,019,317)
Other operating expenses	(6,205,308)	(3,839,606)	(2,860,962)	218,568	(12,647,949)	(5,082,473)
Profit / (loss) before taxation	14,289,915	(13,886,793)	(59,099,648)	36,715,194	(21,981,332)	(9,441,996)
Taxation charge	(2,582,264)	(1,176,317)	(225,481)	146,647	(3,837,415)	(846,393)
Profit / (loss) after taxation	11,707,651	(15,063,110)	(59,325,129)	36,861,841	(25,818,747)	(10,288,389)
Summarised statement of financial position						
Loan advances to customers	60,285,656	23,789,534	-	(755,437)	83,319,753	-
Inter Group assets	486,957	7,897,791	2,058,658	(10,443,406)	-	-
Related party and shareholder receivables	-	1,717,580	5,200,315	-	6,917,895	543,727
Other assets	63,660,955	11,082,591	41,921,813	(23,856,581)	92,808,778	24,479,225
Total assets	124,433,568	44,487,496	49,180,786	(35,055,424)	183,046,426	25,022,952
Inter Group liabilities	7,845,406	4,429,766	19,678,250	(31,953,422)	-	-
Customer deposits	60,172,104	-	-	(71,289)	60,100,815	-
Borrowings	31,316,288	17,117,174	33,727,212	252,913	82,413,587	6,542,520
Related party and shareholders borrowing	-	23,233,298	42,731,720	8,886	65,973,904	-
Other liabilities	6,246,162	5,641,735	4,363,463	(1,752,068)	14,499,292	20,345,895
Total liabilities	105,579,960	50,421,973	100,500,645	(33,514,980)	222,987,598	26,888,415
Net equity position	18,853,608	(5,934,477)	(51,319,859)	(1,540,444)	(39,941,172)	(1,865,463)

2018	Banking	Lending	Management	Eliminations	Continued operations	Discontinued operations
Summarised statement of profit or loss						
Net interest income / (expense)	14,570,473	12,455,801	(7,670,258)	(171,369)	19,184,647	7,632,417
Net fee and commission income	4,638,042	5,769,465	-	56,450	10,463,957	2,614,184
Other operating income	2,093,505	2,921,546	203,702	(389,890)	4,828,863	876,219
Credit loss expense on loans and advances to customers	(700,373)	(8,270,270)	-	288,978	(8,681,665)	(2,300,898)
Impairment of other financial assets	-	(398,946)	-	(804,917)	(1,203,863)	-
Collection expenses	(500,890)	(2,109,806)	-	(771,918)	(3,382,614)	(403,196)
Foreign exchange gain / (loss)	(29,377)	(105,009)	(665,413)	74,036	(725,763)	(76,190)
Profit from equity accounted investments	530,173	-	-	-	530,173	-
Net operating income / (expense)	20,601,553	10,262,781	(8,131,969)	(1,718,630)	21,013,735	8,342,536
Employee costs	(5,914,556)	(3,081,275)	(301,594)	(525,668)	(9,823,093)	(5,581,602)
Depreciation, amortisation and non-financial instrument impairments	(574,357)	(358,543)	(230,495)	(534,073)	(1,697,468)	(810,486)
Professional fees	(663,254)	(1,112,801)	(1,553,474)	(160,103)	(3,489,632)	(760,748)
Other operating expenses	(5,530,074)	(2,941,791)	(1,238,715)	1,403,403	(8,307,177)	(4,292,364)
Profit / (loss) before taxation	7,919,312	2,766,371	(11,456,247)	(1,535,071)	(2,303,635)	(3,102,664)
Taxation charge	(1,787,147)	(1,168,671)	(26,756)	943,380	(2,039,194)	(746,440)
Profit / (loss) after taxation	6,132,165	1,599,700	(11,483,003)	(591,691)	(4,342,829)	(3,849,104)
Summarised statement of financial position						
Loan advances to customers	47,191,316	38,531,698	-	(84)	76,940,453	8,782,477
Inter Group assets	38,357	9,175,405	56,217,040	(65,430,802)	-	-
Related party and shareholder receivables	-	8,391,561	5,065,619	124,356	13,581,536	-
Other assets	30,677,384	22,306,973	11,203,158	3,364,516	67,552,031	9,009,883
Total assets	77,907,057	78,405,637	72,485,817	(61,942,014)	158,074,020	17,792,360
Inter Group liabilities	5,301,531	6,925,285	17,646,508	(29,873,324)	-	-
Customer deposits	22,177,309	-	-	(1,508,560)	20,668,749	-
Borrowings	20,186,718	37,342,385	21,566,666	(44,384,209)	34,711,560	8,777,782
Related party and shareholders borrowing	214,874	14,235,656	22,981,860	(18,332,547)	19,099,843	-
Other liabilities	2,853,403	4,454,439	1,511,595	31,996,288	40,815,725	27,823,812
Total liabilities	50,733,855	62,957,765	63,706,629	(62,102,352)	115,295,877	36,601,594
Net equity position	27,173,222	15,447,872	8,779,188	160,338	42,778,143	(18,809,234)

7.2 Banking segment

2019	Mozambique	Uganda	Zimbabwe	Malawi	Uganda Associated	Zambia Associated	Total banking	Associate elimination	Banking
Summarised statement of profit or loss									
Net interest income / (expense)	7,519,497	436,648	5,642,021	5,193,584	6,096,499	674,250	25,562,499	(6,770,749)	18,791,750
Net fee and commission income	1,227,719	46,053	4,754,263	332,765	722,309	295,272	7,378,381	(1,017,581)	6,360,800
Other operating income	595,681	95,858	1,041,269	2,252,646	1,123,220	-	5,108,674	(1,123,220)	3,985,454
Credit loss expense on loans and advances to customers	(2,367,816)	531	(497,250)	510,704	(133,697)	(923,467)	(3,410,995)	1,057,164	(2,353,831)
Impairment of other financial assets	-	-	-	-	(10,159)	-	(10,159)	10,159	-
Collection expenses	-	-	(514,202)	-	-	(50,957)	(565,159)	50,957	(514,202)
Foreign exchange gain / (loss)	6,578	-	209,879	79,786	62,879	(236,903)	122,219	174,024	296,243
Profit from equity accounted investments	-	-	-	-	-	-	-	2,604,596	2,604,596
Net operating income	6,981,659	579,090	10,635,980	8,369,485	7,861,051	(241,805)	34,185,460	(5,014,650)	29,170,810
Employee costs	(2,195,148)	(209,094)	(2,394,966)	(1,764,643)	(2,811,738)	(188,106)	(9,563,695)	2,999,843	(6,563,852)
Depreciation, amortisation and non-financial instrument impairments	(297,263)	(30,203)	(135,332)	(361,831)	(447,209)	(18,745)	(1,290,583)	465,955	(824,628)
Professional fees	(1,086,552)	(15,252)	(137,692)	(47,609)	(144,942)	(28,806)	(1,460,853)	173,746	(1,287,107)
Other operating expenses	(2,526,088)	(231,160)	(1,667,214)	(1,780,846)	(3,441,335)	(223,707)	(9,870,350)	3,665,042	(6,205,308)
Profit before taxation	876,608	93,381	6,300,776	4,414,556	1,015,827	(701,169)	11,999,979	2,289,936	14,289,915
Taxation charge	(243,425)	(17,070)	(1,620,268)	(701,501)	(330,986)	356,599	(2,556,651)	(25,613)	(2,582,264)
Profit after taxation	633,183	76,311	4,680,508	3,713,055	684,841	(344,570)	9,443,328	2,264,323	11,707,651
Summarised statement of financial position									
Loan advances to customers	29,998,604	-	4,416,775	25,870,277	22,873,033	7,000,265	90,158,954	(29,873,298)	60,285,656
Inter Group assets	-	-	-	486,957	-	-	486,957	-	486,957
Related party and shareholder receivables	-	-	-	-	-	-	-	-	-
Other assets	11,627,939	-	3,218,272	40,969,338	11,473,568	3,162,112	70,451,229	(6,790,274)	63,660,955
Total assets	41,626,543	-	7,635,047	67,326,572	34,346,601	10,162,377	161,097,140	(36,663,572)	124,433,568
Inter Group liabilities	-	-	-	-	-	-	-	7,845,406	7,845,406
Customer deposits	18,914,712	-	347,668	40,909,724	17,384,747	4,412,981	81,969,832	(21,797,728)	60,172,104
Borrowings	10,954,699	-	2,971,726	17,389,863	6,873,941	277,309	38,467,538	(7,151,250)	31,316,288
Related party and shareholders borrowing	-	-	-	-	-	-	-	-	-
Other liabilities	4,144,878	-	953,553	1,147,731	2,011,239	1,381,313	9,638,714	(3,392,552)	6,246,162
Total liabilities	34,014,289	-	4,272,947	59,447,318	26,269,927	6,071,603	130,076,084	(24,496,124)	105,579,960
Net equity position	7,612,254	-	3,362,100	7,879,254	8,076,674	4,090,774	31,021,056	(12,167,448)	18,853,608
2018									
Summarised statement of profit or loss									
Net interest income / (expense)	3,711,993	4,989,935	5,868,545	2,888,085	17,458,558	(2,888,085)	14,570,473		
Net fee and commission income	749,672	493,300	3,395,070	719,135	5,357,177	(719,135)	4,638,042		
Other operating income	575,796	988,009	529,700	474,789	2,568,294	(474,789)	2,093,505		
Credit loss expense on loans and advances to customers	(405,676)	(157,358)	(137,339)	(789,994)	(1,490,367)	789,994	(700,373)		
Impairment of other financial assets	-	-	-	-	-	-	-		
Collection expenses	-	-	(500,890)	-	(500,890)	-	(500,890)		
Foreign exchange gain / (loss)	(32,702)	4,172	(847)	38,167	8,790	(38,167)	(29,377)		
Profit from equity accounted investments	-	-	-	-	-	530,173	530,173		
Net operating income	4,599,083	6,318,058	9,154,239	3,330,182	23,401,562	(2,800,009)	20,601,553		
Employee costs	(1,438,389)	(2,419,736)	(2,056,431)	(1,521,519)	(7,436,075)	1,521,519	(5,914,556)		
Depreciation, amortisation and non-financial instrument impairments	(142,663)	(314,560)	(117,134)	(384,721)	(959,078)	384,721	(574,357)		
Professional fees	(487,164)	(53,234)	(122,856)	(91,062)	(754,316)	91,062	(663,254)		
Other operating expenses	(1,634,393)	(2,124,279)	(1,771,402)	(1,364,307)	(6,894,381)	1,364,307	(5,530,074)		
Profit before taxation	896,474	1,406,249	5,086,416	(31,427)	7,357,712	561,600	7,919,312		
Taxation charge	427,287	(442,490)	(1,274,890)	252,932	(1,037,161)	(749,986)	(1,787,147)		
Profit after taxation	1,323,761	963,759	3,811,526	221,505	6,320,551	(188,386)	6,132,165		
Summarised statement of financial position									
Loan advances to customers	13,450,816	16,206,719	17,533,781	15,506,251	62,697,567	(15,506,251)	47,191,316		
Inter Group assets	-	-	38,357	-	38,357	-	38,357		
Related party and shareholder receivables	-	-	-	-	-	-	-		
Other assets	6,044,918	10,429,752	9,023,765	40,633,821	66,132,256	(35,454,872)	30,677,384		
Total assets	19,495,734	26,636,471	26,595,903	56,140,072	128,868,180	(50,961,123)	77,907,057		
Inter Group liabilities	-	-	122,582	-	122,582	-	5,178,949		
Customer deposits	7,077,022	13,392,239	1,708,048	38,340,336	60,517,645	(38,340,336)	22,177,309		
Borrowings	5,988,854	4,296,308	9,901,556	12,739,299	32,926,017	(12,739,299)	20,186,718		
Related party and shareholders borrowing	-	214,874	-	-	214,874	-	214,874		
Other liabilities	346,773	1,878,311	628,319	477,460	3,330,863	(477,460)	2,853,403		
Total liabilities	13,412,649	19,781,732	12,360,505	51,557,095	97,111,981	(46,378,146)	50,733,835		
Net equity position	6,083,085	6,854,739	14,235,398	4,582,977	31,756,199	(4,582,977)	27,173,222		

7.3 Lending segment

2019	South African region	Botswana	East Africa region	Lending
Summarised statement of profit or loss				
Net interest income / (expense)	(603,671)	3,955,587	3,395,912	6,747,828
Net fee and commission income	2,367,311	1,303,579	730,288	4,401,178
Other operating income	(468,070)	400,763	281,051	213,744
Credit loss expense on loans and advances to customers	(2,272,326)	(616,323)	(951,318)	(3,839,967)
Impairment of other financial assets	(8,408,174)	(1,067,029)	(365,547)	(9,840,750)
Collection expenses	(710,597)	(1,238,953)	(41,374)	(1,990,924)
Foreign exchange gain / (loss)	2,578	19,030	(284)	21,324
Net operating income / (expense)	(10,092,949)	2,756,654	3,048,728	(4,287,567)
Employee costs	(1,779,073)	(1,293,390)	(934,738)	(4,007,201)
Depreciation, amortisation and non-financial instrument impairments	(620,048)	(74,807)	(136,351)	(831,206)
Professional fees	(256,931)	(303,573)	(360,709)	(921,213)
Other operating expenses	(2,508,956)	(516,728)	(813,922)	(3,839,606)
Profit / (loss) before taxation	(15,257,957)	568,156	803,008	(13,886,793)
Taxation charge	(71,803)	(485,336)	(619,178)	(1,176,317)
Profit / (loss) after taxation	(15,329,760)	82,820	183,830	(15,063,110)
Summarised statement of financial position				
Loan advances to customers	8,650,958	9,283,916	5,854,660	23,789,534
Inter Group assets	273,500	7,624,291	-	7,897,791
Related party and shareholder receivables	1,618,476	99,104	-	1,717,580
Other assets	6,529,272	3,183,958	1,369,361	11,082,591
Total assets	17,072,206	20,191,269	7,224,021	44,487,496
Inter Group liabilities	1,902,268	240,256	2,287,242	4,429,766
Customer deposits	-	-	-	-
Borrowings	21,800	13,648,393	3,446,981	17,117,174
Related party and shareholders borrowing	23,233,298	-	-	23,233,298
Other liabilities	1,128,001	2,590,664	1,923,070	5,641,735
Total liabilities	26,285,367	16,479,313	7,657,293	50,421,973
Net equity position	(9,213,161)	3,711,956	(433,272)	(5,934,477)

2018	South African region	Botswana	East African region	Other	Lending
Summarised statement of profit or loss					
Net interest income / (expense)	5,689,068	4,306,152	2,460,581	-	12,455,801
Net fee and commission income	3,974,543	1,495,672	299,250	-	5,769,465
Other operating income	2,675,972	(90,222)	335,796	-	2,921,546
Credit loss expense on loans and advances to customers	(7,129,932)	(32,447)	(1,107,891)	-	(8,270,270)
Impairment of other financial assets	(192,960)	(197,076)	(8,910)	-	(398,946)
Collection expenses	(1,042,239)	(1,044,392)	(23,175)	-	(2,109,806)
Foreign exchange gain / (loss)	3,501	(76,410)	(32,100)	-	(105,009)
Net operating income	3,977,953	4,361,277	1,923,551	-	10,262,781
Employee costs	(1,240,564)	(919,823)	(920,888)	-	(3,081,275)
Depreciation, amortisation and non-financial instrument impairments	(109,323)	(78,535)	(170,685)	-	(358,543)
Professional fees	(338,019)	(393,303)	(381,479)	-	(1,112,801)
Other operating expenses	(1,254,118)	(894,833)	(792,840)	-	(2,941,791)
Profit / (loss) before taxation	1,035,929	2,074,783	(342,341)	-	2,768,371
Taxation charge	(408,010)	(701,229)	(59,432)	-	(1,168,671)
Profit / (loss) after taxation	627,919	1,373,554	(401,773)	-	1,599,700
Summarised statement of financial position					
Loan advances to customers	11,395,359	8,302,580	4,162,256	5,889,026	38,531,698
Inter Group assets	7,834,298	836,292	-	504,815	9,175,405
Related party and shareholder receivables	4,339,965	3,679,543	-	372,053	8,391,561
Other assets	6,471,481	2,762,764	2,145,646	10,927,082	22,306,973
Total assets	30,041,103	15,581,179	6,307,902	17,692,976	78,405,637
Inter Group liabilities	557,819	115,595	4,052,328	2,199,543	6,925,285
Customer deposits	-	-	-	-	-
Borrowings	12,069,640	12,240,502	175,403	12,856,840	37,342,385
Related party and shareholders borrowing	14,224,962	-	10,694	-	14,235,656
Other liabilities	(3,002,057)	(710,988)	2,125,434	6,042,050	4,454,439
Total liabilities	23,850,364	11,645,109	6,363,859	21,098,433	62,957,765
Net equity position	6,190,739	3,936,070	(55,957)	5,377,020	15,447,872

7.4 Management segment

2019	Mauritius	Luxembourg	Management
Summarised statement of profit or loss			
Net interest income / (expense)	(4,826,589)	(6,262,403)	(11,088,992)
Net fee and commission income	-	-	-
Other operating income	-	30,000	30,000
Credit loss expense on loans and advances to customers	-	-	-
Impairment of other financial assets	(4,209,825)	(34,400,280)	(38,610,105)
Collection expenses	-	-	-
Foreign exchange gain / (loss)	(1,154,203)	268,743	(885,460)
Net operating expense	(10,190,617)	(40,363,940)	(50,554,557)
Employee costs	-	(1,612,100)	(1,612,100)
Depreciation, amortisation and non-financial instrument impairments	(890,731)	(486)	(891,217)
Professional fees	(447,462)	(2,733,350)	(3,180,812)
Other operating expenses	1,030,418	(3,891,380)	(2,860,962)
Loss before taxation	(10,498,392)	(48,601,256)	(59,099,648)
Taxation charge	(202,872)	(22,609)	(225,481)
Loss after taxation	(10,701,264)	(48,623,865)	(59,325,129)
Summarised statement of financial position			
Loan advances to customers	-	-	-
Inter Group assets	2,058,658	-	2,058,658
Related party and shareholder receivables	4,766,039	434,276	5,200,315
Other assets	5,704,459	36,217,354	41,921,813
Total assets	12,529,156	36,651,630	49,180,786
Inter Group liabilities	8,662,806	11,015,444	19,678,250
Customer deposits	-	-	-
Borrowings	15,259,112	18,468,100	33,727,212
Related party and shareholders borrowing	19,543,278	23,188,442	42,731,720
Other liabilities	134,090	4,229,373	4,363,463
Total liabilities	43,599,286	56,901,359	100,500,645
Net equity position	(31,070,130)	(20,249,729)	(51,319,859)

2018	Mauritius	Luxembourg	Other	Management
Summarised statement of profit or loss				
Net interest income / (expense)	(6,027,345)	(1,642,913)	-	(7,670,258)
Net fee and commission income	-	-	-	-
Other operating income	32,433	171,269	-	203,702
Credit loss expense on loans and advances to customers	-	-	-	-
Impairment of other financial assets	-	-	-	-
Collection expenses	-	-	-	-
Foreign exchange gain / (loss)	(483,343)	(182,070)	-	(665,413)
Net operating expense	(6,478,255)	(1,653,714)	-	(8,131,969)
Employee costs	74,142	(375,736)	-	(301,594)
Depreciation, amortisation and non-financial instrument impairments	(149,447)	(81,048)	-	(230,495)
Professional fees	(72,019)	(1,481,455)	-	(1,553,474)
Other operating expenses	(1,034,647)	(204,068)	-	(1,238,715)
Loss before taxation	(7,660,226)	(3,796,021)	-	(11,456,247)
Taxation charge	(120,082)	93,326	-	(26,756)
Loss after taxation	(7,780,308)	(3,702,695)	-	(11,483,003)
Summarised statement of financial position				
Loan advances to customers	-	-	-	-
Inter Group assets	7,997,164	46,668,187	1,551,689	56,217,040
Related party and shareholder receivables	4,604,665	460,954	-	5,065,619
Other assets	6,244,572	962,198	3,996,388	11,203,158
Total assets	18,846,401	48,091,339	5,548,077	72,485,817
Inter Group liabilities	12,997,669	106,570	4,542,269	17,646,508
Customer deposits	-	-	-	-
Borrowings	5,350,268	16,216,398	-	21,566,666
Related party and shareholders borrowing	20,118,040	2,863,820	-	22,981,860
Other liabilities	136,916	619,731	754,948	1,511,595
Total liabilities	38,602,893	19,806,519	5,297,217	63,706,629
Net equity position	(19,756,492)	28,284,820	250,860	8,779,188

Summary of segments

The Group has identified its reportable segments based on business activities with a secondary segment on country specific level (geographic). The segments also reflect how the Group's businesses are managed and reported to the Chief Operating Decision Maker ("CODM"). The CODM primarily uses the net profit after tax to assess the performance of the operating segments. The CODM also receives monthly information about the segment's loans and advances to customers as well as customer deposits in banking entities.

As all the operating segments of the Group are engaged in similar business activities, the 10% criteria have been applied on total revenue to identify the reportable segments.

Other captions include smaller countries not reported separately as they do not constitute material businesses

compared to segments showed separately as they do not meet the 10% criteria defined for the reportable segments.

Operational segments:

Banking segment consists of the countries where deposit taking licences are maintained. The equity accounted entities, MyBucks Zambia and Opportunity Bank of Uganda Limited is included in this segment, (MBC Malawi in the previous year).

Lending segment consists off the sub-groups that functions as micro lending entities. These are the South African Group (including Eswatini and Namibia), Botswana and East Africa (Kenya and Tanzania).

Management segment consists of the supporting entities as well as the entities where software technology is developed and hosted. These are based in Luxembourg, Mauritius and South Africa (closed in June 2019).

8. Business combination

8.1 Capfin acquisition

On 1 July 2018 Fair Go Finance Pty Ltd ("Fair Go") acquired 100% of the share capital of SpotCo Holdings Pty Ltd ("SpotHol"), trading as "Capfin". Capfin is an online micro-finance entity that operates in the Australian market. Capfin was part of the larger Pepkor Group before it was acquired by Fair Go. SpotHol (the parent entity) has three subsidiaries, Spot Loans Pty Ltd, Fundco Pty Ltd and Micro Dog Pty Ltd.

Capfin was acquired to increase the overall market share of Fair Go in the Australian market. Resultant from the acquisition Fair Go became the 5th largest micro-finance entity in the Australian market. As Capfin's business is similar to the business of FairGo, the acquisition resulted in various synergies through the elimination of duplicate operations / functions which decreased the effective cost vs asset base.

At acquisition all assets acquired, and liabilities assumed were reassessed to ensure that these are included in the Fair Go Group at fair value. During the assessment of the assets acquired and liabilities assumed, customer relationships were identified as an intangible asset.

Figures in €

Assets acquired	
Cash at bank	794,265
Loans and advances to customers	5,399,482
Deferred tax asset	789,131
Plant and equipment	46,813
Sundry receivables	65,611
Intangible assets	379,135
Total assets	7,474,437
Liabilities assumed	
Employee related liabilities	123,258
Other payables	777,321
Total liabilities	900,579
Net asset value	6,573,858
Consideration paid in cash	7,095,908
Goodwill	522,050

With the acquisition the customer relationships identified for Capfin amounted to €379,135. The significant assumptions used for this asset was:

Assumptions applied

Value of customer loans	The average amount of loans taken up by the customer in the past 3 years was used as a base to be able to determine the value of future loans for these customers.
Number of loans	The median number of loans for each customer is indicated as 2 loans per customer.
Impairment risk	At 1 July 2018 the expected credit loss provision on loans and advances to customers has a 27.2% cover ratio (see note 1 above as part of the fair value assessment). This was used to identify potential impairment of future customer loans.
Weighted average cost of capital (WACC)	Cost of funding from Alexander Fund Manager was used as an indication of WACC. This is based on the Base rate plus 11%. The base rate is the average rate of Bills with one-month maturity. At 1 July 2018 the Base rate was: 1.89%. Therefore, WACC used is 12.89%.
Probability of return	The probability of return is based on a ratio associated with the recentness of the customer loan over the past 3 years. The probability associated with the respective periods are: <ul style="list-style-type: none"> Loan within 2018: 80% Loan within 2017: 60% Loan within 2016: 40% Loan within 2015: 10% These assumptions were based on the premise that the more recent the loans are the higher probability of return. If the customer has not had a loan within 3 years, the probability of return is less than 10%, therefore assume zero.

No unrecorded or potential contingent liabilities was identified at acquisition.

The below tables indicate the receivable considerations:

Loans and advances to customers	Figures in €	Other receivables	Figures in €
Fair value	5,764,390	Fair value	66,325
Gross contractual cash flows	9,893,517	Gross contractual cash flows	66,325
Expected credit losses	2,072,318	Expected credit losses	-
Other disclosures	Figures in €		
Net interest income since acquisition	2,217,123		
Net fee and commission income since acquisition	2,821,323		
Profit contribution since acquisition	2,425,050		
Costs incurred as part of the acquisition	147,904		

8.2 MBC Malawi acquisition

On 7 January 2019 the Group acquired an additional 50% of the share capital of MyBucks Banking Corporation Limited (MBC Malawi) (Previously New Finance Bank Limited (NFB)), which increased the Group's investment to 100% of the issued share capital.

MBC Malawi was acquired as the Group's previous partner is exiting the Malawian financial markets. The Central Bank of Malawi does not allow 100% ownership of shares in a bank. The approval from the Central Bank stipulated that the Group has to dispose of at least 35% of the shares by 31 December 2021. The change in ownership empowered the Group to rebrand the bank to MyBucks Banking Corporation Malawi (MBC Malawi) which aligns with the branding of the Group for banking entities.

At acquisition all assets acquired, and liabilities assumed were reassessed to determine the fair value. During the assessment of the assets acquired and liabilities assumed customer relationships and core deposits were identified as intangible assets at acquisition.

Figures in €

Assets acquired	
Cash and balances with the Reserve Bank of Malawi	4,682,320
Placements with other banks	208,551
Government of Malawi treasury notes, bills and bonds	40,381,699
Loans and advances to customers	17,015,111
Other assets	3,048,682
Deferred income tax assets	1,463,582
Property, plant and equipment	1,569,162
Intangible assets	912,612
Customer relationship	930,249
Core deposit	3,918,257
Total assets	74,130,225
Liabilities assumed	
Deposits from customers	50,033,279
Other liabilities	755,927
Medium-term bond note	4,870,179
External borrowings	12,142,293
Deferred income tax liability	1,454,551
Total liabilities	69,256,229
Net asset value acquired	4,873,996

Consideration

Fair value of previously owned stake at acquisition date	7,516,354
Consideration paid with debt	7,516,354
	15,032,708

Total consideration	15,032,708
Net asset value	4,873,996
Goodwill	10,158,712

With the acquisition the customer relationships identified amounted to €930,249 and core deposits to €3,918,257. The significant assumptions used in the computation of this assets was:

Assumptions applied in customer relationship valuation

Value of loans	The average amount of loans taken up by the customer over the past few years was used as a base to be able to determine the value of future loans for these customers.
Number of loans	The median number of loans for each customer is indicated as 1.5 loans per customer.
Cost to income ratio	A fixed cost to income ratio was applied based on the 2018 actual results. This ratio was 73%.
Impairment risk	At 1 January 2019 future write offs was determined as 3.7% based on the bank's impairment risk.
Weighted average cost of capital (WACC)	Cost of funding of 14% was used, as this is the cost related to the biggest portion of the banks listed bond.
Probability of return	The probability of return is based on a ratio associated with the recentness of the customer loan over the past 3 years. The probability associated with the respective periods are: <ul style="list-style-type: none"> • Loan within 2018: 80% • Loan within 2017: 60% • Loan within 2016: 40% • Loan within 2015: 10% These assumptions were based on the premise that the more recent the loans are the higher probability of return. If the customer has not had a loan within 3 years, the probability of return is less than 10%, therefore assume zero.

Assumptions applied in core deposit valuation

Growth	The bank has experienced significant growth in customer deposits over the previous 4 years. The customer deposit growth was based on the actual position as at 30 June 2019, and then grown with 6.5% each year.
Cost to income ratio	A fixed cost to income ratio was applied based on the 2018 actual results. This ratio was 73%.
Funding cost	14% was used as fixed funding cost. This is per the listed bond program of the bank.
Customer deposit cost	10% was used as an average cost. This was derived by analysing the various depositors interest payments made.

No unrecorded or potential contingent liabilities was identified at acquisition. The below tables indicate the receivable considerations:

Loans and advances to customers	Figures in €	Other receivables	Figures in €
Fair value	13,311,392	Fair value	4,203,755
Gross contractual cash flows	14,859,807	Gross contractual cash flows	3,012,797
Expected credit losses	1,548,414	Expected credit losses	-

Other disclosures

	Figures in €
Net interest income since acquisition	5,193,584
Net fee and commission income since acquisition	332,765
Profit contribution since acquisition	3,713,055
Net interest income if acquired at the beginning of the financial year	10,028,396
Net fee and commission if acquired at the beginning of the financial year	3,114,732
Profit if acquired at the beginning of the year	4,319,927

9. Cash and balances with other financial institutions

Figures in €	2019	2018
Cash on hand	1,231,439	1,081,411
Current accounts with other banks	9,121,186	11,415,556
Deposits with the various central banks	2,771,319	540,002
Impairment allowance for amounts placed with other banks	-	-
	13,123,944	13,036,969
Bank overdraft	(2,785,287)	(988,499)
Net cash position	10,338,657	12,048,470

Impairment allowance for balance's with other financial institutions

The table below indicates the credit quality and exposure to credit risk. The amounts presented are gross of impairment allowances.

Figures in €	2019	2018
Stage 1		
Deposits with bank	2,771,319	540,002
Advances to banks	9,121,186	11,415,556
Stage 2	-	-
Stage 3	-	-
	11,892,505	11,955,558
Loss allowance	-	-
	11,892,505	11,955,558

The counterparties are established financial institutions with no history of default and the loss allowance is therefore insignificant.

The cash and balances with other financial institutions include the balances in physical cash, amounts placed with other banks or amounts held by the various central banks. These items have maturities of less than 90 days.

Deposits with the central banks represent mandatory reserve deposits and are not available for use in the Group's day-to-day operations. The funds that is held in Zimbabwe (€978,708 (2018: € 2,675,648)) is not freely available to the Group for day to day use due to exchange control limitations in that country.

10. Fixed deposits

The maturity of the fixed deposits is presented as follows:

Figures in €	2019	2018
From 3 month to 12 months	2,875,371	10,518,900
More than 12 months	-	2,584,068
	2,875,371	13,102,968

The funds that is held in Zimbabwe (€Nil) (2018: €2,584,067) is not freely available to the Group for day to day use due to exchange control limitations in that country. This deposit was released from Zimbabwe in July 2019.

Impairment allowance for balance's with other financial institutions

The table below indicates the credit quality and exposure to credit risk. The amounts presented are gross of impairment allowances.

Figures in €	2019	2018
Stage 1		
Deposits with banks	2,875,371	13,102,968
Stage 2	-	-
Stage 3	-	-
	2,875,371	13,102,968
Loss allowance	-	-
	2,875,371	13,102,968

11. Financial investments

Figures in €	2019	2018
Listed investments		
Treasury bills in Zimbabwe	-	1,643,853
Treasury bills in Malawi	31,889,327	-
	31,889,327	1,643,853

The Zimbabwe treasury bills had a 5% yield and matured on 20 June 2019. These were carried until maturity.

The bills in Malawi deliver an average of 11% yield. The treasury note maturities average between 91 days, 182 days and 365 days and 2 to 5 years for treasury bills. During the period €201,858 (gross adjustment) was adjusted through other comprehensive income with a taxation impact of €61,457.

Unlisted investments

Figures in €	2019	2018
Investments in Shares	330,365	76,016
	330,365	76,016
	32,219,692	1,719,869

12. Other receivables

Figures in €	2019	2018
Non-financial instruments		
Prepayments	2,423,466	2,187,143
Deposits	117,548	-
Indirect taxes	1,036,524	2,764,980
	3,577,538	4,952,123
Financial instruments		
Insurance receivable	234,440	249,739
Payroll lending receivable	2,765,474	2,376,134
Sundry receivable	3,059,278	7,918,354
	6,059,192	10,544,227
Expected credit loss provision	-	-
	9,636,730	15,496,350

The reduction in the amount of indirect taxes relates to an impairment processed during the current year (refer to note 37). The reduction in the sundry receivable relates mainly to timing.

13. Other financial assets

Figures in €	2019	2018
Financial instruments		
This loan matures in November 2018 and bears interest at 17%.	-	224,104
	-	224,104

During the period under review €nil was impaired (2018: €57,497). No provision for expected credit loss has been raised on these amounts during 2019. An amount of €124,355 due from Coronado Proprietary Limited was transferred to related parties (note 15.2).

14. Loans and advances to customers

Figures in €	2019	2018
Payroll lending	62,642,246	52,734,485
Small and medium enterprises (SME)	21,890,611	32,040,113
Other	8,718,140	11,466,982
	93,250,997	96,241,580
Less allowance for expected credit loss (ECL)	(9,931,244)	(10,518,650)
	83,319,753	85,722,930

Maturity of loans based on expected contractual collections:

Figures in €	2019	2018
Receivable within 1 year	44,409,228	47,415,653
Receivable in more than 1 year	38,910,525	38,307,277
	83,319,753	85,722,930

14.1 Impairment allowance for loans and advances to customers

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in note 47.1 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in note 47.1.

14.1.1 Payroll lending

Gross loans and advances to customers in €	Stage 1	Stage 2	Stage 3	Total
Outstanding balance as at 1 July 2018	39,644,712	8,102,076	4,987,697	52,734,485
At acquisition	4,741,799	1,277,685	196,837	6,216,321
Financial assets derecognised during the period	(17,846,817)	(2,320,885)	(767,573)	(20,935,275)
Transfers:				
Transfers from stage 1 to stage 2	(3,914,206)	3,709,612	-	(204,594)
Transfers from stage 2 to stage 1	77,939	(150,111)	-	(72,172)
Transfers from stage 1 to stage 3	(948,046)	-	996,639	48,593
Transfers from stage 3 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(1,357,105)	1,257,885	(99,220)
Transfers from stage 3 to stage 2	-	-	-	-
Changes in static loans	(4,870,265)	(887,487)	(773,417)	(6,531,169)
New financial assets originated	37,416,959	6,031,798	2,344,484	45,793,241
Write offs	(104,396)	(317,521)	(1,391,092)	(1,813,009)
Impact of currency translation	(3,218,590)	(1,011,691)	(901,274)	(5,131,555)
Loss of control of subsidiary	(4,263,262)	(1,049,829)	(2,050,309)	(7,363,400)
Outstanding balance as at 30 June 2019	46,715,827	12,026,542	3,899,877	62,642,246

Expected credit loss allowance in €	Stage 1	Stage 2	Stage 3	Total
Outstanding balance as at 30 June 2018 (IAS 39)	472,402	1,421,043	3,250,651	5,144,096
IFRS 9 adjustment	228,924	(294,038)	1,239,937	1,174,823
Outstanding balance as at 1 July 2018 (IFRS 9)	701,326	1,127,005	4,490,588	6,318,919
At acquisition	49,990	205,706	195,314	451,010
Financial assets derecognised during the period	(373,372)	(362,728)	(721,810)	(1,457,910)
Transfers:				
Transfers from stage 1 to stage 2	(33,971)	644,481	-	610,510
Transfers from stage 2 to stage 1	823	(15,967)	-	(15,144)
Transfers from stage 1 to stage 3	(21,135)	-	832,783	811,648
Transfers from stage 3 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(294,503)	1,041,193	746,690
Transfers from stage 3 to stage 2	-	-	-	-
Changes in static loans	(60,817)	113,720	(509,443)	(456,540)
New financial assets originated	1,208,560	1,433,920	1,781,256	4,423,736
Write offs	(4,104)	(98,554)	(1,240,472)	(1,343,130)
Impact of currency translation	(103,962)	(205,089)	(758,798)	(1,067,849)
Loss of control of subsidiary	(63,223)	(232,511)	(1,665,349)	(1,961,083)
Outstanding balance as at 30 June 2019	1,300,115	2,315,480	3,445,262	7,061,411

14.1.2 Small and medium enterprises (SME)

Gross loans and advances to customers in €	Stage 1	Stage 2	Stage 3	Total
Outstanding balance as at 1 July 2018	25,427,620	3,399,053	3,213,440	32,040,113
At acquisition	5,531,943	2,646,484	298,097	8,476,524
Financial assets derecognised during the period	(4,834,797)	(312,661)	(234,517)	(5,381,975)
Transfers:				
Transfers from stage 1 to stage 2	(2,190,891)	1,727,517	-	(463,374)
Transfers from stage 2 to stage 1	150,471	(667,854)	-	(517,383)
Transfers from stage 1 to stage 3	(1,284,630)	-	896,700	(387,930)
Transfers from stage 3 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(1,464,776)	1,267,782	(196,994)
Transfers from stage 3 to stage 2	-	-	-	-
Changes in static loans	(2,517,399)	(303,085)	(759,099)	(3,579,583)
New financial assets originated	12,683,914	4,313,705	942,748	17,940,367
Write offs	(12,933)	(66,769)	(958,643)	(1,038,345)
Impact of currency translation	(5,093,909)	(1,428,147)	(389,349)	(6,911,405)
Loss of control of subsidiary	(15,372,636)	(2,060,694)	(656,074)	(18,089,404)
Outstanding balance as at 30 June 2019	12,486,753	5,782,773	3,621,085	21,890,611

Expected credit loss allowance in €	Stage 1	Stage 2	Stage 3	Total
Outstanding balance as at 30 June 2018 (IAS 39)	145,220	349,120	2,110,130	2,604,470
IFRS 9 adjustment	(40,880)	(277,384)	134,976	(183,288)
Outstanding balance as at 1 July 2018 (IFRS 9)	104,340	71,736	2,245,106	2,421,182
At acquisition	10,769	36,320	22,174	69,263
Financial assets derecognised during the period	(11,488)	(14,761)	(210,639)	(236,888)
Transfers:				
Transfers from stage 1 to stage 2	(5,109)	54,265	-	49,156
Transfers from stage 2 to stage 1	634	(12,129)	-	(11,495)
Transfers from stage 1 to stage 3	(773)	-	88,061	87,288
Transfers from stage 3 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(27,063)	74,667	47,604
Transfers from stage 3 to stage 2	-	-	-	-
Changes in static loans	(13,020)	(2,342)	137,083	121,721
New financial assets originated	39,849	165,318	281,569	486,736
Write offs	(6)	(541)	(813,707)	(814,254)
Impact of currency translation	(8,507)	(22,381)	2,615	(42,019)
Loss of control of subsidiary	(80,912)	(41,224)	(344,193)	(466,329)
Outstanding balance as at 30 June 2019	35,777	207,198	1,482,736	1,711,965

14.1.3 Other products

Gross loans and advances to customers in €	Stage 1	Stage 2	Stage 3	Total
Outstanding balance as at 1 July 2018	7,387,380	1,329,654	2,749,948	11,466,982
At acquisition	5,246,185	935,314	4,930,717	11,112,216
Financial assets derecognised during the period	(11,402,872)	(1,278,967)	(2,511,584)	(15,193,423)
Transfers:				
Transfers from stage 1 to stage 2	(213,116)	130,272	-	(82,844)
Transfers from stage 2 to stage 1	916	(12,362)	-	(11,446)
Transfers from stage 1 to stage 3	(739,734)	-	405,993	(333,741)
Transfers from stage 3 to stage 1	1,277,016	-	(924,607)	352,409
Transfers from stage 2 to stage 3	-	(341,726)	194,985	(146,741)
Transfers from stage 3 to stage 2	-	1,591,625	(894,306)	697,319
Changes in static loans	(191,615)	(15,896)	(423,824)	(631,335)
New financial assets originated	11,990,753	1,850,479	2,038,173	15,879,405
Write offs	(166,813)	(608,334)	(797,587)	(1,572,734)
Impact of currency translation	(245,526)	(86,418)	(104,632)	(436,576)
Transfer to held for sale	(8,842,976)	(897,762)	(2,640,613)	(12,381,351)
Outstanding balance as at 30 June 2019	4,099,598	2,595,879	2,022,663	8,718,140

Expected credit loss allowance in €	Stage 1	Stage 2	Stage 3	Total
Outstanding balance as at 30 June 2018 (IAS 39)	254,252	624,594	2,050,870	2,929,716
IFRS 9 adjustment	291,774	(300,593)	256,367	247,548
Outstanding balance as at 1 July 2018 (IFRS 9)	546,026	324,001	2,307,237	3,177,264
At acquisition	715,113	408,865	1,924,811	3,048,789
Financial assets derecognised during the period	(1,109,354)	(470,632)	(2,491,062)	(4,071,048)
Transfers:				
Transfers from stage 1 to stage 2	(11,484)	6,285	-	(5,199)
Transfers from stage 2 to stage 1	46	(5,113)	-	(5,067)
Transfers from stage 1 to stage 3	(89,347)	-	377,894	288,547
Transfers from stage 3 to stage 1	80,585	-	(3,132)	77,453
Transfers from stage 2 to stage 3	-	(141,648)	187,560	45,912
Transfers from stage 3 to stage 2	-	110,480	(3,958)	106,522
Changes in static loans	(27,407)	(7,035)	(171,750)	(206,192)
New financial assets originated	1,003,169	566,615	1,663,535	3,233,319
Write offs	(15,633)	(109,574)	(665,748)	(790,955)
Impact of currency translation	(20,538)	(9,188)	(39,637)	(69,363)
Transfer to held for sale	(903,090)	(348,977)	(2,420,048)	(3,672,115)
Outstanding balance as at 30 June 2019	168,086	324,080	665,702	1,157,868

14.2 Impairment allowance for loans and advances to customers

An analysis of the allowance for impairment losses under IAS 39 for loans and advances, by class, for the year to 30 June 2018.

Figures in €	2018
Opening balance	17,310,365
Amounts written off as uncollectable	(10,272,551)
Additional impairment recognised (note 36)	4,356,472
Amounts recovered during the year	(186,879)
Foreign currency translation impact	(688,757)
	10,518,650

15. Related parties

15.1 Loans to shareholders

Figures in €	Note	Country	2019	2018
Ecsponent Limited		South Africa	-	435,724
The loan accrued interest at 20% per annum with no fixed repayment terms.				
Ecsponent Limited		Mauritius	4,766,039	-
This loan accrues interest between 10.5% and 17% per annum and is repayable in 36 months. €4.7 million of this loan was settled as part of the Group equity restructure.				
			4,766,039	435,724

15.2 Loans to other related parties

Figures in €	Note	Country	2019	2018
Ecsponent Financial Services Limited		Zambia	-	372,052
The loan accrues interest at 30% and was repaid in January 2019.				
Surechoice Global Ventures Proprietary Limited		Botswana	-	2,369,833
The loan accrued interest at 28% per annum. The loan was repaid in July 2018.				
Purple Orchid Proprietary Limited (Formerly Ecsponent Projects Proprietary Limited)	15.5	Botswana	-	718,379
The loan accrued interest 20% and had a tenor of 18 months. However, this loan was non-performing, and therefore written off. This entity does not form part of the Ecsponent Limited Group.				
Purple Orchid Holdings Proprietary Limited (Formerly Ecsponent Capital (RF) Limited)	a	South Africa	1,458,934	1,459,853
This loan accrued interest at 14.5% and was repayable in 24 equal monthly instalments. This loan will be settled in the Group restructure transaction.				
FinTech Campus Proprietary Limited	15.5	South Africa	-	1,322,576
The loan accrued interest at 10% per annum and had no fixed payment terms. This loan was written-off during the year.				
Stella Walsh Proprietary Limited		Luxembourg	434,276	460,954
The loan accrued interest at 5% per annum. The loan was repayable in December 2022. However, with the sale of a significant portion of the investment in FairGo Finance Proprietary Limited, the loan was settled on 17 September 2019.				
Botswana Teachers Union		Botswana	99,103	155,607
The loan accrued interest at 7% per annum. The loan matures on 31 March 2019.				

Figures in €			2019	2018
Purple Orchid Proprietary Limited (Formerly Ecsponent Projects Proprietary Limited)	15.5	Mauritius	4,101,427	4,191,975
This loan was repayable in December 2018. This receivable was however transferred to Ecsponent Projects (Proprietary) Limited and then included as part of the Ecsponent Limited restructuring.				
Stodaflow Proprietary Limited		South Africa	-	412,690
This loan was interest free and repaid in fully in July 2018.				
GetBucks SMME Lending Proprietary Limited		South Africa	-	1,423,476
This loan accrued interest at 22% per annum. This loan was repayable with 90-day notice in 6 equal instalments. The loan was settled in January 2019.				
Tsepo Finance Proprietary Limited	15.5	South Africa	257,300	134,060
This loan is unsecured and accrues interest at 28% per annum. This loan is not performing and therefore a provision for doubtful debt has been raised on this balance.				
Coronado Proprietary Limited		South Africa	-	124,356
This loan bears interest at 22% and has a 14-day call.				
Techclusion Proprietary Limited	a	South Africa	159,543	-
This loan bears interest at 22% and has a 14-day call. This loan will be settled with the Group restructure.				
Barkat Ali		Zambia	543,727	-
This loan accrues interest at 17% and is repayable in 60 months.				
			7,054,310	13,145,811
Impairment allowance for amounts due from related parties			(4,358,727)	-
			2,695,583	13,145,811

The table below indicates the credit quality and exposure to credit risk. The amounts presented are gross of impairment allowances.

Stage	2019	2018
Stage 1		
Loans to shareholders	4,766,039	435,724
Loans to other related parties	2,695,583	13,145,811
Stage 2	-	-
Stage 3	4,358,727	-
	11,820,349	13,581,535
Loss allowance	(4,358,727)	0
	7,461,622	13,581,535

15.3 Loans from shareholders

Figures in €	Note	Country	2019	2018
Sunblaze Investment Holdings Limited		Mauritius	-	542,798
This loan is unsecured and accrued interest at 14.5% per annum. This loan was settled in full during the period under review.				
Ecsponent Limited		Luxembourg	7,780,292	-
This loan is repayable in 60 months and accrues interest at 28% per annum. The loan was converted into equity subsequent to year end.				
Tailored Investments Limited		Mauritius	427,025	1,823,000
The loan is unsecured and accrues interest at 14.5% per annum. The loan is payable in equal monthly instalments.				
Infinitum Limited	a	Luxembourg	3,860,000	-
This loan consists of two portions, a portion that is interest free and will be settled in shares of MyBucks (€3.25 million) With the remainder incurring interest from 1 July 2019 at 13% and is repayable in three equal monthly instalments from February 2020.				
			12,067,317	2,365,798

15.4 Loans from other related parties

Figures in €	Note	Country	2019	2018
Ecsponent Treasury Services Proprietary Limited	a	Eswatini	10,696,454	9,701,949
Ecsponent Treasury Services Proprietary Limited	a	South Africa	12,350,232	4,147,059
These loans accrue interest at 28% per annum and is repayable in 90 days. These loans are secured over the loan advances to customers in South Africa and Eswatini as well as the shares held by MyBucks in Get Bucks Proprietary Limited (GBSA) and the shares in Fair Go Finance Proprietary Limited as well as the shares held by GBSA in GetBucks (Eswatini) Proprietary Limited. These loans will be settled through the issuance of MyBucks shares.				
Ecsponent Collective Investment Scheme (CIS)		Eswatini	90,212	-
Ecsponent Collective Investment Scheme (CIS)		South Africa	96,400	-
These loans accrue interest at 20% and is repayable in full in November 2019.				
RBC CEES Trust Limited	b	Mauritius	8,958,511	8,555,052
This loan accrues interest at 22.5% per annum and is repayable either on 31 December 2019 or 31 December 2024.				
Vanguard Holdings Limited		Mauritius	-	6,872
This loan was unsecured and accrued interest at 14.5% per annum. The loan had no fixed payment terms and was settled in full.				
Opportunity International U.S.A	c	Uganda	-	10,694
This loan was interest free and was repaid in July 2018.				
Opportunity International U.S.A	c	Uganda	-	41,064
This loan accrues interest at 2% per annum and has to be repaid in June 2020.				
Opportunity International U.S.A	c	Uganda	-	173,810
This loan accrues interest at 2% per annum and has to be repaid in June 2020.				
Finsbury Investments Limited	a	Luxembourg	11,048,150	2,863,820
This loan accrued interest at 3% per annum and was repayable in June 2020. This loan was acquired by a family office and will be settled in shares in the restructuring.				
New Finance Bank Limited		Malawi	8,887	2,199,543
This amount was interest free with no fixed repayment terms.				
TLG Capital	a / b / d	Mauritius	10,657,741	9,197,190
This loan consists of two portions, both accruing interest at 17% per annum. The first portion being callable with 90-day notice (€5.4 million) and the remainder was repayable in February 2021.				
These facilities were restructured to reflect the following €2.7 million repayment in September 2019, with the remainder due in June 2020 which can be settled with the TLG Africa investment (as acquired from Infinitum Ltd for €4.7 million (\$5.4 million)) and the balance to be settled in cash. A transaction fee of €500 thousand was paid (in MyBucks shares) for the restructuring.				
Claymore Capital Proprietary Limited	d	South Africa	-	4,182
Payable on demand and interest free				
Coronado trading Proprietary Limited	d	South Africa	-	3,311
Payable on demand and interest free				
Capitis Equities Proprietary Limited	d	South Africa	-	6,254,781
This loan accrued interest at 10% and was settled in full in October 2018.				
Bridgeport 089 Proprietary Limited		South Africa	-	369,080
This loan is unsecured, interest free with no fixed repayment terms. As Lyngreen is held for sale, the liability is included in the liabilities held for sale category.				
			53,906,587	43,528,408

Notes:

- (a) These loans form part of the recapitalisation/restructure of the Group. Refer to note 1.3;
 (b) This loan is in breach of covenants refer to note 47.3.9 for detail on the breach;
 (c) These loans form part of OBUL which was deconsolidated due to loss of control of subsidiary; and
 (d) These loans were reclassified from financial borrowings and other financial assets as presented in 2018.

Credit quality of loans

The maximum exposure to credit risk at the reporting date is the fair value of each loan. The fair value of the loans is disclosed in the note 45.

15.5 Related party transactions

Figures in €		2019	2018
Other income			
Ecsponent Limited Group - profit on loans and advances to customers sold	South Africa	-	1,709,505
Morepower Investments Limited - management fee	Mauritius	-	779,289
SureChoice Proprietary Limited - management fee	Botswana	57,825	100,393
		57,825	2,589,187
Other expenses			
Ecsponent Limited Group - loans and advances to customers acquired and impaired on acquisition as part of the Group restructure	South Africa	(2,262,356)	-
Ecsponent Limited Group - rental expenses	South Africa	(281,715)	-
Dave van Niekerk – Settlement	South Africa	(1,320,000)	-
Torhelm Consulting GmbH – consulting fee	Austria	(125,000)	-
Finclusion Pte Ltd – consulting fee	Singapore	(425,000)	-
Botswana Teachers Union -	Botswana	(886,843)	(92,780)
		(5,300,914)	(92,780)
Interest income			
Surechoice Global Ventures Proprietary Limited	Botswana	-	706,185
MHMK Group Limited	Mauritius	422,657	120,438
Ecsponent Limited	South Africa	-	763,406
Brainworks Capital Management	Mauritius	-	98,262
Brainworks Capital Management	Zimbabwe	-	604,784
Ecsponent Projects Proprietary Limited	Botswana	136,566	346,712
Botswana Teachers Union	Botswana	170,698	14,375
FinTech Campus Proprietary Limited	South Africa	-	64,404
Tsepo Financial Services Proprietary Limited	South Africa	-	9,638
Ecsponent Capital (RF) Limited	South Africa	-	295,816
GetBucks SMME Lending Proprietary Limited	South Africa	-	137,349
Ecsponent Financial Services Limited	Zambia	-	187,077
		729,921	3,348,446
Interest expense			
Sunblaze Investment Holdings Limited	Mauritius	(38,927)	(81,858)
Tailored Investments Limited	Mauritius	(99,955)	(3,668,583)
Opportunity International U.S.A.	Uganda	-	(386,412)
Opportunity Transformation Investments U.S.A.	Uganda	-	(24,608)
RBC CEES Trustee Limited	Mauritius	(1,817,543)	(2,153,111)
Ecsponent Treasury Services Proprietary Limited	South Africa	(3,104,416)	(3,579,922)
Ecsponent Treasury Services Proprietary Limited	Eswatini	(2,716,533)	(2,018,101)
Ecsponent Limited	South Africa	(532,268)	-
TLG Capital	Mauritius	(2,227,910)	-
Infinitum Limited	Luxembourg	(3,450,000)	-
J&W Thorpe proprietary Limited	Australia	-	(35,724)
Wheatflieds Investments Proprietary Limited	Mauritius	-	(15,167)
DTM Capital Proprietary Limited	Botswana	(186,384)	(141,927)
Vanguard Holdings Limited	Mauritius	-	(964)
		(14,173,936)	(12,106,377)

Figures in €

		2019	2018
Related party impairments and write off			
Tsepo Financial Services Proprietary Limited	South Africa	257,300	-
FinTech Campus Proprietary Limited	South Africa	940,322	-
FinTech Campus Proprietary Limited (other receivables)	South Africa	746,217	-
Purple Orchid Proprietary Limited (Formerly Ecsponent Projects Proprietary Limited)	Mauritius	4,101,427	-
Purple Orchid Proprietary Limited (Formerly Ecsponent Projects Proprietary Limited)	Botswana	502,307	-
		6,547,573	-

15.6 Related party relationships

Related parties and relationship	Country	Relationship
Ecsponent Limited Group entities		
Ecsponent (Botswana) Limited	Botswana	Major shareholder
Ecsponent Limited	South Africa	Major shareholder
Ecsponent Treasury Proprietary Limited	Eswatini	Subsidiary of Group shareholder
Ecsponent Treasury Proprietary Limited	South Africa	Subsidiary of Group shareholder
GetBucks SMME Lending Proprietary Limited	South Africa	Subsidiary of Group shareholder
Surechoice Global Ventures Proprietary Limited	Botswana	Subsidiary of Group shareholder
MHMK Group Limited	Mauritius	Majority shareholder of Ecsponent Group
Minority shareholders in Group-controlled entities		
Bridgeport 089 (Pty) Ltd	South Africa	Lyngreen Proprietary Limited
Botswana Teachers Union	Botswana	TU Loans Proprietary Limited
J&W Thorpe	Australia	Entity related to a minority shareholder
Stela Walsh Proprietary Limited	Australia	Fair Go Finance Proprietary Limited
Other		
Tsepo Financial Services Proprietary Limited	Lesotho	Other
Stodaflo Proprietary Limited	South Africa	Entity related to a Director of a subsidiary
Entities related to equity accounted investments		
Opportunity Transformation Investments (US)	USA	Opportunity Bank of Uganda
Finsbury Investments Limited	Malawi / Zambia	Joint Venture partner in MBC Malawi
Faulu Uganda Trust Limited	Uganda	Opportunity Bank of Uganda
Opportunity International U.S	USA	Opportunity Bank of Uganda
Food for the Hungry	Uganda	Opportunity Bank of Uganda
Barkat Ali	Zambia	Minority shareholder in MyBucks Zambia
Corporations related to shareholders and Directors		
Mylesland Investment Holdings Limited	Mauritius	Entity related to a Director of a shareholder
Infinitum Limited	Austria	Major shareholder of the Group
Tailored Investments Limited	Mauritius	Shareholder of the Group
RBC CEES Trustee Limited	United Kingdom	Entity related to a shareholder
TLG Capital Limited	United Kingdom	Entity related to a Director
Torhelm Consulting GmbH	Austria	Entity related to a Director
Finclusion Pte Ltd	Singapore	Entity related to a Director

Related parties and relationship	Country	Relationship
Corporations related to previous Executive Chairman		
DTM Capital Proprietary Limited	Botswana	Entity related to previous executive chairman
Vanguard Holdings Limited	South Africa	Entity related to previous executive chairman
Morepower Investments Proprietary Limited	Botswana	Entity related to previous executive chairman
Purple Orchid Holdings Limited (Formerly Ecsponent Capital (RF) Limited)	South Africa	Entity related to previous executive chairman
Sunblaze Investment Holdings Limited	Samoa	Entity related to previous executive chairman
Purple Orchid Proprietary Limited (Formerly Ecsponent Projects Proprietary Limited)	Botswana	Entity related to previous executive chairman
Fintech Campus Proprietary Limited	South Africa	Entity related to previous executive chairman
Claymore Capital Proprietary Limited	South Africa	Entity related to previous executive chairman
Claymore Capital B.V.	Switzerland	Entity related to previous executive chairman
Coronado Proprietary Limited	South Africa	Entity related to previous executive chairman
Techclusion Proprietary Limited	South Africa	Entity related to previous executive chairman

15.7 Group structure and subsidiaries



16. Taxation receivable / (taxation payable)

Figures in €	2019	2018
Taxation paid in advance / receivable	749,670	776,108
Taxation payable	(764,650)	(940,199)
	(14,980)	(164,091)

Reconciliation on movement	2019	2018
Opening balance	(164,091)	(500,397)
Income taxation charged for the year	(2,416,078)	(4,096,817)
Taxation paid	2,293,158	4,260,929
Deconsolidation	276,703	-
Secondary taxes paid	(22,475)	55,942
Other adjustments	17,803	116,252
	(14,980)	(164,091)

17. Held for sale and other discontinued operations

During the financial year the Group has designated two entities as held for sale:

- FairGo Finance Proprietary Limited (Australia) - Lending segment
- Lyngreen Properties Proprietary Limited (South Africa) - Lending segment

17.1 Fair Go Proprietary Limited (Fair Go)

The Group accepted an offer to dispose of 60% shareholding from the Groups' 85% stake held in Fair Go. The refocused strategy of the Group is on operations in Sub-Saharan Africa. The Group retained a 25% stake in Fair Go, however the Group has granted an option for this 25% stake from the same buyer that acquired the initial 60% for €2.1 million.

The 60% stake in Fair Go is being disposed for €5 million (AUD 8.101 million), which was paid on 15 September 2019. As part of the disposal the loan granted to Stella Walsh in the amount of €434,276 (note 15) was settled in full.

17.2 Lyngreen Properties Proprietary Limited (Lyngreen)

As part of the Group restructure and over all recapitalisation, the Group decided to dispose their interest in the company owning the office building in South Africa. The Group has reduced the overall staff complement in South Africa with the closure of the South African Management entity (previous management segment). This reduction in staff has reduced the office space required by the South African operations significantly.

17.3 Summary of financial information for the held for sale entities

SUMMARISED STATEMENT OF FINANCIAL POSITION				
Figures in €	Fair Go	Lyngreen	2019	2018
Cash and cash equivalents	1,930,014	112,687	2,042,701	15,713
Loan advances to customers	8,797,677	-	8,797,677	72,537
Other financial assets	277,760	223,954	501,714	71,602
Non-financial assets	4,787,009	7,758,401	12,545,410	229,470
TOTAL ASSETS	15,792,460	8,095,042	23,887,502	389,322
Other financial liabilities	7,862,833	6,208,018	14,070,851	383,161
TOTAL LIABILITIES	7,862,833	6,208,018	14,070,851	383,161
TOTAL NET ASSETS	7,929,627	1,887,024	9,816,651	6,161

SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in €	Fair Go	Lyngreen	2019	2018
Net interest income / (expense)	5,042,081	(511,807)	4,530,274	569,329
Net fee and commission income	2,418,914	-	2,418,914	(190,288)
Other operating income	22,959	-	22,959	40,195
Credit loss expense on loans and advances to customers	(1,724,528)	-	(1,724,528)	(666,482)
Collection expenses	(198,974)	-	(198,974)	-
Foreign exchange loss	(2,237)	-	(2,237)	-
Net operating income	5,558,215	(511,807)	5,046,408	(247,246)
Employee costs	(2,254,787)	-	(2,254,787)	(287,871)
Depreciation, amortisation and non-financial instrument impairments	(305,846)	(123,153)	(428,999)	(49,370)
Professional fees	(191,084)	(1,236)	(192,320)	(35,874)
Other operating expenses	(1,818,500)	(142,040)	(1,960,540)	(369,865)
Loss before taxation	987,998	(778,236)	209,762	(990,226)
Taxation charge	(168,698)	(18,055)	(186,753)	(198,977)
Loss after taxation	819,300	(796,291)	23,009	(1,189,203)

SUMMARISED STATEMENT OF CASH FLOWS IN €

Figures in €	Fair Go	Lyngreen	2019	2018
Cash flows from operating activities	1,484,082	149,195	1,633,277	(402,939)
Cash flows from investing activities	(6,642,554)	-	(6,642,554)	(77,017)
Cash flows from financing activities	3,939,592	(317,423)	3,622,169	59,059
	(1,218,880)	(168,228)	(1,387,108)	(479,956)

17.4 Sale of Zambian operations

On 8 April 2019, the Group contributed a significant portion of the operations of GetBucks Financial Services Limited in Zambia for a 65% stake Ecsponent Financial Services Limited trading as MyBucks Zambia. MyBucks Zambia has a microfinance deposit taking licence.

In the table below the Statement of financial position of both, MyBucks Zambia and GetBucks Zambia, is illustrated before the sale of operations (Pre transaction) and after the sale of operations (Post transaction) between these entities.

Figures in €	MyBucks Zambia		GetBucks Zambia	
	Pre transaction	Post transaction	Pre transaction	Post transaction
Cash and cash equivalents	24,634	157,333	132,699	-
Loan advances to customers	2,188,374	8,015,947	5,827,573	-
Other financial assets	1,931,266	5,475,354	10,711,460	7,251,285
Non-financial assets	412,451	442,083	199,931	170,299
TOTAL ASSETS	4,556,725	14,090,717	16,871,663	7,421,584
Customer deposits	4,129,761	4,129,761	-	-
Other financial liabilities	1,524,961	5,400,764	14,890,872	6,913,386
TOTAL LIABILITIES	5,654,722	9,530,525	14,890,872	6,913,386
TOTAL NET ASSETS	(1,097,997)	4,560,192	1,980,791	508,198

17.5 Summary of financial information for the discontinued operations

The Group discontinued various operations during the current year in order to streamline the business operations of the Group. The significant entities that were discontinued and the entities held for sale are presented below:

- VSS Financial Services Pty Ltd in South Africa, previously part of the Management segment;
- GetBucks Zambia in Zambia, previously part of the Lending segment; and
- GetBucks Malawi Proprietary Limited in Malawi, previously part of the Lending segment.

SUMMARISED STATEMENT OF FINANCIAL POSITION

Figures in €	2019	2018
Held for sale – assets	23,887,502	389,322
Other discontinued assets	1,135,450	17,403,038
TOTAL ASSETS	25,022,952	17,792,360
Held for sale – liabilities	14,070,851	383,161
Other discontinued liabilities	12,817,564	36,218,433
TOTAL LIABILITIES	26,888,415	36,601,594
TOTAL NET ASSETS	(1,865,463)	(18,809,234)

SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in €	2019	2018
Net interest income	7,545,306	7,632,417
Net fee and commission income	3,501,350	2,614,184
Other operating income	567,015	876,219
Credit loss expense on loans and advances to customers	(2,947,540)	(2,300,898)
Impairment of other financial assets	(1,910,549)	-
Collection expenses	(445,342)	(403,196)
Foreign exchange loss	(576,938)	(76,190)
Net operating income	5,733,302	8,342,536
Employee costs	(8,564,718)	(5,581,602)
Depreciation, amortisation and non-financial instrument impairments	(508,790)	(810,486)
Professional fees	(1,019,317)	(760,748)
Other operating expenses	(5,082,473)	(4,292,364)
Loss before taxation	(9,441,996)	(3,102,664)
Taxation charge	(846,393)	(746,440)
Loss after taxation for discontinued entities	(10,288,389)	(3,849,104)

SUMMARISED STATEMENT OF CASH FLOWS IN €

Cash flows from operating activities	(557,394)	42,010
Cash flows from investing activities	(752,953)	825
Cash flows from financing activities	(3,199,676)	-
	(4,510,023)	42,835

18. Investments accounted for using the equity method

18.1 Profit from equity accounted investments

Figures in €	2019	2018
Profit for the period from associates	348,536	-
Elimination journals on associate	(248,039)	-
Profit for the period from joint venture	303,436	110,752
Elimination journals on joint venture	(776,210)	419,421
Gain on piecemeal acquisition	2,976,873	-
	2,604,596	530,173

18.2 Investment in associates

The Group de-consolidated Opportunity Bank of Uganda Limited (OBUL) on 2 August 2018. There was no change in ownership, the Group retained their 49% ownership of OBUL however there was a change in the control of the entity resultant from a change in the shareholders agreement. With the Loss of control of the subsidiary the Group amended the accounting treatment of OBUL to account for OBUL as an associate from 2 August 2018.

On 8 April 2019 the Group acquired a 65% stake in Ecsponent Financial Services Limited (trading as MyBucks Zambia) with the contribution of assets from GetBucks Financial Services Limited (GetBucks Zambia). Even though the Group has the majority shareholding, the Group has granted an option (including the voting rights) to sell 40% of the interest to a local Zambian investor for €2.4 million if exercised before 31 December 2019. This option expires in 31 December 2020.

The Group has a 49% interest in a venture based in Namibia namely, Get Bucks (Namibia) Proprietary Limited.

Figures in €	OBUL	MyBucks Zambia	Get Bucks Namibia	Total
Fair value at classification to associate	4,345,299	-	-	4,345,299
Cost incurred	-	-	110	110
Fair value of assets contributed to MyBucks Zambia	-	3,399,500	-	3,399,500
Carrying value at acquisition (total deemed consideration)	4,345,299	3,399,500	110	7,744,909

The carrying value at acquisition can be split as follows:

Figures in €	OBUL	MyBucks Zambia	Get Bucks Namibia	Total
Net assets at designation/acquisition	3,634,871	2,964,124	(290,784)	6,308,211
Goodwill	710,428	435,376	290,894	1,436,698
	4,345,299	3,399,500	110	7,744,909

Figures in €	OBUL	MyBucks Zambia	Get Bucks Namibia	Total
Opening balance	4,345,299	3,399,500	110	7,744,909
Movement in statement of profit or loss				
Profit for the period	335,572	(223,971)	236,935	348,536
<i>Elimination adjustments:</i>				
Amortisation of intangibles	(63,511)	-	-	(63,511)
Elimination of transactions with associates	-	-	(184,528)	(184,528)
	272,061	(223,971)	52,407	100,497
				-
Closing balance	4,617,360	3,175,529	52,517	7,845,406

The elimination entries above refers to transaction between other Group entities which is eliminated at the % holding for the specific entity.

SUMMARISED STATEMENT OF FINANCIAL POSITION

Figures in €	OBUL	MyBucks Zambia	Get Bucks Namibia	Total
Cash and cash equivalents	2,693,101	1,324,465	37,818	4,055,384
Loan advances to customers	22,579,818	7,000,265	129,732	29,709,815
Other financial assets	5,199,118	1,060,586	5,459	6,265,163
Non-financial assets	3,609,413	777,060	44,941	4,431,414
TOTAL ASSETS	34,081,450	10,162,376	217,950	44,461,776
Customer deposits	17,384,747	4,412,981	-	21,797,728
Other financial liabilities	8,260,884	1,658,622	-	9,919,506
Non-financial liabilities	423,711	-	444	424,155
TOTAL LIABILITIES	26,069,342	6,071,603	444	32,141,389
TOTAL NET ASSETS	8,012,108	4,090,773	217,506	12,320,387

SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in €	OBUL	MyBucks Zambia	Get Bucks Namibia	Total
Net interest income / (expense)	6,096,499	674,250	139,019	6,909,768
Net fee and commission income	722,309	295,272	71,826	1,089,407
Other operating income	1,123,220	-	387,825	1,511,045
Credit loss expense on loans and advances to customers	(133,697)	(923,467)	(34,572)	(1,091,736)
Impairment of other financial assets	(10,159)	-	-	(10,159)
Collection expenses	-	(50,957)	(21,051)	(72,008)
Foreign exchange gain / (loss)	62,880	(236,903)	-	(174,023)
Net operating income / (expense)	7,861,052	(241,805)	543,047	8,162,294
Employee costs	(2,811,738)	(188,106)	(48,471)	(3,048,315)
Depreciation, amortisation and non-financial instrument impairments	(447,209)	(18,745)	(1,183)	(467,137)
Professional fees	(144,942)	(28,806)	(5,359)	(179,107)
Other operating expenses	(3,441,335)	(223,707)	(4,494)	(3,669,536)
Loss before taxation	1,015,828	(701,169)	483,540	798,199
Taxation charge	(330,986)	356,599	-	25,613
Loss after taxation	684,842	(344,570)	483,540	823,812
GROUP'S SHARE OF PROFIT	335,572	(223,971)	236,935	348,536

SUMMARISED STATEMENT OF CASH FLOWS

Figures in €	OBUL	MyBucks Zambia	Get Bucks Namibia	Total
Cash flows from operating activities	(676,331)	3,004,456	19,589	2,347,714
Cash flows from investing activities	(277,932)	88,843	-	(189,089)
Cash flows from financing activities	1,673,401	(1,791,824)	(4,654)	(123,077)
	719,138	1,301,475	14,935	2,035,548

No dividends were paid by these entities during the period. There are no unrecorded commitments or guarantees granted by these entities.

18.3 Investments in joint ventures

The Group acquired a 50% interest in New Finance Bank Limited (NFB), now known as MBC Malawi, in Malawi a TIER I deposit taking entity which focusses on the un-banked in Malawi. The investment was acquired for €5 million funded through a loan from Finsbury Investment Limited amounting to €4.2 million (USD5 million) as well as participation in rights issue amounting to €1.5 million (USD1.75 million) and the Group made a contribution of the loans and advances to customers of GetBucks Malawi.

The Group's interest is accounted for using the equity method in the consolidated financial statements as the Group together with Finsbury Investments Limited have equal ownership in MBC Malawi. The shareholders entered into a contractual agreement indicating that both shareholders have equal rights in MBC Malawi, therefore control does not vest with any one shareholder but rather both shareholders. Therefore, the Group accounts for MBC Malawi as a joint venture. Final approvals for the acquisition was obtained 1 October 2017. The results below represent a 9-month period for inclusion in the Group results.

Cost of investment and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Figures in €	Note	2019	2018
Net assets acquired			295,605
Goodwill			4,693,223
Carrying value at acquisition (total consideration)			4,988,828
Opening balance		5,178,949	4,988,828
Profit for the period		303,436	110,752
Deferred loan book realisation (elimination entry)		306,279	419,421
		609,715	530,173
Gain on piecemeal acquisition		2,976,873	-
Profit for the year		3,586,589	530,173
Other movements			
Elimination adjustments		(1,082,490)	(340,052)
Opening adjustment for IFRS 9	5	(166,694)	-
Fair value of owned stake at acquisition in business combination	8	(7,516,354)	-
Closing balance		-	5,178,949
SUMMARISED STATEMENT OF FINANCIAL POSITION IN €			2018
Cash and cash equivalents			5,021,935
Loan advances to customers			15,506,251
Other financial assets			30,941,026
Non-financial assets			4,443,193
TOTAL ASSETS			55,912,405
Customer deposits			38,340,336
Other financial liabilities			12,989,643
TOTAL LIABILITIES			51,329,979
TOTAL NET ASSETS			4,582,426

Acquisition of Pride Malawi operations

During July 2018 MBC Malawi acquired a customer advance book (MWK 372 million), intangible assets (MWK 21 million) and branch network (MWK 84 million) from Pride Malawi for an amount of €562 thousand.

Risk associated with MBC Malawi

The Group is exposed to foreign currency risk as the underlying investment is denominated in Malawian Kwacha.

SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME IN €	1 July 2018 to 31 December 2018	1 October 2017 to 30 June 2018
Net interest income)	4,834,812	1,063,430
Net fee and commission income	2,781,967	-
Other operating income / (expense)	(3,600,329)	3,722,938
Credit loss expense on loans and advances to customers	(423,513)	(789,994)
Net operating income	3,592,937	3,996,374
Employee costs	(794,199)	(1,521,519)
Depreciation, amortisation and non-financial instrument impairments	(202,675)	(384,721)
Professional fees	(45,179)	(91,062)
Other operating expenses	(1,458,141)	(2,030,499)
Profit / (loss) before taxation	1,092,743	(31,427)
Taxation charge	(485,871)	252,932
Profit after taxation	606,872	221,505
GROUP'S SHARE OF PROFIT (50%)	303,436	110,752

SUMMARISED STATEMENT OF CASH FLOWS IN €

Cash flows from operating activities	(30,526,791)
Cash flows from investing activities	(358,921)
Cash flows from financing activities	34,249,483
	3,363,771

No dividends were declared during the 2018 period. Distribution of dividends requires the approval of both shareholders.

On 7 January 2019 the Group acquired all outstanding shares in NFB, refer to note 8 for further information.

19. Investment properties

Figures in €	2019	2018
Original Cost	542,731	461,469
Carrying value	1,581,785	461,469
Reconciliation of movement		
Balance as at 1 July	461,469	-
Additions	1,753,402	451,993
Disposal	(45,147)	-
Revaluations	1,039,045	-
Currency translation difference	(1,626,984)	9,476
Balance as at 30 June	1,581,785	461,469

GetBucks Financial Services Limited in Zimbabwe purchased investment properties during the year which are held for both capital appreciation and rentals. Investment properties are carried at fair value determined on an open market basis by an independent professional valuer, in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards.

There was no rental income generated from the investment properties during the year and there were no direct operating expenses (including repairs and maintenance) arising from investment properties.

The fair value information is disclosed in note 45.

20. Properties and equipment

Figures in €	Land	Buildings	Furniture and fittings	Motor vehicles	Office equipment	Computer equipment	Leasehold improvements	Work in progress	Total
Cost	1,810,885	1,742,699	1,492,610	1,501,436	2,277,507	1,466,449	1,121,468	4,930,959	16,344,013
Accumulated depreciation	-	(207,126)	(974,390)	(1,014,406)	(1,259,684)	(1,059,119)	(800,720)	-	(5,315,445)
Revaluation reserve	-	-	-	-	-	-	-	-	-
Balance as at 1 July 2017	1,810,885	1,535,573	518,220	487,030	1,017,823	407,330	320,748	4,930,959	11,028,568
Additions	-	1,485,888	273,112	421,881	232,553	390,872	37,253	1,237,762	4,079,321
Revaluations	250,028	965,011	-	-	-	-	-	-	1,215,039
Reclassifications	-	4,930,959	291,281	-	64,686	15,978	(15,966)	(5,286,938)	-
Depreciation	-	(299,498)	(182,671)	(189,857)	(247,448)	(236,417)	(88,306)	-	(1,244,197)
Interest capitalised	-	152,080	-	-	-	-	-	-	152,080
Currency translation difference	(125,669)	(496,324)	(43,368)	(18,770)	(46,200)	46,256	(6,266)	(374)	(690,715)
Movement for the year	124,359	6,738,116	338,354	213,254	3,591	216,689	(73,285)	(4,049,550)	3,511,528
Cost	1,685,216	7,852,013	1,866,317	1,637,242	2,137,144	1,591,927	1,031,560	881,409	18,682,828
Accumulated depreciation	-	(543,335)	(1,040,322)	(1,076,128)	(1,423,624)	(1,135,742)	(784,097)	-	(6,003,248)
Revaluation reserve	250,028	965,011	-	-	-	-	-	-	1,215,039
Balance as at 30 June 2018	1,935,244	8,273,689	825,995	561,114	713,520	456,185	247,463	881,409	13,894,619

Capitalised borrowing costs

The Group acquired the building under construction for the South African operational head office in 2017. This building construction was completed on 1 October 2017. The rate used to determine the amount of borrowing costs eligible for capitalisation was the rate as charged on the borrowing cost.

Revaluation of office properties

Management determined that the office properties constitute a separate class of property and equipment, based on the nature, characteristics and risks of the property. The fair value of the properties was determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. As at the dates of revaluation on 30 June 2018, the properties' fair values are based on valuations performed by The Property Partnership, an accredited independent valuer who has valuation experience for similar office properties in South Africa since 1987. The property in Uganda was revalued during 2018. The net gain (after tax) from the revaluation of the office properties in South Africa and Uganda amounted to €1.047 million and was recognised in other comprehensive income in 2018.

Figures in €	Land	Buildings	Furniture and fittings	Motor vehicles	Office equipment	Computer equipment	Leasehold improvements	Work in progress	Total
Cost	1,935,244	8,273,689	825,995	561,114	713,520	456,185	247,463	881,409	13,894,619
Additions	-	8,915	301,531	292,631	1,012,281	338,153	237,985	59,984	2,251,480
Disposal	-	-	(157,298)	(181,146)	(74,338)	(26,688)	(13,074)	-	(452,544)
Revaluations	(250,028)	(609,081)	-	-	-	-	-	-	(859,109)
Reclassifications	-	-	111,968	38,535	219,403	-	135,874	(505,780)	-
Depreciation	-	(381,865)	(149,077)	(186,485)	(352,435)	(201,925)	(126,056)	-	(1,397,843)
Loss of control of subsidiary	(556,866)	(685,003)	(423,028)	(108,838)	(366,723)	(132,632)	(395,050)	-	(2,668,140)
Held for sale	(1,149,004)	(5,520,236)	(1,765)	-	(42,981)	(21,125)	(9,244)	-	(6,744,355)
Business combination	-	-	197,152	119,842	387,310	127,210	641,033	143,423	1,615,970
Currency translation difference	20,654	(12,997)	(112,610)	(15,732)	(271,264)	(213,052)	215,199	(274,091)	(663,893)
Movement for the year	(1,935,244)	(7,200,267)	(233,127)	(41,193)	511,253	(130,059)	686,667	(576,464)	(8,918,434)
Cost	-	836,522	1,166,769	1,294,062	2,646,233	971,754	2,069,263	304,945	9,289,548
Accumulated depreciation	-	(119,030)	(573,901)	(774,141)	(1,421,460)	(645,628)	(1,135,133)	-	(4,669,293)
Revaluation reserve	-	355,930	-	-	-	-	-	-	355,930
Balance as at 30 June 2019	-	1,073,422	592,868	519,921	1,224,773	326,126	934,130	304,945	4,976,185

Property and equipment encumbered as security

Refer to note 26 for details of vehicles encumbered as security for finance lease borrowings.

Revaluation of office properties

The properties in Mozambique was revalued during the year. A gross gain of €356 thousand was accounted for in other comprehensive income. The revaluation reserve decreased with the reclassification of the amounts recognised in 2018 on the property in South Africa to held for sale.

21. Intangible assets

Figures in €	Computer software, internally generated	Computer software, other	Trademarks	Customer relationships	Core deposits	Total
Cost	3,418,534	926,937	1,692,537	2,874,051	85,237	8,997,296
Accumulated amortisation	(1,268,261)	(728,860)	(90,672)	(649,277)	(31,964)	(2,769,034)
Balance as at 1 July 2017	2,150,273	198,077	1,601,865	2,224,774	53,273	6,228,262
Additions	1,421,290	1,475,900	-	-	-	2,897,190
Reclassifications	76,234	-	-	-	-	76,234
Amortisation	(814,345)	(110,594)	(80,597)	(250,459)	(42,619)	(1,298,614)
Impairments	(117,304)	-	-	(143,538)	-	(260,842)
Held for sale	(228,564)	-	-	-	-	(228,564)
Disposal	-	(10,222)	(1,521,268)	-	-	(1,531,490)
Business combination	-	-	-	-	-	-
Currency translation difference	(91,586)	17,244	-	(41,167)	-	(115,509)
Movement for the year	245,725	1,372,328	(1,601,865)	(435,164)	(42,619)	(461,595)
Cost	4,574,746	2,440,039	-	2,802,663	85,237	9,902,685
Accumulated amortisation	(2,178,748)	(869,634)	-	(1,013,053)	(74,583)	(4,136,018)
Balance as at 30 June 2018	2,395,998	1,570,405	-	1,789,610	10,654	5,766,667

Figures in €	Computer software, internally generated	Computer software, other	Intangible under construction	Customer relationships	Core deposits	Total
Cost	4,574,746	2,440,039	-	2,802,663	85,237	9,902,685
Accumulated amortisation	(2,178,748)	(869,634)	-	(1,013,053)	(74,583)	(4,136,018)
Balance as at 1 July 2018	2,395,998	1,570,405	-	1,789,610	10,654	5,766,667
Additions	304,666	160,329	416,151	-	-	881,146
Reclassifications	(242,820)	242,820	-	-	-	-
Amortisation	(1,078,297)	(498,129)	-	(807,080)	(391,827)	(2,775,333)
Impairments	(416,595)	(313,965)	-	(141,584)	-	(872,144)
Loss of control of subsidiary	-	-	-	(879,679)	(6,711)	(886,390)
Held for sale	-	(246,692)	-	(240,219)	-	(486,911)
Disposal	(412,906)	-	-	-	-	(412,906)
Business combination	-	912,612	-	1,309,384	3,918,257	6,140,253
Currency translation difference	(28,866)	(144,136)	(5,076)	(17,377)	-	(195,455)
Movement for the year	(1,874,818)	112,839	411,075	(776,555)	3,519,719	1,392,260
Cost	3,046,012	3,348,699	411,075	2,532,184	3,916,797	13,254,767
Accumulated amortisation	(2,524,832)	(1,665,455)	-	(1,519,129)	(386,424)	(6,095,840)
Balance as at 30 June 2019	521,180	1,683,244	411,075	1,013,055	3,530,373	7,158,927

Impairment of intangible assets

The intangible assets were assessed to establish whether there were indicators of impairment. Various assets were impaired as they were deemed to be redundant.

22. Deferred taxation

Figures in €	2019	2018
Deferred tax asset	2,315,303	3,511,661
Deferred tax liabilities	(1,478,511)	(208,328)
	836,792	3,303,333
Reconciliation of deferred taxation		
Balance at beginning of year	3,303,329	2,306,488
Increases /(decrease) in tax loss available for set off against future taxable income	(1,162,464)	1,433,937
Originating and reversing of temporary differences - other	(113,046)	(92,637)
Originating and reversing of temporary differences - loan book impairments	(9,897)	(200,343)
Originating and reversing of temporary differences - unrealised expenses	(542,115)	14,654
Foreign exchange movements	381,353	(155,287)
Taxation on property revaluation	(958,125)	21,039
Loss of control of subsidiary and reclassification to held for sale	(1,486,594)	-
Other movements	652,542	(24,518)
Balance arising from acquisitions	771,809	-
	836,792	3,303,333

Recognition of deferred tax asset

Deferred tax assets are recognised for tax losses that are carried forward to the extent that the realisation of the related tax benefit through future taxable profit is probable. The Group did not recognise deferred tax assets of €1,683,446 (2018: €5,311,579) in respect of losses amounting to €5,519,441 (2018: €29,682,102) that can be carried forward against future taxable income.

The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets of their subsidiaries. MyBucks expects its Group companies to evolve its operations further thereby, increasing the underlying profitability on the back of efficiencies and thus generate excess profits. These excess profits will allow the Group to benefit from the deferred tax assets generated by offsetting the losses incurred to date against future taxable income.

Deferred tax assets on accumulated losses that has been raised:**South Africa**

A deferred tax asset of €796,735 (2018: €1,113,888) is recognised on accumulated tax losses. Assessed losses do not expire in South Africa.

Mozambique

A deferred tax asset of Nil (2018: €438,833) was raised on the accumulated losses. Accumulated losses expire after 5 years. All previous accumulated losses have been utilised in Mozambique.

Malawi

A deferred tax asset of €730,456 is recognised on accumulated tax losses. Assessed losses do not expire in Malawi.

Botswana

A deferred tax asset of €156,255 is recognised on accumulated tax losses. Assessed losses do not expire in Botswana.

Utilisation of deferred tax asset	2019	2018
Opening balance	3,303,333	2,306,488
Deferred tax assets recognised/(utilised)	(2,133,109)	1,125,574
Changes resultant from business combinations and changes in control	(714,785)	-
Foreign exchange movements	381,353	(128,729)
	836,792	3,303,333

23. Goodwill

Figures in €	2019		2018			
	Cost	Accumulated impairment	Carrying value	Accumulated impairment	Carrying value	
Goodwill	10,917,488	-	10,917,488	3,207,381	(204,521)	3,002,860

23.1 Reconciliation of goodwill

Figures in €	2019	2018
Carrying value as at 1 July	3,002,860	3,055,362
Additions	10,680,761	-
Transferred to held for sale	(2,765,681)	-
Foreign exchange	(452)	(52,502)
Carrying value as at 30 June	10,917,488	3,002,860

23.2 Goodwill per entity

Cash generating units are defined as separate legal entities. The carrying value of goodwill reported is composed as follows:

Figures in €		2019	2018
GetSure Botswana Proprietary Limited (GetSure Bots)	01 July 2013	36,520	36,520
GetSure South Africa Proprietary Limited (GetSure SA)	01 July 2014	224,915	225,053
Komo Finance Proprietary Limited (Komo)	01-June 2015	497,341	497,655
Fair Go Finance (Proprietary) Limited (Fair Go Finance)	12-January 2017	-	2,243,632
MBC Malawi Limited	1 January 2019	10,158,712	-
		10,917,488	3,002,860

23.3 Impairment considerations

Goodwill is tested for impairment annually. The following tables set out the key assumptions for the CGU's that have significant goodwill allocated to them.

Management believes that any reasonable change in the key assumptions used in determining the recoverable amount of the entities would not result in the carrying amount exceeding the recoverable amount.

Management has reviewed the recoverability by applying the value-in-use calculations. The value-in-use calculations have made use of pre-tax cash flow projections based on financial budgets approved by management.

23.3.1 Komo and GetSure

	2019	2018	2019	2018
	Komo Finance Proprietary Limited	GetSure South Africa Proprietary Limited		
Sales growth (%)	22	18	22	18
Revenue growth (%)	22	54	33	1
Operating costs (%)	17	36	17	20
Net profit before tax (%)	5	67	5	11
Discount rate (%)	15.9	14.2	15.9	14.2

Management has determined the values assigned to each of the key assumptions in as follows:

Sales growth:	Average annual growth rate over a five-year forecast period. Based on past performance and management's expectation of market developments.
Revenue growth:	Average annual growth rate over a five-year forecast period. Based on past performance and considering the growth in the sales volumes.
Operating costs:	Average annual costs over a five-year period. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructuring or cost savings measures.
Net profit before tax:	Average annual growth rate over a five-year forecast period. Based on past performance and management's expectation of market developments.
Discount rate:	Based on management's expectation of the probability of default on the existing loan book. An additional risk premium has been brought into account, based on expected future market conditions.

23.3.2 MBC Malawi

	2019
Disbursement growth (%)	33
Operating cost less other income to revenue ratio (%)	41
Discount rate (%)	14
Dividend pay-out ratio (%)	50

Management has determined the values assigned to each of the key assumptions in as follows:

Disbursement growth:	The disbursement growth is based on a high growth in the first year at 72% and then reduces to 48, 25, 15 and 6 in the respective years to follow.
Operating cost to revenue	Average annual cost as a fixed percentage of revenue over a five-year period, based on past performance and management's expectations.
Discount rate:	Is based on cost of equity.
Dividend pay-out ratio:	Relates to the % of profits to be distributed for each of the five years.

24. Deposits from customers

Figures in €	2019	2018
Large corporate customers		
Term deposit	37,007,799	5,680,402
Current account	3,901,926	681,026
	40,909,725	6,361,428
Small medium customers		
Term deposit	45,288	100,764
Current account	216,746	2,069,139
	262,034	2,169,903
Retail customers		
Term deposit	13,762,228	3,816,001
Current account	4,383,444	7,989,282
Interest payable	783,384	332,135
	18,929,056	12,137,418
	60,100,815	20,668,749

Maturity of customer deposits

Due in less than one year	60,075,285	20,489,446
Due in more than one year and less than 5 years	25,530	179,303
	60,100,815	20,668,749

25. Other payables

Figures in €	2019	2018
Non-financial instruments		
Payroll liabilities	494,672	876,317
Indirect taxation	2,685,576	1,240,884
	3,180,248	2,117,201
Financial instruments		
Sundry accruals	8,745,275	3,081,941
Trade payables	3,469,158	3,248,886
Customer loan collateral	206,885	234,964
	12,421,318	6,565,791
	15,601,566	8,682,992

26. Finance lease liabilities

Figures in €	2019	2018
- within one year inclusive of finance charges	86,553	91,689
- in second to fifth year inclusive of finance charges	94,408	186,820
	180,961	278,509
Less: future finance charges	(36,639)	(76,784)
	144,322	201,725

Figures in €	2019	2018
Present value of future lease payments		
- within one year	63,257	51,886
- in second to fifth year	81,065	149,839
	144,322	201,725

It is the Group's policy to lease certain motor vehicles under finance leases. The carrying value of the vehicles is equal to the amount due. The average lease term was 3-5 years and the average effective borrowing rate is 17% (2018: 17%) Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered for contingent rent.

27. Financial borrowings

27.1 Open market borrowings

Figures in €	Note	Country	2019	2018
These bonds accrue interest at 8.5% and is repayable in April 2020.	a / c	Austria	8,205,000	8,205,000
Tranche 1 - Interest charge varies between 11% and 18% and is repayable over 36 to 60 months.	a	Botswana	9,133,148	9,446,024
These bonds accrue interest between 18% and 21.5%. The bonds mature in various tranches with the first being in October 2019 and the last in November 2022.		Mozambique	8,261,962	3,054,922
These bonds accrue interest at Malawi T-bill rate plus 3% and is repayable in July 2021.		Malawi	14,100,397	-
These bonds accrue interest at 11% and is repayable monthly ending in October 2019.		Zimbabwe	714,453	4,788,517
			40,414,960	25,494,463

27.2 Financial institution borrowings

Figures in €	Note	Country	2019	2018
This loan accrues interest at Botswana prime rate plus 300 basis points. The loan is secured over the building in Botswana.		Botswana	387,173	403,466
The loan accrues interest at 30% with monthly repayments, the final instalment on this loan is in March 2021. The loan is secured with a portion of the shares held in GetBucks Microfinance Bank Limited in Zimbabwe and all the shares held in GetBucks Limited in Botswana.		Mauritius	8,795,848	794,800
The loan accrued interest at 17% and was repayable in 12 equal repayments. This loan is secured over investment properties.		Zimbabwe	1,732,275	4,277,526
The loan accrued interest at 21% with 18 repayments which was concluded in May 2019.	f	Zambia	-	501,597
This facility accrues interest at 8.25% and is repayable in monthly instalments (2018: repayment was due as a bullet repayment in March 2021). This loan was settled in full on 30 September 2019 through refinancing. This loan had personal security from various individuals as well as security over a portion of the shares held in GetBucks Microfinance Bank Limited in Zimbabwe.		Luxembourg	7,096,349	7,540,349
This rolling facility accrues interest at 28% with a one-month maturity.	f	Zambia	-	1,336,738
This loan bears interest at the Australian Bank bill swap rate plus 300 basis points. The loan matures on 30 June 2019. This loan was restructured during the year. The amount due for the current year is included in the assets held for sale category.	e	Australia	-	2,218,138
The loan accrued interest at 18% and is repayable in 36 months ending July 2020.	f	Zambia	-	1,600,220
This loan accrued interest at 11% and is repayable quarterly.		Botswana	922,736	385,467
The loan is repaid in monthly instalments over 10 years with an interest rate equal to South African prime rate less 100 basis points. This loan forms part of the assets held for sale.	e	South Africa	-	5,780,984
The loan accrues interest at 5% and is repayable in November 2018.	d	Uganda	-	1,217,841
This loan accrues interest at 15% and is repayable in quarterly instalments with the last instalment in March 2023. This loan is secured with the shares held in MyBucks Banking Corporation S.A. in Mozambique.	a / b	Mauritius	4,353,187	4,277,526
This loan accrues interest at 17% and is repayable in two annual payments ending March 2022.		Mauritius	104,133	85,550
This loan accrues interest at 12% and is repayable in March 2020	d	Uganda	-	1,672,711
This rolling loan facility accrues interest between 15% and 17% and is repayable on call.	a	Botswana, Kenya, South Africa and Zambia	14,530,707	4,221,705
This loan accrues interest at 18% and is repayable in June 2021.		Mozambique	707,928	718,907
This loan accrues interest at 15% and is repayable in January 2025.		Mozambique	1,481,259	1,539,252
This facility accrues interest at 21.8% and is repayable in October 2019.		Mozambique	503,550	-
This loan accrues interest at 22% and was repaid in June 2019.		Mozambique	-	675,773
This loan accrues interest at 9% and was repaid quarterly ending June 2021.		Mozambique	-	221,034
This loan accrues interest at 24% and was repaid quarterly ending March 2020.		Mozambique	-	253,564
This loan accrues interest at 12% and was repaid December 2018	e	Australia	-	1,362,571
This loan accrues interest at 12% and was repaid December 2018	e	Australia	-	316,606
This loan accrues interest at 12% and was repaid in July 2018	e	Australia	-	181,743
This loan accrues interest at 25% and is repayable in December 2018. The loan is secured over a portion of the Zambian loan book.	f	Zambia	-	2,141,841
This loan accrues interest at 8.5% and was repaid in January 2020.	f	Zambia	-	406,834
This loan accrues interest at 3.5% and was repaid in March 2021.	f	Zambia	-	428,678
These loans were restructured, and payment was deferred with payment in October 2019 and March 2020.		Mauritius	432,802	114,454
This loan accrues interest at 14% and is repayable in quarterly instalments ending September 2022.	f	Zambia	-	1,184,723

Figures in €	Note	Country	2019	2018
This loan accrues interest at 9% and was repaid in December 2018.	f	Zambia	-	88,131
This loan accrues interest at 10% and was repaid in December 2018.	f	Zambia	-	812,729
These bonds accrue interest at an average rate of 16% and is repayable in July 2019.		Malawi	521,378	-
This loan is secured over Treasury notes, accrues interest at Treasury Note rate + 3% and is repayable by 1 July 2021.		Malawi	2,459,546	-
This loan accrues interest at 15% and is repayable in March 2022.		Botswana	430,088	-
This loan matured in June 2019 and did not accrue interest. This loan was settled with equity during September 2019.		Luxembourg	600,000	-
This loan accrues interest at 16% and is repayable in March 2022.		Luxembourg	1,776,068	-
This loan accrues interest at 9.3% and is repayable in January 2022.		Zimbabwe	98,931	-
This loan accrues interest at 3.5% and is repayable in March 2020.		Zimbabwe	52,533	-
This loan accrues interest at 24% and is repayable in 2022. The mortgage bond is secured over seven properties.		Zimbabwe	373,532	-
			47,360,023	46,761,458

27.3 Other borrowings

Figures in €	2019	2018
Various facilities		
Accrual for interest due on bond	436,637	128,094
Promissory notes issued to individuals with fixed settlement amounts at the maturity date.	552,580	-
These facilities accrue interest at rates between 0% and 17% per annum with no fixed repayment terms.	191,907	449,481
	1,181,124	577,575
Total financial borrowings	88,956,107	72,833,496

- (a) These loans are in breach of covenants. Refer to note 47.3.9 for details on the breaches.
 (b) This facility is split into various regions which includes Kenya, Botswana, South Africa and Zambia.
 (c) Subsequent to year end waivers on the breach of covenants were obtained.
 (d) Deconsolidation due to loss of control of subsidiary.
 (e) These entities were reclassified to held for sale.
 (f) Sale of operations.

All financial borrowings are carried at amortised cost. The carrying values of the other financial borrowings approximate the fair value refer to note 45.

27.4 Maturity of borrowings

Figures in €	Note	2019	2018
Matures in less than one year		51,688,780	28,456,779
Matures in more than one year but less than five years		35,420,239	42,451,505
Matures in more than five years		1,847,088	1,925,212
		88,956,107	72,833,496

28. Deferred grant income

Figures in €	2019	2018
Opening balance	1,096,116	2,234,234
Grants received	268,083	870,419
Loss of control	(642,827)	-
Other grant movements / Loss of control of subsidiary	-	20,974
Grants realised through profit and loss	(816,576)	(1,838,121)
Foreign exchange impact	95,204	(191,390)
	-	1,096,116

29. Share capital and other reserves

29.1 Authorised share capital

Number of ordinary EUR 1 shares available	2019	2018
Ordinary par value shares	107,284,387	15,998,000

The authorised share capital was increased to 7,500,000 on 6 December 2018. A further increase of the authorised share capital to 107,284,387 shares was approved on 4 June 2019.

29.2 Issued share capital

Figures in €	2019	2018
Opening balance	12,715,613	11,665,613
Cancellation of shares (a)	-	(250,000)
Issue of shares - ordinary shares (b)	-	1,300,000
12,715,613 par value shares of €1 each, fully paid (2018: 12,715,613)	12,715,613	12,715,613

29.3 Share premium

Figures in €	2019	2018
Opening balance	25,083,825	19,348,748
Cancellation of shares (a)	-	(4,475,000)
Issue of shares - ordinary shares (b)	-	10,210,077
	25,083,825	25,083,825

- (a) The reduction in the share capital and share premium is resultant from the cancellation of the trademark agreement with Opportunity International U.S.A.
 (b) The increase in share capital and share premium is from a private placement in February 2018.

29.4 Foreign currency translation reserve

Figures in €	2019	2018
Opening balance	(3,207,000)	(1,723,832)
Exchange differences on translating foreign operations	(8,788,796)	(1,483,168)
Recycled through profit and loss	280,091	-
	(11,715,705)	(3,207,000)

The significant increase in the foreign currency translation reserve is mainly from the devaluation of the currency in Zimbabwe. The Zimbabwe currency was pegged to the United States Dollar (US\$) 1:1 against the Zimbabwe Dollar (ZWL\$). In February 2019 the currency was rebased to a floating currency. The currency devalued during the financial year to ZWL\$8.21 : €1 (ZWL\$7.22 : US\$1) resulting in €7.6 million (€15.2 million including non-controlling interest portion) being charged through other comprehensive income.

29.5 Other reserves

Figures in €	2019	2018
Special reserve	(2,302,474)	(2,302,474)
Revaluation reserve	889,454	971,740
Other reserves	(17,606)	-
Share based payment reserve	1,289,929	1,250,578
	(140,697)	(80,156)

Special reserve

The debited amount of €2,302,474 relates to the adjustment from predecessor accounting when contributing both sub-groups and relates to the difference between value of the contribution and the predecessor value.

Share based payment reserve

During the financial year €39,351 (2018: €222,867) was recognised as share-based payment expenses. (Refer to note 48)

Revaluation reserve

During 2018, the operational head office in South Africa (€934,263) and the offices in Uganda (€72,512) were revalued. Depreciation of €35,035 realised on the revaluation reserve in 2018. The portion related to OBUL was derecognised in the current year with the loss of control of the subsidiary.

The building in Mozambique was revalued during the year resulting in a revaluation reserve of €353,268 being recognised.

30. Non-controlling interest

30.1 Reconciliation of movement in non-controlling interest

Figures in €	2019	2018
Opening balance	17,116,658	8,779,591
Restatement with the first-time adoption of IFRS 9	13,107	-
Total other comprehensive income for the year	(4,538,397)	2,152,642
Other movements	1,885,342	-
Dividends paid	(1,786,241)	(638,200)
Loss of control	(4,755,743)	-
Repurchase of preference shares	(6,822,625)	-
Issue of preference shares	-	6,822,625
	1,112,101	17,116,658

On 3 January 2018 and 1 March 2018 VSS Financial Services (Pty) Ltd issued non-redeemable, non-cumulative preference shares amounting to €6.8 million (ZAR100 million). However, as part of the Group equity restructuring transaction the Group acquired these preference shares through a debt facility from Ecsponent (Refer note 15.3). This facility was converted into parent equity as part of the Groups' overall debt to equity restructure.

30.2 Subsidiaries with material non-controlling interest

% held by the Group in subsidiaries	Note	Country of incorporation	2019	2018
Opportunity Bank of Uganda Limited (OBUL)	30.2.1	Uganda	n/a	49%
GetBucks Microfinance Bank Limited		Zimbabwe	50.29%	50.29%

30.2.1 Loss of control of subsidiary

On 2 August 2018 the effective control of OBUL changed resultant from the new shareholders agreement entered in between the four shareholders. Therefore, the Group deconsolidated this entity and is accounting for OBUL as an associate from this date

Figures in €		2019
Parents carrying value of OBUL on 2 August 2018 as transferred to associate	18.1	4,345,299
Non-controlling interest portion of OBUL	30.1	4,755,743

Derecognition of intangible assets previously generated on acquisition

Carrying value of customer relationship asset	879,679
Carrying value of core deposit asset	6,711

Amounts to be recycled through OCI

Foreign currency translation reserve	358,020
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Amounts that are not recycled through OCI

Revaluation reserve	320,698
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30.2.2 Financial results of subsidiaries with significant non-controlling interest

Figures in €	GetBucks Microfinance Bank Limited		OBUL
	2019	2018	2018
Statement of financial position			
Cash and cash equivalents	978,708	2,675,648	1,804,162
Loan advances to customers	4,416,775	17,533,781	16,206,719
Other financial assets	450,320	5,591,565	6,289,179
Non-financial assets	1,789,243	794,909	2,336,411
Total assets	7,635,046	26,595,903	26,636,471
Customer deposits	347,668	1,708,048	13,392,239
Other financial liabilities	3,784,336	10,652,457	5,553,128
Non-financial liabilities	140,943	-	836,365
Total liabilities	4,272,947	12,360,505	19,781,732
TOTAL NET ASSETS	3,362,099	14,235,398	6,854,739
Carrying amount of non-controlling interest	1,699,098	7,074,993	3,495,917

Figures in €	GetBucks Microfinance Bank Limited		OBUL
	2019	2018	2018
Statement of cash flows			
Cash flows from operating activities	(347,741)	1,923,426	(594,718)
Cash flows from investing activities	(1,706,753)	(2,201,164)	(1,825,295)
Cash flows from financing activities	5,265,883	476,461	3,700,631
	3,211,389	198,723	1,280,618

Figures in €	GetBucks Microfinance Bank Limited		OBUL	
	2019	2018	2019	2018
Statement of profit or loss				
Net interest income / (expense)	5,642,021	6,695,431	436,648	4,170,189
Net fee and commission income	4,754,263	3,049,078	46,053	1,317,217
Other operating income	1,041,269	558,871	95,858	1,122,485
Credit loss expense on loans and advances to customers	(497,250)	(166,511)	531	(291,833)
Collection expenses	(514,202)	(981,784)	-	(150,721)
Foreign exchange gain / (loss)	209,879	(847)	-	(4,172)
Net operating income	10,635,980	9,154,238	579,090	6,163,165
Employee costs	(2,394,966)	(2,056,431)	(209,094)	(2,419,736)
Depreciation, amortisation and non-financial instrument impairments	(135,332)	(117,134)	(30,203)	(314,560)
Professional fees	(137,692)	(122,856)	(15,252)	(53,234)
Other operating expenses	(1,667,214)	(1,771,402)	(231,160)	(2,124,279)
Loss before taxation	6,300,776	5,086,415	93,381	1,251,356
Taxation charge	(1,620,268)	(1,274,890)	(17,070)	(442,490)
Loss after taxation	4,680,508	3,811,525	76,311	808,866
Other comprehensive income	-	-	-	224,488
Total comprehensive income	4,680,508	3,811,525	76,311	1,033,354
Dividend paid to non-controlling interest	248,591	450,950	-	-

31. Maturity analysis of assets and liabilities

Figures in €	2019		2018	
	Current	Non-current	Current	Non-current
Cash and balances due from other financial institutions	13,123,944	-	13,036,969	-
Fixed deposits	2,875,371	-	10,518,900	2,584,068
Financial investments	32,219,693	-	-	1,719,869
Other receivables	9,636,730	-	15,496,350	-
Other financial assets	-	-	224,104	-
Loans and advances to customers	44,409,228	38,910,525	47,415,653	38,307,277
Loans to shareholders	4,766,039	-	435,724	-
Loans to related parties	2,261,307	434,276	12,070,249	1,075,562
Taxation receivable	749,670	-	776,108	-
Assets held for sale	23,887,502	-	389,322	-
Investment in equity accounted investments	-	7,845,406	-	5,178,949
Investment properties	-	1,581,785	-	461,469
Properties and equipment	-	4,976,185	-	13,894,619
Intangible assets	-	7,158,927	-	5,766,667
Deferred taxation	-	2,315,303	-	3,511,661
Goodwill	-	10,917,488	-	3,002,860
Total assets	133,929,484	74,139,895	100,363,379	75,503,001

Figures in €	2019		2018	
	Current	Non-current	Current	Non-current
Bank overdraft	2,785,287	-	988,499	-
Deposits from customers	60,075,285	25,530	20,489,446	179,303
Other payables	15,601,566	-	8,682,992	-
Finance lease liabilities	63,240	81,082	51,887	149,838
Financial borrowings	51,709,631	37,246,476	34,711,560	38,121,936
Loans from related parties	11,640,292	427,025	1,771,380	594,418
Loans from shareholders	53,906,587	-	17,328,463	26,199,945
Held for sale liability	764,650	-	940,199	-
Taxation payable	14,070,851	-	383,161	-
Deferred grant income	-	-	455,337	640,779
Deferred taxation	-	1,478,511	-	208,328
Total liabilities	210,617,389	39,258,624	85,802,924	66,094,547

32. Interest income

Figures in €	2019	2018
Interest revenue calculated using the effective interest method		
Loans and advances to customers	39,707,942	35,973,350
	39,707,942	35,973,350
Other interest and similar income		
Other interest income	5,042,869	3,590,171
	5,042,869	3,590,171
	44,750,811	39,563,521

33. Interest expense

Figures in €	Note	2019	2018
Interest expense calculated using the effective interest method			
Incurred on customer deposits		(4,450,540)	(327,941)
Incurred on financial institution debt		(14,009,373)	(7,944,556)
Incurred on related party facilities	15.5	(14,173,936)	(12,106,377)
		(32,633,849)	(20,378,874)

34. Net fee and commission income

Figures in €	2019	2018
Fee and commission income		
Income from loans and advances to customers	7,976,872	6,716,723
Income from customer deposit transaction fees	467,669	606,623
Income from insurance products	3,117,675	3,140,611
	11,562,216	10,463,957
Fee and commission expense		
Expense from loans and advances to customers	(400,602)	-
	(400,602)	-

35. Other operating income

Figures in €	Note	2019	2018
Grant income	28	816,576	1,838,121
Profit on sale of loan book		190,506	2,038,520
Other income		668,730	924,357
Profit on property revaluation		1,006,210	-
Profit on sale of financial investment		2,499,487	27,865
		5,181,509	4,828,863

36. Credit loss expense on loans and advances to customers

Figures in €		2019	2018
Movement in impairment provision		(2,917,620)	(4,365,472)
Direct loan write off's		(4,558,412)	(5,606,274)
Bad debts recovered		1,282,234	1,290,081
		(6,193,798)	(8,681,665)

37. Impairment of other financial assets

Figures in €	Note	2019	2018
Impairment of related party facilities	15.5	(6,547,573)	-
Impairment of indirect taxation asset	12	(1,538,744)	-
Other impairments		(976,602)	(1,203,863)
		(9,062,919)	(1,203,863)

38. Employee costs

Figures in €		2019	2018
Salaries, wages, bonus and other employment costs		(12,183,153)	(9,823,093)
		(12,183,153)	(9,823,093)
Average number of employees		1,148	1,145

39. Depreciation, amortisation and non-financial instrument impairments

Figures in €		2019	2018
Depreciation		(1,144,657)	(1,198,953)
Amortisation		(2,519,729)	(498,515)
Impairment of intangible assets		(872,144)	-
		(4,536,530)	(1,697,468)

40. Professional fees

Figures in €		2019	2018
Auditor's remuneration – independent			
Audit fees		(1,639,000)	(1,652,000)
Additional charge for the prior year audit		(596,227)	(421,036)
Other permissible non-audit services		(28,250)	(40,181)
Consulting fees			
Consulting fees		(2,635,069)	(811,796)
Legal fees			
Legal fees		(484,879)	(564,619)
		(5,383,425)	(3,489,632)

41. Other operating expenses

Figures in €	2019	2018
Accommodation	(113,619)	(219,063)
Advertising	(507,693)	(462,198)
Communication expenses	(768,031)	(540,504)
Computer expenses	(381,073)	(658,204)
Corporate Investments	(103,055)	(145,644)
General office expenses	(661,023)	(513,778)
Grant related expenses	(93,821)	(617,596)
Indirect taxes expensed	(2,152,812)	(538,474)
Insurance charge	(284,569)	(273,890)
Lease expenses	(1,648,974)	(615,174)
Motor vehicle expenses	(219,875)	(259,194)
Municipal expenses	(479,272)	(251,522)
Other expenses	(952,934)	(319,676)
Loss on asset disposal	(124,037)	(208,949)
Loss on investment disposal	(667,741)	-
Repairs and maintenance	(424,025)	(379,299)
Restructuring costs	(342,535)	-
Security	(379,962)	(305,298)
Shared service expenses	(107,980)	(32,476)
Staff welfare	(360,501)	(263,782)
Subscriptions and licence fee's	(396,369)	(422,034)
Travel expenses	(830,806)	(804,442)
Director fee's	(612,920)	(454,313)
Recruitment costs	(34,322)	(21,667)
	(12,647,949)	(8,307,177)

42. Taxation charge

Figures in €	2019	2018
Income taxation		
Local income tax	2,041,680	3,172,951
Reclassified to discontinued operations	-	(547,464)
Other	353,245	204,290
	2,394,925	2,829,777
Deferred taxation		
Originating and reversing temporary differences	1,442,490	(790,583)
	1,442,490	(790,583)
	3,837,415	2,039,194

Figures in €	2019	2018
Reconciliation of the taxation expense		
Accounting loss	(21,981,332)	(2,303,635)
Taxation expense at the respective country rates	(15,874,183)	(303,381)
<i>Tax effect of adjustments on taxable income</i>		
Non-deductible expenses	710,180	2,279,969
Assessed loss utilised	26,628	(1,546,829)
Unrecognised tax losses	17,355,189	2,270,209
Withholding tax credit	1,802,402	63,374
Prior period adjustment	-	(129,542)
Non-deductible income	(432,437)	(1,132,459)
Other taxes similar to income tax	249,636	537,853
	3,837,415	2,039,194

43. Earnings per share

Figures in €	2019	2018
From continuing operations	(28,386,447)	(7,140,769)
From discounted operations	(10,153,086)	(3,716,869)
Loss for the period attributable to equity owners of the parent	(38,539,533)	(10,857,638)

Number of shares

Weighted average number of ordinary shares	12,715,613	12,078,764
<i>Adjusted for calculation of diluted earnings per share:</i>		
Employee option plan	-	26,402
	12,715,613	12,105,166

Basic loss per share

From continuing operations	(2.23)	(0.59)
From discontinued operations	(0.80)	(0.31)

Diluted loss per share

From continuing operations	(2.23)	(0.59)
From discontinued operations	(0.80)	(0.31)

Total loss per share attributable to owners of the parent

Basic loss per share	(3.03)	(0.90)
Diluted loss per share	(3.03)	(0.90)

44. Cash flow notes

44.1 Cash used in operating activities

Figures in €	Note	2019	2018
Loss before taxation		(31,423,328)	(5,406,299)
Adjustments for:			
Depreciation and amortisation	39 & 17	4,173,176	2,557,959
Non-cash portion of expenses		-	(12,736)
Loss / (profit) on disposal of property and equipment	41	124,037	(152,898)
Profit on sale of loan book	35	(190,506)	(2,038,520)
Profit on revaluation of investment property	35	(1,006,210)	-
Loss on the disposal of an investment		1,224,269	-
Profit on sale of financial instrument	35	(2,499,487)	-
Investment revenue		(5,064,167)	(3,671,478)
Finance costs		35,738,229	22,023,256
Other impairments	37, 39 & 17	11,845,612	1,153,858
Customer loan advances impairments		2,479,929	4,627,174
Employee share option plan		39,351	222,867
Grant amortisation	35	(816,576)	(1,838,121)
Foreign exchange		1,110,051	801,953
Share of profit in associates and joint ventures	18	(2,604,596)	(530,173)
		44,553,112	23,143,141

Changes in working capital:

Loans and advances to customers	(39,680,235)	(31,503,147)
Other receivables	5,451,471	(4,401,905)
Deposits from customers	11,296,454	9,071,399
Other payables	2,917,342	4,724,144
	(20,014,968)	(22,109,509)

Cash used in operating activities	(6,885,184)	(4,372,667)
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45. Fair value information

Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1

Inputs that are quoted market prices (unadjusted) in active markets for identical instruments. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the Group is

the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity and debt investments classified as trading securities or available-for-sale.

Level 2:

Inputs other than quoted prices included within level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation

techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Level 3:

Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist,

Figures in €	Note	Level	2019	2018
Fair value through other comprehensive income				
Financial investments	11	2	31,889,327	1,643,853
Financial investments	11	3	330,365	76,016
Owner occupied properties	20	3	1,070,570	10,207,733
Fair value through profit or loss				
Investment properties	19	3	1,581,785	461,469
			34,872,047	12,389,071

Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rate, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

Objective

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps.

Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values, depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets. The Group's valuation methodology for securities uses a discounted cash flow methodology and dividend discount methodology. The methodologies are often used by market participants to price similar securities.

Financial investments

Financial investment in government debt securities are financial instruments issued by sovereign governments and include both long term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Group uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Group classifies those securities as Level 2.

Property valuations

Property valuations are performed by independent valuers which uses market information such as market related rental charges. This information is used to perform a discounted cash flow on future potential income. The sales prices achieved during recent sales of properties in the area is also used as an indication. The Group classifies these instruments at Level 3.

Figures in €

	Note	Level	2019	
			Asset	Liability
Financial instruments carried at a value other than fair value				
Other financial liabilities – issued debt	27	3	-	42,082,472
Other financial liabilities	27	3	-	70,712,663
Loans with shareholders	15	3	4,993,397	14,604,653
Loans with other related parties	15	3	3,052,594	88,727,263
			8,045,991	216,127,051

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables.

Issued debt

The fair value of issued debt is estimated by a discounted cash flow model incorporating the Group's own credit risk.

Fair value of financial instruments not measured or disclosed at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than three months) or the amortised cost net of impairment, is a reasonable approximation of their fair value. Such instruments include cash and balances with banks as well as bank overdrafts; fixed deposits; other receivables and payables and loans and advances to customers. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the statement of financial position.

The Group estimates and builds its own credit spread from market-observable data such as secondary prices for its traded debt.

Loans with shareholders and other related parties and other financial liabilities

The fair values of these instruments are estimated by a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

46. Financial instruments by category

Figures in €

	2019		Fair value through other comprehensive income	2018
	Amortised cost	Fair value through profit and loss		Amortised cost
Financial assets				
Cash & cash equivalents	13,123,944	-	-	13,036,969
Fixed deposits	2,875,371	-	-	13,102,968
Financial investments	-	-	32,219,693	1,719,869
Other receivables	6,059,192	-	-	10,544,227
Other financial assets	-	-	-	224,104
Loans and advances to customers	83,319,753	-	-	85,722,930
Loans to shareholders	4,766,039	-	-	435,724
Loans to other related parties	2,695,583	-	-	13,145,811
	112,839,882	-	32,219,693	137,932,602
Financial liabilities				
Bank overdraft	2,785,287	-	-	988,499
Deposits from customers	60,100,815	-	-	20,668,749
Other payables	12,421,318	-	-	6,565,791
Finance lease liabilities	144,322	-	-	201,725
Financial borrowings	88,956,107	-	-	72,833,496
Loans from shareholders	12,067,317	-	-	2,365,798
Loans from other related parties	53,906,587	-	-	43,528,408
	230,381,753	-	-	147,152,466

47. Risk management

The Group is based in Luxembourg with operations in Sub-Saharan Africa. Whilst risk is inherent in the Group's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, and subject to risk limits and other controls. This process of risk management is critical to the Group and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The key risks the Group are exposed to is credit risk, market risk and liquidity risk. The Group is also subject to country risk and various operating and business risks.

Risk management policies are designed to identify and analyse risks, to set appropriate limits and controls, and to monitor the risk through reliable and up-to-date information systems. Risk management is carried out by management, under policies approved by the Board. The Board approves principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

The executive management of the Group's subsidiaries are responsible to identify, monitor and mitigate risk at all business levels under the policies approved by the Group's Board.

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Risk Management Department is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The department works closely with and reports to the Audit and Risk Committee to ensure that procedures are compliant with the overall framework.

The Risk Management Department is responsible for monitoring compliance with risk principles, policies and limits across the Group. Each subsidiary has its own risk monitoring department, which is responsible for the control of risks, including monitoring the actual risk of exposures against authorised limits and the assessment of risks of new products and structured transactions. It is the Group's policy that the subsidiaries also ensure the

complete capture of the risks in its risk measurement and reporting systems. The Group's policy also requires that exceptions are reported.

47.1 Credit risk

Credit risk is the risk of financial loss to the Group from a customer or counterparty where a financial instrument fails to meet its contractual obligations. This risk arises principally from the Group's loans and advances to customers. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, employer default risk and country risk).

The main activity of the Group's business involves the supply of loans and advances to customers on an unsecured basis. As such, exposure to credit risk and the management of this risk is a key consideration.

Customer credit risk is mitigated by the utilisation of direct payroll deduction collection models. Employment of customers by vetted employers effectively serves as security for loans provided to such customers, since the employer recovers the loan instalment directly from the customer's salary. The Group bases its credit risk policies on the customers it serves, their employers and the method of collection.

Cash, balances with other banks and cash equivalent assets are placed with reputable banks in the various jurisdictions which limits the credit risk. The Group analyses the return versus risk in these instances as some banks may offer a higher return with a significant risk component.

In extending funding lines to related parties, shareholders and third parties the Group completes a credit assessment. The Group reviews the financial statements, operations, legal and tax status of the borrower. The Group also limits the tenure and size of the debt to ensure that it never poses a material risk to the Group. All loans are interest-bearing and recorded at fair value at initial recognition.

47.1.1 Credit committees and credit policies.

The credit policy document governs the products of subsidiaries. A monthly Group credit management committee, which consists of representatives from each subsidiary, discusses all changes to policies and products as well as analysis the collection data at the subsidiary level. This information is used to adjust the general and subsidiary specific tolerance levels to reduce credit losses and maximise acceptable levels of disbursements versus risk in the respective territories. Legislative requirements

on charges such as interest, fees, number of loans and affordability are reviewed monthly and are sourced via regular communication with regulating authorities.

All the credit committees report to management on a quarterly basis in terms of its charter. The Group's activities expose it to several financial risks. Taking risk is core to any financial services business however, the Group's objective is to achieve an appropriate balance between risk and return.

47.1.2 Concentration risk

Concentration risk is the risk of loss arising from an excessive concentration of exposure to a single counterparty, industry, product, or geographic region. The Group's credit risk portfolio is well diversified. The Group's management approach relies on reporting of concentration risk along key dimensions and portfolio limits. Concentration risk limits are used within the Group to ensure that funding diversification is maintained across products, geographic regions, and counterparties. The Group advances loans to payroll deduction customers, private online lending and small medium enterprises.

The following table illustrates the Group's concentration by geographic region with reference to the value of the loans and advances to customers:

%	2019	2018
Australia	-	5.94
Botswana	11.16	9.68
Kenya	6.59	4.39
Malawi	30.05	0.93
Mozambique	36.05	15.69
South Africa	10.40	13.29
Tanzania	0.45	0.47
Uganda	-	18.91
Zambia	-	10.25
Zimbabwe	5.30	20.45

The following table illustrates the Group's concentration by product:

%	2019	2018
Payroll deduction lending	59.46	54.79
Small medium enterprises	28.68	33.29
Other	11.86	11.92
	100.00	100.00

47.1.3 Private online lending

The Group provides loans to gainfully employed individuals and relies on collecting loan instalments directly from the customer's bank account, via an electronic debit order, or electronic bank deduction instruction. These payments are affected on the customer's salary date. Customers are assessed in full every time they apply for credit to determine if their credit profile remains acceptable in terms of the credit policies of the Group.

Credit philosophy

The credit philosophy of the Group is to place primary emphasis, of the credit decision, on the borrower's ability to service the loan. It is therefore critical to establish the customer's ability and commitment to service their loan instalment.

A borrower's ability (or affordability) to pay is dictated by their repayment and total existing internal and external financial obligations in relation to their net income. The willingness to repay is primarily based on the client's past payment history.

Credit risk assessment

The Group utilises "Jessie" which is a risk scoring engine that analyses aggregated 'big data'. Jessie is configured with the credit policy parameters and is embedded in the system, preventing human intervention which can result in breaches of policy. The Group also makes use of credit risk cover for its customers which covers the outstanding capital in the event of a customer's loss of income relating to death, disability, dreaded disease, or retrenchment.

Checks:

- Identification verification electronic and physical;
- Electronic credit bureau data;
- Customer affordability assessment established by electronic or manual assessment of three months' bank statements ("Amie");
- Term and proof of employment established via electronic or manual confirmation;
- Electronic bank account verification;
- Age;
- Industry of employment;
- Employer;
- Previous credit behaviour with the Group; and
- Eight thousand data points of alternative data ("Jessie").

Documentation in the absence of electronic verification:

- Proof of identity;
- Bank statement;
- Payslip; and
- Loan agreement with credit life policy.

All credit approvals are governed by the MyBucks credit policy and more specifically the country specific credit policy. Business and product rules are incorporated into the operating system business and decisioning layer.

The main objective to mitigate credit risk lies in the credit granting process and this process is managed with specific procedures at the initiation of the process:

- Credit Market Indicators:
External credit bureau enquiries are used to establish outright application disqualifying factors such as fraud indicators, insolvency, debt review status as well as external exposure information relating to account handling, balances, and client commitments;
- Customer Data Authentication:
All core customer data supplied in the application process is vetted automatically against external and independent data sources specifically pertaining to personal details, employment details, customer bank details and customer earning and exposure details. In the absence of automated controls, such validation is performed manually;
- Internal Credit Policy Application:
In the final step in the customer credit application, the data is assimilated and passed through the proprietary internal credit application process that provides the outcome in terms of application status and if provisionally approved the credit limit, appropriate product term, product cost and monthly commitment to the customer.

Direct deduction

The Group follows a philosophy of ensuring timely collections based on the client's salary date to optimise collection success. There is focus on internal data trends and knowledge with constant monitoring and improvement of the quality of the information database to ensure improved collection success.

The Group mainly utilises the regulated non-authenticated early debit order (NAEDO) system to collect instalments from customers. Deduction mandates are obtained from customers in their loan contracts and are made from their primary bank account (where the customer's salary is deposited).

When collection is unsuccessful, arrears follow-up is performed through a systematic process of customer self-help, an assisted process managed by the Group's in-house collection department.

Overdue recovery

The Group's arrears accounts are handed over to selected external debt collectors (EDC) to collect on their behalf. The main objective remains the mitigation of risk and ultimate collection without incurring excessive cost to the either the Group or the customer.

Credit monitoring

The Group utilises various reporting and monitoring tools to engage in and control ongoing credit risk within the credit lifecycle:

- Real time monitoring on application volumes, approval rates and processing quality;
- Credit efficiency reports to establish first strike collection rates;
- Vintage collection reports to establish the initial recovery process efficiency;
- Credit ageing reports to manage and control loan delinquency and provisioning; and
- Active payment, collection, and integrity trend analysis to control and manage underlying risks and movements within the day to day operational procedures.

47.1.4 Deduction at source lending

The Group provides loans to gainfully employed individuals that are employed by employers that are vetted by the Group and that have concluded a deduction agreement with the Group. In terms of these agreements the employer deducts the loan instalments from the customer's salary and disburses these funds to the Group. Loan size, terms, rates, and customer affordability criteria are also agreed with the employer upon engagement. In this instance the Group mitigates the direct customer risk and gears the risk towards the customer's employer. Employers are assessed based on their collections' performance.

Employer risk assessment

The Group assesses the employer to determine if the employer will be able to honour its obligations in terms of the agreement. Criteria that the Group uses are as follows:

Checks:

- Industry type;
- Financial position (3 years signed financial statements);
- Know your customer (KYC);
- Tax clearance;
- External references; and
- Litigation pending.

Documentation:

- Statutory documents;
- Directors KYC; and
- Audited financial statements.

Credit risk assessment on the customer

Before loans are granted to customers who are employed by verified employers, the following processes are completed:

Checks:

- Identification verification;
- Employer verification;
- Affordability calculation based on source documentation;
- Electronic credit bureau information;
- Bank account verification; and
- Age.

Documentation:

- Loan agreement;
- Signed bank account deduction instruction in the event of termination of employment;
- Signed credit life agreement;
- Copy of identification document;
- Payslip; and
- 3 Months' bank statements.

47.1.5 Impairment assessment after 1 July 2018

Definition of default

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for expected credit loss ("ECL") calculations in all cases when the borrower has missed four consecutive contractual payments, or the loan becomes 90 days past due.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Group considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- The customer requesting emergency funding;
- The customer is deceased and there is no credit insurance through the Group;
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral; or
- The customer (or any legal entity) applying for bankruptcy application/protection;

The Group's probability of default estimation process

The Group's independent Credit Risk Department operates its internal models which assigns a CD (Contractual Delinquency) state to each loan at each reporting period. The CD state represents the number of missed payments at each reporting date and this is used in the computation of PDs. The Group runs separate models for its key portfolios. The models incorporate both qualitative and quantitative information and, in addition to information specific to the customer, utilise supplemental external information that could affect the customer's behaviour. This information sources are used to determine the probability of defaults ("PD"s). PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information and the IFRS 9 Stage classification of the exposure. This is repeated for each economic scenario as appropriate.

Credit risk measurement

The estimation of credit exposure for risk management purpose is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using PD, Exposure at Default ("EAD") and Loss Given Default ("LGD").

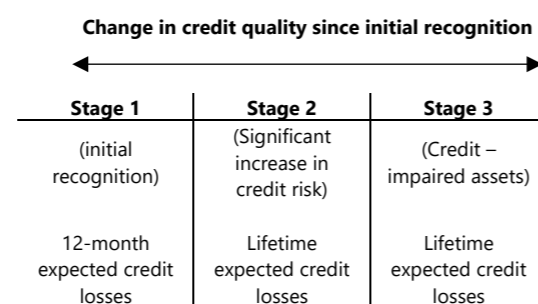
Expected credit loss measurement

IFRS 9 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Group;
- If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired;
- If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3";

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis;
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information; and
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):



The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed below:

Significant increase in credit risk

The Group considers a financial instrument to have experienced a significant increase in credit risk when there is change in the payment behaviour of the clients.

The assessment of significant increase in credit risk ("SICR") incorporates forward-looking information and is performed periodically at a portfolio level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the credit department. The Group assesses SICR by means of a 30-day non-payment backstop. Additionally, the Group employs the following assessments for SICR:

- Loans that have recently caught up arrears are quarantined and monitored as potential risky loans. The quarantine period is calibrated per entity based on experience;
- The value of collateral is monitored for sudden devaluation as an indication of SICR; and
- The monthly credit committee is required to test the performing (Stage 1) portfolio for any collective or individual signs of SICR. For example, loans granted

to small business owners that succumbed to a natural disaster and are expected to default should be moved from Stage 1 to Stage 2 even though not having triggered the backstop. Depending on the severity of the circumstances, loans may be moved to Stage 3 directly.

Additionally, distressed loans (loans that have applied for debt rescue) who have not yet defaulted, are moved to Stage 3.

The Group has not used the low credit risk exemption for any financial instruments in the year ended 30 June 2019.

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is discounted product of PD, EAD and LGD, defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the net 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. Cumulative lifetime PD curves are developed based on historic payment behaviour together with PIT macro-economic forecasted adjustments. The Group defines 3 possible macro-economic scenarios which yields 3 possible lifetime PD curves;
- EAD is based on the amounts the Bank expected to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). EAD is adjusted for prepayment behaviour as well as additional increases in penalty interest in the event of default; and
- LGD represents the Banks expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). Stage 1 & 2 loans use LGD1 whereas Stage 3 loans use LGD2 for ECL. LGD1 & LGD2 are both based on historic default and recovery information, adjusted for future macro-economic scenarios. The Group defines 3 possible macro-economic scenarios which yields 3 possible LGD1 & LGD2 curves.

The ECL is determined by projecting, for each loan, the PD, LGD and EAD at each remaining future point for the expected lifetime of each asset. Each future point is treated as an incremental step that makes up the total ECL where

each point is discounted using the original effective interest rate. The sum of these discounted losses is reported as the ECL for each reporting period.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for the portfolio. Expert judgement has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by the Banks team periodically and provide the best estimate view of the economy over the next years. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Group also provide other possible scenarios along with scenario weightings. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. Following this assessment, the Group measures ECL as either a probability weighted 12-month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). Portfolio ECL is determined by running each scenario through the relevant ECL model weighted by the appropriate scenario weighting.

Economic variable assumptions

Each loans and advances to a customer is tested for statistical correlation with macro-economic factors from the relevant country where the loan resides. These factors typically include gross domestic product ("GDP"), exchange rate's ("FX"), consumer product index ("CPI"), Lending Rate, Unemployment rate, and so forth.

Once the relevant factors are determined, a *baseline forecast* is constructed with a likelihood of 60% occurrence. The baseline forecast is independently sourced from market analysts and is used as is. Next an *up/down* scenario with 20% probability is constructed based on the historically observed mean and standard deviation of each factor.

Analysis of inputs to the ECL model under multiple economic scenarios per geographic regions

To ensure completeness and accuracy, the Group obtains the data used from a team of economists within its Credit Risk Department. The following tables set out the key drivers of expected loss and the assumptions used for the Group's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios for each of the four geographical segments.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

Average ECL per product category per stage as at 30 June 2019

Payroll loan advances to customers	Stage ECL %		
	1	2	3
Botswana	8.21%	3.32%	6.67%
Botswana	0.82%	2.16%	5.22%
Botswana	3.02%	1.61%	6.71%
Kenya	4.66%	3.34%	18.84%
Mozambique	0.46%	6.84%	5.13%
Malawi	0.99%	2.29%	5.29%
Namibia	0.01%	5.53%	22.07%
Tanzania	1.41%	1.27%	5.24%
Eswatini	1.35%	0.94%	2.63%
South Africa	9.64%	3.20%	2.13%
Zimbabwe	0.90%	1.76%	3.48%

SME loan advances to customers	Stage ECL %		
	1	2	3
Kenya	0.01%	0.04%	72.50%
Mozambique	0.06%	0.08%	0.10%
Malawi	0.09%	0.61%	1.91%
Malawi	0.51%	1.15%	26.31%
Zimbabwe	0.11%	0.01%	0.18%

Other loan advances to customers	Stage ECL %		
	1	2	3
Kenya	0.10%	7.55%	22.13%
Kenya	0.00%	0.00%	0.00%
Malawi	1.72%	2.44%	4.82%
Tanzania	0.04%	0.35%	44.23%
Eswatini	2.35%	4.13%	15.57%
South Africa	3.54%	9.29%	7.19%
South Africa	0.00%	0.29%	74.67%

Average ECL per product category per stage as at 1 July 2018

Payroll loan advances to customers	Stage ECL %		
	1	2	3
Botswana	6.92%	2.94%	9.65%
Botswana	1.05%	1.95%	6.19%
Botswana	1.17%	0.88%	6.18%
Kenya	3.84%	2.80%	35.42%
Mozambique	0.21%	2.60%	0.08%
Malawi	0.60%	3.14%	13.45%
Namibia	0.07%	6.24%	15.18%
Tanzania	2.40%	0.55%	0.00%
Eswatini	0.77%	0.92%	1.80%
South Africa	2.59%	2.61%	10.44%
Zimbabwe	0.97%	1.12%	4.66%
Zambia	0.48%	3.11%	13.04%

SME loan advances to customers	Stage ECL %		
	1	2	3
Kenya	0.03%	0.65%	75.06%
Mozambique	0.12%	0.08%	0.54%
Zimbabwe	0.22%	0.28%	0.76%
Uganda	0.49%	0.19%	1.92%

Other loan advances to customers	Stage ECL %		
	1	2	3
Kenya	0.13%	8.46%	12.59%
Tanzania	0.04%	1.41%	39.92%
Eswatini	0.35%	2.79%	33.10%
South Africa	3.48%	2.24%	0.00%
South Africa	0.17%	2.45%	59.97%

Sensitivity analysis

Set out below are the changes to the ECL as at 30 June 2019 that would result from reasonably possible changes in the macro-economic factors:

Payroll loan advances to customers

Tanzania	Figures in €	Prices, consumer price index, all items index		
		[-1%]	No change	[+1%]
Domestic currency per USD, end of period	[-2%]	(295)	(296)	(297)
	No change	(54)	-	54
	[+2%]	284	285	286

Eswatini	Figures in €	Domestic currency per USD end of period		
		[-3%]	No change	[+3%]
	[-5%]	(14,555)	(11,439)	(8,982)
Lending rate	No change	12,889	-	(10,193)
	[+5%]	7,476	5,785	4,453

South Africa	Figures in €	Lending rate		
		[-2%]	No change	[+2%]
		221,013	-	314,926

Namibia	Figures in €	Prices, consumer price index, all items index		
		[-6%]	No change	[+6%]
Lending rate	[-2%]	(1,224)	(1,209)	(1,193)
	No change	315	-	(309)
	[+2%]	1,124	1,109	1,094

Mozambique	Figures in €	Domestic currency per USD, end of period		
		[-4%]	No change	[+4%]
Lending rate	[-2%]	(9,172)	(8,997)	(8,826)
	No change	50,301	-	(49,097)
	[+2%]	9,118	8,944	8,774

Malawi	Figures in €	Treasury bill rate		
		[-4%]	No change	[+4%]
		54,367	-	(2,936)

Kenya	Figures in €	Prices, consumer price index, all items index		
		[-0.3%]	No change	[+0.3%]
Domestic currency per USD, end of period	[-3%]	(19,751)	(19,751)	(19,751)
	No change	-	-	-
	[+3%]	18,315	18,315	18,315

Botswana	Figures in €	Lending rate		
		[-3%]	No change	[+3%]
Domestic currency per USD, end of period	[-3%]	10,905	11,542	12,217
	No change	(12,896)	-	13,608
	[+3%]	(12,175)	(12,876)	(13,617)

Botswana	Figures in €	Domestic currency per USD, end of period		
		[-3%]	No change	[+3%]
		(22,677)	-	(28,051)

Botswana	Figures in €	Prices, consumer price index, all items index		
		[-4%]	No change	[+4%]
Lending rate	[-3%]	2,594	2,551	2,508
	No change	3,927	-	(3,778)
	[+3%]	(2,831)	(2,783)	(2,737)

SME loan advances to customers

Mozambique	Figures in €	Domestic currency per USD, end of period		
		[-4%]	No change	[+4%]
Lending rate	[-2%]	(179)	(171)	(164)
	No change	2,289	-	(2,183)
	[+2%]	178	170	163

Malawi	Figures in €	Prices, consumer price index, all items index		
		[-0.2%]	No change	[+0.2%]
		(88,935)	-	(89,383)

Other loan advances to customers

Australia		Domestic currency per USD, end of period		
Figures in €		[-4%]	No change	[+4%]
		5,304	-	5,191

Australia		Domestic currency per USD, end of period		
Figures in €		[-4%]	No change	[+4%]
		1,268	-	729

South Africa		Lending rate		
Figures in €		[-3%]	No change	[+3%]
Domestic currency per USD, end of period	[-1.5%]	(312)	(321)	(331)
	No change	(1,879)	-	1,924
	[-1.5%]	308	317	326

Regarding the portfolios where the provision model is used through the cycle the assumptions used are independent from the macro-economic variables, therefore for these portfolios no sensitivity disclosure has been included.

Loans with renegotiated terms

The loans with renegotiated terms are loans that have been restructured due to the deterioration of the financial situation of the borrower and where the Group has made concessions that it would not consider. After restructuring the loan, it remains in this independent category of satisfactory performance. During the financial period there were no loans that were renegotiated with clients.

Write-off policy

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

The Group 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.

47.1.6 Impairment assessment - before 1 July 2018

Customers of the Group were segmented into five rating classes, contractual delinquency (CD) zero through four:

CD0: Loans that were not past due and were within the contract term.

CD1: Loans that have missed one contractual payment.

CD2: Loans that have missed two contractual payments.

CD3: Loans that have missed three contractual payments.

CD4: Loans that have missed more than three contractual payments. This is also defined as the default state.

The impairments at the end of the 2018 year were derived using these five CD categories. Loans and advances were considered impaired if, and only if, there was objective evidence of impairment because of events that occurred after initial asset recognition (known as loss events) and these loss events had an adverse impact on the assets estimated future cash flows that could be measured reliably (this was referred to as the incurred loss approach). The internal rating tool assisted management in determining whether objective evidence of impairment existed based on the following criteria set out by the Group:

- Downgrading below "performing" level;
- Historical loss experience of Groups of financial assets with similar repayment terms;
- Data indicating that there is a measurable decrease in the estimated future cash flows from a Group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group including;
- Adverse changes in the payment status of borrowers in the Group; or
- National or local economic conditions that correlate with defaults on the assets in the Group.

In determining whether a loss event has occurred, loans and advances were subjected to regular evaluations of the following:

- Overall client risk profile and payments record;
- Downgrading below "Performing" level;
- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower; or
- Initiation of bankruptcy proceedings.

The Group assessed the probability of default by referring to historical collection data. The historical collection data was reviewed quarterly to reduce the difference between the impairment allowance estimate and actual loss experience.

The historical loss experience was adjusted based on observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience was based and to remove the effects of conditions in the historical period that did not exist.

On a collective basis, the Group assessed whether objective evidence of impairment existed for Groups of financial assets with similar repayment terms. If there was objective evidence that an impairment loss on loans and advances had been incurred, the amount of the loss was measured as the difference between the assets' carrying amounts and the present value of estimated future cash flows discounted at the respective financial assets' original effective interest rates (the recoverable amount).

Loans and advances within the Group comprise many small, homogenous assets. Statistical techniques were used to calculate impairment allowances collectively, based on historical default and recovery rates. These statistical analyses use as, primary inputs, the extent to which accounts in the portfolio are in arrears and historical loss experience on the eventual losses encountered from similar delinquent portfolios. Loans that were not in arrears were provided for using the Incurred but Not Reported (IBNR) assumption with an emergence period equal to three months.

Models contained both judgmental and non-judgmental inputs. The extent of judgement utilised in models developed for new loan products is greater than that for older products, given the limited historical experience available for the new products.

Impairments is calculated as EAD x PD x LGD where:

- The probability of default (PD) for each CD category was determined by means of historic statistical analysis of the observed payment behaviour. This was achieved by constructing transition matrices that track how loans had migrated between CD states. These movements produced a pattern over time that was used to predict a probability of default (reaching CD4).
- The loss given default (LGD) represented the portion of a loan's balance, at the point of default, that was expected to be unrecovered/written off.
- These derived statistics, based on actual experience, were used in determining the impairment value of each loan by multiplying the outstanding balance / exposure at default (EAD) at reporting date with PD and LGD.

The Group issued loans to small and medium-sized enterprises (SMEs) and as such attracts credit risk in the form of missed / defaulted payments.

Loss reserves were raised on all loans in the portfolio and was calculated separate from the consumer loans loss

reserves calculation. The loss reserves methodology was different for SME loans due to SME loans being "low frequency, high severity".

The SME approach was simplified in the sense that there was no statistical data modelling and instead the Group used large banking portfolio benchmarks to estimate loss reserves.

To estimate the loss reserve ratios, the Group references the BASEL Pillar 3 disclosures of the largest South African banks, specifically from their Retail SME portfolios. These banks are diversified across the African continent and provides a diversified reflection of the loss ratios for SME entities in the continent.

The loss reserve ratios from the banks were balance weighted and applied to the Group's exposures to yield the loss reserve ratios.

Collateral was more likely to be in place for SMEs and this was used to offset a portion of the loan exposure. The value of collateral was usually reduced by (i) expected haircuts, (ii) forced sale values and (iii) other reductions. If an SME entity had eligible collateral in place, the net value of collateral could be subtracted from the outstanding balance before the loss reserve ratios are applied.

The below table indicated, per country, the performance category of the loans and advances to customers split:

%	CD0	CD1	CD2	CD3	CD4
Zimbabwe	90.01	1.06	1.57	1.03	6.33
South Africa	83.55	5.44	1.44	1.51	8.06
Uganda	91.58	4.62	1.63	0.55	1.62
Zambia	74.04	8.38	2.91	2.90	11.77
Botswana	90.33	2.58	0.98	0.68	5.43
Kenya	61.09	8.83	5.37	2.30	22.41
Malawi *	100.00	-	-	-	-
Australia	71.50	3.18	1.99	1.15	22.18
Mozambique	82.15	17.54	0.13	0.06	0.12
Eswatini	73.18	5.11	1.84	1.79	18.08
Tanzania	5.37	36.00	16.60	9.21	32.82

*During the 2018 financial year GetBucks Malawi changed the business process and sold of their loans and advances to MBC Malawi on a regular basis.

Amounts in €	2018
Neither past due nor impaired	81,579,634
Past due impaired	14,661,946
Total gross advances to customers	96,241,580
Expected credit loss	(10,518,650)
Net advances to customers	85,722,930

%

Expected credit loss provision as a % of gross loans and advances to customers	10.93
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Credit risk impacts

The emergence period is the time it takes for a credit event (e.g. job loss) to lead to a loss event on a loan (e.g. payment default). If the emergence period increased by one month, the increase / decrease on profit or loss would be 2018: €108,622.

If the loss ratio increased by 5% of portfolio provision, the effect would be 2018: €525,932.

47.1.7 Credit quality

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

Amounts in €	2019	2018
Reconciliation of cash and fixed deposits		
Cash and cash equivalents (note 9)	10,338,657	12,048,470

47.1.8 Credit risk on other financial assets

The table below lists other financial assets (excluding cash and cash equivalents and loans and advances to customers) in relation to their past due status:

Figures in €	Neither past due nor impaired	Past due but not impaired (0-90days)	Past due but not impaired (91 – 360 days)	Past due but not impaired(>360 days)	Impaired
2019					
Fixed deposits	2,875,371	-	-	-	-
Financial investments	32,219,693	-	-	-	-
Other receivables	6,059,192	-	-	-	-
Other financial assets	-	-	-	-	-
Loans to shareholders	4,766,039	-	-	-	-
Loans to other related parties	2,695,583	-	-	-	4,358,727
	48,615,878	-	-	-	4,358,727

Figures in €	Neither past due nor impaired	Past due but not impaired (0-90days)	Past due but not impaired (91 – 360 days)	Past due but not impaired(>360 days)	Impaired
2018					
Fixed deposits	13,102,968	-	-	-	-
Financial investments	1,719,869	-	-	-	-
Other receivables	9,013,726	347,675	895,296	119,979	167,551
Other financial assets	224,104	-	-	-	-
Loans to shareholders	435,724	-	-	-	-
Loans to other related parties	13,145,811	-	-	-	-
	37,642,202	347,675	895,296	119,979	167,551

Fixed deposits (note 10)	2,875,371	13,102,968
	13,214,028	25,151,438

Cash and cash equivalents and fixed deposits per financial institution credit rating:

Amounts in €	2019	2018
A+	79,279	329,938
AAA	-	211,964
AA	1,414	3,482,026
AA-	-	10,905
A	-	15,370
BBB	4,891,055	4,253,110
BBB-	819,446	201,288
BB+	2,881,025	165,982
BB-	317,223	-
B+	(1,876)	-
B	4,848	3,666,269
B1	-	34
B2	2,596,748	1,985,515
Unrated	1,624,866	10,829,037
	13,214,028	25,151,438

The majority unrated amounts in 2018 refers mainly of amounts in bank in Uganda where credit ratings are not available.

47.2 Market risk

Market risk is the risk that changes in the market prices, such as interest rates and foreign exchange rates, will affect the fair value and future cash flows of a financial instrument.

Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control exposures within acceptable parameters, while optimising the return on risk. Overall responsibility for managing market risk rests with the Directors. Management is responsible for the development of detailed risk management policies (subject to review by the Directors) and for the day to day implementation of those policies. The Group policy is to only hedge open positions on hard currencies. Due to the volatility in some of the African countries' currencies, hedging is either not available or prohibitively expensive. In such countries, the focus is to obtain local funding in local currency.

47.2.1 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 a financial instrument will fluctuate because of changes in market interest rates. The Group's main interest rate risk arises from long-term borrowings which are issued at variable rates. These expose the Group to cash flow interest rate risk which is partially offset by having a short-term loan portfolio as the main asset in the Group. Increasing refinancing cost can be potentially covered by price changes in new lending (to the extent that the relevant lending rates are governed by a formula linked to prime) whereby the spread between lending interest and borrowing interest is comparably high.

The tables below indicate all interest-bearing financial borrowings and all interest-bearing financial assets (excluding cash and cash equivalents, other receivables and trade and other payables) at fixed and variable rates.

Amounts in €	2019	2018
Non-interest-bearing assets	13,376,494	202,113

Amounts in €	2019	2018
Non-interest-bearing borrowings	167,454	566,793

Amounts in €	2019	2018
Fixed interest-bearing assets		
Australian Dollar	-	5,556,371
Botswana Pula	10,435,757	11,980,775
Euro	434,276	2,364,984
Kenya Shillings	7,652,344	3,762,549
Malawi Kwacha	8,234,126	793,611
Mozambique Metical	2,875,371	12,264,443
South African Rand	5,906,378	5,929,501
Tanzanian Shilling	475,183	399,680
Ugandan Shilling	-	21,498,118
US Dollar	4,766,039	22,588,514
Zambia Kwacha	543,727	8,782,477
Zimbabwe Dollar	3,794,785	-
	45,117,986	95,921,023

Amounts in €	2019	2018
Fixed interest-bearing borrowings		
Australian Dollar	-	-
Botswana Pula	13,261,221	11,837,036
Euro	41,255,048	17,356,841
Kenya Shillings	3,446,981	-
Malawi Kwacha	58,387,712	-
Mozambique Metical	17,792,033	7,332,499
South African Rand	23,254,123	25,929,722
Tanzanian Shilling	-	10,694
Ugandan Shilling	-	11,261,607
US Dollar	30,449,203	34,435,625
Zambia Kwacha	6,542,520	-
Zimbabwe Dollar	2,834,097	-
	197,222,938	108,164,024

Amounts in €	2019	2018
Variable interest-bearing assets		
Malawi Kwacha	13,902,478	-
Mozambique Metical	31,595,604	-
South African Rand	5,795,238	7,874,491
	48,362,309	7,874,491

Amounts in €	2019	2018
Variable interest-bearing borrowings		
Australian Dollar	-	2,218,138
Botswana Pula	424,706	464,421
Mozambique Metical	8,324,449	5,568,462
Ugandan Shilling	-	6,468,005
US Dollar	4,353,187	4,277,526
	16,005,758	18,996,552

Impact from financial assets and borrowings on profit or loss if there is an [absolute] 1% movement in the various rates (excluding cash and cash equivalents, other receivables and other payables):

Amounts in €	2019	2018
	1% change	1% change
Variable interest-bearing assets	483,623	78,745

Amounts in €	2019	2018
	1% change	1% change
Variable interest-bearing borrowings	160,058	189,964

The Group manages its interest rate risk through placing excess funds in interest bearing call accounts. The Group has also placed hard currency debt borrowings in bank deposits, which were used as security for local currency funding lines where the Group earns interest on these deposited funds. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios below, the Group calculates the impact on profit and loss of a defined interest rate shift. The sensitivity of these interest rate shifts is based on the expected movements in inter-bank lending rates in the respective jurisdictions year on year.

External funding at central treasury level

All the Group's significant hard currency funding is at fixed interest rates. The Group has been exposed to high interest rates on its hard currency funding. As part of the Group restructure the Group is focussing on the remaining expensive debt. Hard currency funding received is managed through the Group treasury function. Individual countries are encouraging to source local funding facilities, while treasury will provide the security to this funding by way of the hard currency funding received. These facilities are reviewed on a quarterly basis.

Internal funding inter-company

Group funding to subsidiaries are at lending rates that are aligned with local country regulation or cost of funding to the Group. In some countries regulators require prime linked rates and, in others, fixed rates.

External local currency funding

The subsidiaries have predominantly prime linked debt facilities with banks in local currency. Formal debt instruments with non-banking institutions are utilised at fixed interest rates.

Customer interest rates

All loans to customers are at a fixed rate. The subsidiaries are therefore exposed to increases in funding rates and will benefit from lower funding rates. In South Africa, interest rates are regulated and hence the Group has limited ability to change the rates. The Group is therefore exposed to increases in funding rates and will benefit from lower funding rates.

47.2.2 Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's

functional currency. Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. The Group has made use of hard currency bank deposits (used as security for local funding lines) to limit its various exposures.

The Group has investments in subsidiaries, whose net assets are exposed to foreign currency translation risk. Currency exposure, arising from the net assets of the Group's subsidiaries, is managed primarily through borrowings denominated in the relevant foreign currencies, including inter-company loans made by the holding companies or the central treasury function to these subsidiaries in the relevant foreign currencies.

These inter-company loans expose the Group to foreign currency risk and create an open foreign currency position. The focus in the current financial year, and going forward, has been to close open foreign exchange positions on inter-company loans. New local currency funding lines will enable the Group to replace inter-company loans with local funding.

The Group is however still exposed to local currency risk in terms of its local currency loans and advances to customer assets that cannot be hedged in some of the countries that the subsidiaries operate in. The below table illustrates the balance exposure relating to foreign currency funding held in local jurisdictions.

The table below indicates the sensitivity of the risk associated with foreign currency exposure. The fluctuation is an indication of movements in exchange rates observed during the last 12 months.

The table does not take into consideration the translation risk, being the difference between functional currency and presentation currency.

Amounts in €	2019	2018
Foreign currency loan exposures		
US Dollar	11,051,505	26,037,895
EURO	3,647,398	1,924,576
ZAR	108,592	-
MWK	1,776,068	-
Other	1,012	-

Amounts in €	2019	2018
	1% change	1% change
Sensitivity impact on profit and loss		
US Dollar	110,515	1,822,657
EURO	36,474	134,720
Other	10	-

Exposure to foreign currency

The Groups exposure to foreign currency valuation risk on significant financial instruments is indicated below.

2019

Figures in €	Borrowings	Net cash	Other receivables	Other payables	Loans and advances to Fixed deposits customers	Customer deposits
Botswana Pula	11,165,102	245,598	1,468,815	2,347,887	9,283,916	-
Euro	22,876,183	87,716	509,728	4,812,007	-	-
Kenya Shillings	-	(33,062)	851,708	1,013,537	5,483,941	-
Malawi Kwacha	19,165,932	1,526,402	3,519,104	795,815	25,114,172	40,838,436
Mozambique Metical	10,954,699	3,800,851	421,651	1,783,573	29,998,604	18,914,712
South African Rand	20,834	919,766	1,991,904	2,304,821	8,650,958	-
Tanzanian Shilling	-	7,060	156,808	283,373	371,413	-
US Dollar	21,801,632	2,734,330	355,872	1,348,125	-	2,875,371
Zimbabwe Dollar	2,971,725	1,049,996	361,140	912,428	4,416,749	347,667
	88,956,107	10,338,657	9,636,730	15,601,566	83,319,753	2,875,371
						60,100,815

2018

Figures in €	Borrowings	Net cash	Other receivables	Other payables	Loans and advances to Fixed deposits customers	Customer deposits
Australian Dollar	4,079,058	216,379	99,548	319,252	5,095,417	-
Botswana Pula	12,240,503	829,765	357,724	1,759,204	8,301,233	-
Euro	18,686,121	420,430	853,884	544,626	-	61,814
Kenya Shillings	2,208	(740,735)	491,002	553,430	3,762,548	-
Malawi Kwacha	-	801,551	1,081,954	524,933	793,611	-
Mozambique Metical	5,988,854	2,493,569	1,742,989	131,873	13,450,815	54,131
Other	-	(12,464)	-	547	-	-
South African Rand	12,069,640	1,190,758	2,702,987	2,530,135	11,396,649	-
Tanzanian Shilling	-	96,944	67,962	228,383	399,680	-
Ugandan Shilling	4,296,308	1,819,624	998,126	798,966	16,206,719	5,291,399
US Dollar	9,890,408	4,433,874	5,437,724	791,994	17,533,781	7,695,624
Zambia Kwacha	5,580,396	498,775	1,662,450	499,649	8,782,477	-
	72,833,496	12,048,470	15,496,350	8,682,992	85,722,930	13,102,968
						20,668,749

The impact of Eswatini and Namibian currencies is included in South African Rand, as these currencies are linked.

In 2018 the amounts represented in US Dollar mainly represented Zimbabwe.

47.3 Liquidity risk

The following table shows the undiscounted cash flow of the company's financial liabilities, based on the remaining period at year end to the contractual maturity date. Balances due within 12 months approximates their carrying balances as the impact of discounting is not significant.

2019	On demand (less than 1 month)	More than 1 month less than 12 months	More than 1 year less than 5 years	More than 5 years
Bank overdraft	96,658	2,728,153	-	-
Deposits from customers	4,673,368	55,886,163	25,530	-
Trade and other payables	3,010,416	9,262,439	-	-
Finance lease liabilities	7,213	79,340	94,408	-
Other financial liabilities	960,640	42,881,425	68,906,951	387,173
Loans from shareholders	36,196	12,031,121	427,025	-
Loans from other related parties	23,564,046	30,988,488	-	-
	32,348,536	153,857,129	69,453,914	387,173

2018	On demand (less than 1 month)	More than 1 month less than 12 months	More than 1 year less than 5 years	More than 5 years
Bank overdraft	916,126	72,373	-	-
Deposits from customers	10,256,457	10,147,439	264,853	-
Trade and other payables	2,513,733	6,169,257	-	-
Finance lease liabilities	7,641	84,048	186,820	-
Other financial liabilities	14,977,474	34,185,330	48,318,746	1,924,546
Loans from shareholders	542,798	1,865,462	774,195	-
Loans from other related parties	985,771	14,329,634	31,128,979	47,276,698
	30,200,000	66,853,543	80,673,593	49,201,244

Liquidity risk is the risk that operations cannot be funded, and financial commitments cannot be met timeously and cost effectively. Liquidity risk management deals with the overall profile of the statement of financial position, the funding requirements of the Group and cash flows. In quantifying the liquidity risk, future cash flow projections are simulated, and necessary arrangements are put in place to ensure that all future cash flow commitments are met.

In these simulations, the following factors are taken into consideration per subsidiary:

47.3.1 Disbursements to customers

Although longer loan tenures to customers have a positive impact on the revenue and the loans and advances to customers, the cash flow is negatively impacted in the short term. To mitigate such impact the mix between longer term loan products and shorter-term loan products is managed to balance the net cash flow.

47.3.2 Collections on loans and advances to customers

Collection efficiency rates are used when projecting cash inflows. Efficiency rates are monitored daily in order to optimise cash flows and are based on historical experience. Disbursements will be adjusted in the case of lower than expected collections (since this is managed daily).

47.3.3 Cost containment and budgeting

Costs are managed daily and any variances to budgets are investigated to ensure the accuracy of the cash flow simulation models.

47.3.4 External debt repayments

External debt repayments are accounted for in cash flow simulation models.

In order to fund the operations and acquisitions the debt levels of the Group has increased significantly over the past few years which has resulted in the Group having to settle debts with equity. The increased debt and continuous losses of the past few years has resulted in breaching some payment terms. These breaches are however is being addressed by the Board through the following:

- Debt to equity conversions has been agreed;
- Restructuring of various of the debt facilities through the extension of the payment terms; and
- Disposing of non-core investments in order to repay debt.

The Board believes that the counter measures being put in place will resolve the liquidity constraints the Group is currently challenged with. Refer to note 1.2 for the discussion on going concern.

47.3.5 Treasury function

Each subsidiary has their own treasury department which monitors liquidity to ensure that there are sufficient funds available to meet operational requirements. Bank account movements are monitored daily and are flagged for any issues requiring attention. Creditors are paid on a monthly or bi-weekly schedule.

In the Management segment cash is managed based on cash flow projections where future requirements are considered. Based on these requirements the Group requests funding from subsidiaries.

47.3.6 Hard currency secured local currency facilities

Local currency facilities that are secured by hard currency deposits are reviewed on a quarterly basis. Local facility debt tenors and repayment schedules are matched with the weighted average term of the loans and advances to customers.

The Group has a capital raising strategy that is composed of:

- Issuing new shares;
- Obtaining new funding lines;
- Converting mezzanine debt into equity;
- Issuing local currency bonds;
- Obtaining concessional funding at reduced cost ring-fenced for disbursement of impact loans; and
- Refinancing costly third-party debt facilities.

The following strategy has been approved by the Board to address the liquidity constraints currently challenging the Group:

- In the short-term the Group has agreed to settle €44.8 million of debt with equity;
- The company will have a right offering to raise funding;
- In the medium-term the Group is investigating new sources of funding through the utilisation of current relationships as well as investing in new potential funding lines;
- In the long term the Group's net investments will deliver a positive net return, effectively allowing the Group to settle its liquidity shortage.

47.3.7 Capital management

The Group's objectives when managing capital, is to safeguard the Group's ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings and cash and cash equivalents as disclosed in the consolidated statement of financial position.

To maintain or adjust the capital structure, the Group may adjust the dividends to be declared to shareholders, issue new shares or sell non-core assets to reduce debt. Consistent with others in the industry, the Group monitors capital based on the gearing ratio.

This ratio is calculated as net debt divided by total capital.

- **Net debt** is calculated as total interest-bearing borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents.
- **Total capital** is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt. There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

47.3.8 Gearing ratios:

Amounts in €	2019	2018
Bank overdraft	2,785,287	988,499
Deposits from customers	60,100,815	20,668,749
Other payables	12,421,318	6,565,791
Finance lease liabilities	144,322	201,725
Financial borrowings	88,956,107	72,833,496
Loans from shareholders	12,067,317	2,365,798
Loans from related parties	53,906,587	43,528,407
	230,381,753	147,152,465
Cash and cash equivalents	(13,123,944)	(13,036,969)
Net debt	A 217,257,809	134,115,496
Total equity	(41,806,635)	23,968,909
Total Capital	B 175,451,174	158,084,405
Gearing ratio (A / B)	123.83%	84.84%

The gearing ratio decreased during the current year with the significant increases in debt and the decrease in equity.

47.3.9 Debt covenants

The Group evaluates and manages its compliance to debt covenants monthly. The Group reports these covenants to investors on a quarterly basis. The primary covenants that the Group needs to comply with include:

- A minimum net worth ratio, ensuring that the Group maintains a net asset value of two times the outstanding principal debt owing;
- Interest cover ratio, ensuring that the profit before interest and tax remains at a level of two times the total interest payable;
- Liquidity ratio, ensuring that current assets are equal to or greater than the current liabilities;
- Gearing ratio, ensuring that the net debt remains at a specified level of less than three times the total equity;
- Foreign currency risk ratio. In this ratio, the net unhedged hard currency open position needs to be below 20% of the equity; and
- Portfolio at risk (PAR) 45-day ratio. This ratio assesses the percentage of loans within the loans and advances to customers that are past due for more than 45 days. The ratio allows a maximum level of 15% of the total book value.

Where covenants are under threat of non-compliance immediate remedial actions are taken to ensure continued compliance.

Where the covenant has been breached (refer to note for facilities in breach of covenants) the Group communicates these breaches to the respective funders. The Group identifies the key considerations required in rectifying this matter.

The following covenants has been breached:

Figures in €	2019	2018
Vienna bond covenants in breach	8,205,000	8,205,000
Consolidated total borrowings to consolidated net worth of parent	6 : 1	Breach
Minimum equity requirement	€25mil	Breach
Botswana bond covenants in breach	3,802,861	3,802,861
MyBucks (holding) gearing ratio	>20%	Breach
GetBucks Ltd (Botswana) gearing ratio	>25%	Breach
Encumbrances of indebtedness restricted	10%	Breach
Mintos facilities covenants in breach	14,276,827	4,221,705
Interest cover ratio	>1	Breach
MyBucks equity	>1	Breach
TLG facility covenant breaches	10,657,741	9,197,190
Interest cover ratio	>1	Breach
Financial gearing ratio	<4	Breach
Return on assets	>0%	Breach
Liquidity ratio	>1	Breach
RBC CEES Trust covenant breaches	8,958,511	8,555,052
Foreign currency exposure risk	50% - 150%	Breach
Liens or encumbrances of performing advances portfolio	>50%	Breach
Uncovered Capital Ratio	<25%	Breach

47.3.10 Mozambique minimum capital requirements

The Central Bank in Mozambique required that the equity in MBC Mozambique should increase with €8.07 million (MZN570 million) by April 2019 to comply with the minimum equity requirement of €16.14 million (MZN1.14 billion). The regulations further required an increase in equity of an additional €7.93 million (MZN560 million) by April 2020 to continue adherence with the Central Bank of Mozambique's minimum equity requirements of €24.07 million (MZN1.7 billion). (exchange rate of 70.63 €/MZN)

As the Group is challenged with liquidity constraints the Group did not continue increasing the capital investments in Mozambique. The Group downgraded the banking license from a full commercial banking license to a deposit taking licence (application was approved on 18 June 2019).

The downgrade in the license does not impact the business operations of MBC Mozambique as the additional product offerings available through a commercial licence is not currently part of the bank's product offering. The

deposit taking license allows for all current business offerings to continue unhindered. The Group will consider upgrading the bank back to a commercial license once the Group has excess liquidity.

47.4 Country risk

As a global financial services group, MyBucks is active in multiple jurisdictions. Significant changes in the economy or in the health of a particular industry segment, that represents a concentration in the Group's portfolio, could result in losses that are different from those provided for at the reporting date. Country (or Sovereign) risk is part of the overall credit risk and is managed as part of the credit risk management function as it has a major impact on individual counter-parties ability to perform.

Management therefore carefully monitors the Groups exposure to each country.

48. Share based payments

48.1 Employee share option incentive scheme

The Group engages in equity settled share-based payment transactions in respect of services received from certain of its employees. The fair value of the services received is measured by reference to the fair value of the share options granted on the date of the grant. The cost of the employee services received in respect of the share options granted is recognised in the consolidated statement of profit or loss and other comprehensive income over the period that the services are received, which is the vesting period. MyBucks' Board of Directors approved the employee share option plan on the 1st of May 2016. Participation in the scheme is at the Board's discretion and no individual has a contractual right to participate in the scheme or to receive any guaranteed benefits.

48.2 First share option scheme (Option 1)

On the 1st of May 2016, the Board of Directors granted 412,500 options for shares in the Company with an expiry date of 30 April 2021 with an exercise price of €9.00 per share. Under the plan, participants may only exercise the share options to the extent the share options have vested based on the terms of service. As of the 30th of June 2016, MyBucks had granted options with two separate vesting schedules:

- 100,000 stock options were granted vesting 1/3rd on 1 May 2016, 1/3rd on 30 June 2016 and 1/3rd on 30 June 2017;
- 312,500 stock options were granted vesting 40% on 1 May 2017, 30% on 1 May 2018 and 30% on 1 May 2019.

As at 30 June 2019 there were 268,000 (2018: 296,500) options granted outstanding. The decrease is the result of resignations of employees during the period.

48.3 Second share option scheme

On the 5th of March 2018, the Board of Directors granted 725,000 options in the shares of the Company with an expiry date of 5 March 2023 and an exercise price of €13.50 per share. Under the plan, participants may only exercise the share options to the extent the share options have vested based on the terms of service. MyBucks has granted options with two separate vesting schedules:

- 200,000 stock options were granted vesting 1/3rd on 5 March 2018, 1/3rd on 1 January 2019 and 1/3rd on 1 January 2020;
- 525,000 stock options were granted vesting 1/3rd on 1 January 2019, 1/3rd on 1 January 2020 and 1/3rd on 1 January 2021.

As at 30 June 2019 there were 355,000 (2018: 725,000) options granted outstanding. The significant decrease in options granted results from the restructure in the support staff of the Group where the staff with share options granted reduced from 24 to 13.

48.4 Fair value determination

The fair value of the options granted is determined using the option pricing model, which considers the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors.

48.5 Option information

48.5.1 Option 1

Grant date		1 May 2016	1 May 2016
Number of options granted	#	100,000	312,500
Exercise price	€	9.00	9.00
Vesting dates – Tranche 1		1 May 2016	1 May 2017
Vesting dates – Tranche 2		30 June 2016	1 May 2018
Vesting dates – Tranche 3		30 June 2017	1 May 2019
Exercisable until		30 April 2021	30 April 2021

48.5.2 Option 2

Grant date		5 March 2018	5 March 2018
Number of options granted	#	200,000	525,000
Exercise price	€	13.50	13.50
Vesting dates – Tranche 1		5 March 2018	1 January 2019
Vesting dates – Tranche 2		1 January 2019	1 January 2020
Vesting dates – Tranche 3		1 January 2020	1 January 2021
Exercisable until		5 March 2023	5 March 2023

48.5.3 Share option movements

Number of options	2019	2018
Outstanding at the beginning of the year	1,021,500	323,000
Granted during the year	153,919	725,000
Expired due to service termination	(552,419)	(26,500)
Outstanding at the end of the year	623,000	1,021,500
Vested and exercisable at the end of the year	476,333	322,414
Amounts in €		
Share based payment expense	39,351	222,867
Expected expense		
2019	-	406,689
2020	81,667	137,793
2021	65,000	33,469
Total	146,667	577,951
Amounts in €		
Share based payment reserve	1,289,929	1,250,578

49. Commitments

Amounts in €	2019	2018
Minimum lease payments due:		
Within one year	403,085	1,111,815
More than one year and less than five years	1,054,459	1,775,073
More than five years	-	896,638
Total	1,457,544	3,783,526

Lease payments represent operating lease commitments on the various properties and the equipment leased by the Group.

50. Directors emoluments and key management

Amounts in €	2019	2018
Remuneration (Executive)	390,982	565,405
Severance pay (Executive)	1,385,044	36,000
Director fee's (non-executive)	200,330	178,930
Share options	108,952	-
	2,085,307	780,335
Number of share options		
Held by Directors	326,667	600,000

The majority of the increase in the executive Director fees refers mainly to the separation fee agreed with the previous executive chairman as disclosed in note 15.5.

51. Subsequent events

During the past few months since June the Group has undergone significant changes. These were all

implemented in order to ensure that MyBucks has a stronger position to start from after the restructuring. The following key transactions were entered after June:

51.1 Sale of majority of the lending businesses

As part of the conditions received for the Ecsponent Limited debt to equity conversion, the South African Reserve Bank has indicated that the proposed transaction will result in a loop structure, which cannot be approved.

According to the South African Reserve Bank's Financial Surveillance Department (FinSurv) document released on 17 November 2016 entitled Exchange Control Special Voluntary Disclosure Programme policy loop structures entail the formation by a South African resident of an offshore structure which, by reinvestment into the South African Republic, acquires shares, loan accounts or some other interest in a South African resident company or a South African asset. The Policy Document adds that transactions creating loop structures contravene, amongst other provisions, Regulation 10(1)(c) of the Exchange Control Regulations, 1961.

Resultant from this legal requirement MyBucks had to divest from any investment in South Africa (and the whole common monetary area) in order to secure the relevant regulatory approvals to conclude on the debt to equity conversion of Ecsponent Limited.

While the Board was contemplating the sale of the South African operations, the Board used this opportunity to reassess the strategy of the Group. The Board decided to dispose of the majority of the lending operations and will continue to focus on an African Banking Strategy (ABS). The Board envisions that Botswana will remain a key investment for the Group and was therefore excluded from the entities identified for disposal. The East African operations, which consist of Kenya and Tanzania, does not form part of the ABS going forward and was therefore combined with the South African sales transaction.

Finclusion Pte Ltd (Finclusion) offered to acquire the shares in these operations which therefore allows the conclusion of the Ecsponent debt to equity conversion. As the sale was facilitated in a short time frame, MyBucks granted a debt facility to Finclusion in order to ensure that the transaction is executed and does not delay the debt to equity conversion. The South African and East African operations were sold for €11.9 million.

In June 2019 the Group concluded the agreements for the disposal of the majority stake in Fair Go to Skybound for €5 million. This transaction was concluded in September

2019. MyBucks granted an option to Skybound to acquire the remaining 25% shares held in Fair Go for €2.1 million. This option expires on 31 December 2019. If Skybound does not exercise their right to purchase, the shares will be sold to Finclusion at the same price.

51.2 African banking strategy

Whilst assessing the Group strategy going forward, the amended strategy will focus on banking the unbanked in Africa. The Group currently has five banking investments and envisions to expand this in future.

As the Group's financial position deteriorated significantly over the past few years, the Group has implemented a Group restructure which will ensure that the banking entities, the various banking regulators and our customers are protected. This restructure is based on a regulated banking holding structure. This holding entity, MBC Holdings Limited, is incorporated in Botswana and the registration for banking regulatory supervision has started.

The Group will transfer all shares held in banking entities to MBC Holdings Limited. The Board believes that this restructure will benefit the Group significantly in future.

51.3 Recapitalisation transaction

As discussed in note 1.3 the Group has focussed on an overall recapitalisation through a combination of debt to equity conversions as well as asset acquisition with equity. This was concluded on in November 2019 through the issuance of 63,926,378 million shares (Both tranches combined). The Group will have a rights offering early in the 2020 calendar year whereby the shareholders has a right to acquire five shares for each share owned before the recapitalisation transaction.

51.4 Sale of 75% investment in Lyngreen Properties Proprietary Limited

The Group through the South African subsidiary Get Bucks Proprietary Limited, owned 75% of a property company, Lyngreen Properties Proprietary Limited. The Group has concluded the sale of these shares in early November 2019.

51.5 Change of financial year end

The Group has decided to amend the financial year end of the company to 31 December. This ensures that the financial year end of the company is aligned with the banking subsidiaries which is legally required to have 31 December financial year ends.

51.6 Acquisition of Nedbank Malawi Limited

The Group, through its subsidiary in Malawi, has obtained approval from the Central Bank of Malawi to acquire the shares of Nedbank Malawi Limited (Nedbank Malawi). Nedbank Malawi is a financial service provider with eleven branches throughout Malawi.

There are outstanding conditions to be fulfilled before the acquisition is finalised. The approval of the Competition Commission (COMESA) must be obtained before the transaction can be finalised.

51.7 Hyperinflation in Zimbabwe

On 12 October 2019 the Public Accountants and Auditors Board (PAAB) of Zimbabwe confirmed that Zimbabwe is back in a hyperinflation status. The PAAB confirmed that all corporate entities should apply International Accounting Standard (IAS) 29 Hyperinflation accounting from 1 July 2019.

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06 OTHER INFORMATION

Values are the
essence of a
company's identity.



Shareholder information

2019 was an eventful financial year for the MyBucks Group. We made progress in many areas.

Date	Shareholder calendar events
31 January 2020	Annual general meeting
31 January 2020	Extra-ordinary meeting
15 May 2020	Issue of 31 December 2019 consolidated financial statements
15 May 2020	Issue of prospectus for the rights offering

Essential securities and trading data

Company name	MyBucks S.A
Registration number	B199543
Date and Country of Incorporation	7 August 2015, Luxembourg
Accounting principles	International Financial reporting Standards (IFRS) as adopted by the European Union
Obligation to consolidate	Yes
End of financial year	30 June (changed to 31 December from 2019)

Essential securities and trading data

ISIN	LU1404975507
Share code	MBC:GR
Price	€0.92 on 30 June 2019
Shares in issue	12,715,613 at 30 June 2019. 76,641,991 as at date of this report



#shareholder
value

Specialist

Bankhaus Scheich Wertpapierspezialist AG

Co-Applicant

Hauck & Aufhäuser Privatbankiers AG

Capital Market Partner

Hauck & Aufhäuser Privatbankiers AG

Designated Sponsor

MWB Fairtrade Wertpapierhandelsbank AG



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Address

RCS Luxembourg: B199543
9, rue du Laboratoire,
L-1911 Luxembourg

Contact us:

Phone: +352 2088 2123
Website: www.mybucks.com
Email: info@mybucks.com