

## Microfinance Bank

**GetBucks Microfinance Bank Limited,**

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

### Trading update for the first quarter ended 30 September 2019

#### Operating environment

The Zimbabwean economy faced a challenging three months exacerbated by the Public Accountants and Auditors Board ("PAAB") announcement that effective July 1, 2019 the country had become a hyperinflationary environment.

The official annual inflation rate was 175.66% in June 2019. Publishing of annual inflation figures was suspended from July 2019 and would resume in February 2020. Foreign currency demand continued to be higher than supply and this led to significant difficulties in the importation of goods and services. The hyperinflationary environment significantly increased the cost of doing business with particular pressure on wages. The Bank will continue to explore opportunities to preserve value in the tough economic environment.

#### Financial performance review

The primary numbers presented for the three months ended 30 September 2019 are hyperinflation adjusted.

Key highlights:

- The Bank received a license to operate a bureau de change and commenced bureau de change operations in July 2019.
- The value preservation strategy to acquire investment property in prior year continued to yield results as fair value gains contributed ZWL17.4 million to the bottom line. With a fully functional banking platform, the bank continued to focus on growth of its customer base. This has seen the bank increase leverage and grow its loan book thus creating a base to offer retail services.
- Borrowings increased from ZWL24.4 million to ZWL43.8 million.
- Customer deposits increased to ZWL8.3 million from ZWL2.9 million in June 2019.
- Total assets increased by 63% to ZWL112.7 million from ZWL69.3 million in June 2019 on the back of investments in financial assets, increase in cash and cash equivalents, and revaluation of investment property.
- Shareholders' equity increased by 53% to ZWL52.2 million with the uplift primarily driven by revaluation gains in investment property and profitability.
- A rights issue was concluded successfully in July 2019, raising an additional ZWL\$5m equity.
- The cost to income ratio for the quarter was 47%.

#### Dividend

No dividend was declared during the period under review as the Bank sought to utilise cash for growth.

#### Outlook

During the period under review the Bank's performance exceeded forecast. However, the Bureau de Change business was affected at the end of September by changes in the regulatory environment. The Bank is optimistic that the central bank Monetary Policy Committee interventions will stabilize the foreign exchange market resulting in increase in the contribution of the bureau business to the Bank's overall profitability. The Bank looks to increase lending to the productive sector as well as increase its depositor base by utilising its innovative technology platforms.

#### By Order of the Board



**Patrick T. M. Mashinga**  
Chief Finance Officer

13 December 2019

#### Directors:

Dr. R. Mbire (Board Chairman), T. W. Mudangwe\* (Managing Director), P. Soko\* (Deputy Managing Director), W. T. Kambwanji, G. Manyere, P. S. Moyo, G. Nyengedza, P. Mashinga\* (Chief Finance Officer). \*Executive

**Registered Office:** Ground Floor, MIPF House. 5 Central Avenue, Harare, Zimbabwe.