

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 three months ended 31 March 2021

Financial highlights

Profit after tax

INFLATION ADJUSTED
31 March 2021: ZWL12.3 million
31 March 2020: ZWL58.2 million

Loan book

INFLATION ADJUSTED
31 March 2021: ZWL146.1 million
31 March 2020: ZWL131.1 million

Equity

INFLATION ADJUSTED
31 March 2021: ZWL149.9 million - 31 March 2020: ZWL254.4 million

Hassle
free
banking



Trading Environment

The quarter ended March 2021 was characterized by fair trading levels for the Microfinance Bank. Despite further COVID-19 lockdown restrictions at the start of the quarter due to the second wave of the pandemic, the environment remained generally stable. The COVID-19 pandemic saw partial shutdowns in some sectors resulting in reduced business activity and the Microfinance Bank's ability to offer some services.

After facing an economic crisis exacerbated by the COVID-19 pandemic, Zimbabwe's economy is projected to rebound by 2.9% in 2021, supported by recovery of agriculture and due to base effects. The expected bumper harvest and continuation of rule-based monetary policy will stabilize food prices and improve food security. However, disruptions caused by the pandemic will continue to weigh on economic activity in the country. Year-on-year inflation for March 2021 stood at 240.6%.

The foreign exchange auction system, introduced by the Reserve Bank of Zimbabwe ("RBZ") has resulted in a stabilization of the ZWL/USD rate. During this period, the RBZ maintained a strong grip on reserve money growth resulting in a slow increase in money supply growth, thereby stabilizing exchange rates. The tight monetary position made it harder for the Microfinance Bank to access wholesale lines of credit.

The environment has been tough for micro-lending institutions owing to inability to keep up with inflation and the attendant rate of increase in expenditure. Going forward, the Microfinance Bank's strategies are anchored on increasing transactional income from retail and international banking business.

Financial Performance

All numbers are inflation adjusted, profit after tax for the 3-month period was ZWL12.3 million compared to ZWL58.2 million for the same quarter in prior year. The loan book closed off at ZWL146.1 million compared to March 2020's ZWL131.1 million. Equity closed the quarter at ZWL149.9 million compared to ZWL254.4 million as at March 2020.

Regulatory

The RBZ announced a US\$5 million minimum capital level with effect from December 31, 2021. The Microfinance Bank is pursuing measures to ensure it meets the minimum capital threshold prior to the deadline.

Outlook

We expect the impact of the COVID-19 pandemic to continue to be adverse across most sectors and that the policy environment will have low predictability. Access to new funding lines and cost containment will be key to the Microfinance Bank's growth during the next quarter. Measures to manage costs have been instituted during the period in order to mitigate hyperinflation and to right size the Microfinance Bank in line with reduced levels of activity across the economy.

By Order of the Board of Directors

Wimbuyi Chigumbu
Chief Finance Officer

14 May 2021

