

**MONEYTRONICS MICROFINANCE BANK LIMITED**  
**CHAIRMAN’S WELCOME ADDRESS**

Fellow esteemed Shareholders and invited Guests.

On behalf of the Board of Directors, I have the pleasure to welcome you to this Annual General Meeting where-in, the reports of the 2019 Financial year will be presented, you will be briefed about the progress made by our bank since our last meeting and some major decisions to move our bank forward shall be taken.

This virtual meeting is arranged by zoom which is the “new normal” of arranging AGM not only in Nigeria but all over the world as a result of covid 19 pandemic. Before we present the performance of the bank, I would like to briefly share with you the Nigerian macroeconomic and banking industry environment under which we operated.

**NIGERIA ECONOMY**

The Nigeria Economy recorded a positive performance in 2019. The Real Gross Domestic Product (RGDP), at basic price, grew by 2.3% compared to the 1.9% recorded in 2018<sup>1</sup>. This is the highest growth rate recorded since 2<sup>nd</sup> Quarter 2017 when the economy bounced back from recession. This performance of the domestic economy was driven by relatively high crude oil prices as well as improved oil production.

The Federal Government ensured inflationary pressures were tamed for the largest part of 2019. According to the National Bureau of statistics, the inflationary rate which stood at 11.3% in January 2019 dropped to 11.02% in August which was 3½% lower than the beginning of the year rate but significantly increased to 11.98% at year end. The increase could be attributed to the land border closures in September 2019. The effect on inflation was expected to persist.

In 2019, the Nigeria Stock Exchange (NSE) witnessed a bearish trend. The All-Share Index (ASI) opened at 31,430.50 index points but closed at 26,842.07. The capital market in 2019 therefore lost over 14% when compared to December 2018. This can only be attributed to weak investor sentiments about the

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<sup>1</sup> Nigeria Gross Domestic Product Report (Q42019) by National Bureau of Statistics available at <https://nigerianstat.gov.ng/elibrary/read/1066>

economy driven by fears regarding the prevailing insecurity and growing political agitations in the polity.

Other significant factors in the Nigeria economy include the re-election of the ruling party to usher in continuity of economic progress and policies, the signing by the Nigeria Government of the Agreement on the African Continental Free Trade Area (AfCFTA) designed to create a single market in Africa as well as the offering for sale of Federal Government Bonds.

## **BANKING INDUSTRY**

The CBN significantly pursued monetary policy strategies to maintain macroeconomic stability during the year under review. As always, the efforts were directed towards stimulating growth through credit allocation to the real sector and curtailing damaging inflation. Some of the strategies adopted included:

### **(a) Foreign Exchange**

The CBN continued to support the currency through its intervention in the foreign exchange market. In consequence, the Naira exchange rate against the major currencies was relatively stable at the interbank foreign exchange market but recorded marginal appreciation at the Bureau De Change (BDC). This made our foreign exchange reserve to drop significantly in the second half of the year. Other factors leading to the drop were lower crude oil prices, reduced foreign portfolio investment inflows and increase in external debt service payment.

### **(b) Loan Deposit Ratio (LDR)**

While the CBN retained the minimum Loan to Deposit Ratio of 80% for Microfinance banks, in July 2019, the Apex bank mandated deposit money banks to maintain LDR of 60% and subsequently increase it to 65% with a deadline of December 30<sup>th</sup> 2019. This led to growth in Risk Assets in the banking sector by N1.16 trillion within a period of five (5) months.

### **(c) Open Market Operation**

In October 2019, the CBN restricted participation in open market operation to commercial banks and foreign investors while excluding individual and non-bank institutions. The strategy led to increase in liquidity in the system and subsequent fall in interest rates of government securities.

**(d) Cash Less Economy**

During the course of the year, the CBN introduced a new policy on cash-based transaction effective in Lagos, FCT and some few states which provide a 2% fee for cash-based transaction above ₦500,000 for individual while cash deposit above ₦3 million for corporation attract 3% fee. This is in a bid to improve the effectiveness of monetary policy and payment system.

Further, revised guidelines on bank charges were released towards the end of 2019 to take effect on January 1, 2020. One of the drastic changes in the review is the downward review of electronic banking transaction charges.

**(e) Revised National Financial Inclusion Strategy**

In the pursuit of its aim of achieving the overarching target of 80% financial inclusion by the year 2020, the Central Bank of Nigeria set a target for each branch of a microfinance bank to acquire 64 new customers per month.

Furthermore, in furtherance of the strategy, NIRSAL Microfinance Bank was incorporated as a Private Limited Company in 2019 and commenced operations following the grant of a license by the Central Bank of Nigeria to operate as a National Microfinance Bank in the same year.

**PERFORMANCE OF THE BANK**

Firstly, I want to say that the Board recognized the importance of meeting shareholders' expectations and delivering long-term shareholder's value is fundamental to the Board's aspiration.

The key financial highlights for the financial year 2019-2020 are summed up, here under:

- Gross Earnings grew by 30% from N50,526,106 in 2018 to N65,936,138 in 2019.
- Profit Before Tax (PBT) rose by 25% from N6,538,129 in 2018 to N8,184,106 in 2019.

- Profit After Tax (PAT) rose by 37% from N4,239,784 in 2018 to N5,810,938 in 2019
- Total Deposit Liabilities were N80,088,092 at the 2019 final year end, representing 49% growth over the previous year's figure of N53,824,415
- Total Assets of the bank grew by 15% from N128,406,038 in 2018 to N148,010,730 in 2019
- The Capital Adequacy Ratio which measures the stability of the bank in December 2019 was 33.93% which is more than three times the benchmark requirement. Our Capital Adequacy Ratio keeps improving till date

The remarkable performance of the Bank is a demonstration that the Board is strongly committed to the sustainability of the bank and assure you of sustaining the performance as well as creating optimum value for all stakeholders.

### **BONUS ISSUE**

Fellow shareholders, it is my pleasure to announce the declaration of Bonus issue of N1.375 million which shall be distributed on prorata basis based on shareholding at 31<sup>st</sup> December 2019.

The Board assures our esteemed shareholders that we remain strongly committed to satisfying the yearning of our shareholders through declaration of Dividends and bonus.

### **LOOKING AHEAD-2020 AND BEYOND**

Year 2020 marks the beginning of the comprehensive transformation, repositioning and rebranding of the bank following the implementation of some fundamental resolutions agreed at the 26<sup>th</sup> Annual General meeting held in November 2019.

In January 2020, the bank moved to its present registered office location which is more befitting for banking business and created a strategic image for the rebranding process and sustainability of the bank.

Further, following the relocation to our present office, which although is within Ikeja Metropolis but is outside Ipodo, we also implemented the change of name of the bank from its former name Ipodo-Ikeja Microfinance Bank Limited to

Moneytronics Microfinance Bank Limited which has given us wider area of operation.

The Directors remain committed to the comprehensive agenda of transforming and rebranding the bank, the redesign of the organization processes, products, technology, improvement in staff capabilities and business strategies. We will continue to use our expertise to provide our customers with innovative financial solutions that are mutually beneficial, and deliver superior return to our shareholders.

In view of the relevance of risk assets to survival and profitability of the bank, credit risk management tools have been strengthened and deployed such that reflected in the new organogram so that the capabilities of granting loans and advances can be enhanced and debt monitoring, and recovery can be enforced. This way the non-performing assets can be brought to sustainable level and Asset quality and profitability improved upon.

The Right issue determined at the last AGM was highly successful. It was fixed at 11 shares for every 8 shares already held by a shareholder. We were able to raise N33,773 million signifying about 89% success rate. By this effort, we were able to meet the N100 Million benchmark requirement stated by the Apex bank in January 2020 ahead of the April 2020 deadline.

We are still faced with the challenge of meeting the N200 Million recapitalization requirement stipulated by the Apex Bank for Microfinance Bank. The deadline for this has been stated as April 2022. A motion will be moved at this meeting to determine how this balance shall be raised. The Board is sure that with your support, the raising of the balance will also be successful so that we shall continue to remain in business.

I assure our esteemed shareholders that the Board and Management with their experience and wisdom are well placed to take the bank to greater height.

## **APPRECIATION**

I like to take this opportunity to express with all sense of gratitude our appreciation to all the bank's stakeholders that have supported us on this giant strides. These include the Regulators in the banking industry – the Central Bank

of Nigeria (CBN) and Nigeria Deposit Insurance Corporation (NDIC) for their sound guidance, the bank's customers and shareholders for their continued support, patronage, unwavering loyalty, and Goodwill.

The Board further places on record, its appreciation to the external auditors-Olatunbosun Ajuwon & Co. (Chartered Accountants) and statutory auditors for the valuable services rendered during their tenure.

Last but not the least, I would like to thank the Board, Management and Staff for their diligence, motivation, commitment, and devotion to duty.

### **CONCLUSION**

I seek your continued support and patronage which is essential motivation as the Board has put appropriate plans and strategies to take the bank to new heights.

Ladies and Gentlemen, I thank you for your valuable time and attention.

OLUWASEUN ABIMIBOLA BAKARE  
CHAIRMAN - BOARD OF DIRECTORS  
15<sup>th</sup> Oct 2021