



First Capital Bank

FY 2021 Financial Results Presentation

Optimism in HY1 partially offset by emerging headwinds in HY2

Broadly positive sentiment in 1st half

- Positive sentiment with GDP growth forecasts at 7.8% – on the back of increased agricultural, mining and infrastructural development activities.
- Positive agriculture sector performance forecast at 34% growth for 2021 due to the good rains, bumper harvest and strong Government support.
- Positive stock market performance with a 135% June-21 YTD growth in the overall market capitalisation.
- Average industry capacity utilization picked up to 54% by Q2:21 up from 47% at Dec 2020
- Covid-19 pandemic presented ongoing risks to the economy particularly in the tourism sector.

Mixed macroeconomic performance in 2nd half

- Tight fiscal and monetary policy with inflation retreating to 51.5% by end of Q3:21 from 106.6% at the end of the 1st half. However, inflationary pressures resurfaced to end FY21 at 60.7% with MoM inflation averaging higher than H1 : 21
- Depreciation of the ZWL by 27% from ZW\$85 (*June-21*) to ZW\$108.7 (*Dec-21*) was faster than the 4% depreciation experienced in the 1st half. This was on the back of a widening gap between interbank and unofficial market exchange rate.
- Capacity utilization estimated to have peaked at 61%
- Tepid growth in external sector performance - exports at 28% up from the H1 level whilst imports were 39% up from H1 level and.
- Growth in mining sector – Gold deliveries to Fidelity which reached 19,7tonnes in H2:21 up from 9.9tonnes in H1 : 21
- Gradual relaxation of business and social restrictions as induced by COVID-19

The Bank strengthened its underwriting capacity

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Sustained effort in maintaining and growing quality client relationships



Complied with the US\$30m minimum capital requirements – US\$75m



Further development of Group synergies:
- loan syndication with Group companies
- Offshore security arrangements



US\$10m participation in the Afrexim syndication facility for ZETDC



Lending to the Agricultural sector grew to 16% up from 12% in 2020



Maintained existing partnerships with key developmental finance institutions , Afrexim Bank, European Investment Bank ,Trade & Development Bank , African Development Bank

Grew interest earning assets across all segments including investing in sovereign assets

88%

Growth in loans & advances

46%

Growth in Interest Earning Assets

77%

Commercial gross loan growth

ZWL18m

Promissory notes

16%

Government securities

New products were launched whilst value propositions were enhanced across customer segments

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Introduced WhatsApp banking with the Alisa chatbot



Enhanced security of the VISA platform – verified by visa (VBV)



ZIPIT smart was onboarded



Capability for local card embossing



Reverse Billing – enabling access to Internet Banking and the mobile app through reverse billing



Increased number of ATM's in service in the network



Introduced the Bureau De change service offering



FCY based insurance products

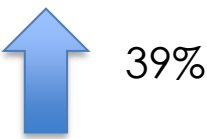
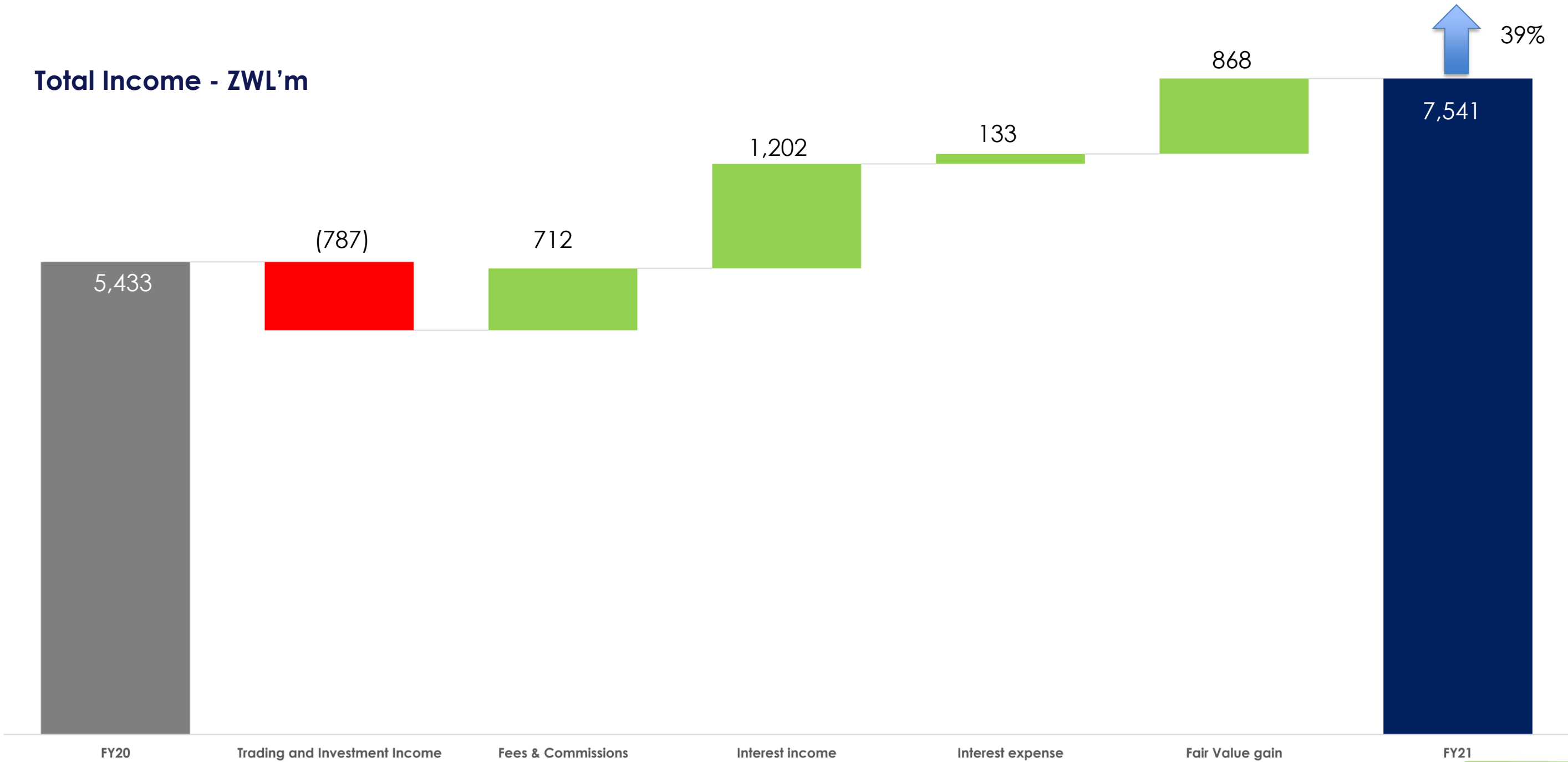
2021 Financial Performance

The Bank posted a 342% increase in profit after taxation

		FY21 ZWL'm	FY20 ZWL'm	% Mvt
Net interest income	Customer assets	2,418	1,291	87%
	Investment securities and other	320	244	31%
	Interest expense	(53)	(166)	68%
Non funded income	Fees and Commission	2,836	2,124	33%
	FX, Investment and other income	1,204	1,992	(40%)
	Fair value gain/(loss)	816	(52)	1668%
Total income		7,541	5,433	39%
Impairment losses		(73)	(167)	57%
Operating expenses	Cash	(3,819)	(2,913)	(31%)
	Non-cash	(555)	(320)	(73%)
Total operating expenses		(4,374)	(3,233)	(35%)
Net monetary loss		(557)	(421)	(32%)
Share of profit/(loss) from JV		1,546	(163)	1047%
Profit before income tax		4,083	1,449	182%
Profit after tax for the year		3,354	759	342%
Total comprehensive income		5,284	567	832%

Growth in core business revenue reflects improving quality of earnings

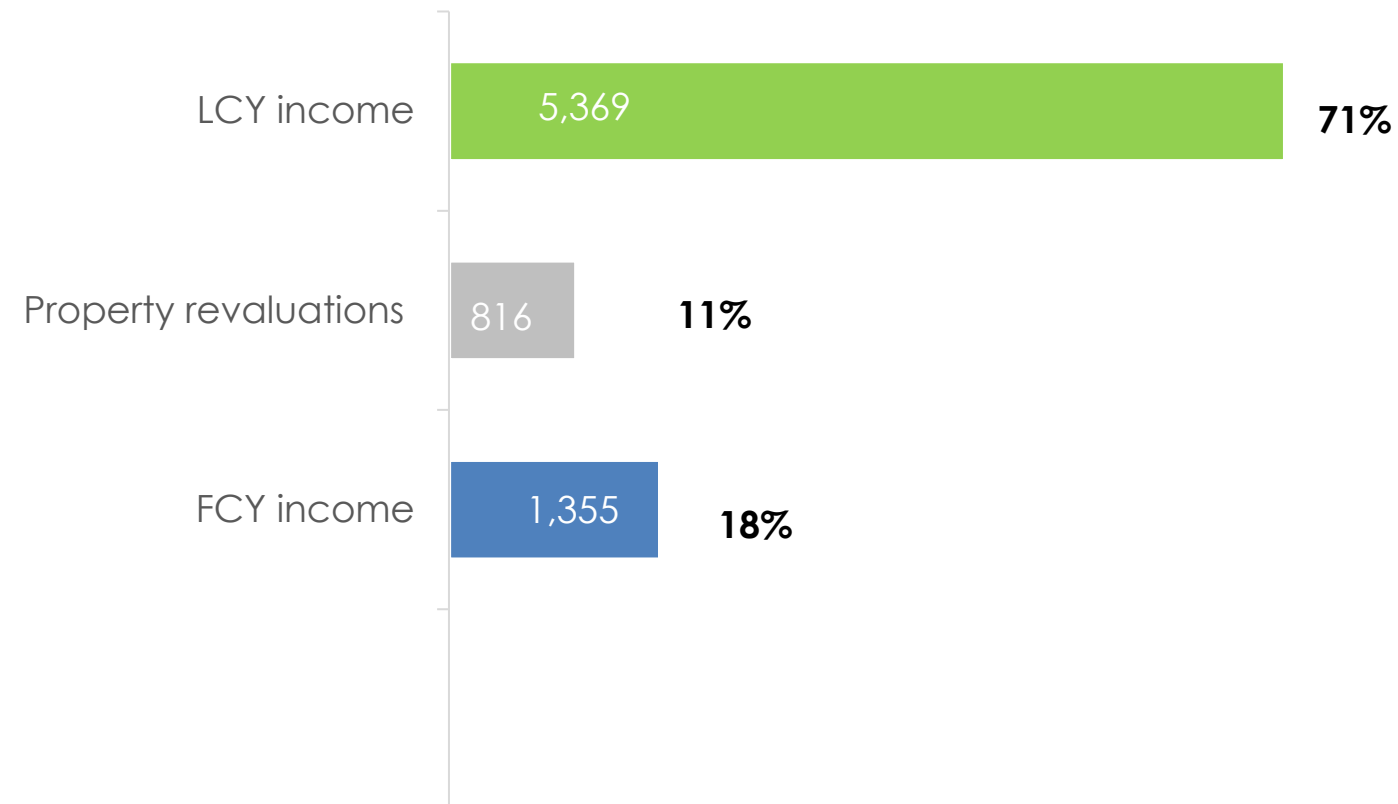
Total Income - ZWL'm



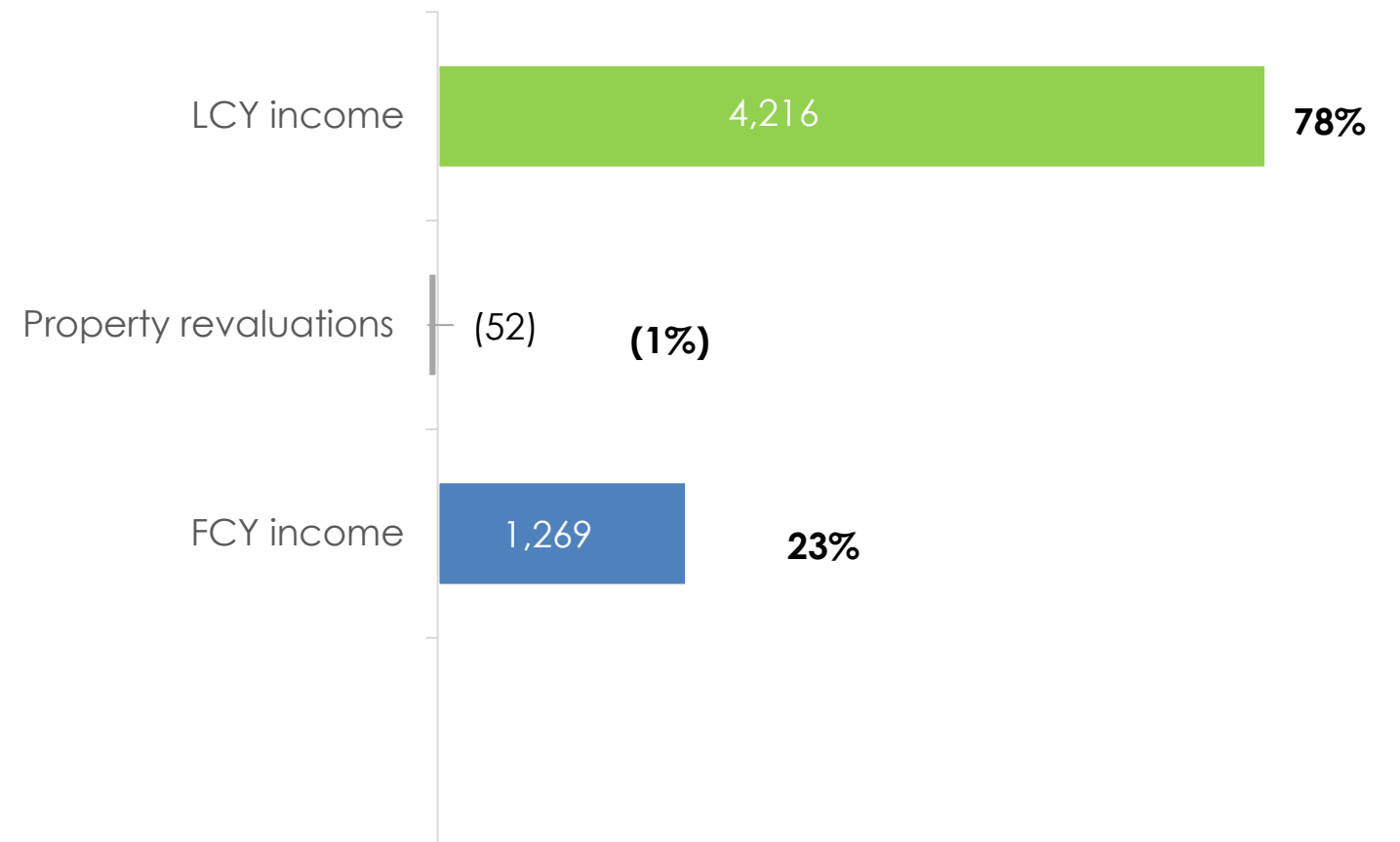
Growth of foreign denominated income is reflective of a growing proportion of an FCY Balance sheet

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2021 Income – ZWL7.541b



2020 Income - ZWL5.433b



Interest rates were generally subdued relative to inflation outturn, reflecting market competitiveness and liquidity supply conditions

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ZWL,m – 2021	Average Interest Earning Assets	Interest income earned	Average yield
Net customer assets	5,471	2,418	44.2%
Investment securities, promissory notes	1,019	194	19.1%
RBZ receivable & other	1,328	126	9.5%
Total	7,818	2,738	35.0%

	Average Interest- bearing Liabilities	Interest expense charged	Average cost
Lease liabilities	162	36	22.0%
Deposits from banks	131	6	4.5%
Customer demand deposits	15,284	11	0.1%
Total	15,578	53	0.3%

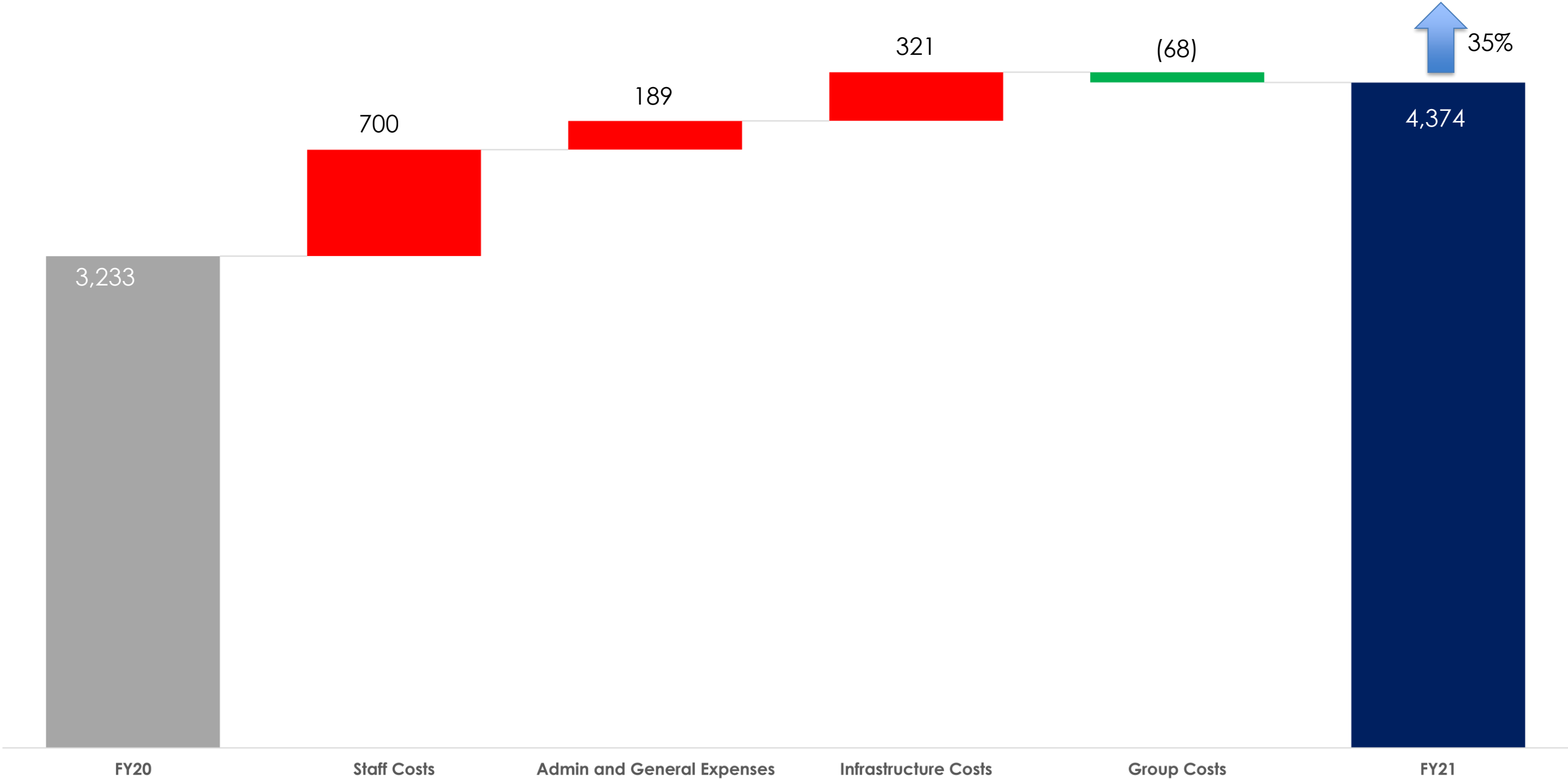
Non-funded income largely driven by service fees on transactions

		FY21 ZWL'm	FY20 ZWL'm	Change
Fees and Commission	Transfers and other transactional fees	1,176	751	57%
	Account maintenance fees	545	509	7%
	Cash Withdrawal fees	608	510	19%
	Card based transactions and other	507	354	43%
	Total	2,836	2,124	33%
	%ge of total income	38%	39%	1%
FX, Investment and other income	Net trading and FX income	914	1,905	(52%)
	Dividend income	231	75	207%
	Fair value gain/(loss)	816	(52)	1668%
	Other income	59	11	438%
	Total	2,021	1,940	4%
	%ge of total income	27%	36%	(25%)
Total Non funded income		4,857	4,064	20%
%ge of total income		64%	75%	(14%)

Digitally orchestrated revenues constitute 34% of total fees and commission income

Reduction in FX income reflects mild stability in the exchange rate on the official market following the introduction of the foreign exchange auction system

Cost expansion pressure remained high; Significant cost deployed towards capacity building



Profitable outturn posted across all operating segments

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	Retail Banking	Corporate Banking	Business Banking	Treasury	Total
Net interest income	737	1,337	321	290	2,685
Non-funded income	2,040	562	641	1,614	4,857
Total income	2,777	1,899	962	1,903	7,541
Impairment loss	(31)	(15)	(9)	(18)	(73)
Operating Expenses	(2,422)	(658)	(238)	(1,056)	(4,374)
Net monetary loss	-	-	-	-	(557)
Share of profit in JV	-	-	-	-	1,546
PBT	325	1,226	714	829	4,083
PAT					3,354
Assets	1,748	4,381	1,013	23,110	30,251
Liabilities	3,316	11,125	1,956	3,424	19,821

Key performance ratios reflect prudent management with respect to cost expansion and quality of assets

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	2021	2020	Change
Basic Earnings per Share(ZWL cents)	155	35	343%
Cost to income Ratio	58%	60%	(2%)
Staff to Operating Costs	37%	28%	9%
Non-interest Income / Total Income	64%	75%	(10%)
Loan Loss Ratio	1.0%	4.4%	(3%)
Non-performing Loans (NPL)	1.2%	0.16%	(1%)
Jaws ratio	4%	51%	(47%)

Statement of Financial Position December 2021 Inflation adjusted

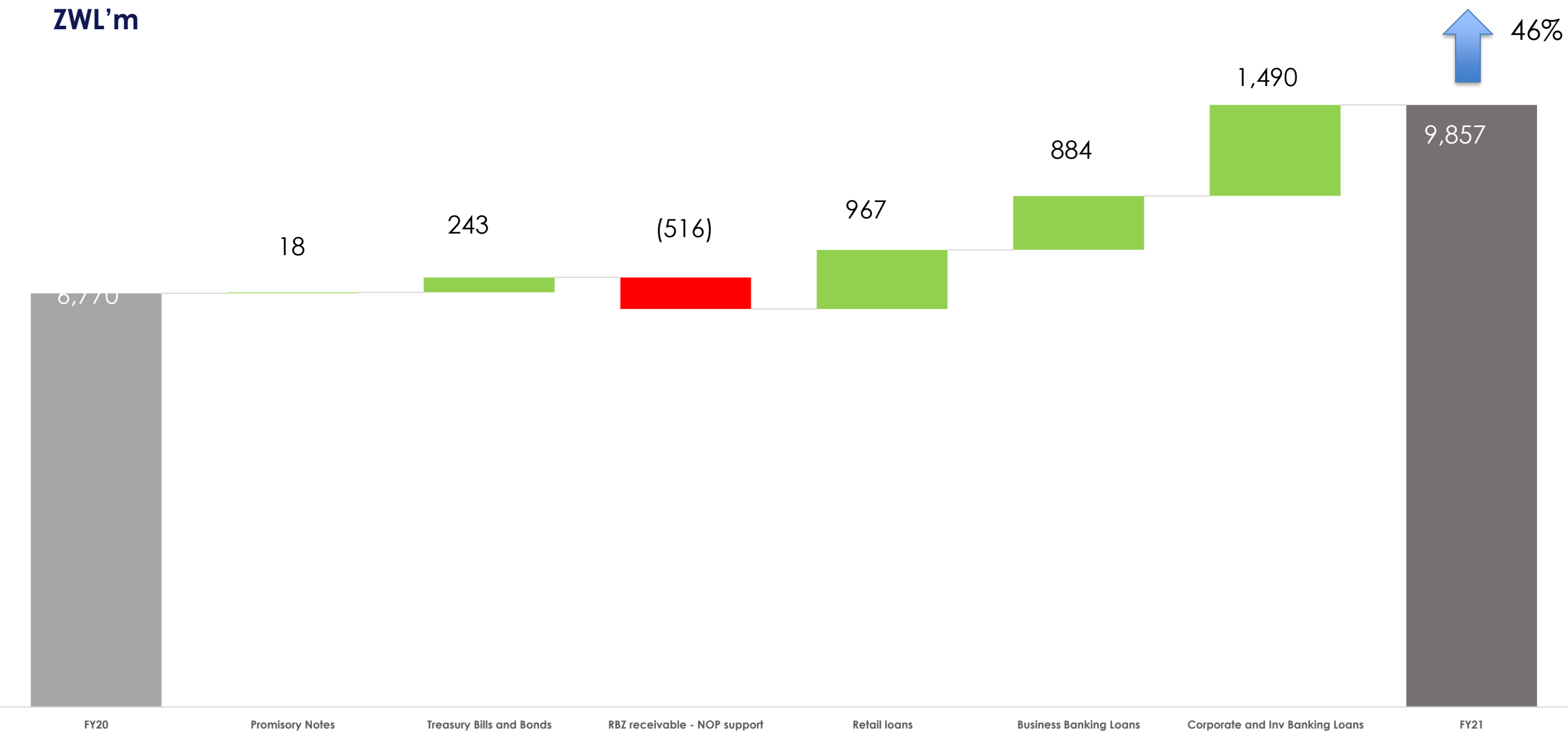
Total assets increased by 30% in real terms

	2021 ZWL'm	2020 ZWL'm	Change
Assets			
Net customer assets	7,142	3,800	88%
Investment securities & promissory notes	1,818	1,557	17%
RBZ receivable - NOP support	897	1,413	-37%
Interest earning assets	9,857	6,770	46%
Cash & bank balances	9,099	10,220	-11%
Investment property & investment in Joint Venture	4,362	2,031	115%
Property and equipment	3,963	2,342	69%
Other assets	2,969	1,824	63%
Non-interest earning assets	20,394	16,418	24%
Total assets	30,251	23,188	30%
Liabilities			
Customer liabilities	16,397	14,171	16%
Other liabilities	3,424	3,744	-9%
Equity	10,430	5,273	98%
Total equity and liabilities	30,251	23,188	30%

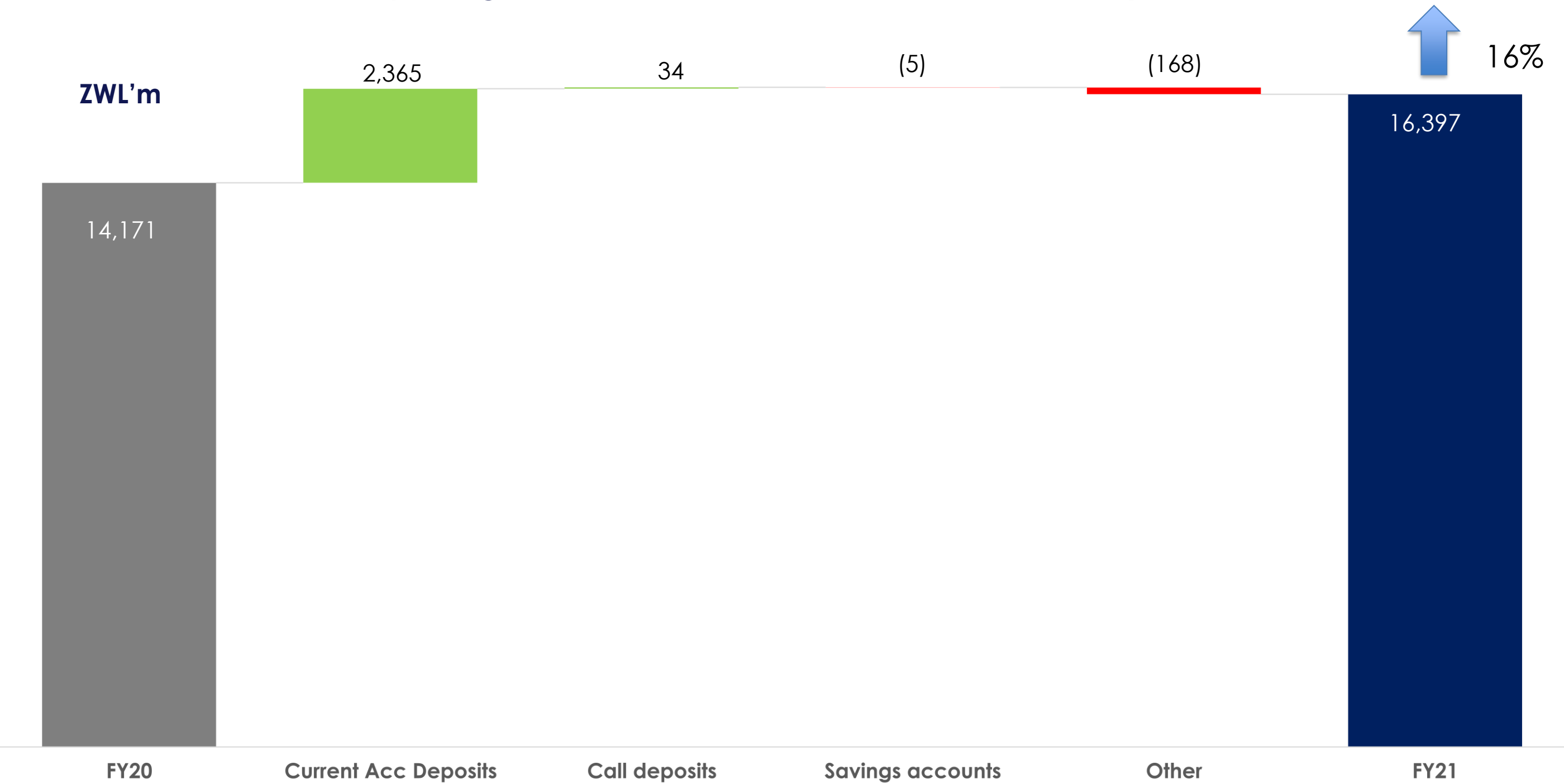
Efforts to harden the balance sheet have yielded modest results amidst a high demand for liquid assets against a largely transient funding base. #BeliefComesFirst

ZWL'm	2021	2020	Mvt	2021 % of total	2020 % of total	Mvt
<u>Assets</u>						
Interest earning assets	9,857	6,770	46%	33%	29%	3%
Non-interest earning assets	20,394	16,418	24%	67%	71%	(3%)
Total assets	30,251	23,188	30%	100%	100%	
<u>Assets</u>						
Monetary Assets	20,364	18,286	11%	67%	79%	(12%)
Non – Monetary assets	9,888	4,902	102%	33%	21%	12%
Total Assets	30,251	23,188	30%	100%	100%	
<u>Assets</u>						
ZWL denominated assets	11,709	9,154	28%	39%	39%	(1%)
FCY denominated assets	9,749	10,430	-7%	32%	45%	(13%)
Property assets & equity investments	8,794	3,603	144%	29%	16%	14%
Total Assets	30,251	23,188	30%	100%	100%	

Interest Earning Assets growth largely driven by corporate lending



Customer deposits growth concentrated in low-cost demand deposits



	Loans and advances			Deposits		
	2021	2020	Change %	2021	2020	Change %
Trade and services	27%	12%	15%	40%	33%	7%
Energy & minerals	-	1%	(1%)	-	1%	(1%)
Agriculture	16%	13%	3%	3%	12%	(9%)
Construction & Property	-	-	-	3%	2%	1%
Light & Heavy Industry	11%	34%	(23%)	10%	11%	(1%)
Physical Persons	25%	21%	4%	20%	17%	3%
Transport & Distribution	18%	18%	-	12%	11%	1%
Financial Services	4%	1%	3%	11%	13%	(2%)
Total	100%	100%		100%	100%	

Strong capital and liquidity position capable of supporting projected growth

2021 ZWL'm

2020 ZWL'm

Tier 1 core capital	8,131	2,158
Tier 2 capital	2,120	760
Tier 3 capital	643	269
Total tier 1, 2 & 3 capital	10,251	2,883
Total Regulatory capital	9,170	2,832
Total risk weighted assets (RWAs)	25,043	9,602
Tier 1 capital ratio <i>(regulatory minimum 8%)</i>	30%	19%
Total capital adequacy ratio <i>(regulatory minimum 12%)</i>	37%	29%

Core Capital US\$ (minimum required - \$30m)

US\$75m

Liquidity ratio	58%	70%
Loans to deposit Ratio	44%	27%

	ZWL(m)
PAT	3,354
Dividend amount:	942
Interim	108
Final	834
Dividend payout ratio (%)	28%
Dividend cover (times)	3.56

Looking Ahead

Our main areas of focus for FY22 will be:

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Sustainable Growth

Mobilisation of quality funding to support credit expansion

Foster strategic partnerships for sustainable business solutions

Customers at the core

Trusted partner and advisor to our clients

Tailored solutions

Build out the platform

“Digital first” operating model for improved customer experience and operating efficiencies

Optimised infrastructure and processes

People Centricity

Support on-going culture transformation

Talent development and retention

Control & Compliance

Highest standards of ethics and compliance

We will continue to leverage our core competencies to deliver expected outcomes for our stakeholders



Sustain existing client relationships whilst creating new ones



Proactive solutions for customers – advisory services & investment banking



Build customer centered technology solutions



Continued improvement in turnaround times and time to market



Invest in continuous build out and improvement of technology platforms



Maintain strong risk and compliance



Ensure system stability for customer convenience



Engage and sustain a highly experienced and skilled team.

Some of the Key channel initiatives include:

- ✓ Expansion of the current Point of sale offering ,
- ✓ Relaunch of an enhanced Internet and mobile banking offering
- ✓ Growing the payroll lending business
- ✓ Onboarding a wider range of Money Transfer Agents

We will protect the balance sheet from inflation through:



Rapid growth in underlying business
leveraging digital capabilities and robust relationship
management.



Increased focus on foreign currency denominated business
supported by own deposits, lines of credit and offshore facilities;
Target lines of credit US\$30m



Increased investment in physical assets; new head-office and
branch facilities; Budget US\$10m

Thank you

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