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# INVESTING FOR GROWTH

FULL YEAR & QUARTER 4 2019  
INVESTOR BRIEFING



# OUTLINE

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- 2. RWANDA BUSINESS OVERVIEW**
- 3. OUR BANK**
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# MACRO-ECONOMIC REVIEW & OUTLOOK

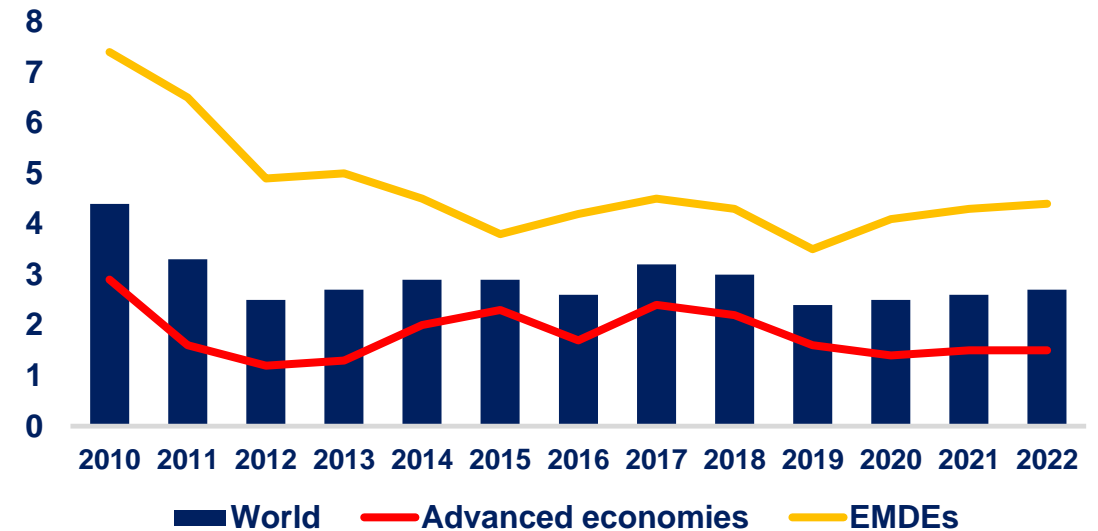


## ECONOMIC REVIEW – GLOBAL

- According to the World Bank, the global economy noted a deceleration in 2019 with growth estimated at 2.4 percent – its slowest expansion rate since the global financial crisis. This is a consequence of rising trade barriers; elevated uncertainty surrounding trade and geopolitics causing macroeconomic strains in emerging market economies and advanced economies.
- Most notable feature of the sluggish growth in 2019 is the sharp and geographically broad-based slowdown in manufacturing and global trade – driven by higher tariffs and prolonged uncertainty surrounding trade policy.
- Global growth is projected to modestly improve to 2.5 percent. Emerging market and Developing economies are projected to pickup growth to 4.1 percent in 2020, driven by recoveries or shallower recessions.

*Source: World Bank – Global Economic prospects*

### GLOBAL GROWTH



- Downside risks to the outlook are elevated. Current global health pandemic and heightened geopolitical tensions could further disrupt supply chains and hamper confidence, investment, and growth.

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# RWANDA BUSINESS ENVIRONMENT



# RWANDA – COUNTRY PROFILE & BUSINESS ENVIRONMENT

COUNTRY PROFILE	
Area	26,338 sq. km
Population	12,374,397 (2019 proj)
Capital	Kigali
Official languages	Kinyarwanda, English, French
Currency	Francs Rwandais (FRW) - {1US\$=926.084116 FRW as at 31 December 2019}
Credit rating	'B+' S&P ratings (Feb 2020)

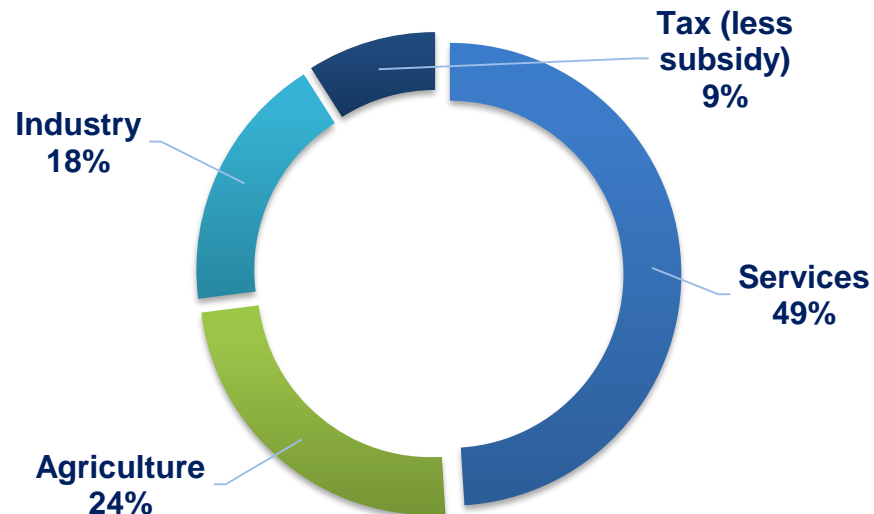
## Business Environment

- Ranked 2<sup>nd</sup> Best destination to do business in Africa by the **World Bank 2020 Doing Business Report** & 38<sup>th</sup> Globally.
- Rwanda is marked by **Good governance & Stable political climate**
- **Youthful population** with only 3% of the population >60
- Key projects includes:
  - Construction of Bugesera Airport (Championing the Single Africa Air Transport)
  - Construction of 4 ports on lake Kivu,
  - Expansion & support to RwandAir operations,
  - Promoting MICE tourism & quality Road infrastructure development.

# RWANDA – COUNTRY PROFILE & BUSINESS ENVIRONMENT

	Q4 2019
GDP growth	9.8%
Total budget (FY 19/20)	FRW 3,017.1bn
Expenditure (% of GDP)	26%
Inflation	2.4%

## GDP breakdown by sector (FY 2019)



## GDP growth and its drivers

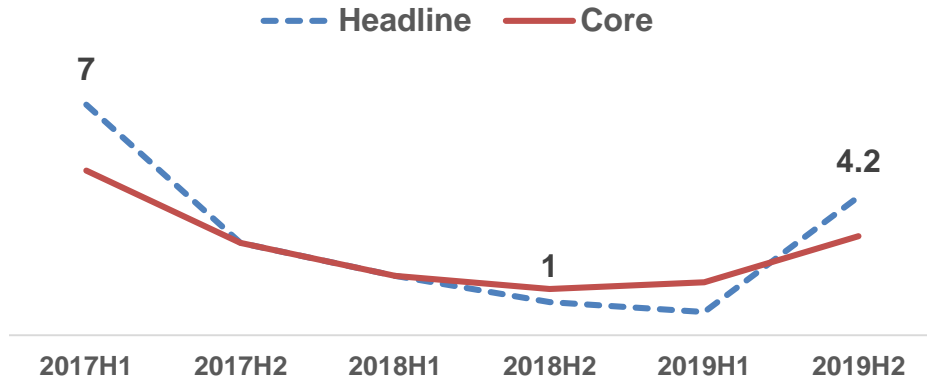
Rwanda's GDP at current market prices in 2019 was estimated at Frw 9.105Billion, a growth of 9.8% compared to 2018, as a result of good performance in the industry (+17%) & services (+8%) sectors.

- The high performance recorded in the **industry sector** was mainly driven by booming construction activities (+33%) backed by recent infrastructure projects..
- **Air transport activities** (+17%) and **Wholesale trade & retail activities** (+16%) were the main drivers of the **services sector**.
- The **agriculture sector** performance noted growth of 5%, due to food crop production reduction but the trend was supported by good performance in export crops and livestock.

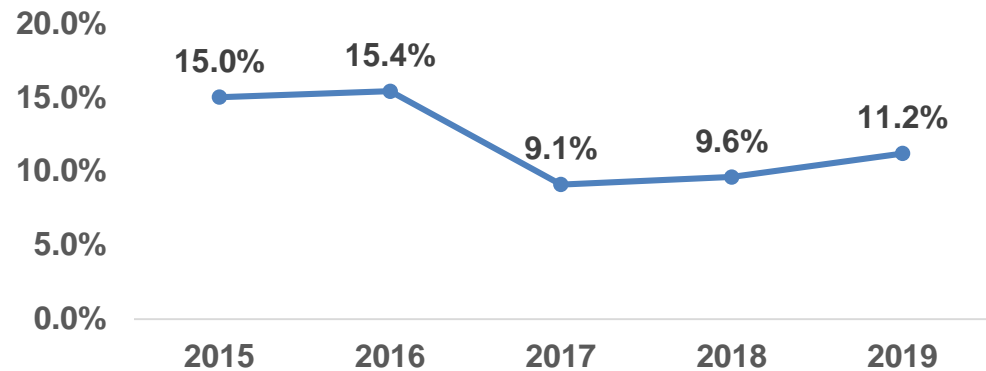
Source: BNR Monetary Policy, NISR Publications

# RWANDA – KEY ECONOMIC INDICATORS

## Inflation Development



## Trade deficit as a % of GDP



## Trade Structure

- The country remains a net importer, with imports growing by 10.6% in 2019.
- Rwanda's exports grew by 3.8% in 2019 - Driven by good performance of non-traditional exports (+10.1%) and re-exports (+22.4%).
- Trade deficit increased by 16.3% to USD 1,538.9 in 2019 from USD 1,323.4 Million in 2018.
- Rwanda remains a net exporter of informal cross border trade in the EAC region with a trade surplus of USD 97.1million in 2019.

Source: BNR Monetary Policy



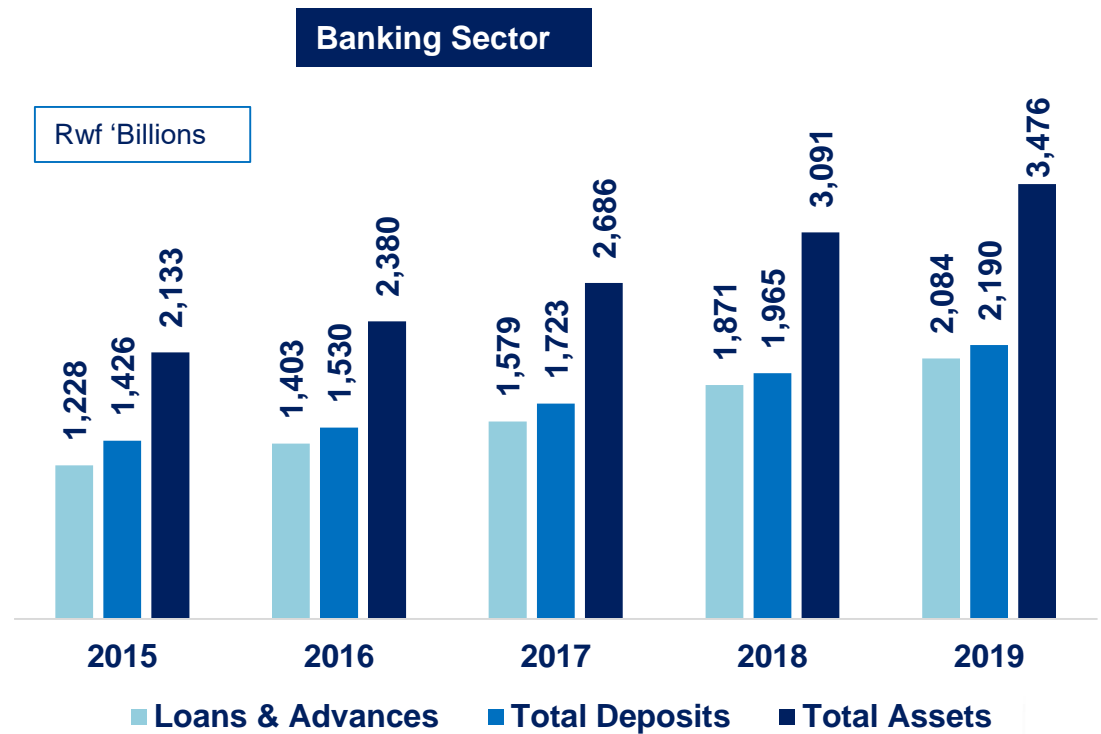
# RWANDA – BANKING SECTOR OVERVIEW

## OVERVIEW

- The sector is comprised of **11 Commercial Banks, 3 Micro finance banks, 1 Development Bank & 1 Cooperative Bank**.
- Loans & Advances remains the largest component of Bank's Assets at **57.4%** (December 2019)
- Deposits continues to be the primary funding source representing **76.7%** (December 2019)

## 2019 KEY UPDATES

- Liquid assets dropped down by 9.1% to RWF 330Billion in December 2019 from RWF 363.7Billion as of end December 2018 – Decline attributable to increase in investments in Treasury Bonds.
- Money market interest rates declined by 14 basis points to 5.46% (avg) in 2019, compared to 5.60% in the same period of 2018.
- Average lending rates declined to 16.47% from 17.07 and deposit rate dropped slightly to 7.59% from 7.61 %.



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OUR BANK



# FINANCIAL OVERVIEW – INCOME STATEMENT

Rwf 'Billions	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
<b>Net Interest Income</b>	11.3	13.9	17.5	20.2	21.9
<b>Fees &amp; Commissions</b>	3.3	3.1	2.7	2.4	2.2
<b>Total Revenue*</b>	19.9	21.4	23.5	25.7	27.4
<b>Total OPEX</b>	(12.7)	(12.9)	(13.7)	(14.9)	(18.4)
<b>PAT</b>	4.9	5.8	6.5	7.5	6.1

\*Total Revenue after LLP

## CAGR – 5YEAR



Net Interest Income

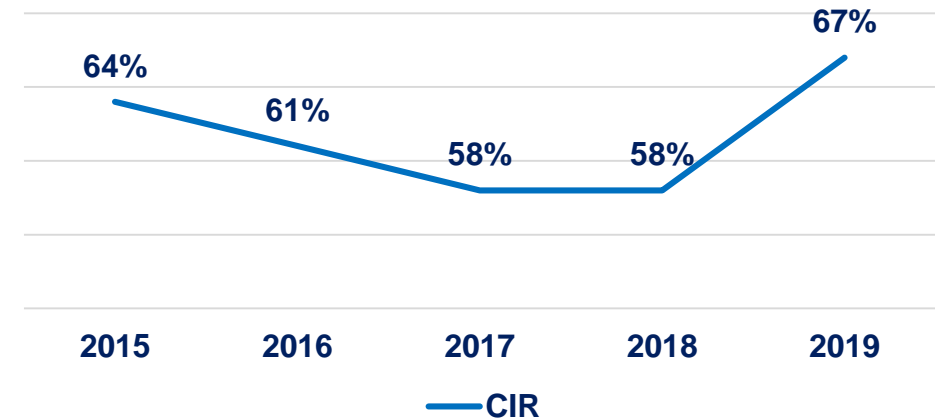


Total Revenue



Total OPEX

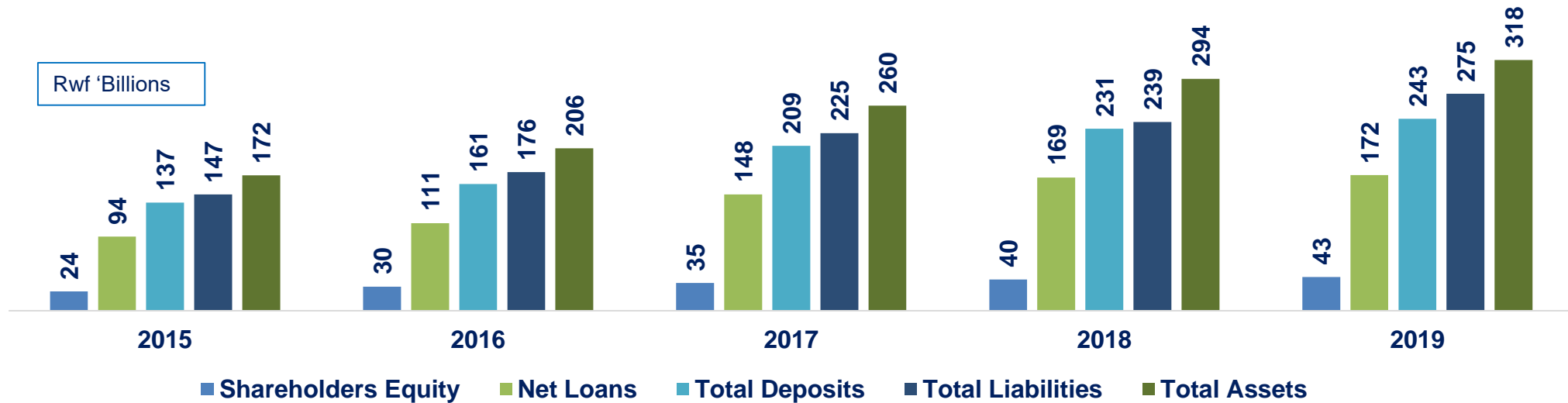
## CIR



### Note on the increase in C.I.R:

- Re-engineering cost
- Additional amortization cost (Core Banking system)

# FINANCIAL OVERVIEW – BALANCE SHEET



## CAGR – 5YEAR



Total Deposits

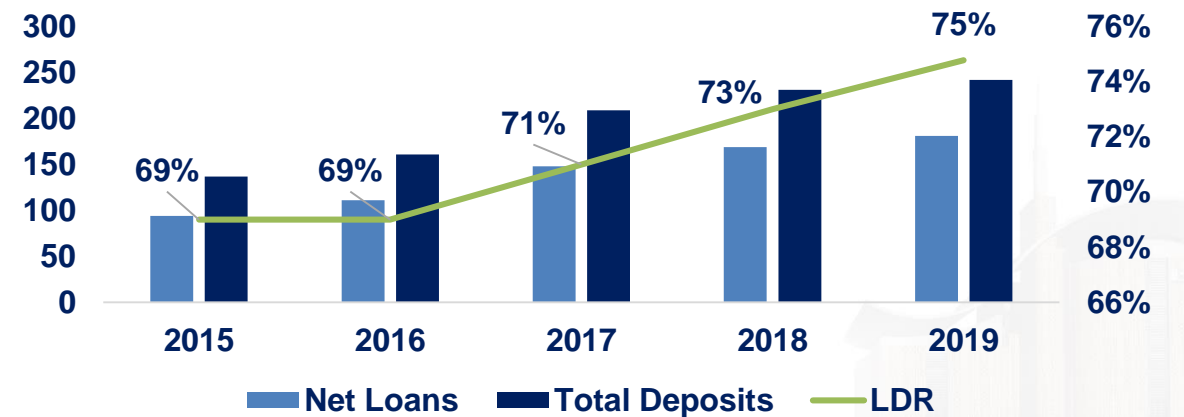


Net Loans



Total Assets

## Loan-to-Deposit Ratio



## FINANCIAL OVERVIEW – INDUSTRY REVIEW

As at 31 December 2019

	Industry	I&M Bank Rwanda
CAR (Tier 2)	24.1%	18.27%
NPL Ratio	4.9%	2.54%
LCR	215%	229%
NSFR	111%	153%
Loan-to-Deposit ratio	95.2%	70.6%
ROAE	12.5%	15.2%

Source: BNR – Statistics Department

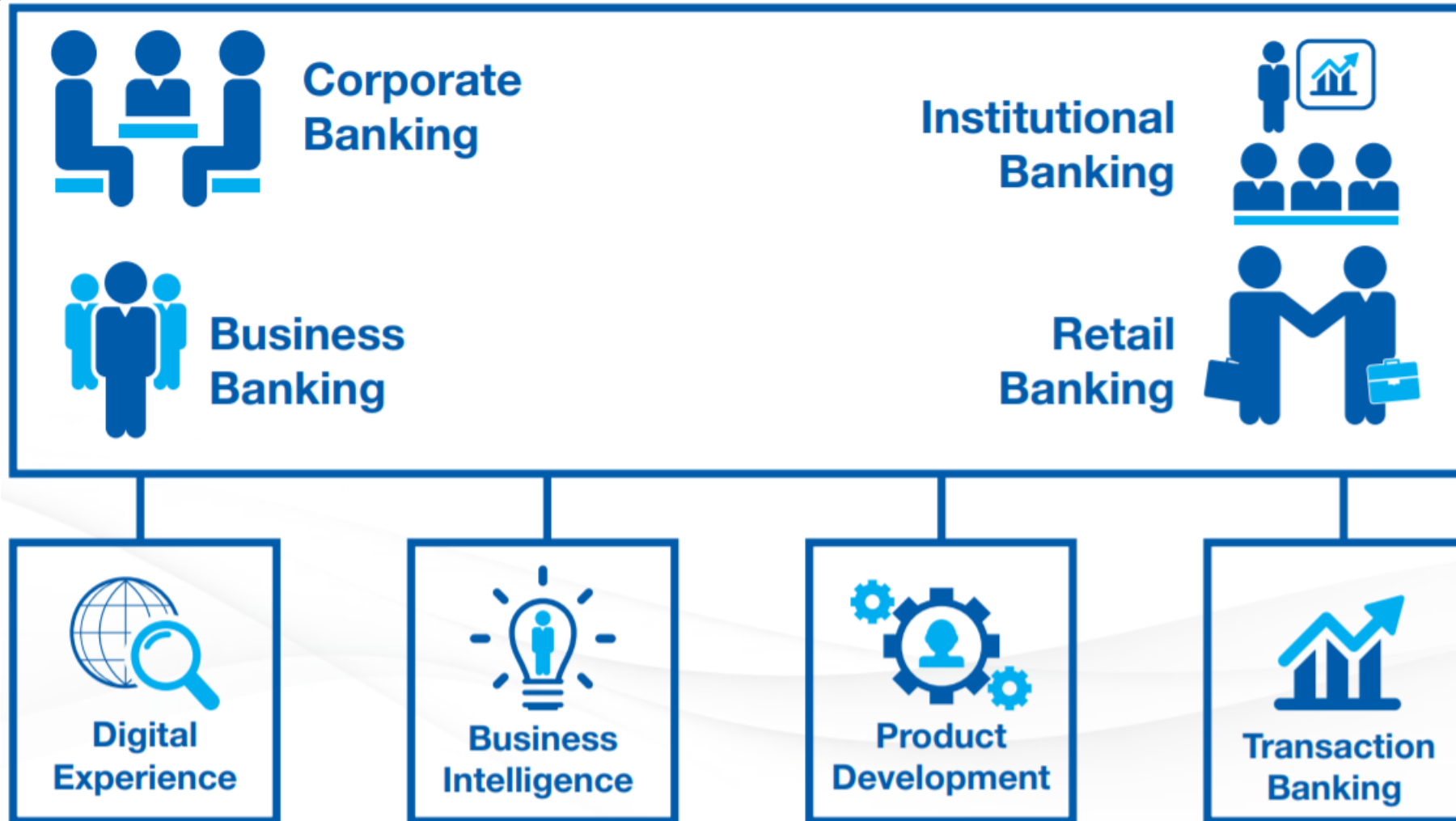
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# BUSINESS OVERVIEW



# CUSTOMER SEGMENTATION



## RECENT DEVELOPMENTS

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### OUR CARDS & DIGITAL OFFERING

- The first multi-currency travel card in Rwanda - MasterCard
- Automated Deposit-taking machines & Mobile ATM

### MSME VALUE PROPOSITION – END-TO-END REVIEW

- Customer value propositions
- Products
- Business model & Sales strategy
- Credit Risk Management

### HOTEL & TOURISM

- Partnership initiative with focus to increase employment opportunities for young people while expanding the Tourism & Hospitality sector in Rwanda

### SPENN

- >250k sign-ups
- +7000 Business registered to-date
- Average +300Mn transaction volume
- Average 250K transaction count per month



## YOU'LL LOVE THE DIFFERENCE

**Simple • Suitable • Sustainable**



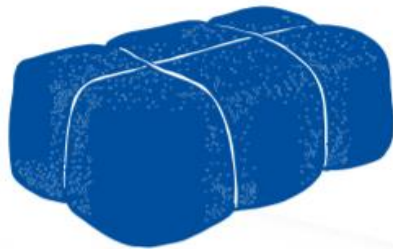
### **Great Automation**

Digital platforms (iClick & Mobile Banking)  
Straight through processes



### **Accessible 24/7**

Upgraded ATMs  
Online Account Opening



### **Bundled Products & Services for targeted segments**

Transaction banking  
Review SME Banking Model



### **Aim to treat customers personally**

Best Loans TAT  
Business Banking Center  
Select Banking Branch



### **Make it easier for our staff to provide service excellence**

Redesigned processes  
Focused staff training



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# FUTURE OUTLOOK



## 5-YEAR STRATEGIC OBJECTIVES

**Strategic objective:** Sustainable growth through leveraging technology, a strong staff base and customer focused business development.



### Leverage on group synergy

- Referral maximization of customer operating in EAC region

### Attract, develop, nurture and retain the right talent

- Continuous specific staff training
- Expand leadership training

### Adopt an integrated, secure and for purpose IT platform

- Digitalisation.
- Roll out of Finacle 10

## LOVING THE DIFFERENCE



### **Shareholders**

Generate sustainable value for our shareholders.



### **Customers**

Most Convenient Bank.  
Easy to Deal with.



### **Regulators**

Good governance.  
Exemplar in the industry.



### **Staff**

Make it easier for our staff to provide service excellence.



### **Community**

Continuous support to our focus areas  
“Education, Environment and Health.”



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# COVID-19 UPDATE & STRATEGY



## UPDATE & STRATEGY

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### OPERATIONS

- Ensuring business continuity and operations 24/7.
- Implementation of BCP policy
- **Onboarding customers** on digital channels (iClick, Mobile Banking, USSD)
- **Health guidelines** applied on all our branches

### RISK IMPACT

- Assessment ongoing on impact of pandemic on **business growth**.
- Close monitoring of high-risk businesses.
- Implementation of BNR' key decisions.
- Heightened measures to mitigate Information and cyber security risk.

### EMPLOYEES

- Additional centers added to **existing BCP** center to ensure **business continuity** and adhere to the health official's recommendation to prevent the spread of the disease.
- Additional measures cascaded & implemented on each unit level.
- Prompt and regular communication to **all staffs**.
- Transport facility to facilitate movement during lockdown.

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DISCLAIMER



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# ABBREVIATIONS

## Financial

<b>CAR</b>	Capital Adequacy Ratio
<b>CRR</b>	Capital Requirements Regulation
<b>EPS</b>	(Basic) Earnings per Share
<b>FY</b>	Financial Year
<b>LCR</b>	Liquidity Coverage Ratio
<b>LDR</b>	Loan-to-Deposit Ratio
<b>MoM</b>	Month-on-Month
<b>PAT</b>	Profit After Tax
<b>PBT</b>	Profit Before Tax
<b>RWA</b>	Risk Weighted Assets
<b>YoY</b>	Year-on-Year
<b>YTD</b>	Year-to-Date

## Currency

<b>FRW</b>	Rwandan Francs
<b>USD</b>	United States Dollars

## Institution

<b>AFDB</b>	African Development Bank
<b>BNR</b>	National Bank of Rwanda
<b>CMA</b>	Capital Markets Authority
<b>GCR</b>	Global Credit Rating
<b>IMR</b>	I&M Bank Rwanda Plc
<b>MINECOFIN</b>	Ministry of Finance and Economic Planning
<b>NISR</b>	National Institute of Statistics of Rwanda
<b>RDB</b>	Rwanda Development Board
<b>RRA</b>	Rwanda Revenue Authority
<b>RSE</b>	Rwanda Stock Exchange
<b>S&amp;P</b>	Standard & Poor's

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