



**WE ARE ON  
YOUR SIDE!**

# **I&M Bank Rwanda Plc**

**H1 2021 Results**

**Investor Presentation**

September 2021

# Table of contents

**Part 1.** Economic Outlook

**Part 2.** Business Highlights

**Part 3.** Financial Highlights & Trend Analysis

**Part 4.** Performance Drivers & Strategy Update

**Part 5.** Disclaimer – Forward-looking statements

# Economic Overview



## Global conditions

- The global economy is experiencing a strong but uneven recovery with estimated growth of 6% in 2021 and 4.9% in 2022. <sup>(1)</sup>
- There remains uncertainty about the path of economic growth this year, much of it due to risks surrounding evolution of the virus and the speed and effectiveness of vaccination rollouts in many of world's low-income countries.



## Sub-Saharan Africa

- The regional GDP contracted by 1.8% in 2020 is expected to recover modestly to 3.4% in 2021 and 4.2% in 2022. This outlook is subject to some key downside risks, particularly regarding the path of the COVID 19 pandemic and the resilience of the region's health systems. <sup>(2)</sup>

Sources:

(1) IMF, World Economic Outlook Update July 2021

(2) IMF, Regional Economic Outlook (sub-Saharan Africa) April 2021



## Pandemic Impact

- Rwanda's GDP recovered in the first half of 2021 with growth of 3.5% driven by a faster recovery of the agriculture sector and the industry sector, following a GDP contraction in 2020. <sup>(3)</sup>
- The country is expected to grow to 5.7% in 2021, supported mainly by high infrastructure spending and a pick-up in the tourism sector as the effects of the pandemic dissipate. <sup>(4)</sup>



## Exchange Rate Developments

- Significant currency depreciations in most Africa currencies observed during the peak of the crisis continued through the first and second quarter of 2021 and particularly severe in in tourism dependent economies.

Sources:

(3) BNR, MPC Press release 17 Aug 2021

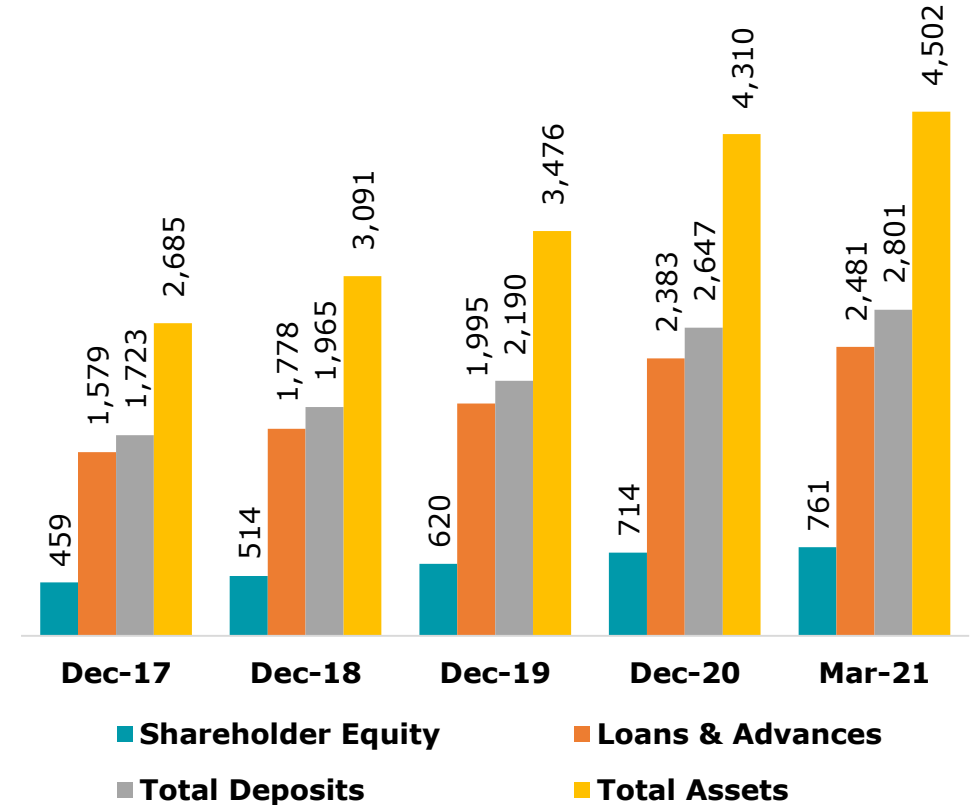
(4) AFDB, African Economic Outlook 2021

# Rwanda – Banking sector overview



## Sector review

- Banking sector assets recorded growth of 20% YoY in June 2021 to RWF 4,624Bn from RWF 3,853Bn as of June 2020.
- The industry remains well capitalized and liquid, with aggregate total CAR of 22.5% and LCR of 226.2% (June 2021).
- Credit risk elevated by the Covid-19 pandemic with NPL ratio at 5.7% compared to 5.4% recorded in June 2020.
- Profitability indicators as of end March 2021 stood at 2.4% and 14.5% for the Return on Average Assets and Return on Average Equity respectively.



Source:  
BNR, MPC Press release 17 Aug 2021



# Part 2

## Business Highlights



# H1-21 Business Highlights

- PBT of Rwf 5.2Billion, up by **55%** YoY.
- Total Operating Income up by **19%** YoY.
- Positive jaws, **+10%**.
- Net impairment provisions decreased by **15%** YoY
- Strong funding and liquidity position – LCR of **339%**.
- Healthy capital adequacy position – Tier I CAR of **16.78%**
- Bonus share issue (1:4) in June 2021.

## HY-21 Financial highlights

<b>Rwf 16.3Bn</b>	Operating Income
<b>59.9%</b>	Cost: income ratio
<b>Rwf 3.4Bn</b>	Profit After Tax
<b>Rwf 210Bn</b>	Loans
<b>Rwf 303Bn</b>	Deposits
<b>19.48%</b>	CAR, Tier II

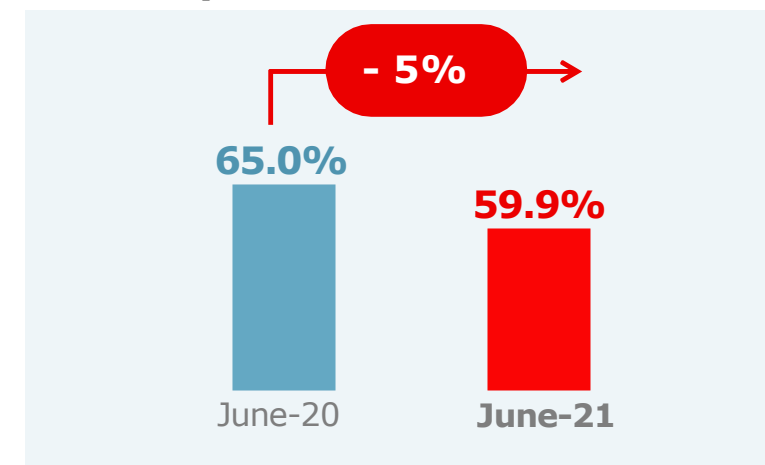
# Part 3

## Financial Highlights & Trend Analysis

# H1 underlying profit of RWF 5.2 billion, driven by solid operating income growth (+16% YoY) and lower cost of credit

RWF Million	June-21	June-20	%
Net interest income	13,309	11,229	19
Net fee income	857	768	12
Trading and other income	2,131	2,067	3
<b>Total operating income</b>	<b>16,300</b>	<b>14,065</b>	<b>16</b>
Operating expenses	-9,769	-9,144	7
<b>Net operating income</b>	<b>6,531</b>	<b>4,921</b>	<b>33</b>
Net Impairment Charge	-1,342	-1,582	-15
<b>Profit Before Tax</b>	<b>5,189</b>	<b>3,339</b>	<b>55</b>
Tax Expense	-1,816	-1,169	
<b>Profit After Tax</b>	<b>3,373</b>	<b>2,170</b>	

## Efficiency ratio



- H1 2021 performance reflects continued benefits of our **diversification strategy**.
- **Non-Funded Income** propped by increased level of activity in Q2 2021.
- Net impairment decrease driven by an improved macroeconomic outlook and lower unsecured balances.
- **OPEX** appropriately managed, well below budget.



## Well-funded, diversified and highly liquid balance sheet (large % contribution from customer deposits)

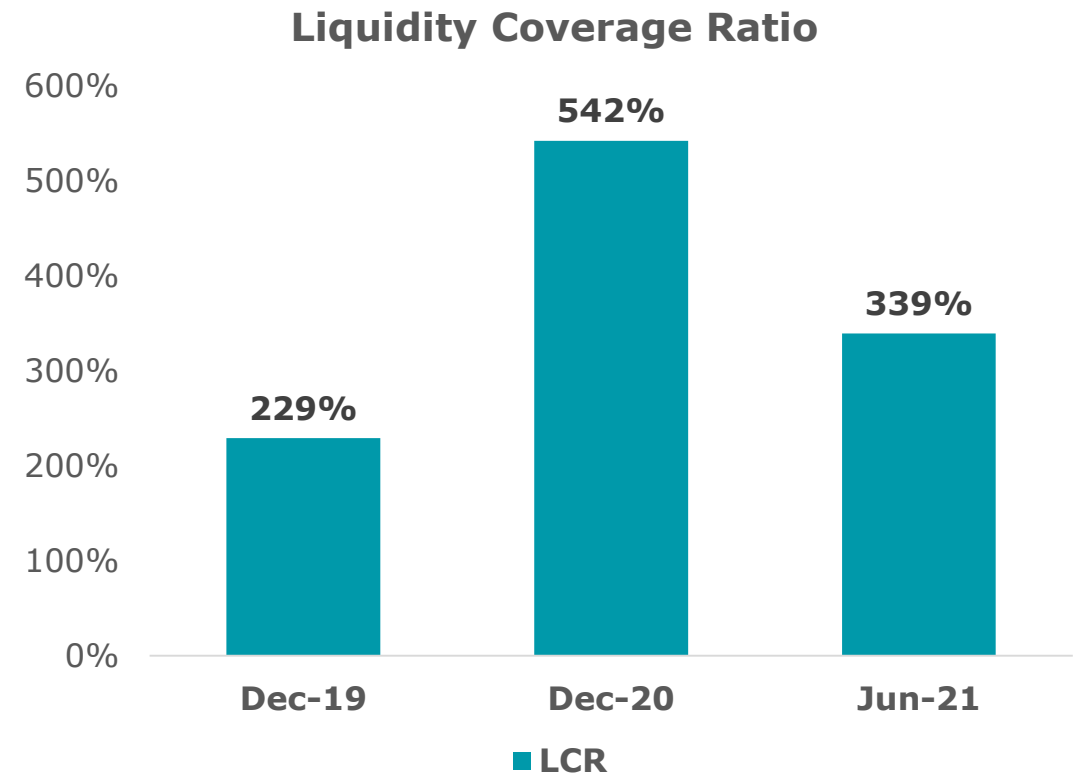
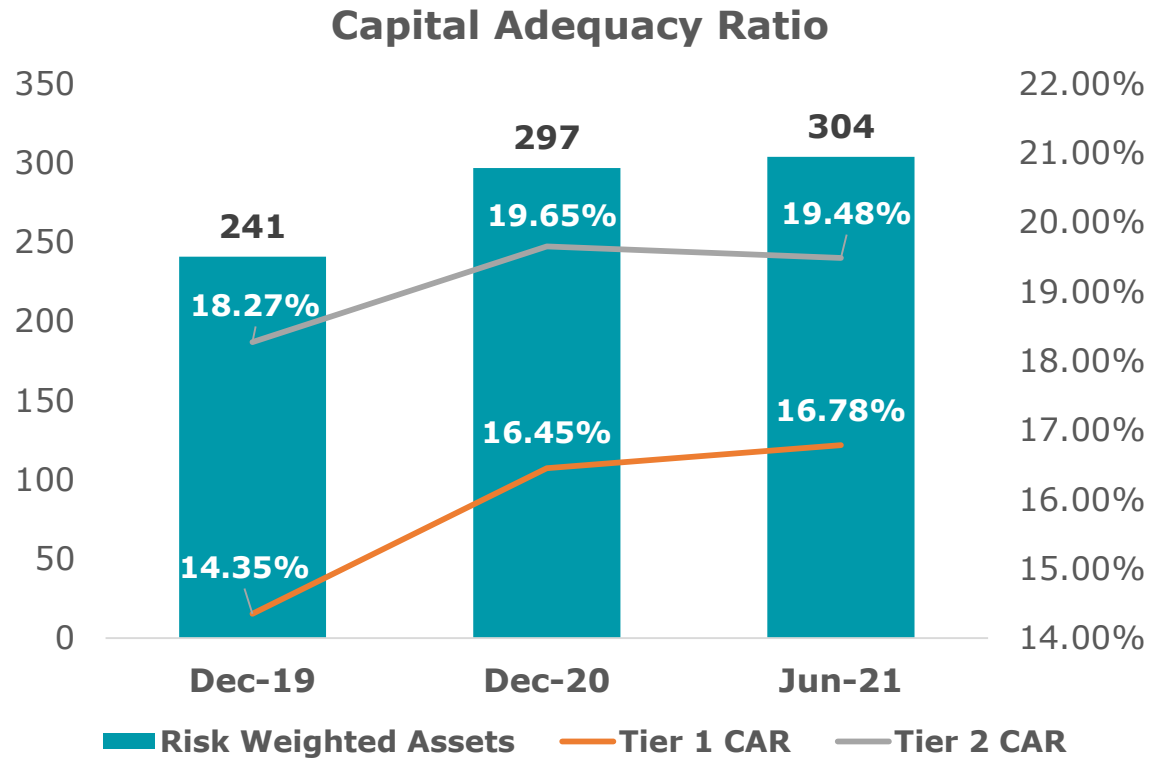
RWF Billion	June-21	Dec-20	June-20	% Var. Dec-20
Loans & Advances	210.2	205.2	206.4	2%
Financial Investments	96.6	100.9	59.5	-4%
Other Assets	122.7	111.1	92.0	10%
<b>Total Assets</b>	<b>429.4</b>	<b>417.2</b>	<b>357.9</b>	<b>3%</b>
Customer Deposits	303.2	298.3	275.9	2%
Borrowings	48.3	49.1	23.8	-2%
Other Liabilities	20.0	15.4	13.1	30%
Shareholders' Equity	57.9	54.5	45.1	6%
<b>Total Liability &amp; Equity</b>	<b>429.4</b>	<b>417.2</b>	<b>357.9</b>	<b>3%</b>

### Credit Quality indicators

	June-21	Dec-20
<b>NPL Ratio</b>	<b>3.95%</b>	<b>3.51%</b>

- **Balance sheet** size has increased YoY by Rwf 71Bn driven by increased investments of excess liquidity in high yield securities.
- **Loans & advances** reflects refocused business environment and element of de-risking.
- **Shareholder's Equity** increase following Rwf 7.8Bn capital injection by way of Rights Issue.

# Strong capital levels (exceeding minimum regulatory requirement) & already strong LCR Ratios following covid-19 crisis.



## Key ratios reflects the business growth and tangible momentum behind our strategy execution.

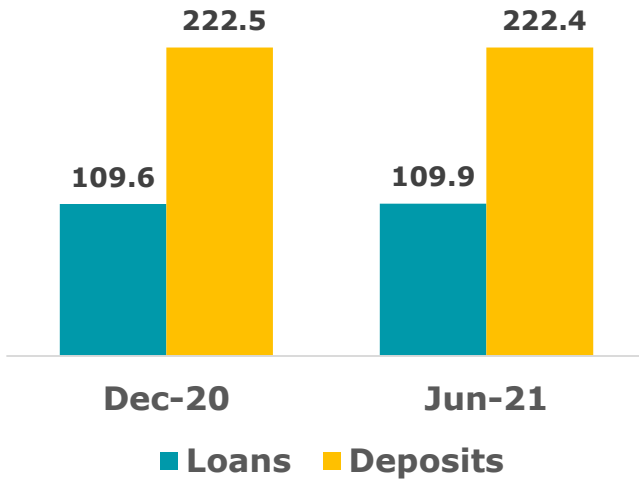
	Dec-20	Jun-21	
Liquidity Coverage Ratio, %	541	339	
Cost/ Income Ratio, %	57.1	59.9	
Return on Equity (ROAE), %	11.0	11.9*	(* ) June-21 computed on annualized PAT against the average equity.
Return on Assets (ROAA), %	1.39	1.55*	(* ) June-21 computed on annualized PAT against the average total assets.
Loan to Deposit Ratio, %	68.8	69.3	
Earning per share, Frw	4.24	4.95*	(* ) June-21 computed on annualized PAT against the average outstanding shares.

# Part 4

## Performance Drivers & Strategy Update

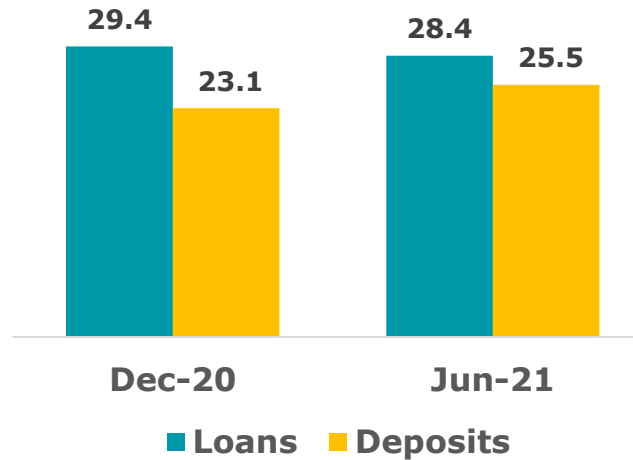
# Continue to maintain a strong underlying performance across all business segments

## Corporate Banking



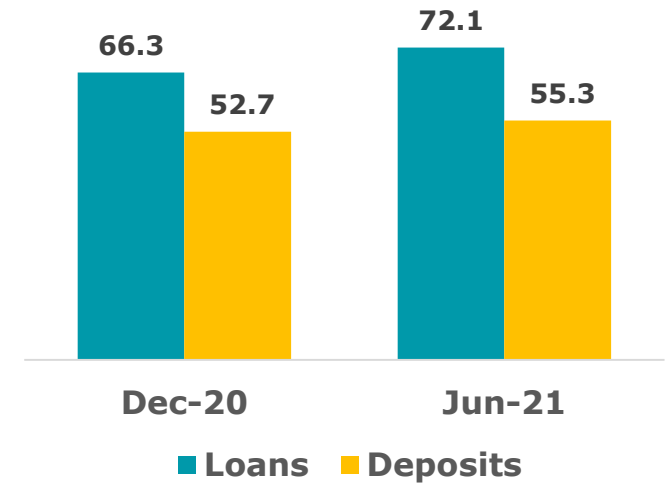
- Continue to strengthen our position as the Bank of choice for corporate and institutions.
- Empowering our transaction banking business by leveraging on group initiatives.

## Business Banking



- Kicked-off full command implementation of the MSME' strategy.
- Streamlined the credit process through reduction of credit touch points

## Retail Banking



- Focus on accelerating digital adoption.
- Expansion of target market.

# Focus on digitalization and revenue diversification.



## Key sales achievements

- Deployed low-cost deposits attraction strategy;
- Continued strength in digital adoption with 70% of Bank's transactions done on alternative channels.
- 86% of new retail customers converted towards internet & mobile banking.
- Increase in OCH with revenues growth of 119% YoY.
- +25,000 new users & +1,300 new saving accounts. on SPENN platform.
- Streamline of credit process through reduction of touch points



## Product launch & review

- Launch of WhatsApp Banking in July 2021.
- Expanded income streams through boosted card business.
- Leverage on digital channels and Bancassurance business line.
- Enhanced transaction banking services through Intercountry Banking Service.

# Continued our strategy execution



## Driving business growth

- **Revenue diversification;** expansion of income streams.
- Sales Force Effectiveness enhancement
- MSME strategy roll-out
- Roll-out SPENN & YABX Micro-lending
- Improved efficiency ratio



## Building a resilient organization

- Bank wide automated reconciliation system roll-out.
- Roll-out of improved IFRS 9 system
- Improved AML platform
- Continuous strengthening of cyber-security capabilities – 24/7 monitoring.



## Optimizing the operating model

- Online customer onboarding
- Digitization of loan origination systems
- Instant card issuance
- Deployment of contactless ATMs

# Improved prospects and Sustainability



- I&M has made a strategic choice to focus both on growing our revenue and enhancing environmental conservation & sustainability.
- Fitted with solar paneling for energy generation for Bank Head Office and Main branch operations. This reduces dependency on the use of electricity from the national grid.
- The drainage on the building has been designed to use of a siphonic drainage system which allows recycling of rainwater into fully potable water.
- The brick facade used on the building exterior is designed so as to reduce heat generation within the building.



## Credit Ratings

**Upgraded GCR Ratings** as capital position improves and operating environment pressure eases.

Stable Outlook.

Long Term  
**A** (RW)

Short Term  
**A1** (RW)



## Accolades

**“Best Bank (2021) in Rwanda by CFI.co**

Recognized for the Bank’s product offering, strategy, short-term and medium growth plans as well as client diversity.

Recognized for technological innovations such as Near Field Communication (NFC) enabled ATMs.



# Part 5

## Disclaimer & Forward-Looking Statements

## Disclaimer

The contents herein have been presented in good faith. The information, statements and opinions set out in this presentation and subsequent discussion do not constitute a public offer for the purposes of any applicable law or an offer to sell or solicitation of any offer to purchase any securities or other financial instruments or any advice or recommendation in respect of such securities or other financial instruments.

The information contained in this presentation and subsequent discussion, which does not purport to be comprehensive nor render any form of financial or other advice, has been provided by the Bank and has not been independently verified by any other party. No responsibility, liability or obligation (whether in tort, contract or otherwise) is accepted by the Bank or any of its officers, employees, agents or advisers as to or in relation to this presentation and any, subsequent discussions (including the accuracy, completeness or sufficiency thereof) or any other written or oral information made available or any errors contained therein or omissions therefrom, and any such liability is expressly disclaimed.

This presentation and subsequent discussion may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and future outlook with respect to the financial condition, results of operations, capital position and business of the Bank. Any such future outlook may involve significant assumptions and subjective judgments which may or may not prove to be correct and there can be no assurance that any of the matters set out are attainable, will actually occur or will be realized or are complete or accurate. The assumptions may prove to be incorrect and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which, are outside the control of the Bank. Any such future outlook is based on the beliefs, expectations and opinions of the Bank at the date the statements are made, and the Bank does not assume, and hereby disclaims, any obligation or duty to update, revise or supplement them if circumstances or management's beliefs, expectations or opinions should change.

The Financial results of the Bank can be sourced from the link <https://www.imbank.com/rwanda/about-us/annual-reports>

# Thank you

I&M Bank (Rwanda) PLC  
KN 03 Ave, 9  
P.O. BOX 354  
Kigali, Rwanda

E: [invest@imbank.co.rw](mailto:invest@imbank.co.rw)  
T: + 250 788 16 2040