



# EASTERN AFRICA'S LEADING FINANCIAL PARTNER FOR GROWTH

## Our Core Values



Integrity



Respect



Trust



Innovation



Courage

**Our Brand Promise**  
**We Are On Your Side**



# Q3 RESULTS 2021 INVESTOR PRESENTATION

2021 | DECEMBER

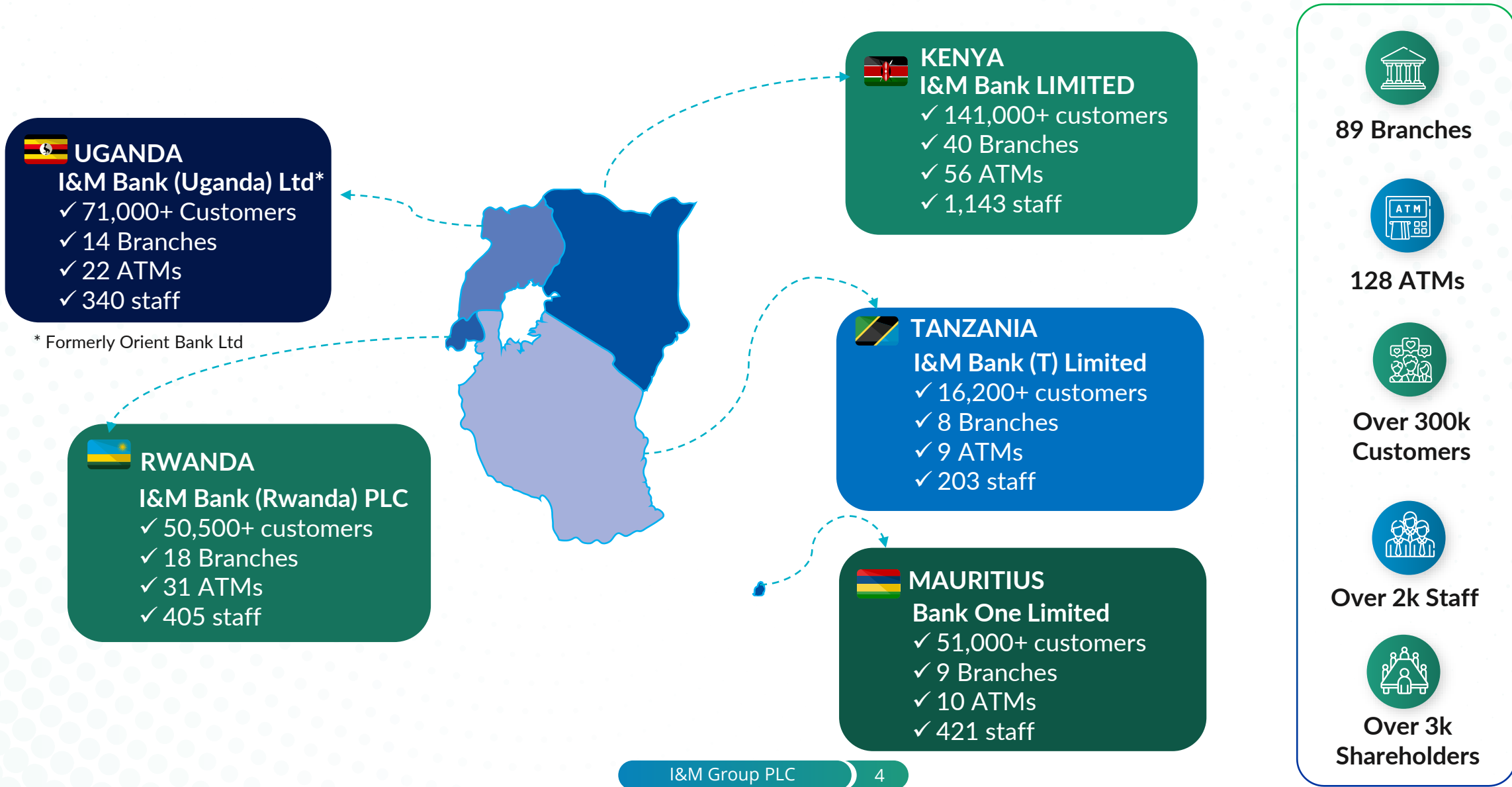


# Group Overview

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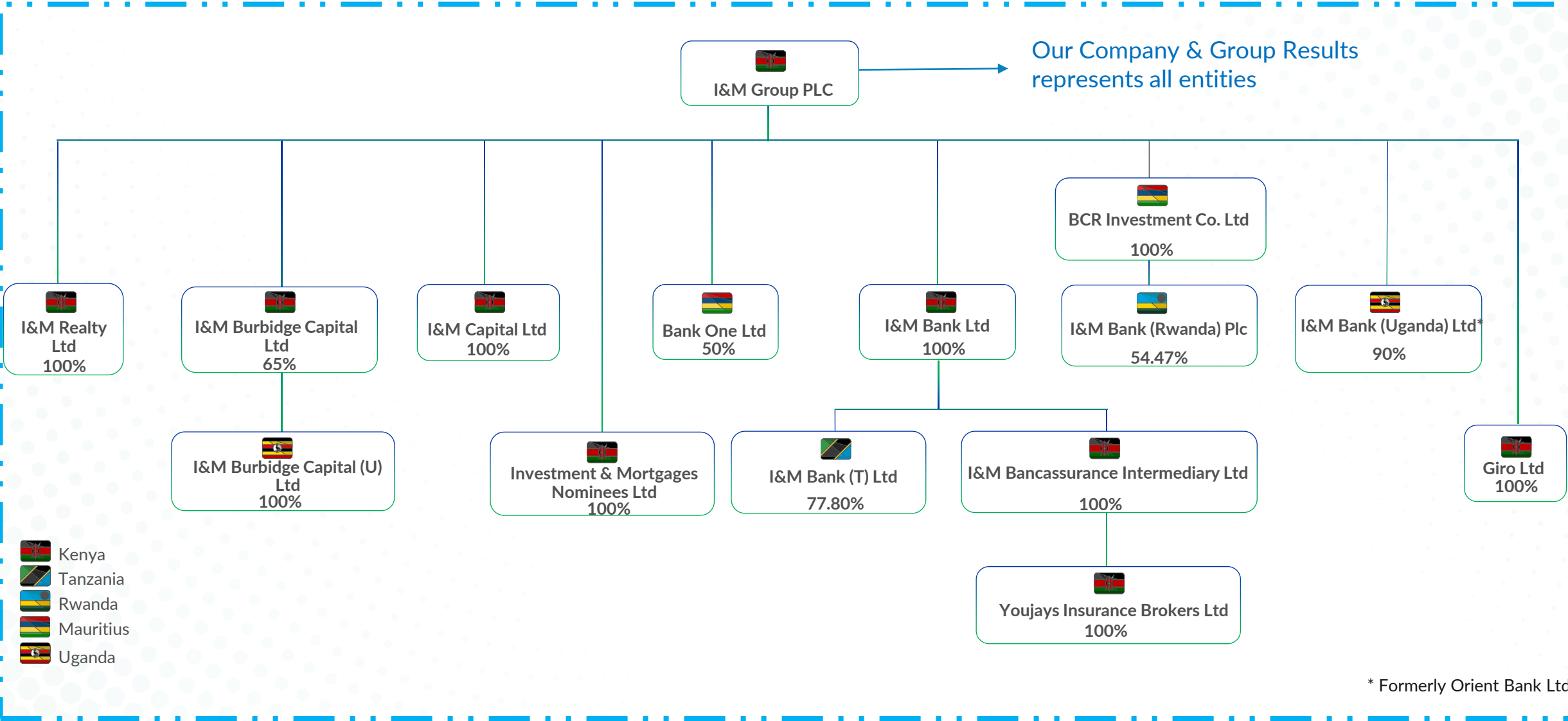


# I&M Group – We are a leading East Africa Group with presence in 5 Countries

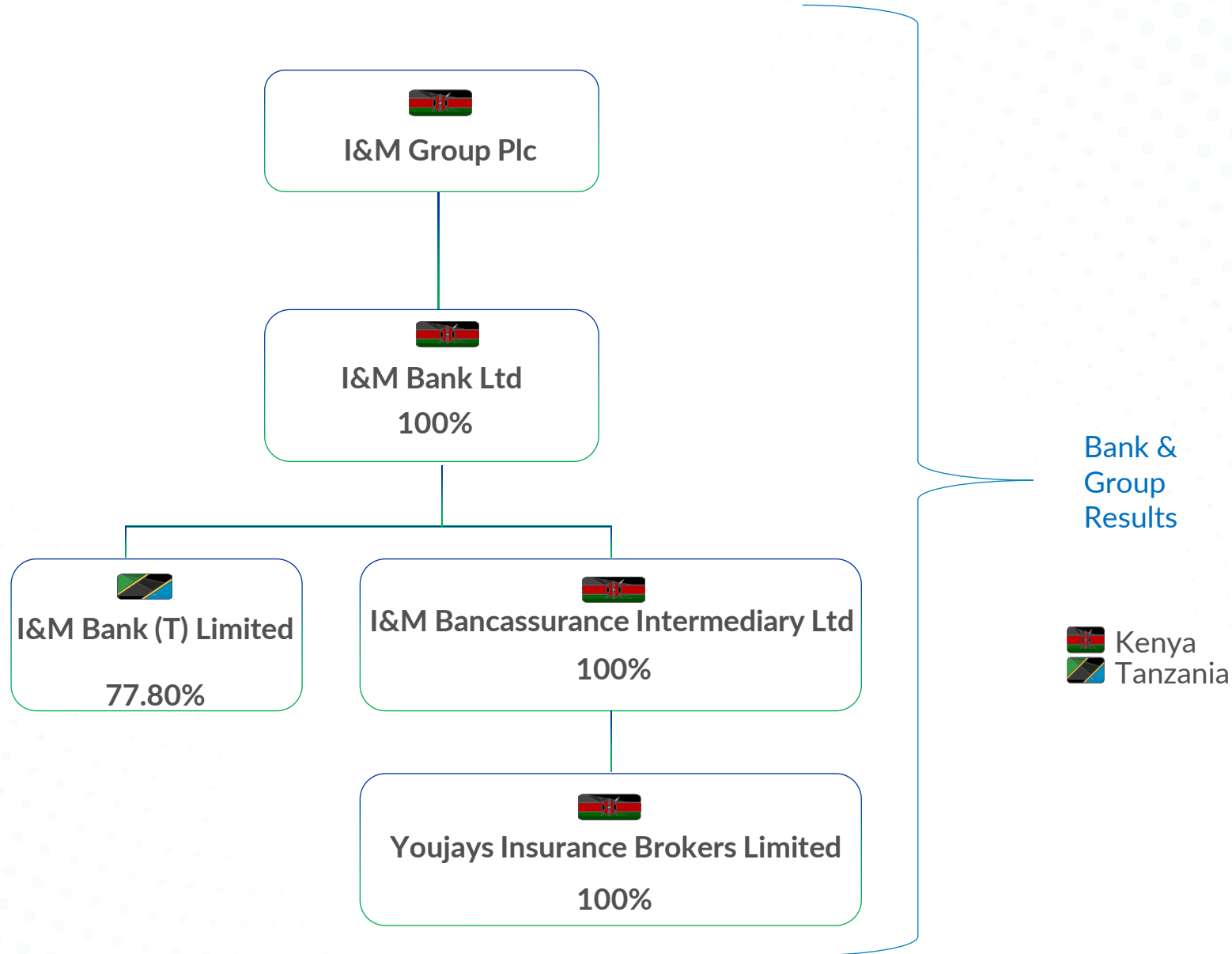




# Our Organization Structure...The Group includes banking and non-banking entities



# Our Organisation Structure – Our I&M Bank Kenya has the following entities:



# Improved economic outlook across our markets

2021

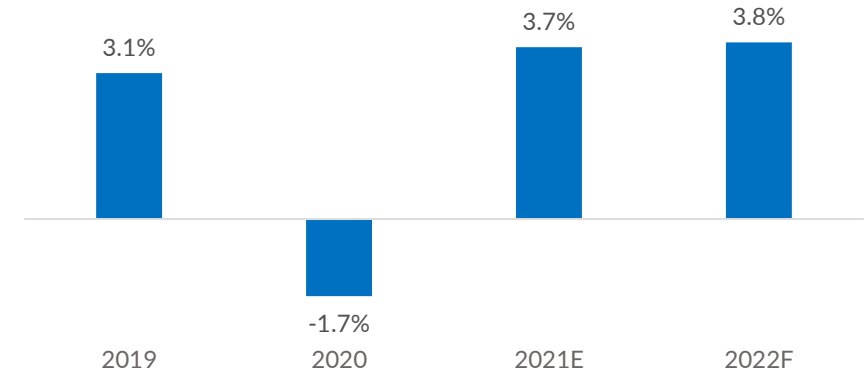
## Sub Saharan Overview

- SSA projected to grow by 3.7% in 2021 and 3.8% in 2022 supported by improvement in global trade and commodity prices as well as the agricultural sector.
- While average inflation has been slightly higher in 2021 in comparison to previous years it is likely to ease in 2022 as the pandemic induced mismatches reduce.

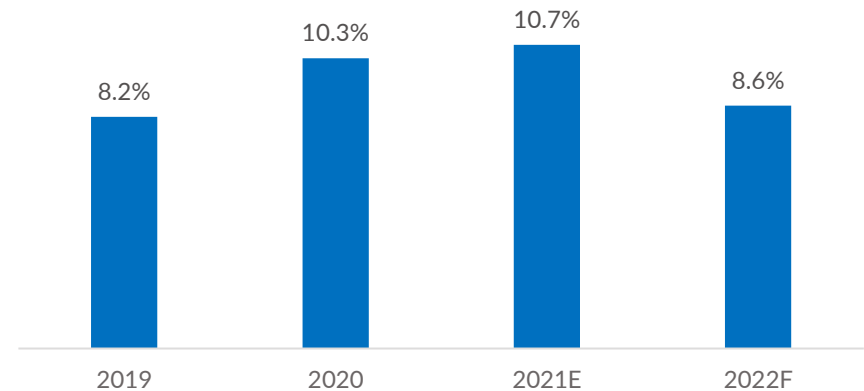
## East Africa Overview

- East Africa's economic growth is expected to recover to an average of 4.1% in 2021, up from 0.4% posted in 2020. In 2022, average growth is projected to hit 4.9%.<sup>2</sup>
- The rapid recovery of the region is being driven by sustained public spending on infrastructure, improved performance of the agricultural sector, and deepening regional economic integration.
- Regional currencies have seen a mixed performance year to September 2021; Remittances, decent exports are the key drivers for positive performance; Mauritius has been doubly impacted by slowdown tourism due to lock downs (COVID-19 measures), low exports and the USD rally;

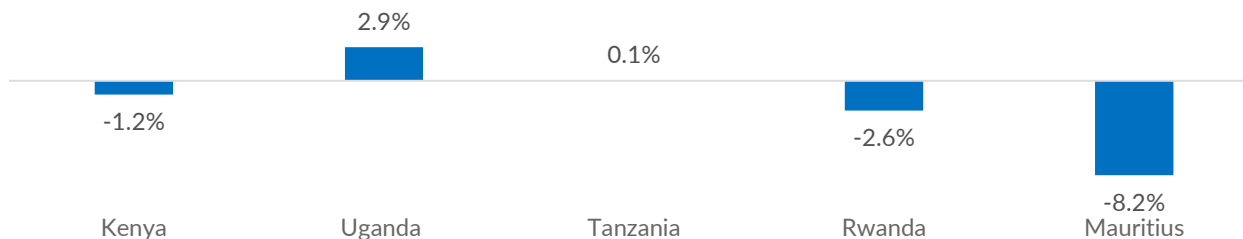
SSA GDP Growth (%)



SSA Inflation (Average)



Regional Currency Performance (September 2021)



Source: Various Regional Central Banks

<sup>1</sup><https://www.imf.org/regions/sub-saharan-Africa>

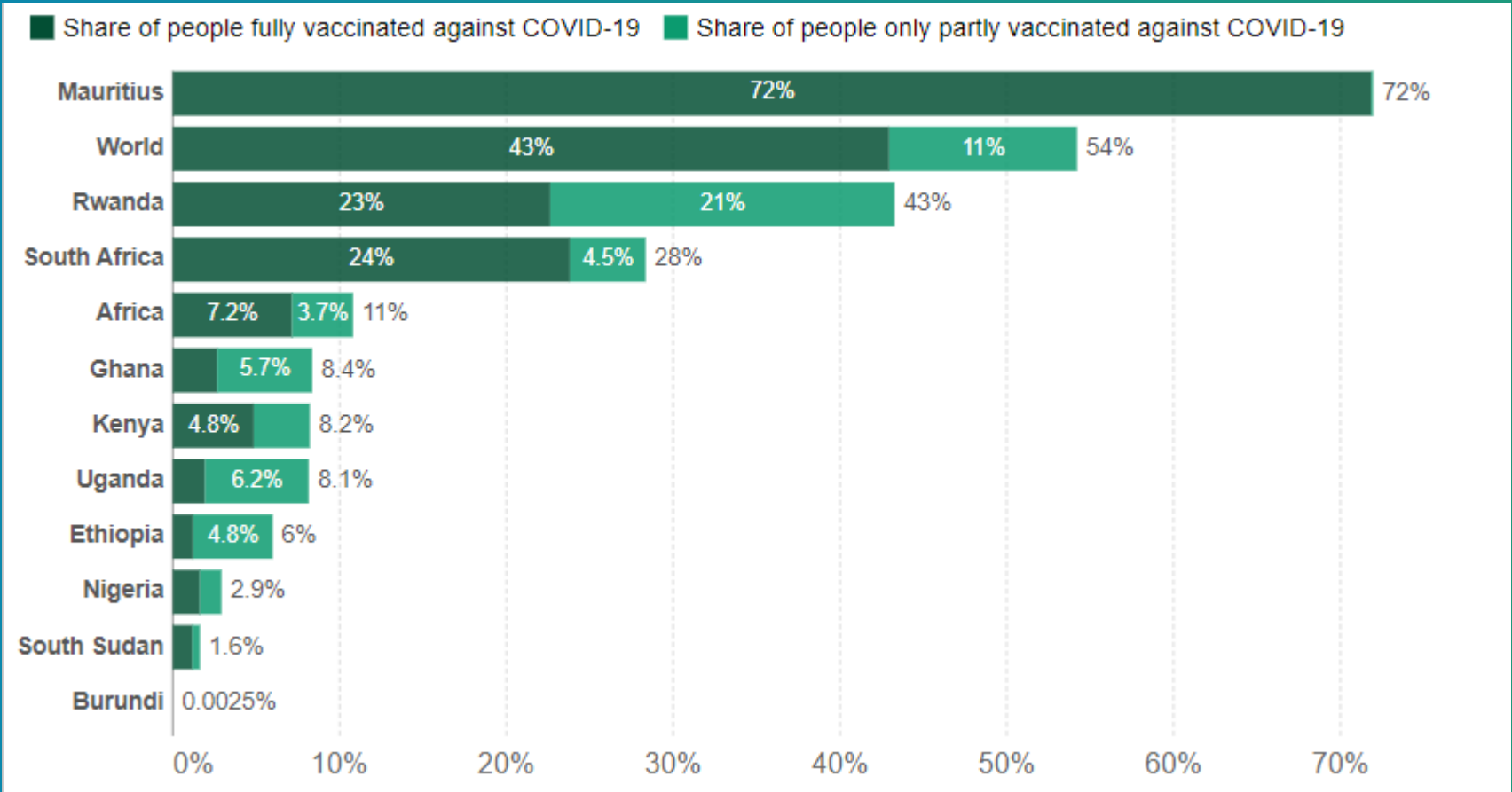
<sup>2</sup><https://www.afdb.org/en/news-and-events/press-releases/east-africas-economic-outlook-bullish-despite-covid-19-setback-african-development-bank-report-projects-46564>



# Covid-19 vaccination encouraged across the Group

53% of I&M Kenya staff are fully vaccinated while 14% are partially vaccinated awaiting 2<sup>nd</sup> dose.

Across the Group 65% of our staff have received their 1<sup>st</sup> dose enabling business operation to resume smoothly.



Source: COVID-19 Data Explorer - Our World in Data

## Steady Q3 performance – Sep 2021 Vs Prior Year



Profit Before Tax  
Kshs

8.1 bn

+25% ↑



Customer Deposits  
Kshs

288.7bn

+14% ↑



Net Loans & Advances  
Kshs

207.6bn

+12% ↑



Return on  
Equity

11%





## Group Strategy iMara 2.0



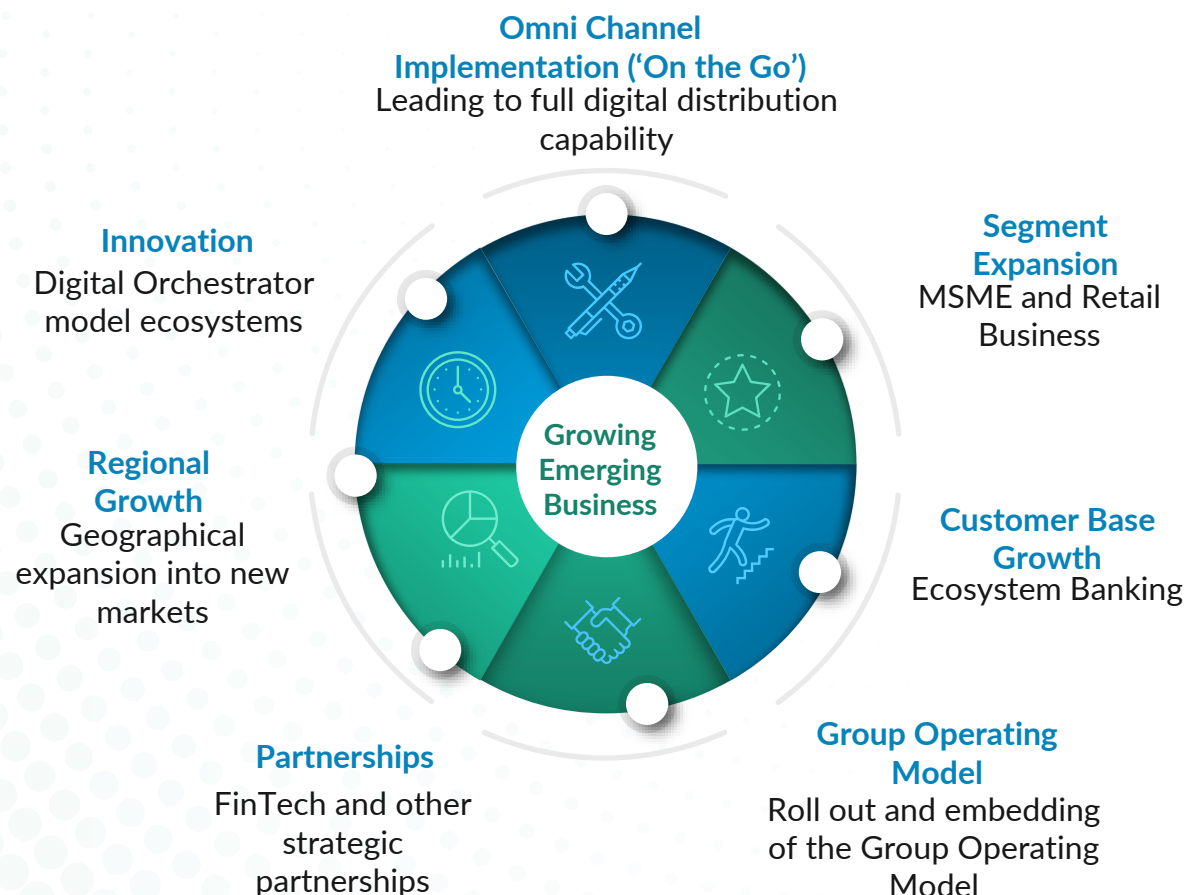


# We continue to be guided by our iMara 2.0 strategy...



# Our 3-Year Strategic Vision is to be Eastern Africa's leading Financial Partner for Growth

## Key Focus Areas



## Aspiration

ROE +21% / 01

02 \ PBT +20Bn

Regional Subsidiary PBT contribution +25% / 03

04 \ NPS Score +75%



# Strategy Performance Highlights

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# Pillar 1: Driving Business Growth | Early Momentum on Revenue Diversification via Digitization.

**~76%** of I&M Group's transactions were executed digitally as of Q3 2021, with a transaction value of ~Kes 400Bn

## Kenya Launches I&M On The Go

- 'On the Go (OTG)' - the Bank's redesigned app and web platform allows customers to enjoy our services and convenience at the touch of a button.....
- .....and is providing critical support in driving up our volume of digital transactions.

**+5,000**  
Retail customers  
registered

**Kshs. 10Bn**  
via OTG

**+450**  
Corporates  
registered

**Kshs. 32Bn**  
via OTG

Target digital transactions at  
**90%**  
by 2023

Ongoing Innovation  
Further launch of more  
products and service in  
OTG

# Pillar 1: Driving Business Growth | Digitisation progress across the region for revenue diversification

## Other ongoing Digital Initiatives:

### Tanzania

#### Mobile Lending (IMT/Airtel/YABX) Kamilisha



Launched – September  
2021



**183K**  
Loans Issued



**105K**  
Active Customers



**Kes 115m**  
Disbursed

### Kenya

#### Automated Lending Platform



Launched in October  
2021



Branch assisted loan  
application process to reduce  
turn-around time



**324**  
Applications



**Kes 27m**  
Disbursed

### Mauritius

#### Universal Payment Solution (POP)



Launched in September  
2021



**3,083**  
Transactions



**352**  
Registered Customers



**109**  
Merchants

### Rwanda

#### Digital On-Boarding Solution

The fully digital on-boarding platform is on pilot, for full rollout by Q1 2022. This will support;

- Customer acquisition strategy
- Improve on-boarding process and customer experience.

# Pillar 1: Driving Business Growth | Revenue diversification – Our Rwanda (Ganza na I&M) SME offering continues to do well....

Ganza na I&M SME banking product is tailored towards the microbusinesses, small-and medium sized enterprises (MSMES) is showing consistent growth

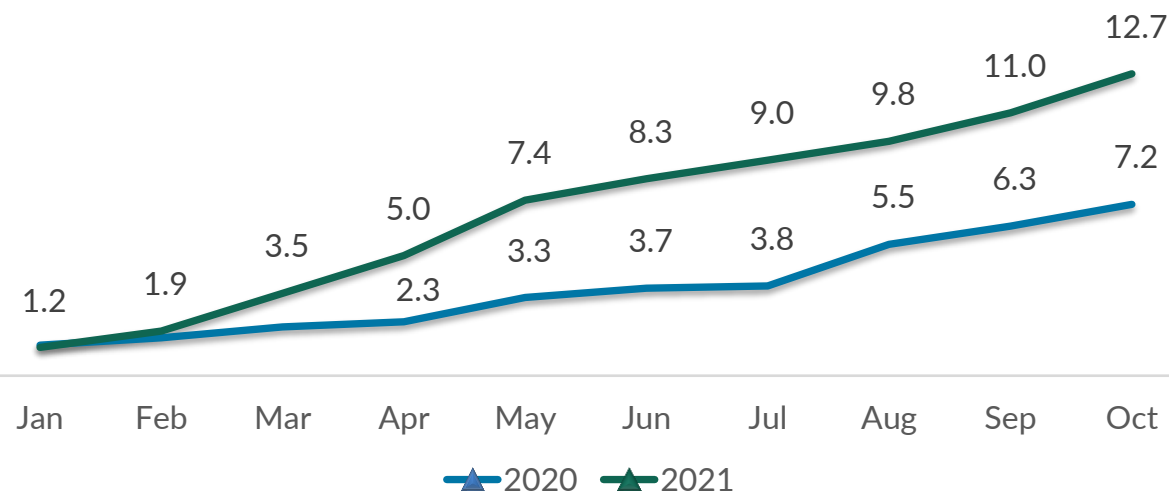


**1,700+**  
New MSME Customers



**Kes 137 Mn**  
Average Customer Deposit

MSME Disbursement trend – RWF 'Bn





# Pillar 1: Driving Business Growth | Our wealth management business in Kenya(I&M Capital) showing good momentum...

## Wealth Management

Product Pipeline: Developing Value Added Services through Partnerships:

### New Product Offering

- **Offshore Products:** Collaboration between **I&M Capital** and **Bank One** to provide access to offshore products for potential customers.
- **Money Market Funds**
- **Bond Leverage Product**



**July 2021**  
Launch of Wealth  
Management Services



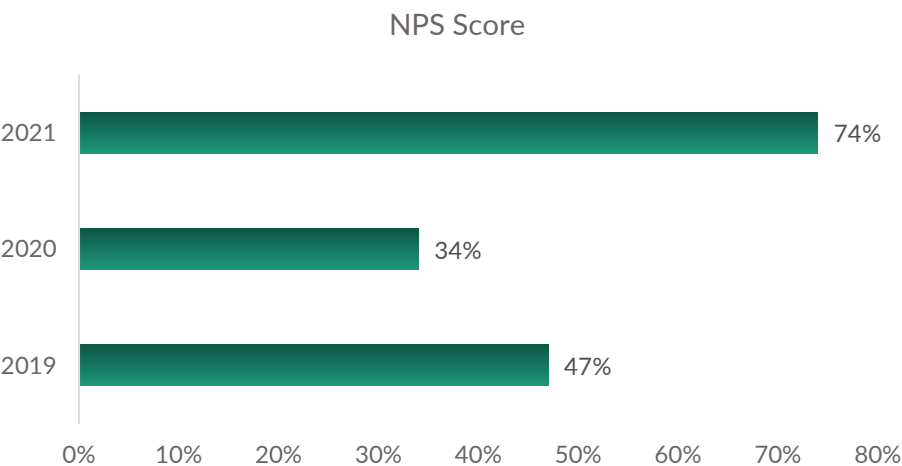
**45**  
New Customers



**Kes 753.4 Mn**  
In Assets under  
Management of

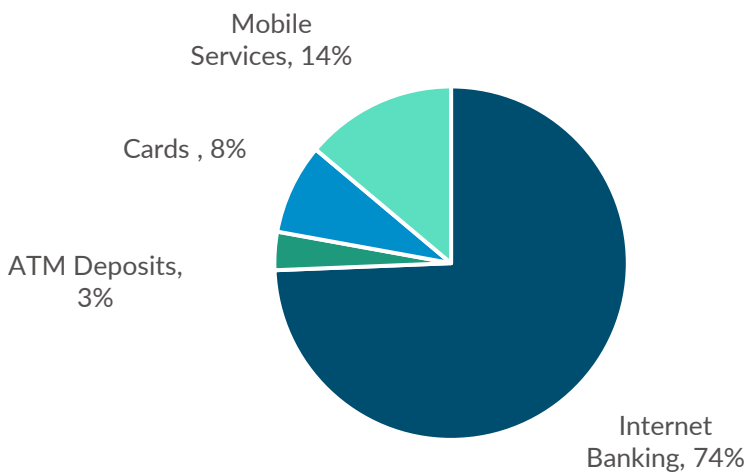
# Pillar 1: Driving Business Growth | Leading to improved customer experience and digital uptake

## Customer Satisfaction



- ✓ Our revamped strategy NPS score improved from 34% in 2020 to **74%** in 2021.
- ✓ The Group's **culture transformation programme**, dubbed PAMOJA, is aimed at enhancing our "**Customer First**" philosophy

## % of transactions through digital channel

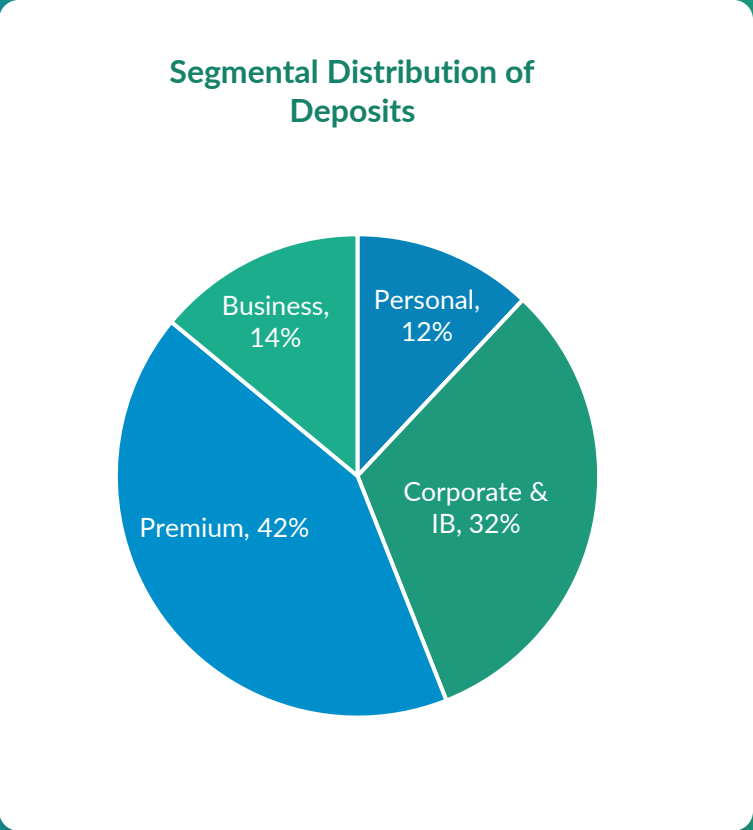
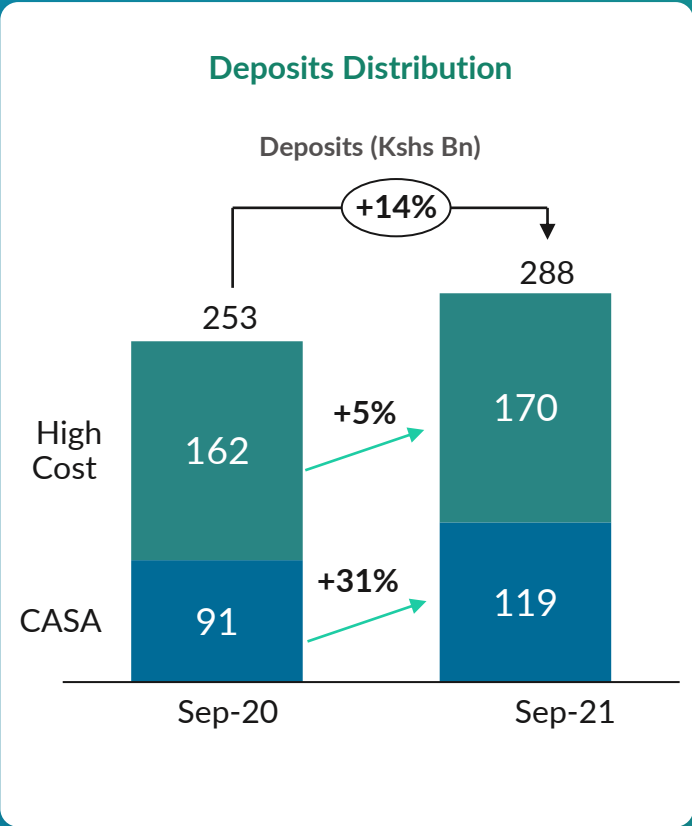


YoY Growth to Sept 2021	
Internet Banking	96%
ATM Deposits	22%
Cards	23%
Mobile Services	83%

# Pillar 2: Building A Resilient Organization: We continue to focus on lowering our cost of funds

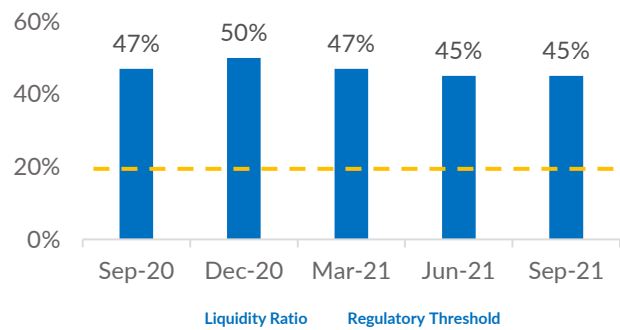
Our interest expense has benefitted from the strong growth in CASA deposits

**14%**  
growth in Total Deposits attributed to Group's campaign to CASA deposits

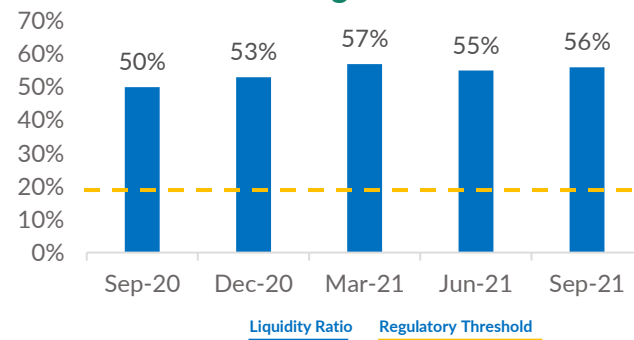


## Pillar 2: Building A Resilient Organization: Strong consistent liquidity across all entities improving overall liquidity to 49%

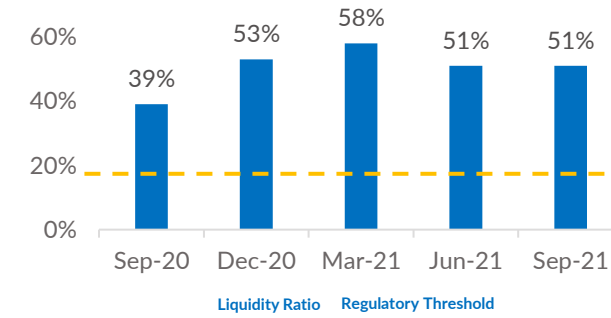
### Kenya



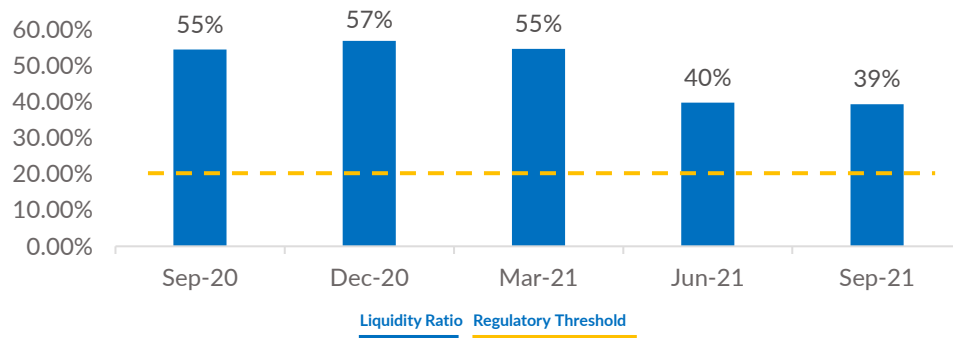
### Uganda



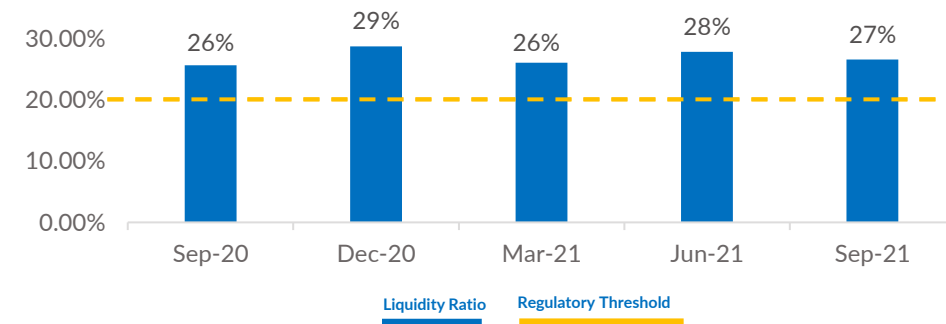
### Rwanda



### Bank One



### Tanzania



# Pillar 2: Building A Resilient Organization: I&M Kenya (via I&M Foundation) is building a roadmap for our ESG initiatives

## Environment Conservation Pillar



- **90 solar lanterns & 43 Energy saving jikos** procured for sale to community members in Kilifi and Narok\*;
- **23 Households** in Kilifi region trained on making fireless cook stoves (11 already using)
- **11 learnings** institutions in Narok installed with energy saving jikos;
- **150,000 trees** have been planted around the learning institutions and community grounds in these two counties;
- Internally we continue focus on energy conservation, recycling efforts;



Kilifi and Narok are identified as marginalized regions

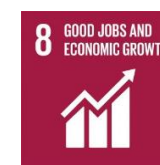
## Education and Skills Development Pillar



- **16 students** received scholarship to pursue their undergraduate degree courses at Strathmore University
- **77 Secondary school students** under PalmHouse Foundation scholarship benefitting from I&M Foundation partnership
- **25 students** at St Ann's Suresh Raja Girls School on scholarship program to complete secondary; 5 Students scholarship via I&M Bank staff inculcating the culture of giving within the Group;
- Life skills development in partnership with SHAMAS Rugby foundation to support development of **1500 young people**.



## Economic Empowerment Pillar



- Increased capacity building and HH income for **579 Masai women** to create economic empowerment
- Development of new products to expand market niche and create new market opportunities;
- Setup of Women's Enterprise Funds Loans – **190 women trained** on fund application;





## Pillar 2: Building A Resilient Organization: Similar focus on ESG continues in our regional entities to mirror Kenya's roadmap in the future....

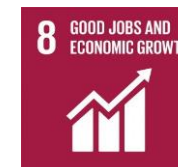
### Education and Skills Development Pillar



- I&M Rwanda has sponsored annual school fees for 5 students; Promoted
- The Bank also supported the Rwanda BookMobile initiative aimed at promoting reading and storytelling amongst young children;
- **Bank One** together with NGO – Association Les Freres Auxiliares supported 60 unprivileged children from Jean Blaise Community through donations of academic books, school materials, stationaries and equipment to support some 50 children from Grade 1 to 6 for the start their new academic year. Also setting up an IT corner to enable learning of IT skills;



### Economic Empowerment Pillar



- In partnership with CIEL Foundation, **Bank One** supported the NGO Caritas Solitude in a food relief program;
- Development of new products to expand market niche and create new market opportunities;
- Setup of Women's Enterprise Funds Loans – 190 women trained on fund application;



## Pillar 3: Optimising the operating model: We have a number of initiatives to optimise our operations

### Process Efficiencies

Increased investments in infrastructure to support:

- Group's digital transformation strategy
- Standardize operations, systems and processes across its subsidiaries in the region
- Better risk management

### New card management system

Geared to enhance customer experience

### Cost to Income Ratio (CIR) – 48%

- In the short term the CIR has increased and is expected to improve in the future as a result of these initiatives.

### Leveraging Group Synergies

Relaunch of the cross-border instant payment platform to support our customers regional business operation/aspirations

### Growing Cross Border Business Referrals



# Group Financial Highlights

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# I&M Group PLC - PAT up 25% Year on Year

Statement of Comprehensive Income	YTD Sep-20 Kshs Mn	YTD Sep-21 Kshs Mn	Sep 21 vs Sep 20 Y-Y %	Comments
Net Interest Income	10,401	13,988	34%	Growth in income from government securities and decline in interest expense as a result of increased low cost deposits.
Non-Funded Income	6,409	6,184	-3%	Marginal decline in treasury and bond trading income.
<b>Total Operating Income</b>	<b>16,809</b>	<b>20,173</b>	<b>20%</b>	
Operating Expenses	7,587	9,702	28%	Increase attributed to continued investment in digitization.
<b>Profit before Loan Loss Provisions</b>	<b>9,223</b>	<b>10,470</b>	<b>14%</b>	
Loan Loss Provisions	2,150	2,825	31%	Increase in provision to cater for the portfolio in sectors still impacted by COVID 19.
<b>Profit before Share of JV</b>	<b>7,073</b>	<b>7,645</b>	<b>8%</b>	
Share of Profit from JV	(575)	450	178%	Improved performance at Bank One benefiting from loan recoveries.
<b>Profit Before Tax</b>	<b>6,498</b>	<b>8,095</b>	<b>25%</b>	
<b>Profit After Tax</b>	<b>4,588</b>	<b>5,738</b>	<b>25%</b>	

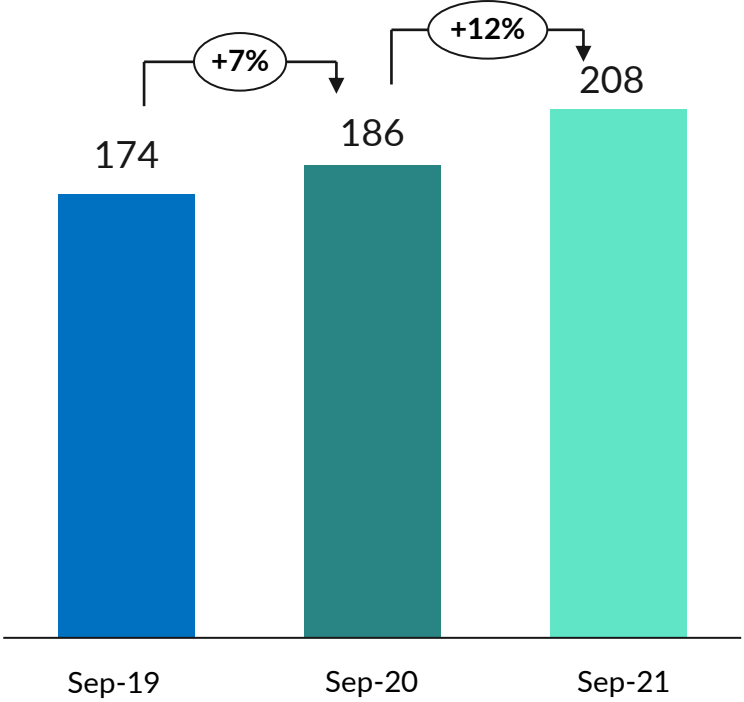
# I&M Group Plc – Steady balance sheet growth

Statement of Financial Position	Sep-20 Kshs Mn	Dec-20 Kshs Mn	Sep-21 Kshs Mn	Sep 21 vs Sep 20 Y-Y %	Comments
Cash & Bank Balances	14,869	19,403	24,568	65%	Cash & Bank balances increase was partly attributed to the balances in the Uganda entity. Loans & Advances growth on the back of lending to private sector and contribution from I&M Bank Uganda (formerly Orient bank Uganda).  Other assets growth driven by increase in fixed/intangible assets and clearing balances.
Investments & Placements	112,615	120,047	128,742	14%	
Loans & Advances (net)	185,694	187,391	207,605	12%	
Other Assets	31,494	31,258	38,153	21%	
<b>Total Assets</b>	<b>344,671</b>	<b>358,100</b>	<b>399,069</b>	<b>16%</b>	
Customer Deposits	252,829	262,681	288,685	14%	Customer deposit growth driven by 31% increase in CASA deposits. Increase in DFI funding from IFC to support SME sector.
Borrowings	11,724	14,773	20,318	73%	
Other Liabilities	16,277	12,582	17,854	10%	
<b>Total Liabilities</b>	<b>280,830</b>	<b>290,037</b>	<b>326,858</b>	<b>16%</b>	
<b>Shareholders' Funds</b>	<b>63,841</b>	<b>68,063</b>	<b>72,212</b>	<b>13%</b>	

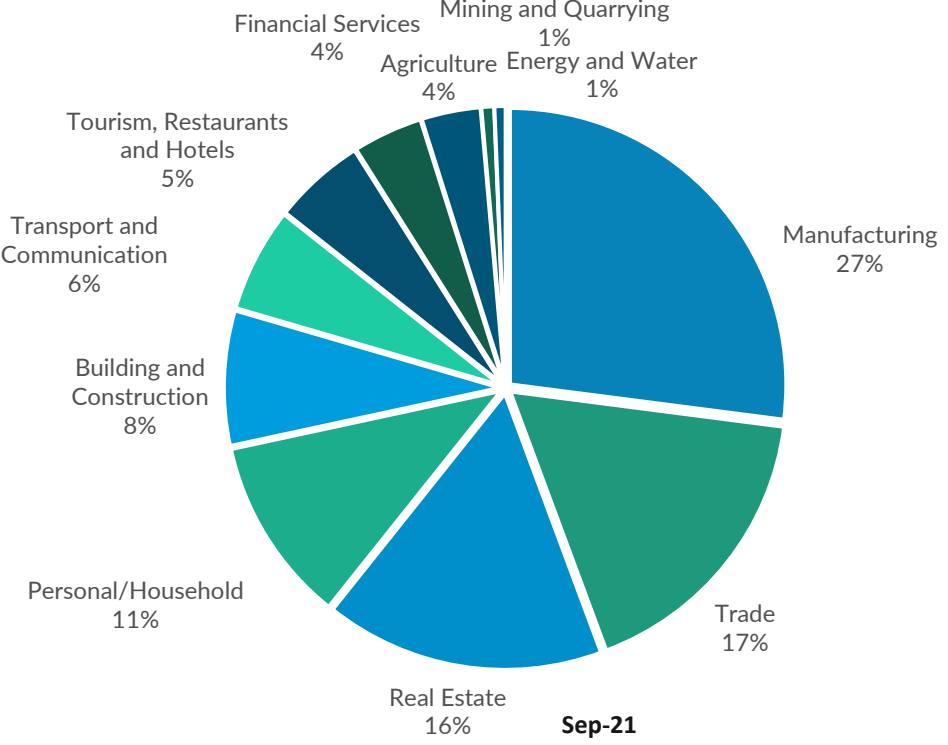


# Our loan book has grown on the back of economic recovery with 5 Key Sectors contributing 79% of our loan Portfolio.

Loans (Kshs Bn)

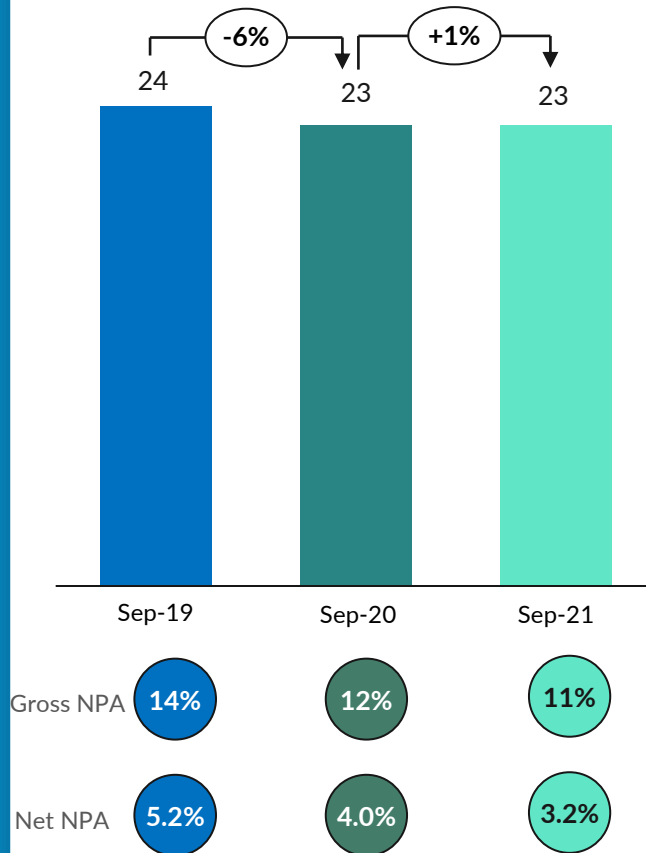


Loans Sectorial Distribution

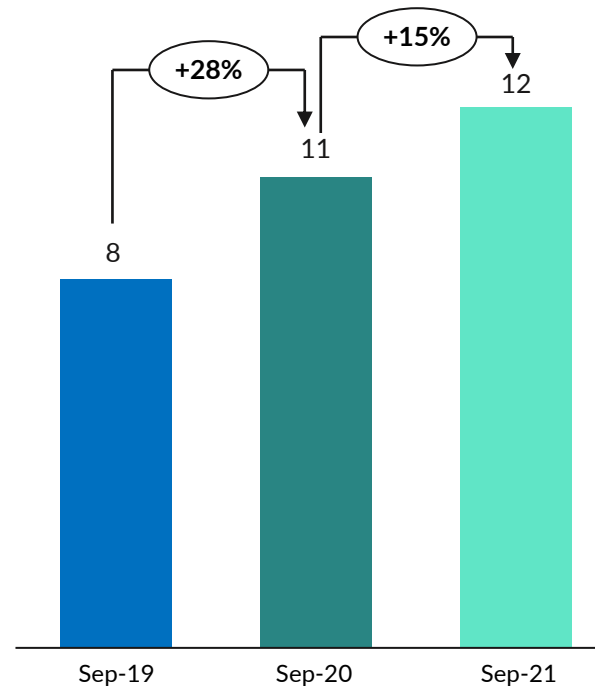


# Our Group NPLs remain steady and we continue to remain prudent in our operations

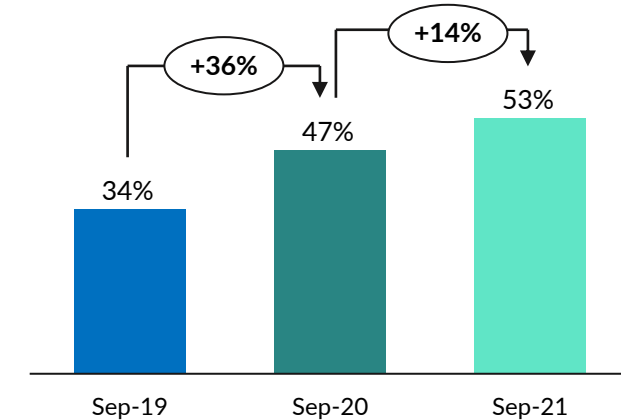
Gross NPLs (Kshs Bn)



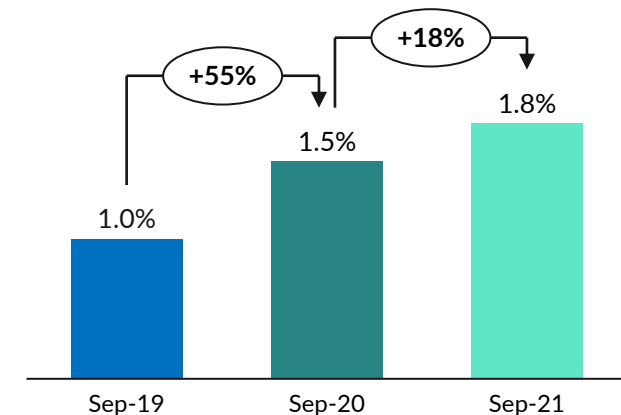
Loans Loss Provisions (Kshs Bn)



Coverage Ratio



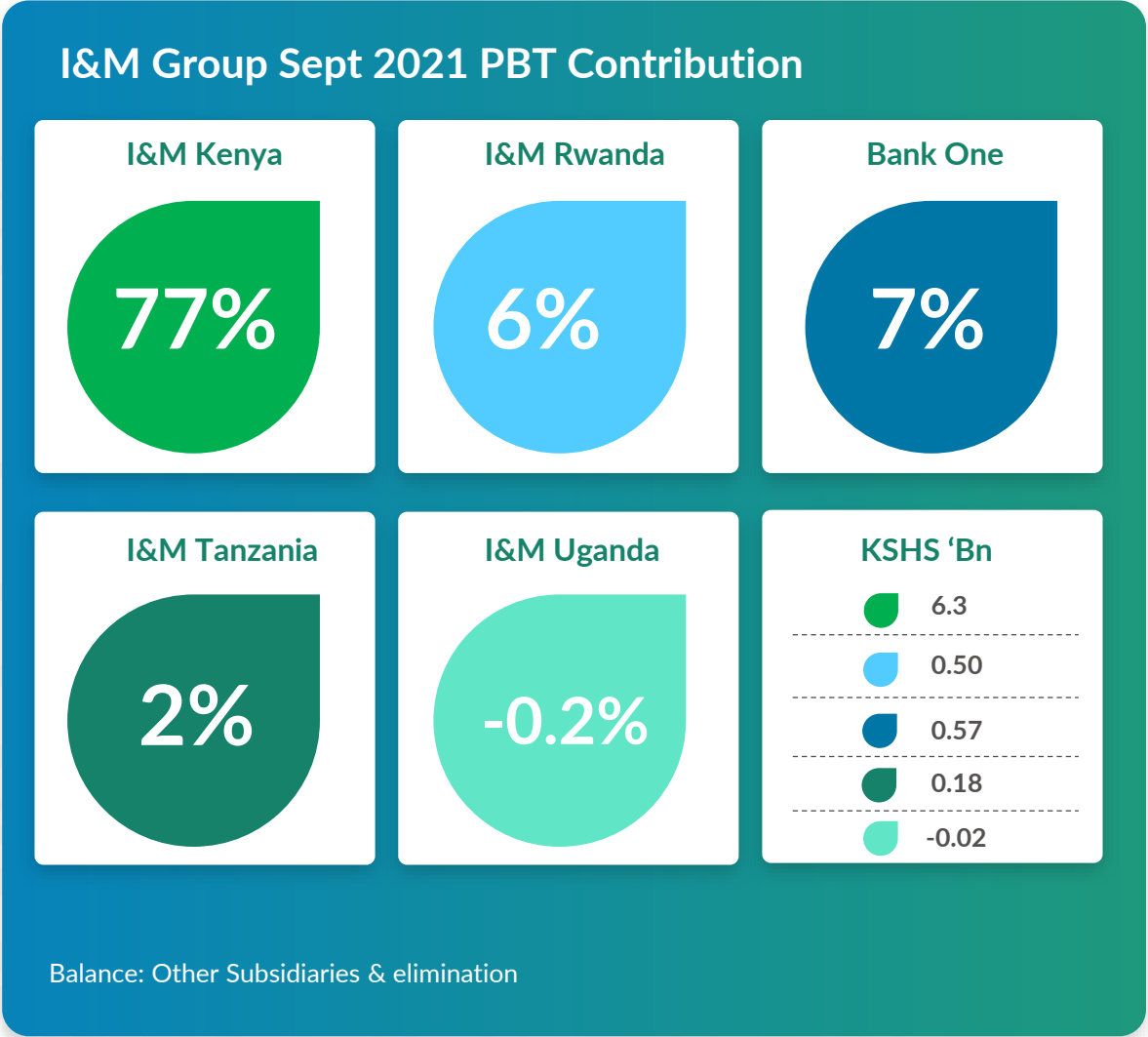
Cost of Risk



## Key Ratios: Reflects a continued strong financial position

	Sep-20	Dec-20	Sep-21
<b>Capital &amp; Liquidity</b>			
Liquidity	47%	51%	49%
Capital Adequacy Ratio	16%	19%	16%
Loan to Deposit Ratio	73%	71%	72%
<b>Efficiency</b>			
Cost/Income Ratio	45%	42%	48%
<b>Asset Quality</b>			
Net NPA	4.0%	4.2%	3.2%
Gross NPA	12.2%	12.6%	10.9%
Cost of Risk	1.5%	1.3%	1.8%
<b>Returns</b>			
Return on Equity	9.6%	12.4%	10.6%
Return on Assets	1.8%	2.3%	1.9%

# Regional Banking subsidiaries contribute 15% of the group's PBT



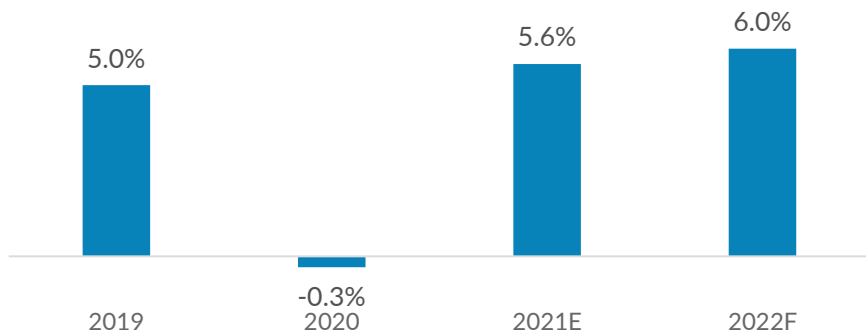
# Subsidiary Performance Highlights

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# Kenya Economic Review

Kenya GDP Growth (%)

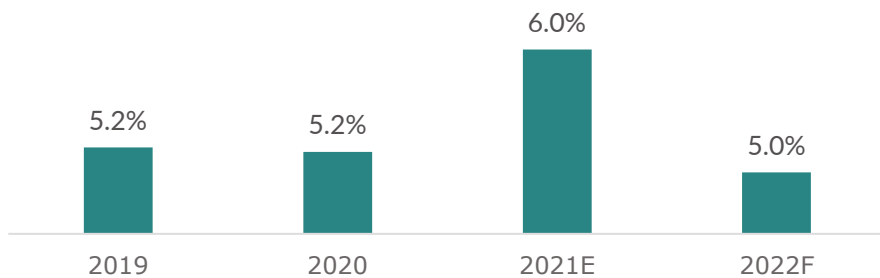


## GDP

GDP growth expanded at the fastest rate in over 10 years by 10% in Q2 2021.

Double-digit expansions in both merchandise exports and imports in July–August hint at healthy foreign and domestic demand conditions for Q3 2021.

Kenya Inflation Rate (%)



## Economic Outlook

The economy is projected to grow solidly in 2022, largely due to quicker growth in domestic demand in line with the progressing vaccination campaign, rise in infrastructure spending and global demand.

The 2022 general elections will be a key factor to watch.

## Banking Sector

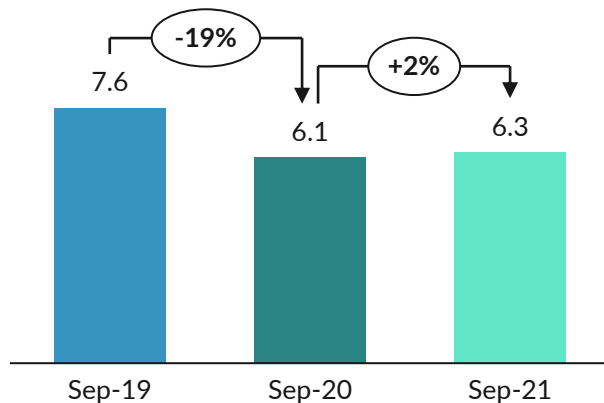
The banking system is sound. The outlook of the banking sector appears strong underpinned by adequate capitalization and liquidity levels.

Source: [www.imf.org](https://www.imf.org) World Economic Outlook, October 2021

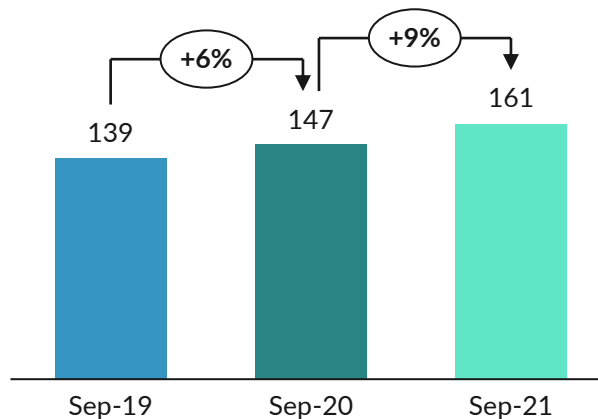
<sup>1</sup><https://www.focus-economics.com/countries/Knya>

# I&M Bank, Kenya: Steady year on year performance

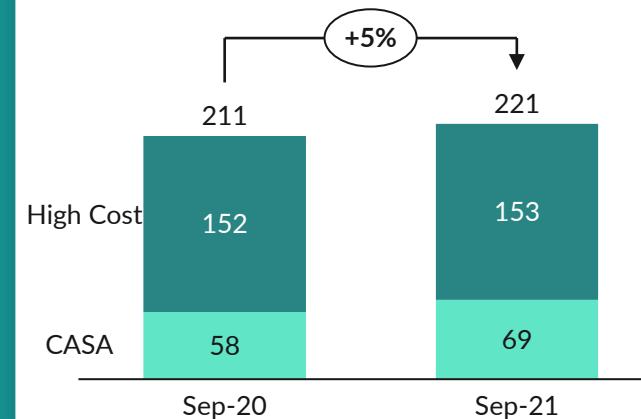
### PBT (Kshs Bn)



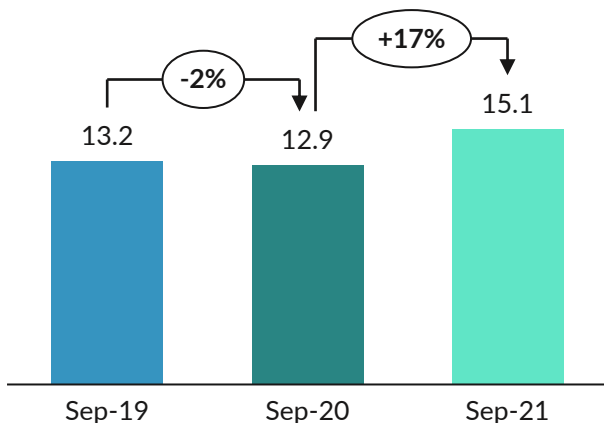
### Loans (Kshs Bn)



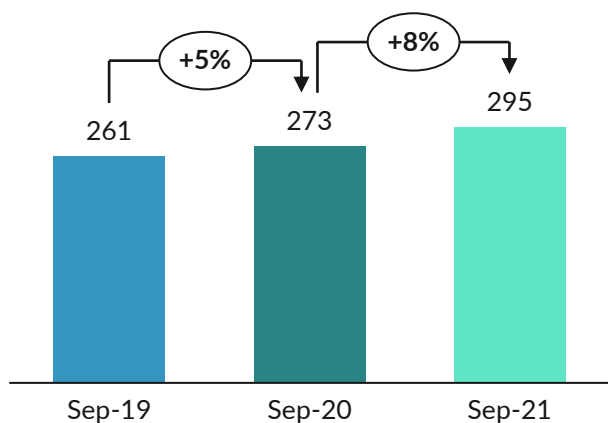
### Deposits (Kshs Bn)



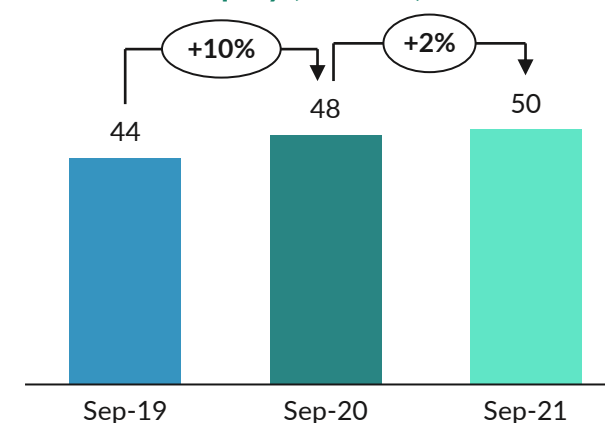
### Net Operating Income (Kshs Bn)



### Assets (Kshs Bn)

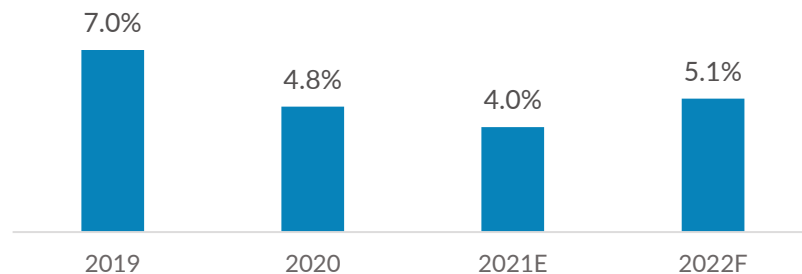


### Equity (Kshs Bn)

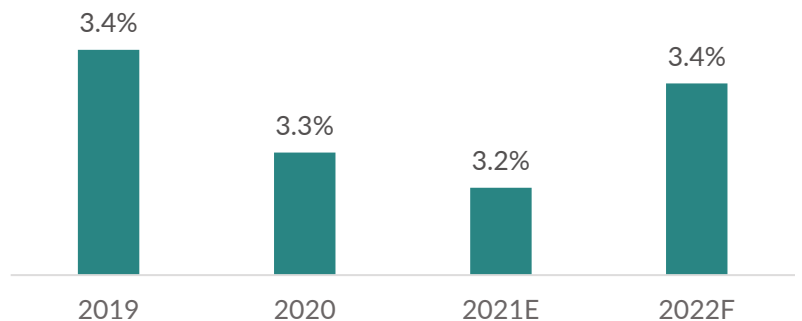


# Tanzania Economic Review

Tanzania GDP Growth (%)



Tanzania Inflation Rate (%)



Source: [www.imf.org](http://www.imf.org) World Economic Outlook, October 2021

## GDP

The real GDP projected to grow 4.1% in 2021 and 5.8% in 2022, due to improved performance of the tourism sector and the reopening of trade corridors<sup>1</sup>.

## Economic Outlook

Tanzania's economic outlook is positive supported by economic diversity, including transit trade as well as mining which proved to be stabilizing factors for the economy.

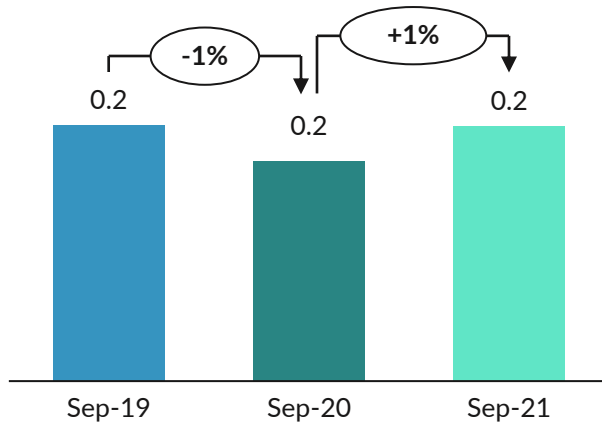
The major downside risks to the outlook include business regulatory bottlenecks that constrain private sector activity and uncertainties regarding the pandemic<sup>1</sup>.

## Banking Sector

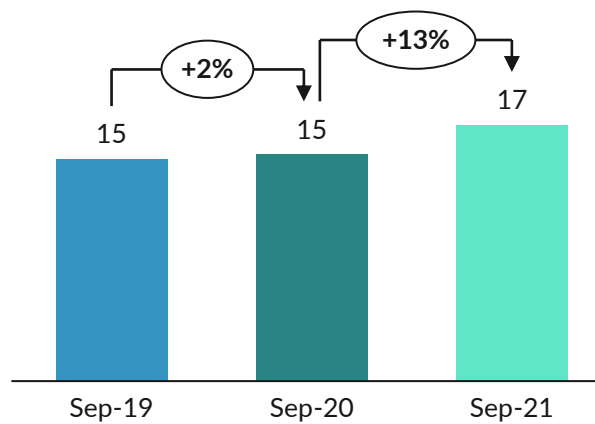
According to the Bank of Tanzania (BoT), overall, the banking sector remains sound and stable in terms of profitability, capital adequacy, liquidity, and asset quality.

# I&M Bank, Tanzania: Acceptable growth in a difficult operating environment

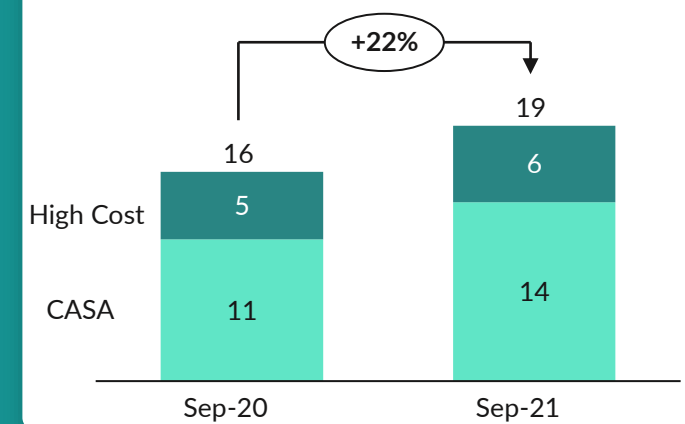
PBT (Kshs Bn)



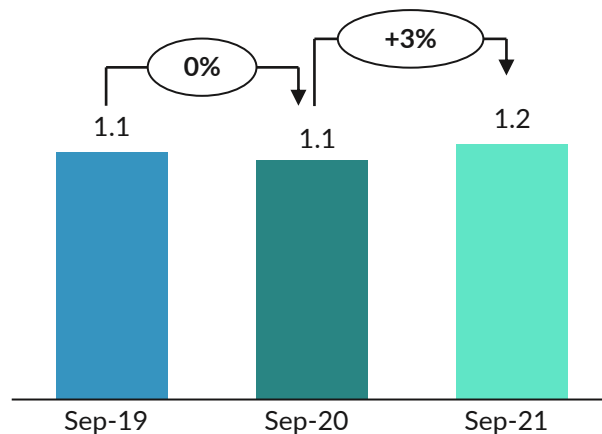
Loans (Kshs Bn)



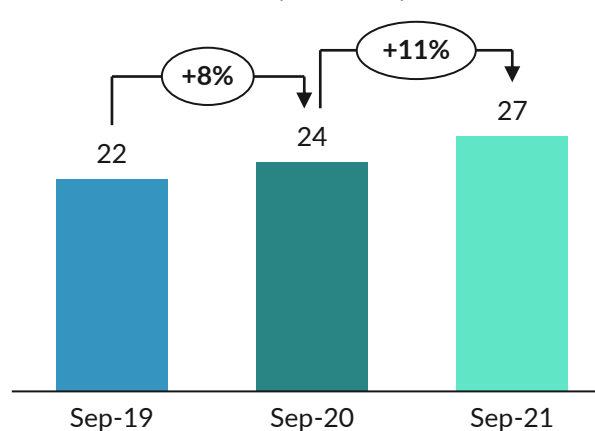
Deposits (Kshs Bn)



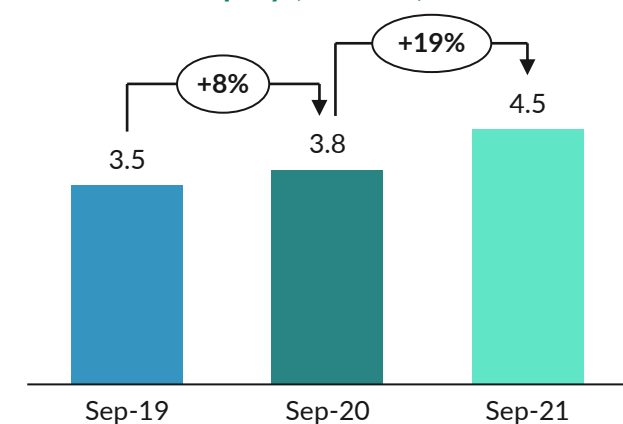
Net Operating Income (Kshs Bn)



Assets (Kshs Bn)

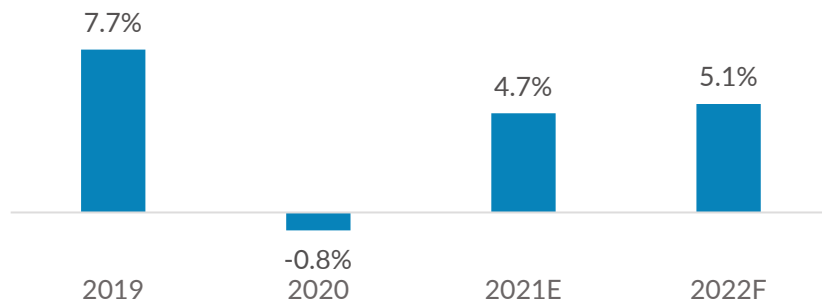


Equity (Kshs Bn)

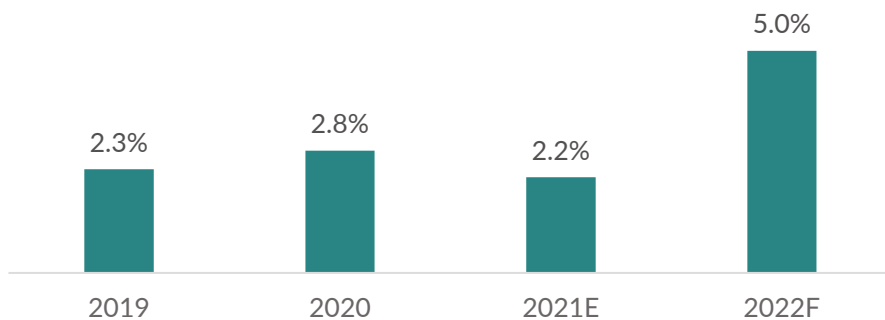


# Uganda Economic Review

Uganda GDP Growth (%)



Uganda Inflation Rate (%)



## GDP

Ugandan economy is expected to grow by 3.1% in the Financial Year 2020/21 and peak at 7.0% in the medium term. This growth will be mainly driven by expected increase in production and productivity in agriculture and manufacturing<sup>1</sup>.

## Economic Outlook

The lifting of Covid-19 restrictions is expected to result in increased domestic demand and stronger export growth. However, increasing debt stocks, still-weakened fiscal metrics and social tensions continue to impact the outlook<sup>1</sup>.

The recovery of private sector imports is expected to put the exchange rate under some pressure in the short term. However, the exchange rate is largely expected to remain stable boosting trade and manufacturing<sup>1</sup>.

## Banking Sector

The financial sector has come under increasing pressure as a result of the decline in economic activity. Non-performing loans rose, and private sector credit slowed. This said, the banking sector is expected to remain stable and resilient throughout the Financial Year 2020/21 with minimal risk in the medium term<sup>1</sup>.

Source: [www.imf.org](http://www.imf.org) World Economic Outlook, October 2021

<sup>1</sup><https://www.focus-economics.com/countries/Uganda>

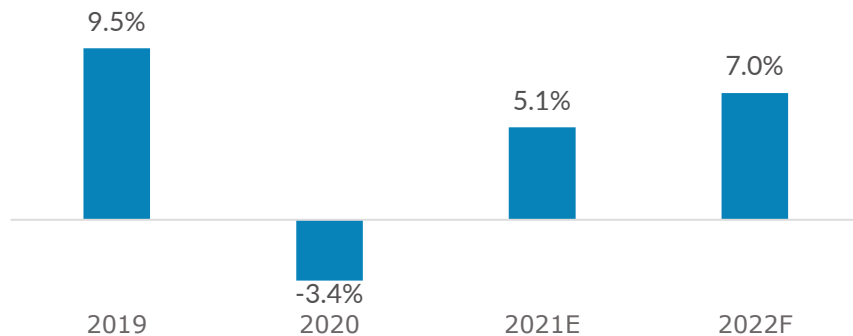


## I&M Bank, Uganda: Business stabilization in progress with growth in assets

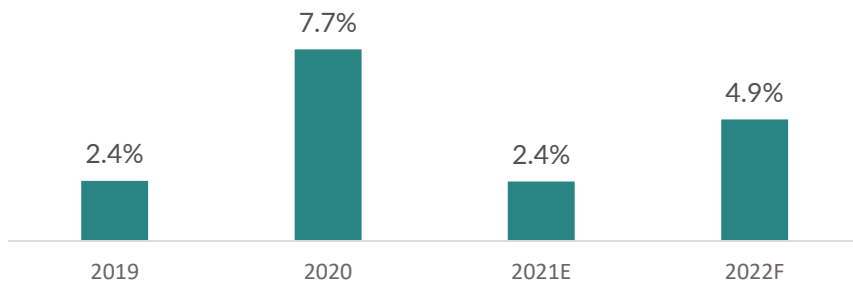
- Change of name and rebranding of Orient Bank to I&M Bank Uganda has been completed;
- Engagement with existing and potential Group customers in Uganda as we align the entity with our Group strategy.
- Upgrading infrastructure to enhance systems to I&M Group standards.
- Inculcating the Group's culture into the I&M Bank Uganda as we gear up for growth;
- Cross border transactions and leveraging of Group synergies underway;

# Rwanda Economic Review

Rwanda GDP Growth (%)



Rwanda Inflation Rate (%)



Source: [www.imf.org](http://www.imf.org) World Economic Outlook, October 2021

## GDP

YoY Q2 2021, Rwanda's economy expanded by 21%. The main sectors that contributed to the overall GDP growth are services sector, agriculture sector and industry sector which grew by 24%, 7% and 30% respectively.

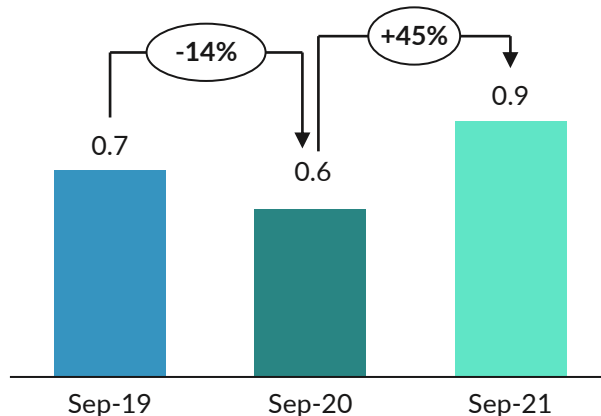
The sustained economic recovery is supported by Fiscal & Monetary stimulus, vaccinations and relaxation of Covid-19 restrictions, and good agricultural performance.

## Economic Outlook

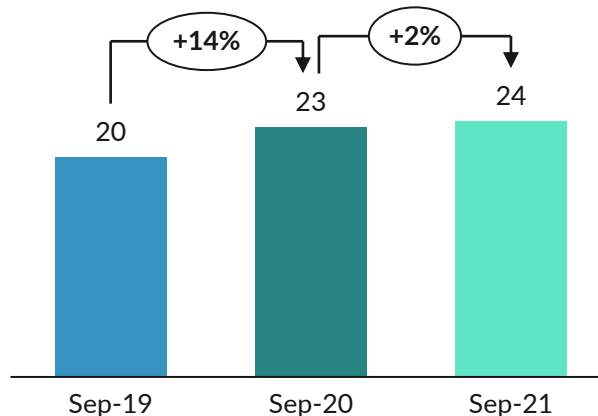
The statutory quarterly Monetary Policy Committee(MPC) meeting held on 10th November 2021 decided to maintain the current accommodative monetary policy stance is adequate to support the economic recovery, while bringing inflation up to the medium-term objective of 5%.

# I&M Bank, Rwanda: A good performance on the back of strong macroeconomic conditions and the SME sector

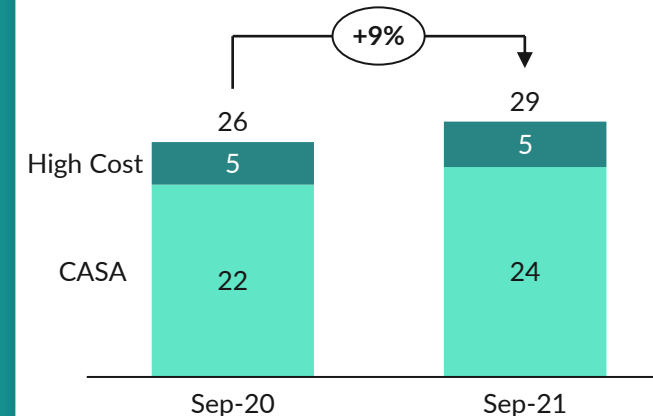
PBT (Kshs Bn)



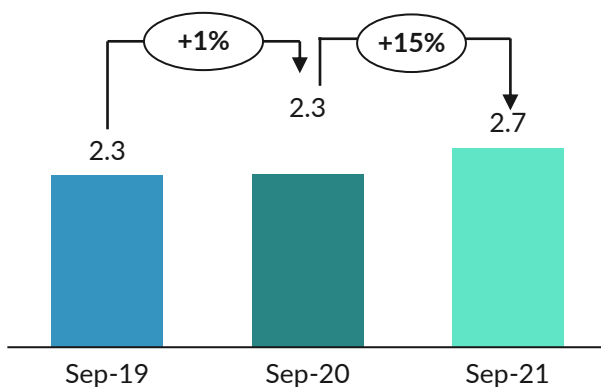
Loans (Kshs Bn)



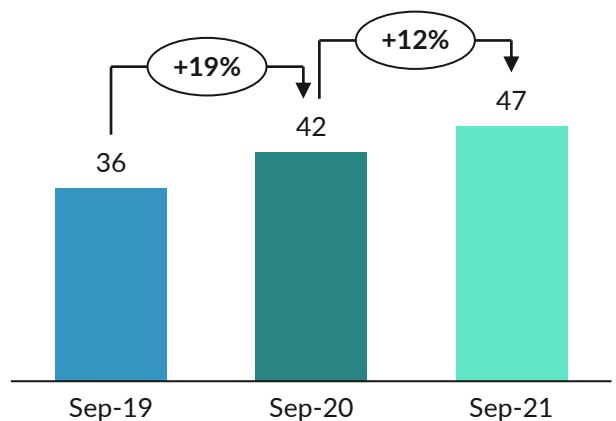
Deposits (Kshs Bn)



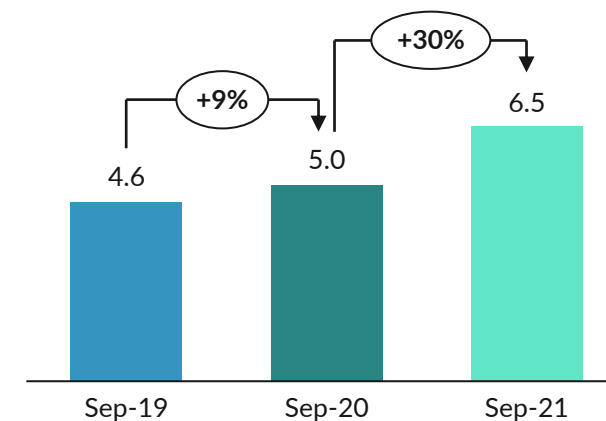
Net Operating Income (Kshs Bn)



Assets (Kshs Bn)



Equity (Kshs Bn)



# Banking Awards

On the October 21, 2021, I&M Bank (Rwanda) won the “Product Innovation of the Year – Gold Award during the Global Finance Awards 2021 by the SME Finance Forum in partnership with International Finance Corporation (IFC)



## PRODUCT INNOVATION OF THE YEAR

PLATINUM



GOLD



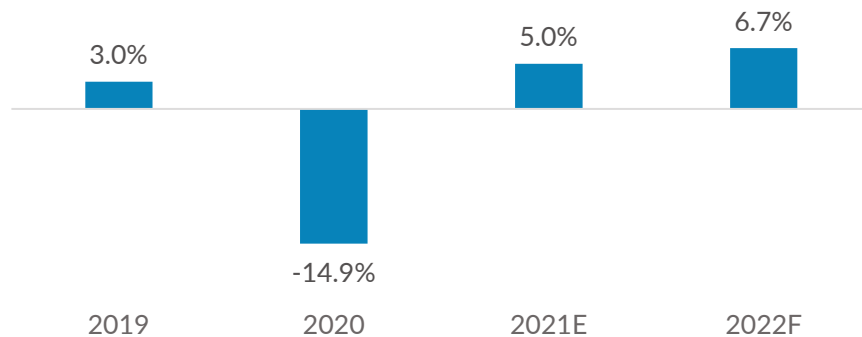
SILVER



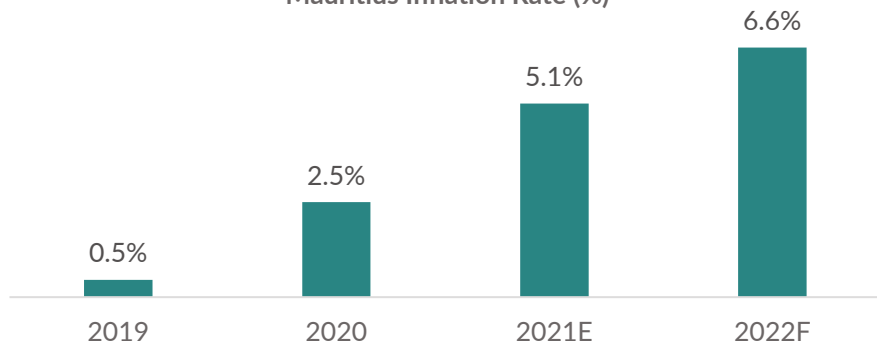
The award was given to I&M Rwanda based on the SPENN Mobile App that has enabled SMEs to efficiently access banking services at a lower cost.

# Mauritius Economic Review

Mauritius GDP Growth (%)



Mauritius Inflation Rate (%)



## GDP

The economy is expected to rebound in 2021 (+6.6%), fueled by the construction sector and public investment, as well as by a recovery in the tourism industry, with the country opening up for vaccinated guests from 1st October 2021. The IMF forecasts Mauritius' growth to stabilize to 5.2% in 2022.

## Economic Outlook

With tourism and financial services being the most vital sectors for the economy, overall growth of the economy is projected to be low as no significant improvement is expected in the remainder of 2021.

Removal of Mauritius from FATF grey list and UK's AML high risk list is a positive move for the country as a jurisdiction that fully adheres to the best international practices in terms of AML/CFT and transparency reinforcing its position as a financial hub for the African continent.

## Banking Sector

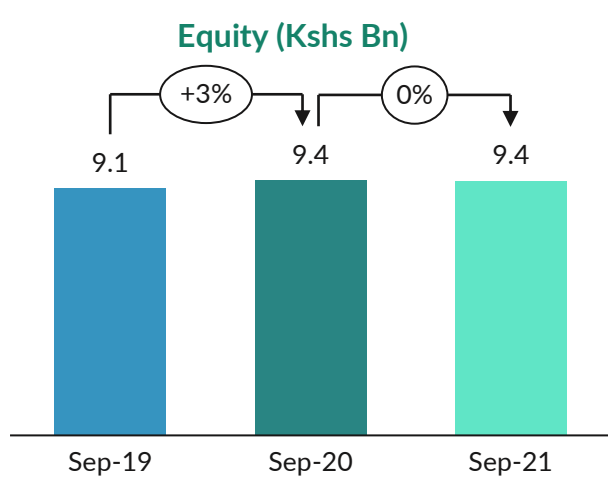
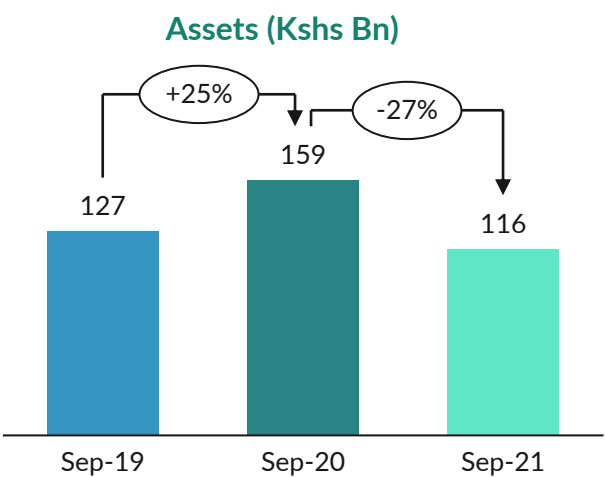
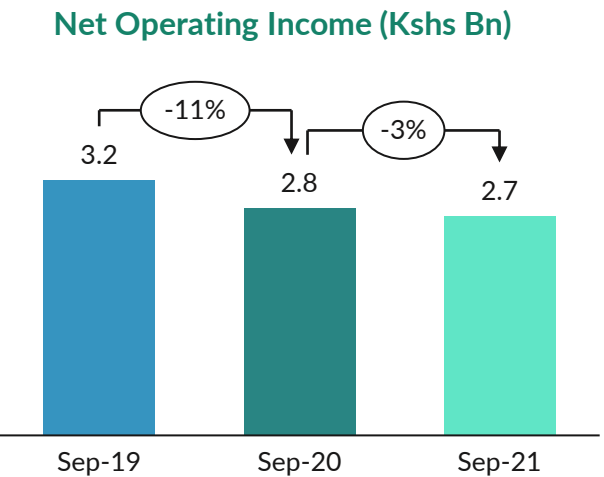
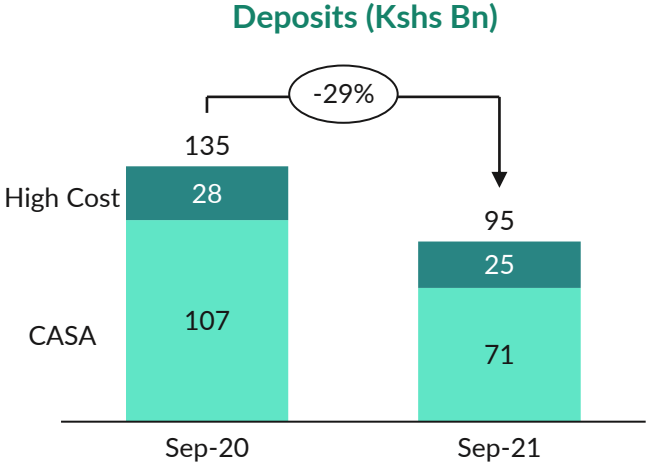
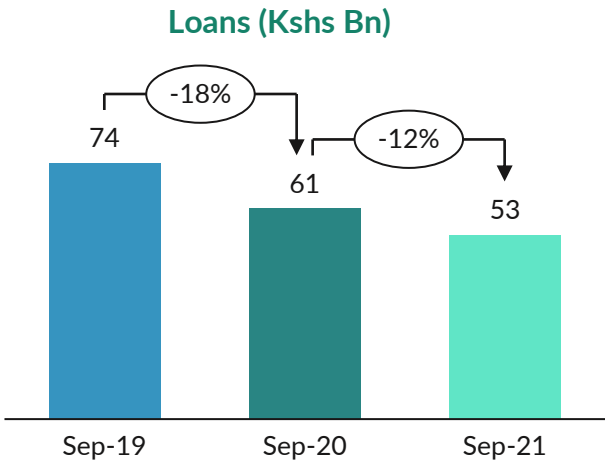
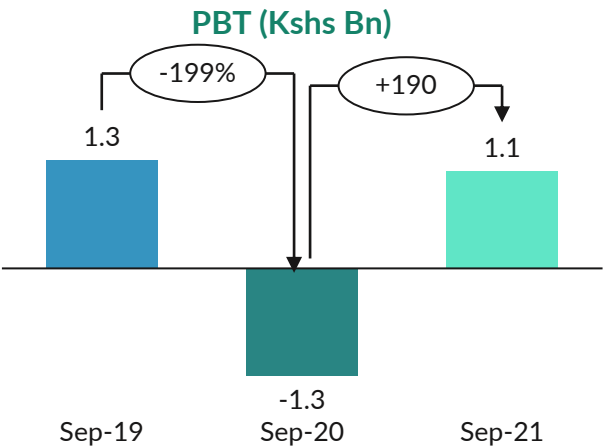
The Financial services sector remains well capitalized both in terms of fiscal premise and intellectual resources, and continues to attract cross-border interest<sup>1</sup>.

The Central Bank has extended its pandemic support measures to Jun 22.

Source: [www.imf.org](http://www.imf.org) World Economic Outlook, October 2021

<sup>1</sup><https://www.focus-economics.com/countries/Mauritius>

# Bank One, Mauritius: Recovery on the back of improving loan book and recapitalization





# Year to Sept 2021 in Perspective and Outlook



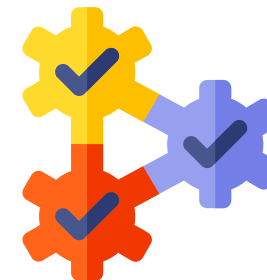
Steady performance in Q3 2021 driven by both loan growth and deposit mobilisation.



Focus on growing regional business and aligning all entities with the Group's strategic focus.



Continued investment in digital innovation and platforms in our journey towards transformation



Entrench the Bank's services in the customer's operations while making it as convenient as possible for them to do business.



# Q&A

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# Thank You



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