




# HY 2022 RESULTS INVESTOR PRESENTATION

OUR BRAND PROMISE | **We Are On Your Side**

## Our Core Values






**KENYA**

**I&M Bank Ltd**


- ✓ 227,000+ customers
- ✓ 39 Branches
- ✓ 55 ATMs
- ✓ 1,207 staff



**RWANDA**

**I&M Bank (Rwanda) PLC**


- ✓ 70,700+ customers
- ✓ 18 Branches
- ✓ 35 ATMs
- ✓ 433 staff



**TANZANIA**

**I&M Bank (T) Ltd**


- ✓ 24,600+ customers
- ✓ 8 Branches
- ✓ 11 ATMs
- ✓ 192 staff



**MAURITIUS**

**Bank One Limited**

- ✓ 30,700+ customers
- ✓ 7 Branches
- ✓ 9 ATMs
- ✓ 420 staff




**UGANDA**


**I&M Bank (Uganda) Ltd**


- ✓ 42,000+ Customers
- ✓ 11 Branches
- ✓ 14 ATMs
- ✓ 297 staff





MAURITIUS

**83  
Branches**

**Over 350K  
Customers**

**Over 3.5K  
Shareholders**

**123  
ATMs**

**Over  
2.5K Staff**

- ✓ Launch of Mastercard offering and the new Customer Value Proposition (CVP) driving our digital business.
- ✓ 75% of the Groups transactions were executed through digital channels with 68% digitally active customers.
- ✓ 21% YoY growth in operating income driven by positive performance in all income lines;
- ✓ I&M Kenya contribution to Group PBT at 77% on the back of strong growth (2021 – 74%);



*We Are On Your Side*

# Group Strategy iMara 2.0 Update



Aspiration



Eastern Africa's  
Leading Financial  
Partner for Growth

Target

**+21%**  
Return On Equity

**+20Bn**  
Profit Before Tax

**74%**  
Digitally Active Customers

**+75%**  
Net Promoter Score

Key Focus Areas

**Customer Base Growth**  
Ecosystem Banking

**Segment Expansion**  
MSME and Retail Business

**Omni Channel Implementation ('On the Go')**  
Leading to full digital distribution capability

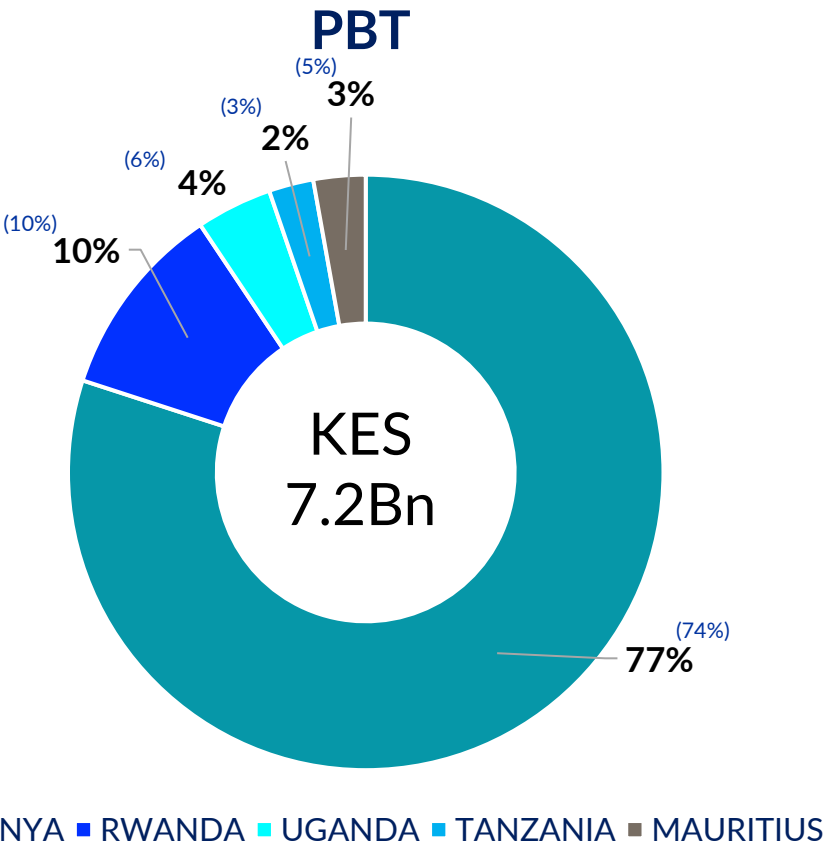
**Innovation**  
Digital Orchestrator model ecosystems

**Regional Growth**  
Geographical expansion into new markets

**Group Operating Model**  
Roll out and embedding of the Group Operating Model

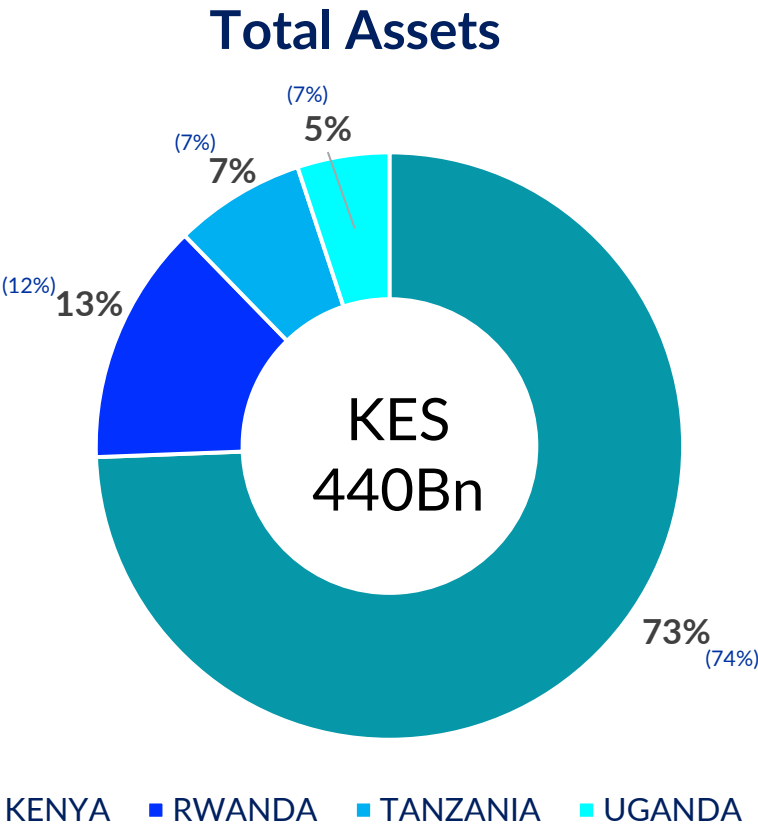
**Partnerships**  
FinTech and other strategic partnerships





Balance: Non-banking subsidiaries & elimination

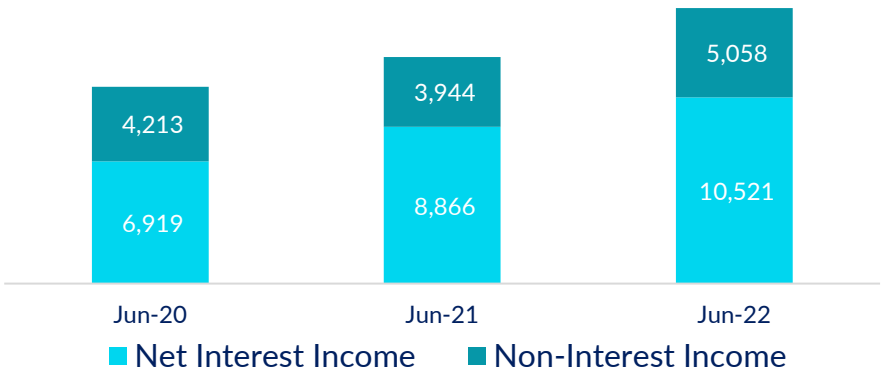
June 2021 shown in brackets



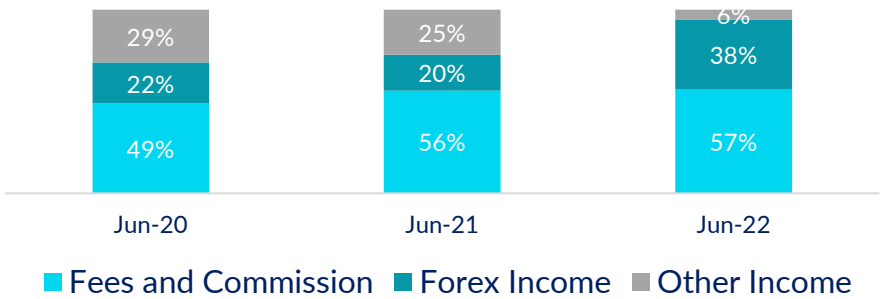
Bank One Mauritius is a joint venture. Contribution to the Group is through share of profit



Operating Income (KES Bn)



Breakdown of Non-Interest Income

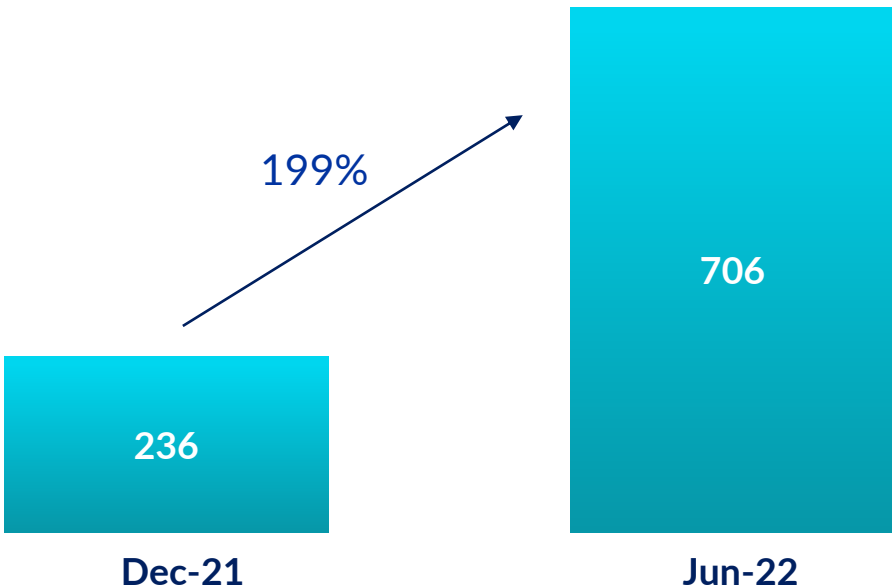


- Newly launched initiatives are showing a strong start with ~KES 1Bn in revenues.
- KES 706Mn revenue generated from digital business transactions;
- 5x growth in assets under management since Dec 2021 (offered through I&M Capital).
- Overall contribution from fees and commissions is steadily improving as various initiatives come to fruition;



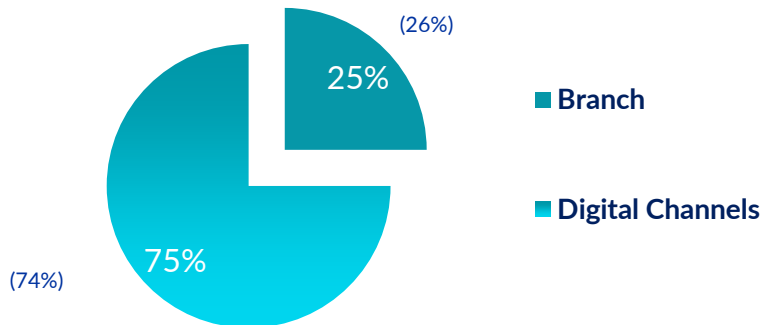
**75%** of I&M Group's transactions were executed digitally as at June 2022

Value of Digital Transactions in KES Mn

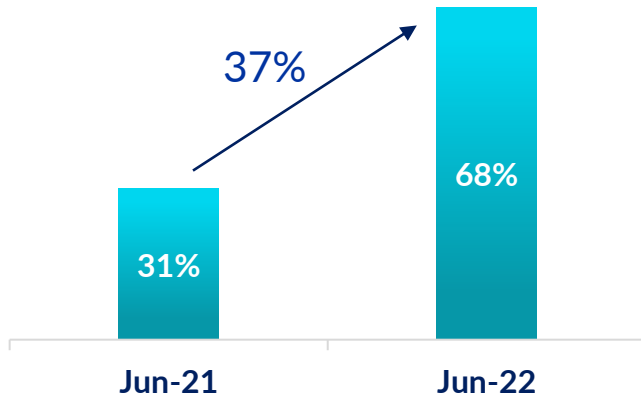


June 2021 shown in brackets

Branch vs digital channels transactions



% Digitally Active Customers

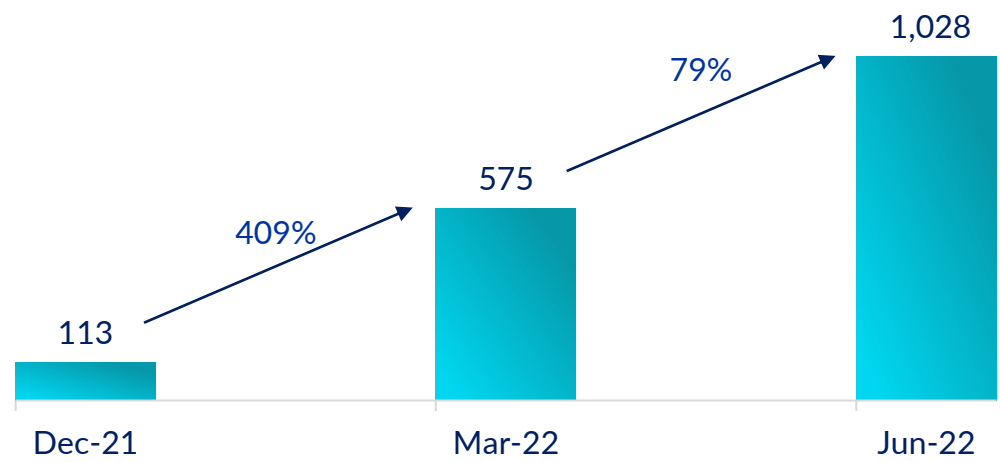


# Extending retail lending through our digital platforms

Pillar 1: Driving Business Growth



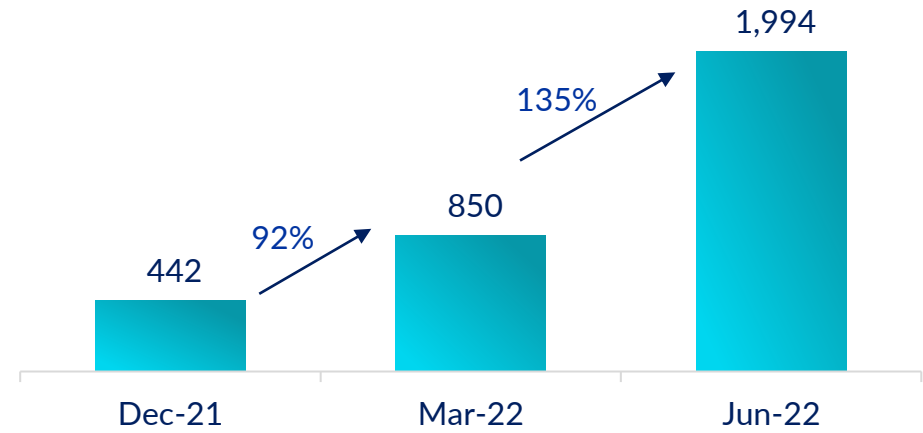
## Unsecured Personal loans – KES Mn



- Launched in October 2021  
Offered to existing customers through **automated** lending platform
- ❖ Average ticket size – **KES. 900K**
  - ❖ Average loan tenors – **4 years**



## Unsecured Mobile Loans - TZS Mn



- Launched in September 2021  
Mobile loans
- ❖ Average ticket size – **TZS. 13K progressively growing**
  - ❖ Average loan tenors – **15 days**

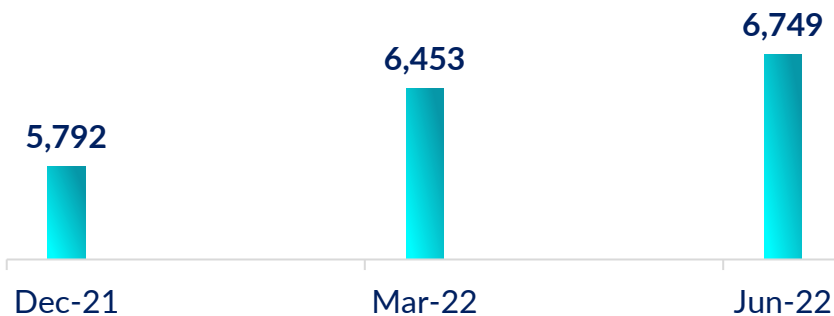




## No of Small Enterprise Customers - Kenya



## No of Small Enterprise Customers - Rwanda

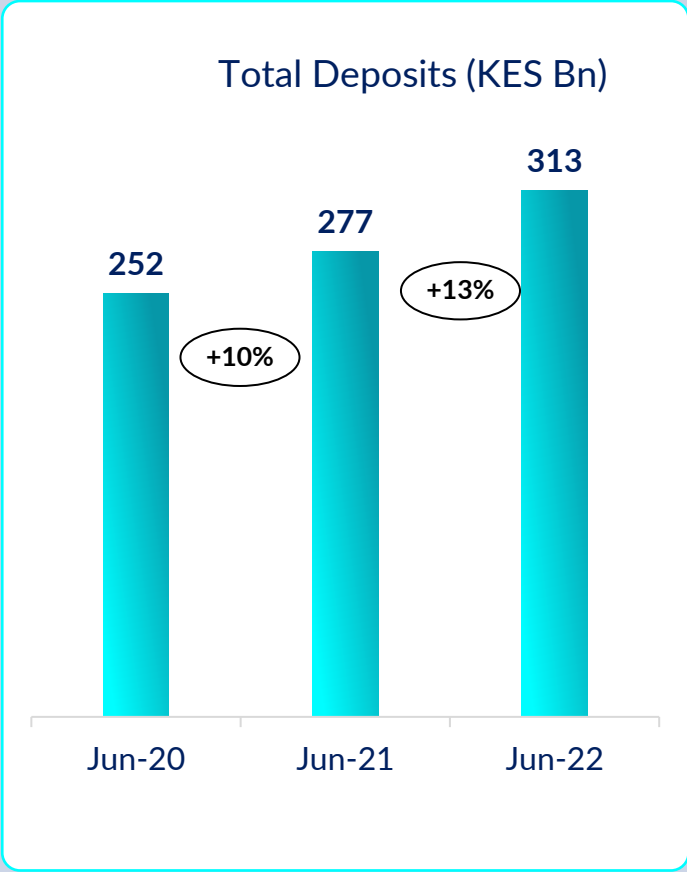
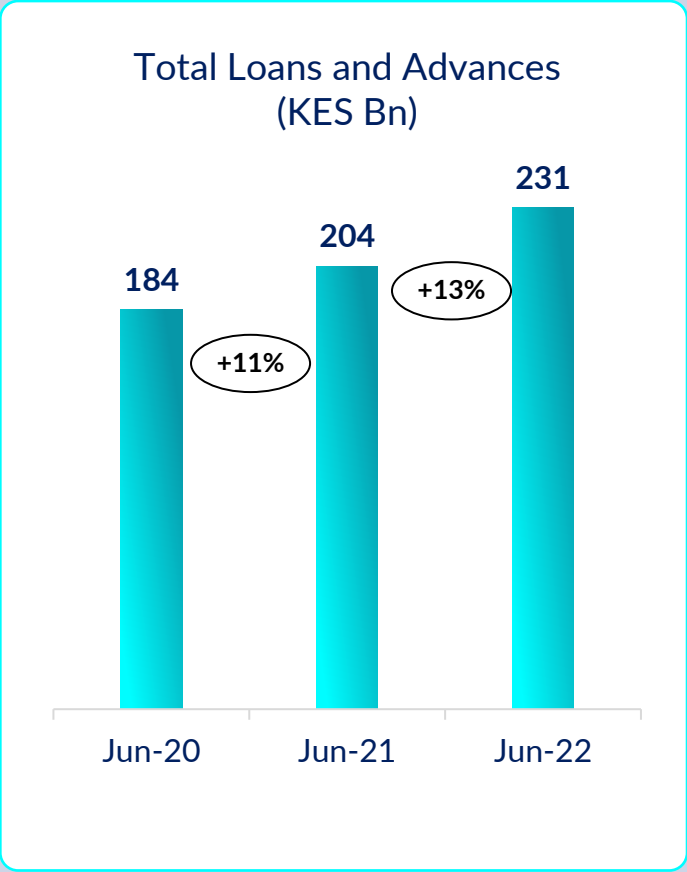
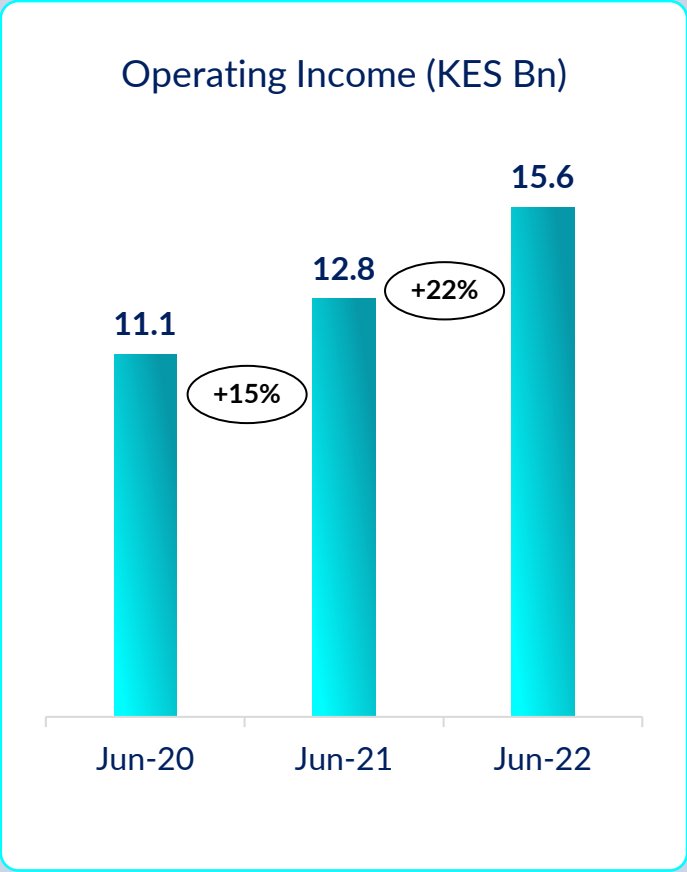


### Initiatives in Kenya:

- Launch of supply chain financing with current loan uptake at ~KES 73M (average ticket size of KES 950K);
- Delivery of self servicing digital lending solution;
- Credit Risk Guarantee Scheme (NASIRA) of KES. 1Bn from 1 August 2022;
- Financial literacy sessions for MSME capacity building (in partnership with FMO & IFDC\*);

### Initiatives in Rwanda:

- Growth in customer numbers Rwanda supported by online customer onboarding and implementation of Direct Sales model.
- Partnership with Mastercard Foundation - \$6M grant to explore growth in the agriculture value chain.



# Growth in CASA steadily driving down cost of funds and improving liquidity

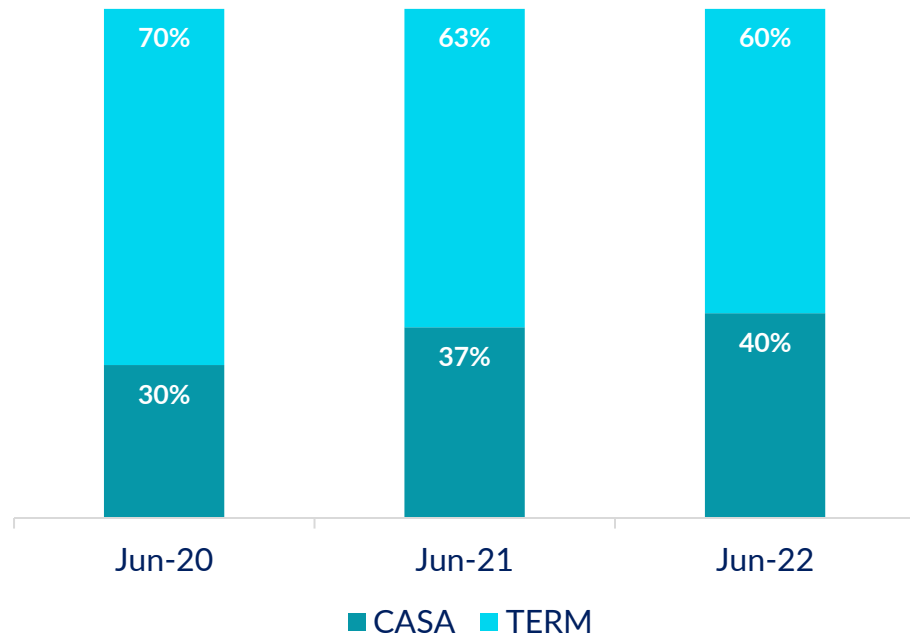
Pillar 2: Building a Resilient Organisation

## 22%

Increase in CASA driven by relaunched CVPs & digital channels;

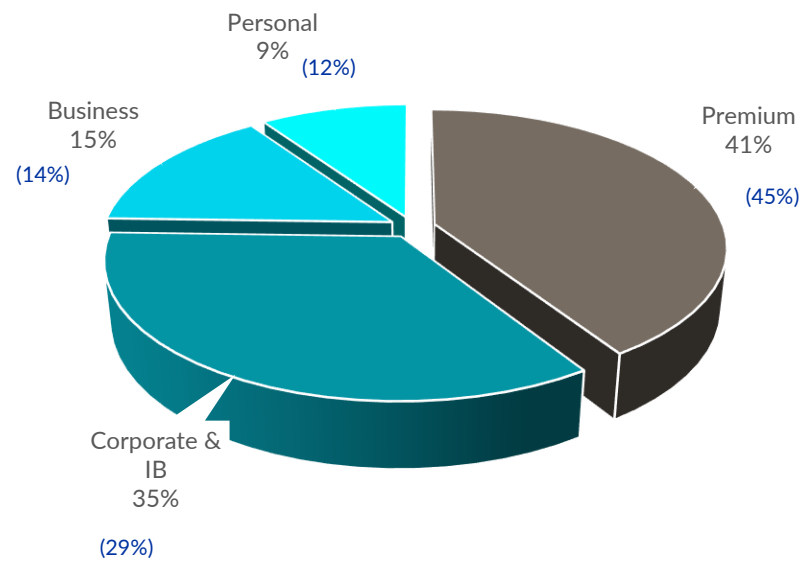
Customer base remains well diversified across the different segments

Customer Deposit Mix



June 2021 shown in brackets

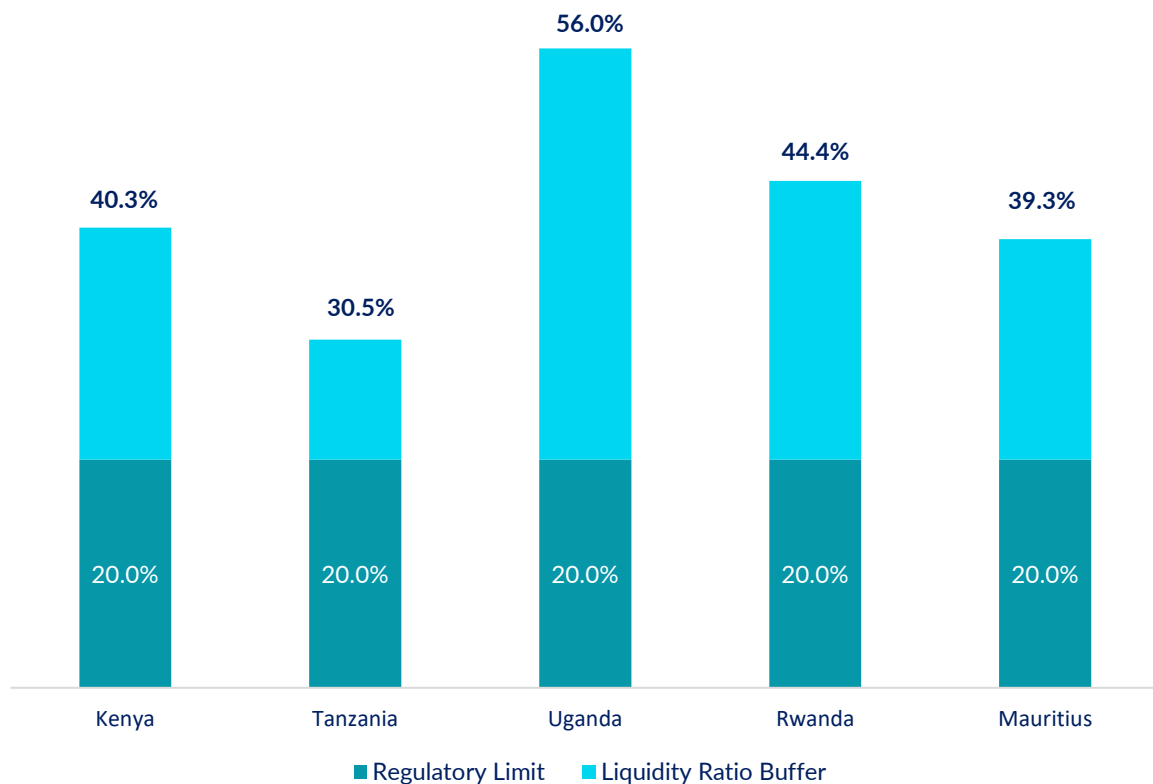
Customer Deposits by Segments



# The Group maintains strong liquidity and capital positions across all subsidiaries

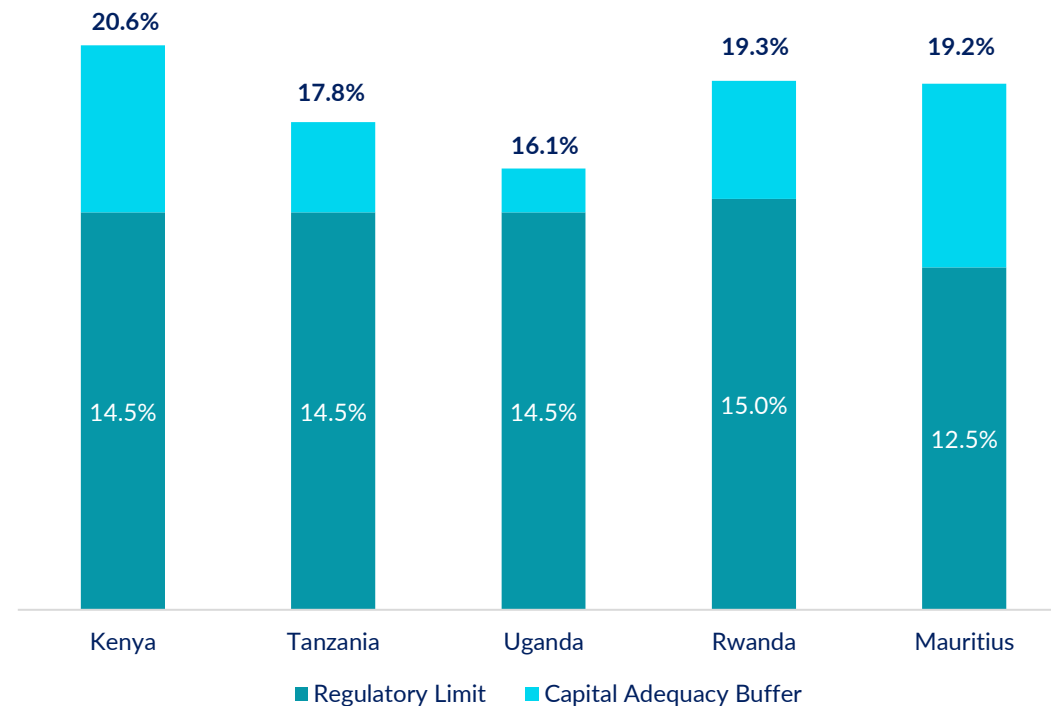
Pillar 2: Building a Resilient Organisation

## Liquidity Ratio



Mauritius has no regulatory limit, measured against internal threshold

## Capital Adequacy Ratios

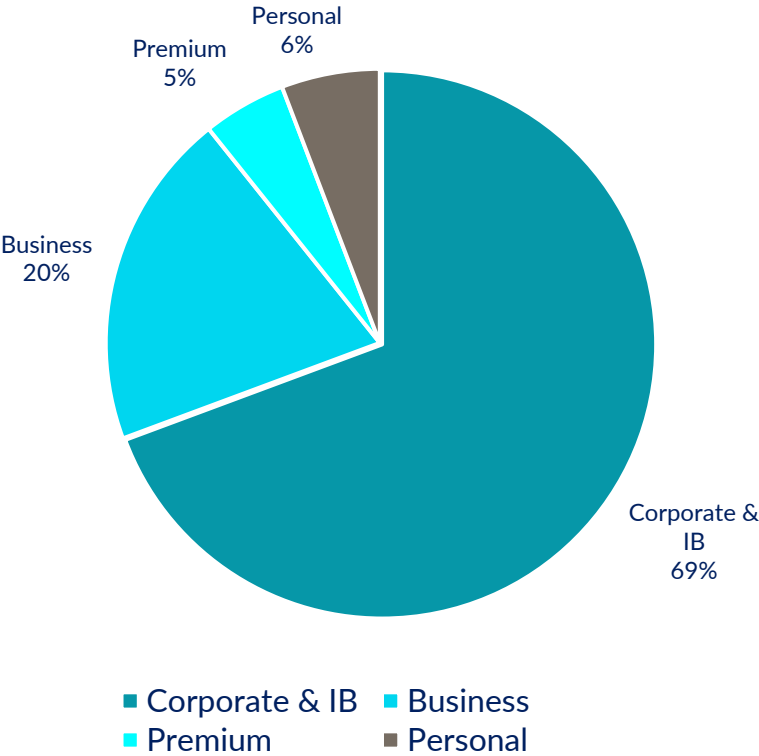


Total Capital to total risk weighted asset ratio

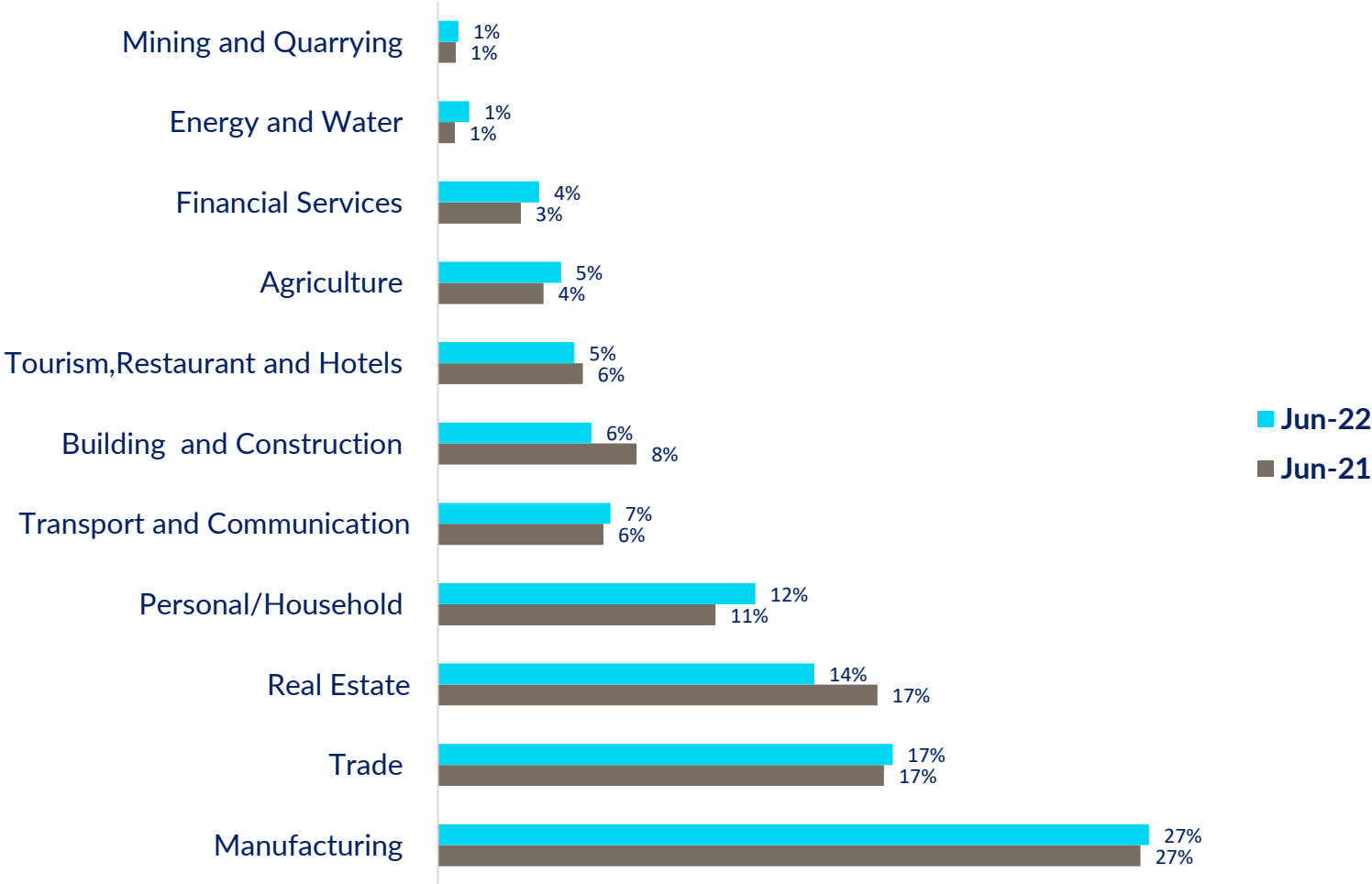
# Well diversified loans and advances portfolio.....

Pillar 2: Building a Resilient Organisation

Loans & Advances by Segment



Sectoral Distribution of Loans & Advances

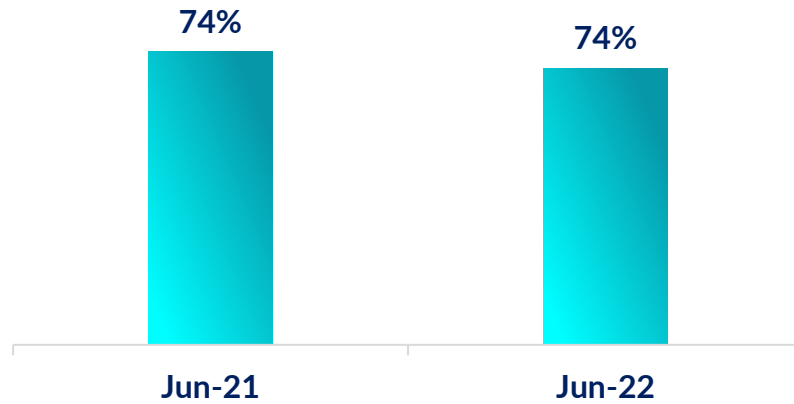




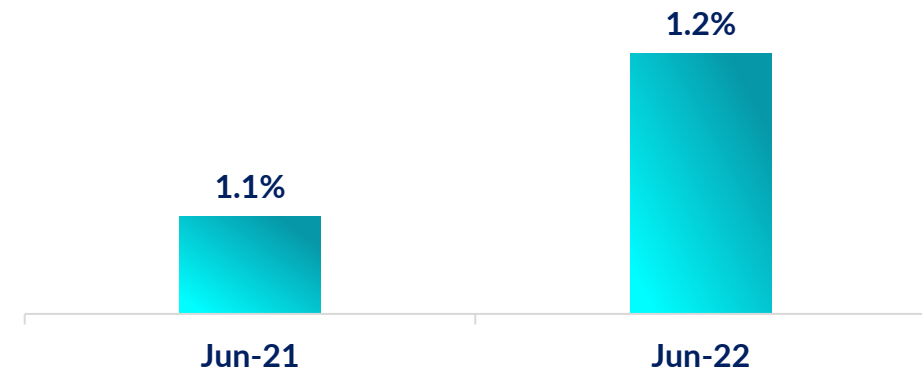
# ...Leading to improved asset quality, supported by strong deposit base

Pillar 2: Building a Resilient Organisation

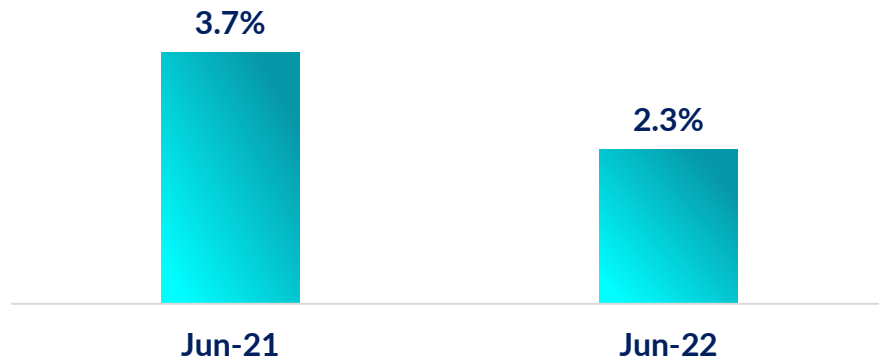
Loan to Deposit Ratio



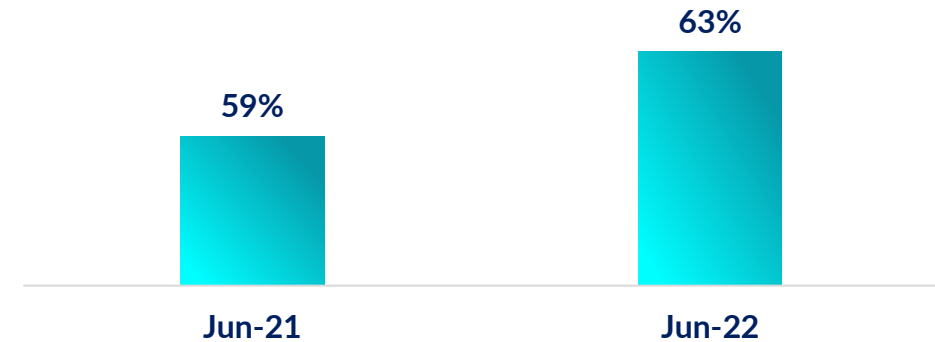
Cost of Risk



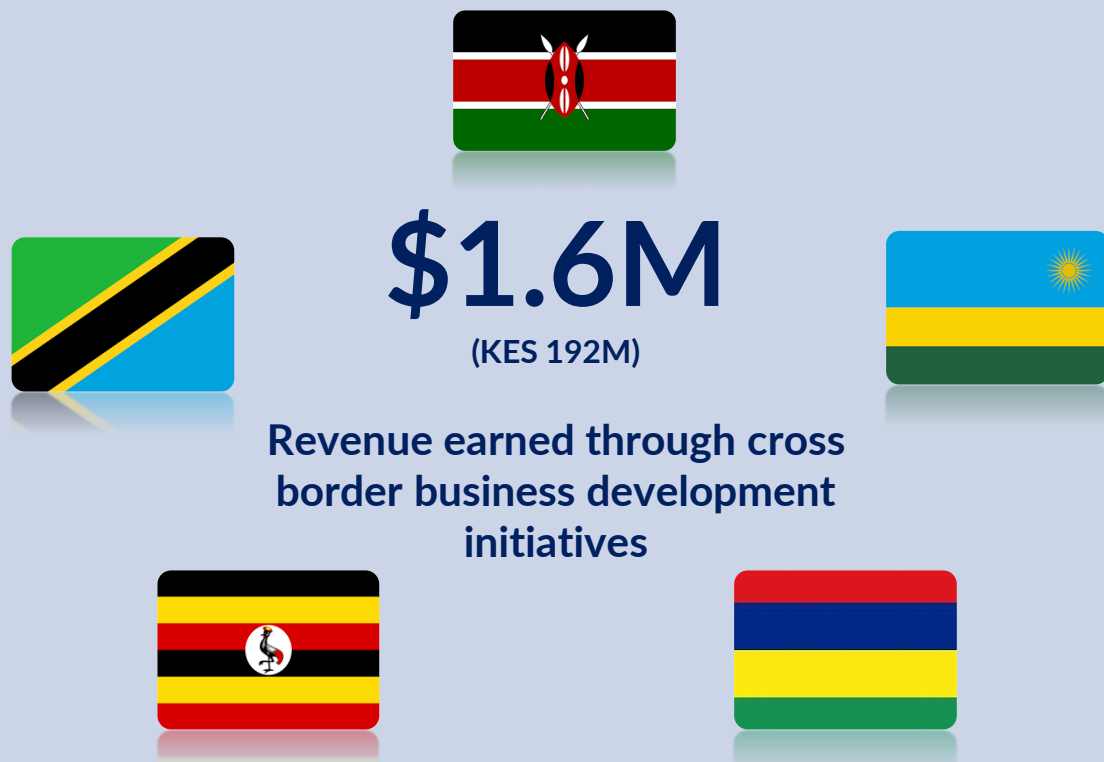
Net NPA



Coverage Ratio

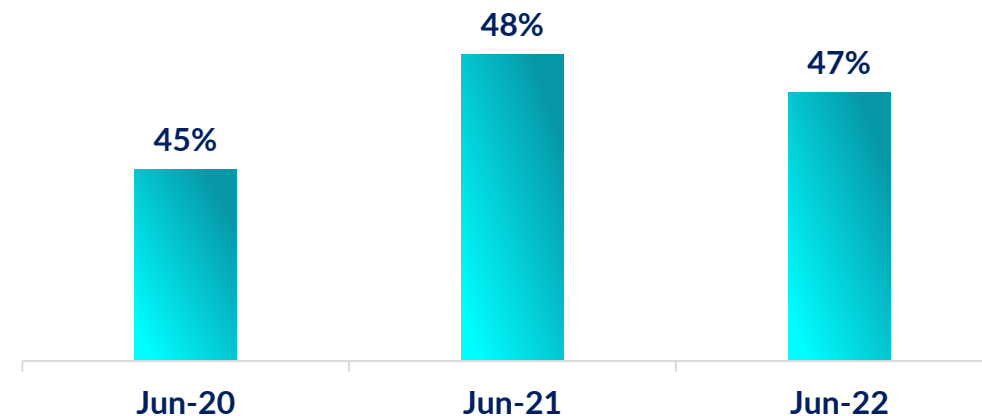


## Cross border business development initiative



Intercountry service (BRISK) to facilitate seamless banking across Kenya, Tanzania and Rwanda. Uganda & Mauritius to join by September 2022;

## Cost to Income Ratio



**KES  
51Mn**

Savings from Group Synergies as at June 2022 through centralisation of some processes within the Shared Services Centre



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# Group Financial Highlights





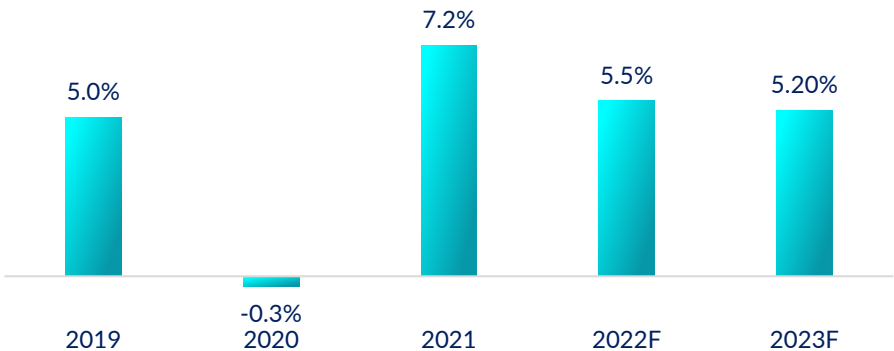
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28.9399  
84.6927

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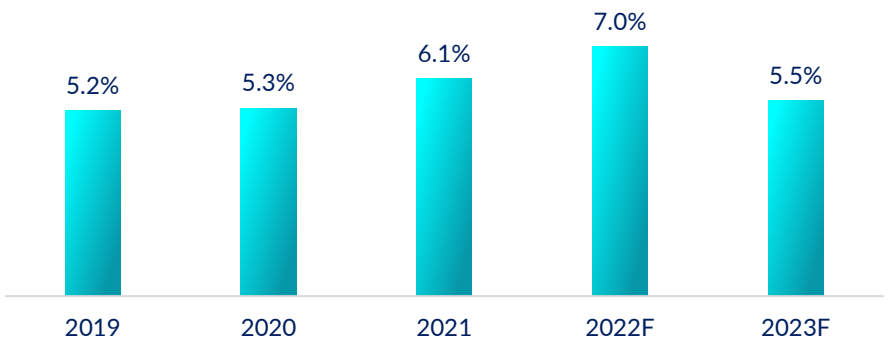
# Subsidiary Performance Highlights



Kenya GDP Growth (%)



Kenya Inflation Rate (%)



Source: World Bank, Kenya Economic Update, June 2022; CBK MPC Statement, July 2022

## Macro-economic Outlook

- GDP expected to slowdown to 5.5% in 2022 and 5.2% in 2023;
- Economic performance was strong in Q1 2022 at 6.8%, however external shocks are starting to impact the economy;
- Inflation remains a key concern globally and locally; The persistent drought, increase in food and fuel prices due to supply side shocks are elevating the pressure on the economy; Inflation increased to 7.9% in June 2022;

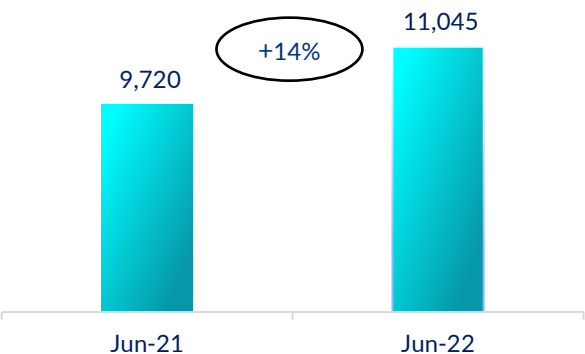
## Monetary Policy & Banking Sector

- The CBK increased the policy rate by 50bps to 7.5% at the May MPC, and retained the rate in July 2022;
- Private sector credit growth remains strong at 12.3% as at June 2022; (7.7%: June 2021);
- NPL ratio increased to 14.7% as at June 2022 (from 14.1% in April 2022), attributed to agriculture, energy, manufacturing sectors;
- Liquidity and capital adequacy ratios remain strong (>50% and 18% respectively);

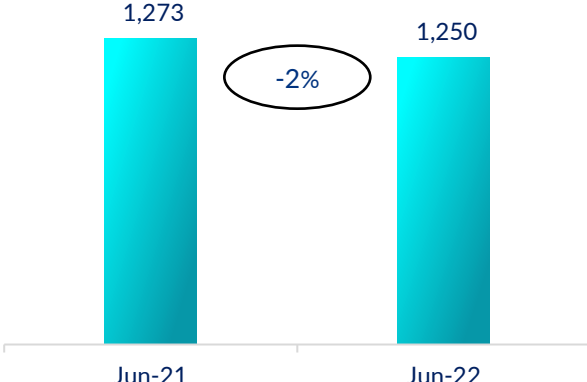
<sup>1</sup><https://www.focus-economics.com/countries/Knya>

## P&L (KES Mn)

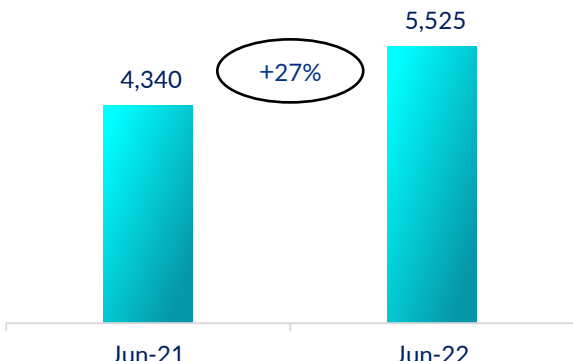
Operating Income



Loan loss Provision



Profit Before Tax

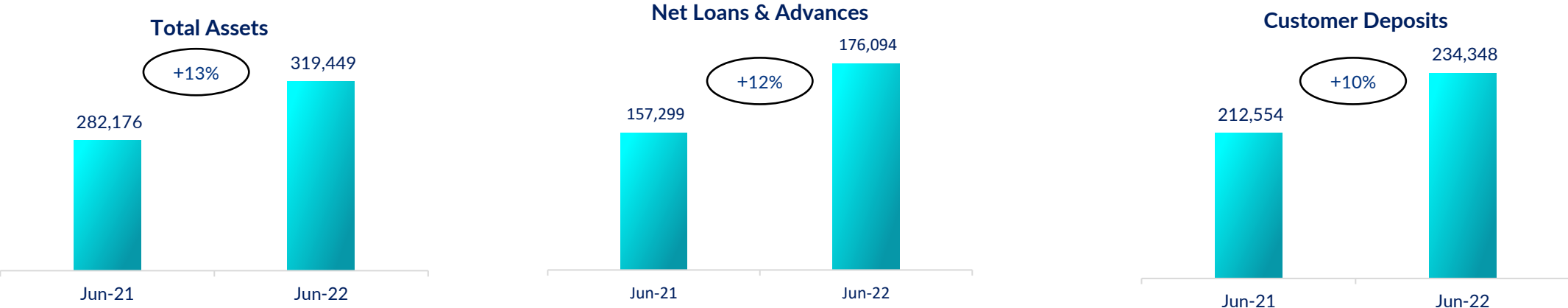


- ✓ Increase in profitability driven by income growth and cost containment – cost to income ratio improved to 39% (2021: 42%)
- ✓ Strong growth in non-interest income (20% y/y); supported by new customer acquisitions and cross selling activities during the quarter;
- ✓ Launch of new Customer Value Propositions (CVPs) and MasterCard offering.
- ✓ The Bank remains prudent on loan loss provisions in specific sectors, on the back of global and local macro-economic environment

Key Ratios	Jun-21	Jun-22
Efficiency Ratio (CTI)	42%	39%
Cost of Risk	1.7%	1.5%
ROE	13%	16%
ROA	2.2%	2.6%



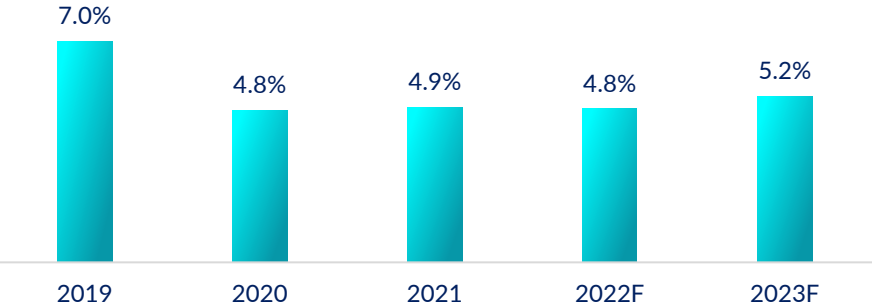
## Balance Sheet (KES Mn)



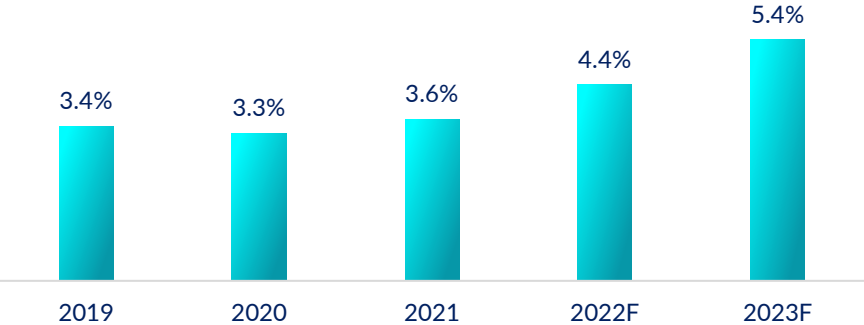
- ✓ Growth in total assets supported by both increase in Loan and Advances portfolio and investments in Government Securities during the quarter;
- ✓ 12% increase in Loans and Advances supported by the continued improvement in economic activity across all sectors: launch of MSME product expected to further support this growth.
- ✓ Continued focus on deposit mobilization and CASA collection solutions; 17% year on year increase in CASA deposits;
- ✓ Strong capital and liquidity ratios

Key Ratios	Jun-21	Jun-22
Loan to Deposit Ratio	74%	75%
Net NPA	4.7%	2.2%
Total Capital / Total Risk Weighted Assets	19%	21%
Liquidity Ratio	46%	40%

Tanzania GDP Growth (%)



Tanzania Inflation Rate (%)



Source: World Bank, Tanzania Economic Update, April 2022; BoT Monetary Policy, June 2022

## Macro-economic Outlook

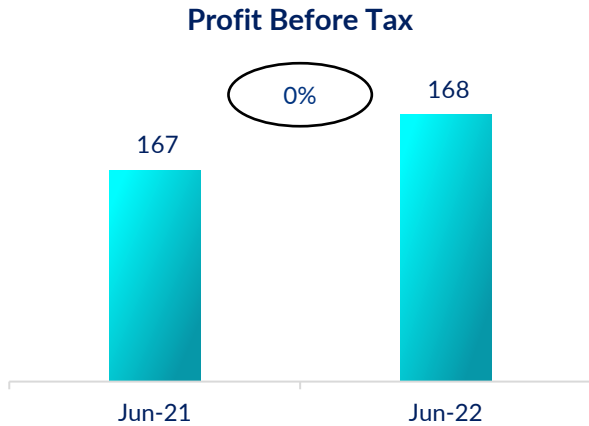
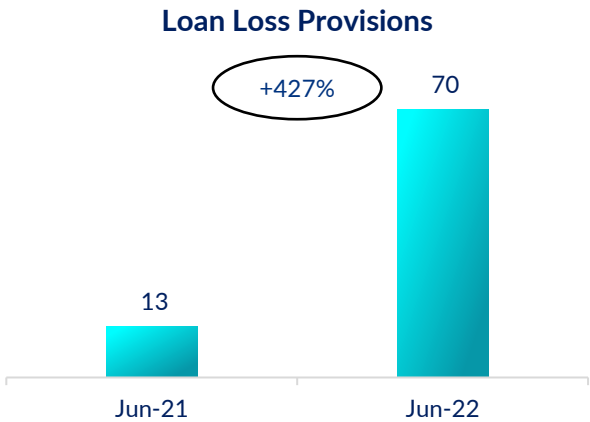
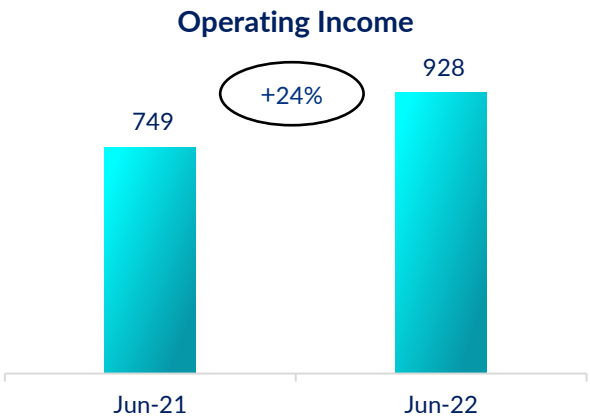
- GDP growth is predicted to increase by 4.5%-5.5% in 2022 and average of 6% over the medium term on the back of recovering exports and domestic demand.
- Inflation rate increased to 4.4% in June 2022 (from 4% in May 2022); Non-food inflation increased to 3.9% ( 3.4% in May 2022);

## 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.
- Private sector credit grew at an average of 8.4% in 10 months to April 2022 (4.7%y/y: May 2021).
- Decline in NPL to 8.2% in April 2022 attributed to targeted efforts by BoT efforts to bring down this to its target ratio of 5%;



P&L (KES Mn)

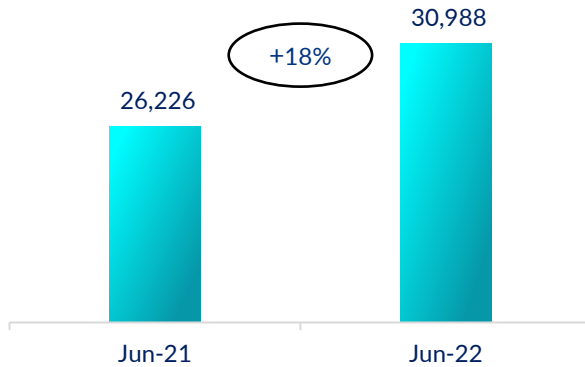


- ✓ Operating income growth supported by increased lending and Government securities; Non-interest income also boosted by trade finance activities and forex income;
- ✓ Operating expenses increased by 17% y/y on account of staff enhancement, amortization of digital capex investments;
- ✓ Prudent provisioning continues as we monitor inflationary pressures and external developments;

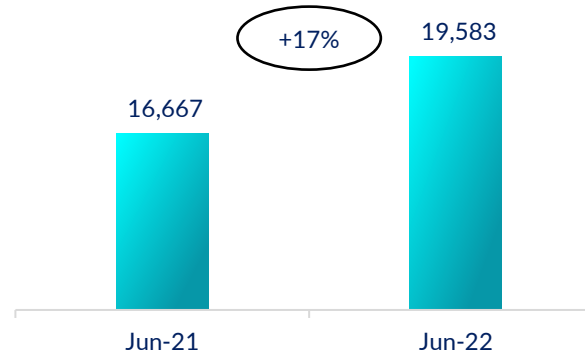
Key Ratios	Jun-21	Jun-22
Efficiency Ratio (CTI)	76%	74%
Cost of Risk	0.1%	0.4%
ROE	5.7%	4.8%
ROA	0.9%	0.8%

## Balance Sheet (KES Mn)

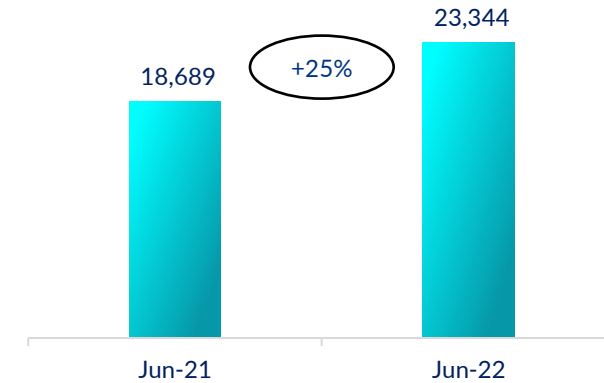
Total Assets



Net Loans & Advances



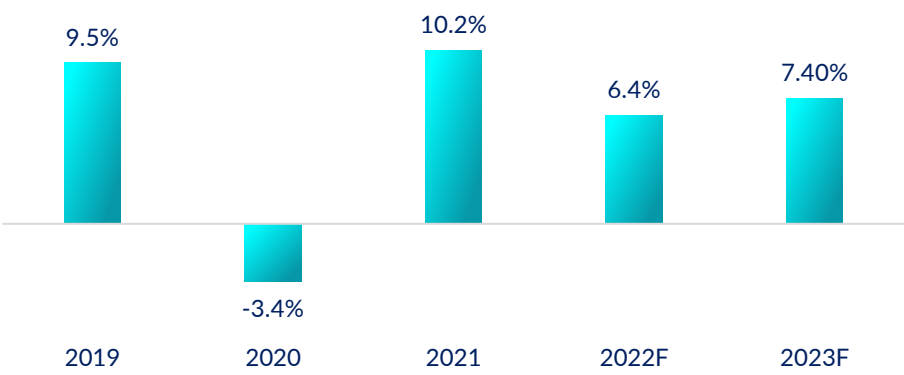
Customer Deposits



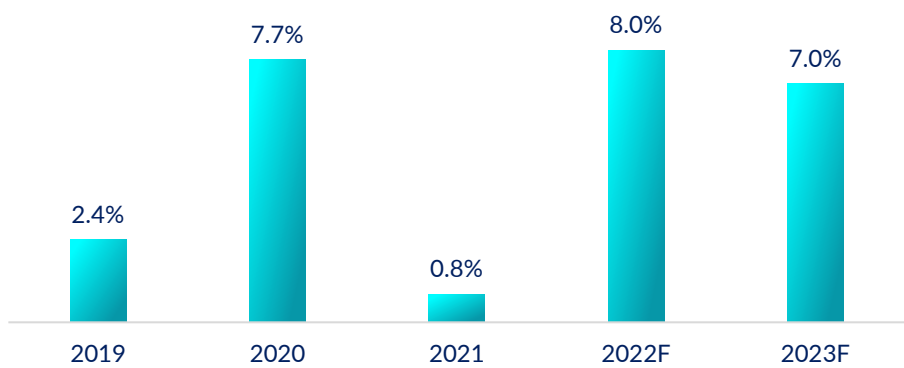
- ✓ Asset growth supported by both the lending book and investment portfolio;
- ✓ Loan portfolio growth on the back of increased economic activity and improved market sentiments;
- ✓ Deposit growth has been supported by CASA mobilisation initiatives; Year on year growth of 29% in CASA;
- ✓ Improved liquidity and strong capital ratios

Key Ratios	Jun-21	Jun-22
Loan to Deposit Ratio	89%	84%
Net NPA	6.7%	5.3%
Total Capital / Total Risk Weighted Assets	18%	18%
Liquidity Ratio	28%	31%

Rwanda GDP Growth (%)



Rwanda Inflation Rate (%)



Source: IMF Database, April 2022

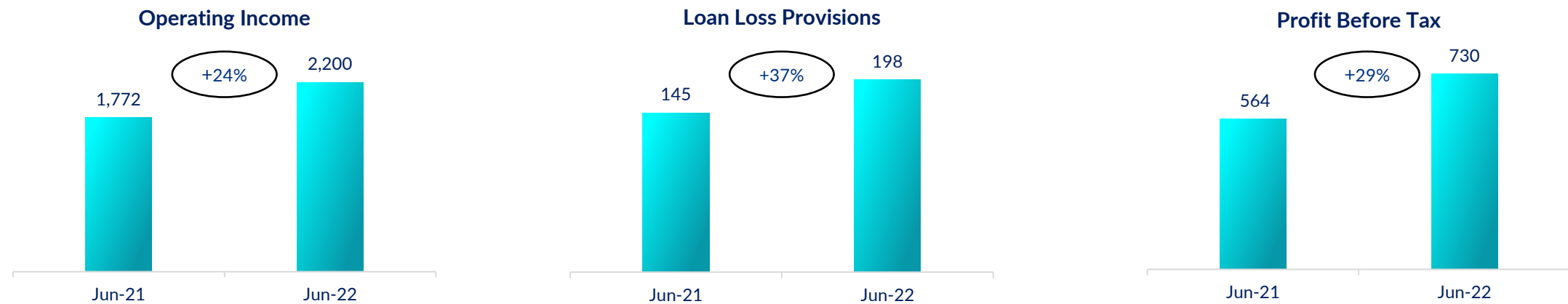
## Macro-economic Outlook

- GDP growth is predicted to increase by 6% in 2022, impacted by global events and an average around 6% over the medium term on the back of recovering exports and domestic demand.
- Inflation rate increased to 16.1% in June 2022 on the back of 25% increase in fuel prices, and an average of 15% increase in food, fuel and other commodities;

## Banking Sector

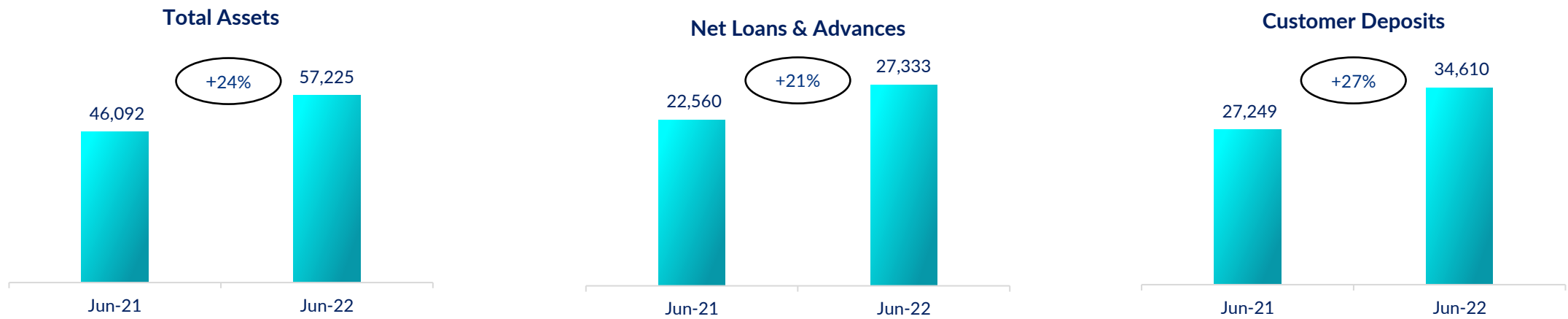
- National Bank of Rwanda has maintained the policy at 5%, after 50bps increase in February 2022;
- Private sector credit grew at an average of 7% in 10 months to April 2022;
- The banking sector remains profitable, well-capitalized and liquid as of June 2022, with NPL ratio at 4.3%;





- ✓ Growth in operating income supported by significant growth in the MSME portfolio leading to higher net interest income and growth in the fee-based income (digital transactions growth of 84% year on year);
- ✓ Growth in CASA has helped lower cost of funds.
- ✓ Operating expenses increased by 21% y/y driven by continued digitization initiatives, staff costs and depreciation of new premises;
- ✓ Increase in Loan loss provisions in line with growth in the MSME portfolio and proactive credit management;

Key Ratios	Jun-21	Jun-22
Efficiency Ratio (CTI)	57%	58%
Cost of Risk	0.6%	1.2%
ROE	12%	13%
ROA	1.6%	1.8%

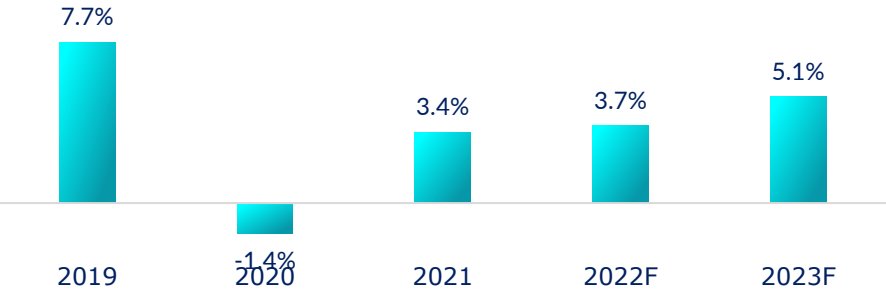


- ✓ Asset growth primarily driven by growth in the loan book as the MSME product continues to deliver strong customer growth;
- ✓ Focused approach to mobilizing deposits has led to an improved deposit mix with 80% of total deposits being CASA balances;
- ✓ Strong capital and liquidity ratios despite a dip in the liquidity ratio, as a result of deliberate strategy to release high cost of deposits;

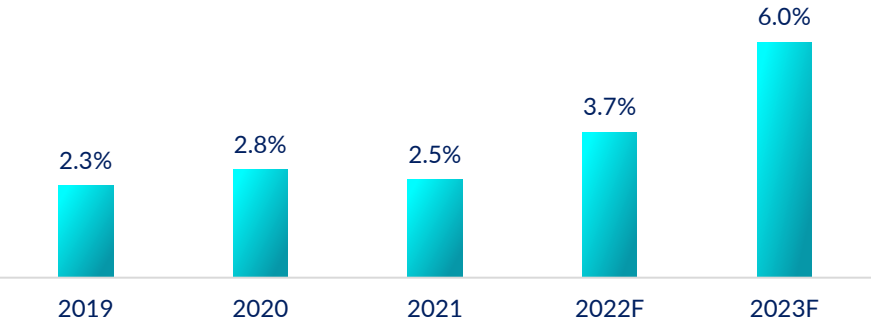
Key Ratios	Jun-21	Jun-22
Loan to Deposit Ratio	83%	79%
Net NPA	0.1%	-1.0%
Total Capital / Total Risk Weighted Assets	20%	19%
Liquidity Ratio	51%	44%



Uganda GDP Growth (%)



Uganda Inflation Rate (%)



Source: World Bank Uganda Update, June 2022; BoU Monetary Policy Report, July 2022

Macro-economic Outlook

- The economy is projected to grow in the range of 2.5% to 3% in 2022, and between 5.0% -6.0% in 2023 partly reflecting the effects of higher costs of production
- GDP grew by 4.3% y/y in the 1H22, buoyed by the reopening of schools, lifting of all mobility restrictions as well as decreasing infection rate;
- Inflation increased to 6.8% y/y in June 2022 (5.5% y/y in May 2022) and is expected to remain between 7-8% in 2023.

Banking Sector

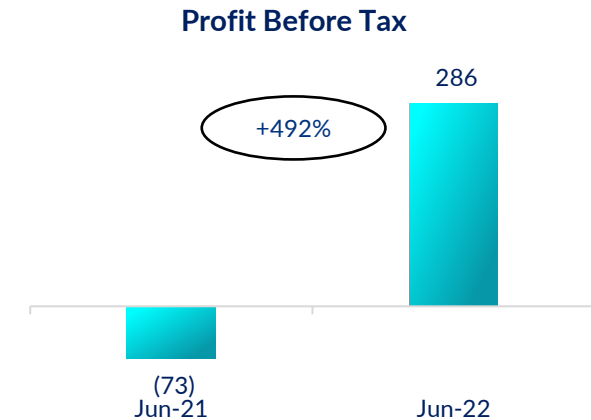
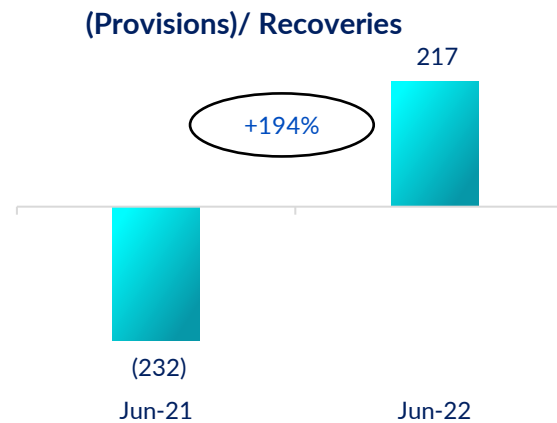
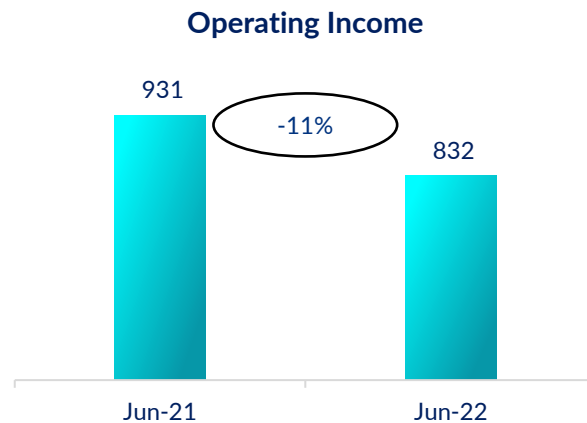
- At the August MPC meeting, BoU further raised the CBR from 8.5% in July to 9% to curb inflation. Price stability remains BoU's priority.
- Credit to private sector remained at 8.9% y/y in April 2022 (8.9% y/y: April 2021);
- As of March 2022, the NPL ratio stood at 5.8%;

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



# Uganda | Continued focus on integration to gear business for growth opportunities

## P&L (KES Mn)

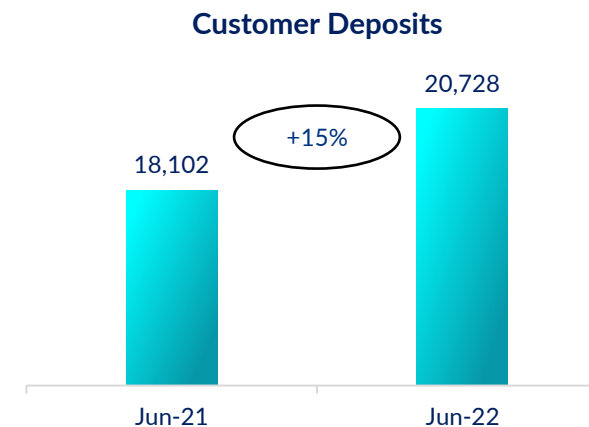
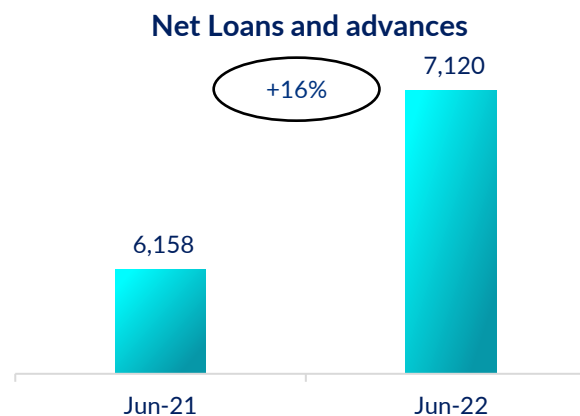
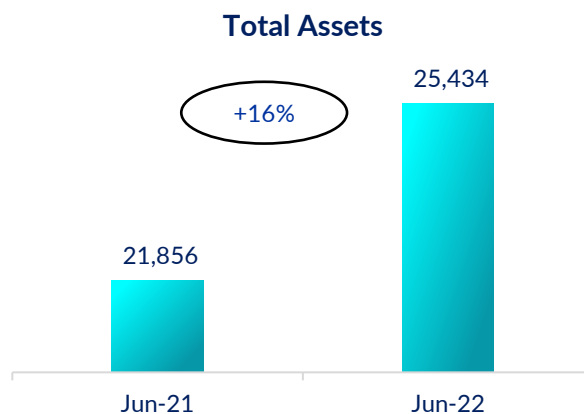


- ✓ I&M Uganda became part of the Group from Q2 2021.
- ✓ Income growth in June 2022 supported by both increase in funded and non-funded income as well as a decline in interest expense; (For June 2021 operating income includes one off income from sale of property).
- ✓ Cost rationalization measures post acquisition continue yielding desired results for the business;
- ✓ Recoveries in excess of the provision levels as at June 2022

\*2021 financials restated to reflect the post acquisition position

Key Ratios	Jun-21*	Jun-22
Efficiency Ratio (CTI)	114%	92%
Cost of Risk	-7.3%	-6.5%
ROE	10%	1.4%
ROA	1.9%	0.2%

## Balance Sheet (KES Mn)

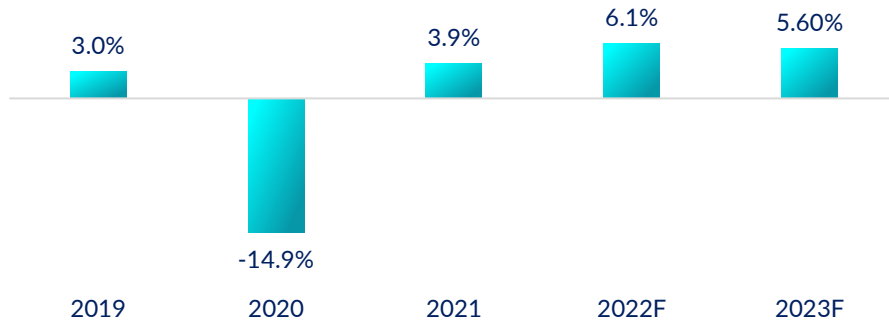


- ✓ Growth in Loan and Advances portfolio supported by business opportunities as Uganda recovers post COVID-19 containment measures and integration into the Group provides new customer acquisitions;
- ✓ Customer deposit growth during the quarter following stabilization of the business post acquisition of the bank;
- ✓ Capital injection of UGX 26Bn in the first half of 2022 to support expected growth.

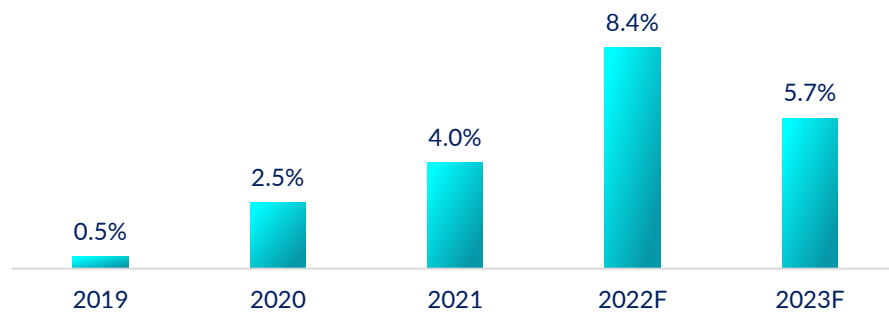
Key Ratios	Jun-21*	Jun-22
Loan to Deposit Ratio	34%	34%
Net NPA	9.1%	5.8%
Total Capital / Total Risk Weighted Assets	20%	16%
Liquidity Ratio	52%	56%

\*2021 financials restated to reflect the post acquisition position

## Mauritius GDP Growth (%)



## Mauritius Inflation Rate (%)



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

## Macro economic update

- GDP is expected to grow atleast 6.1% in 2022; Most sectors have picked up since the pandemic;
- Inflation dropped marginally in June 2022 to 9.6% (10.7% in May 2022); Country has taken several social measures to fight inflation

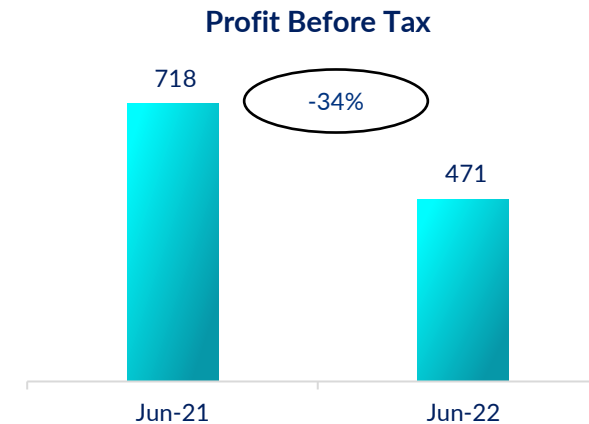
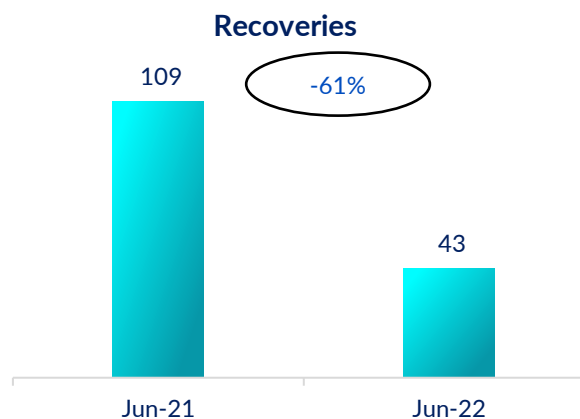
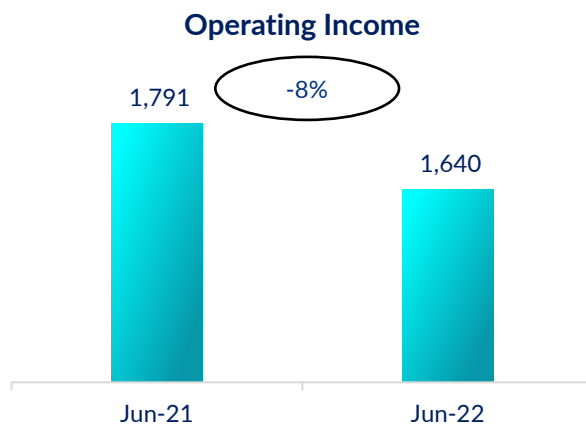
## Banking Sector

- Reserve Bank increased its key repo rate to 2.25%; CRR rate has been increased to 9%;
- Credit to private sector increased to 11.8% as at April 2022 driven by growth in residential property; ((4.7% y/y: June 2021)
- NPL ratio was 4.9% in March 2022;

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

# Mauritius Business stabilization on the back of balance sheet restructuring in 2021

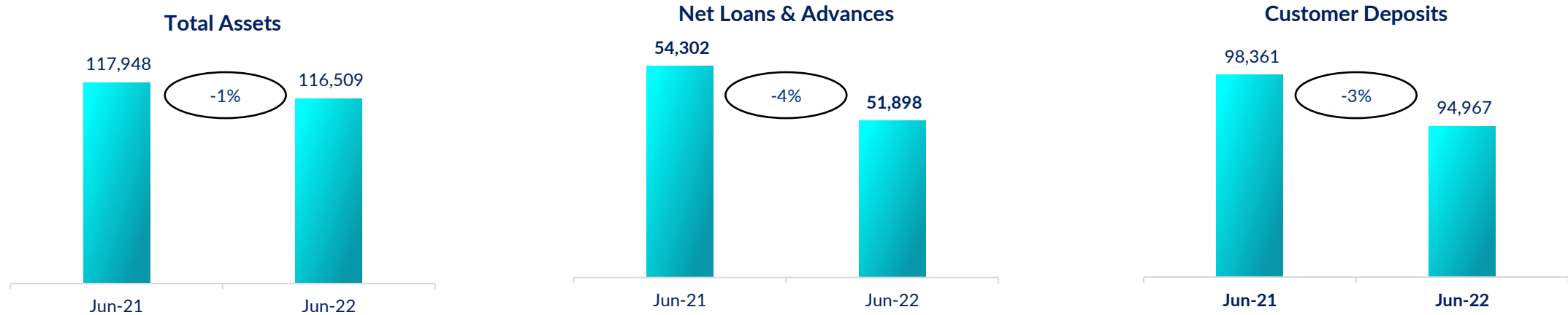
## P&L (KES Mn)



- ✓ Dampened economic activity, lower transaction volumes and subdued activity in the fixed income market leading to lower non-interest income. (Significant gains in fixed income in 2021. Excluding this one off, the growth 2022 would have been +6%).
- ✓ Net Interest income impacted by balance sheet resizing but supported by better margins;
- ✓ Loan loss provisions continue benefitting from recoveries, albeit lower than 2021.

Key Ratios	Jun-21	Jun-22
Efficiency Ratio (CTI)	66%	74%
Cost of Risk	0.2%	-0.1%
ROE	5.9%	8.5%
ROA	0.4%	0.7%

## Balance Sheet (KES Mn)



- ✓ Marginal decline in Balance sheet as a result of resizing the balance sheet (and prudently growing the loan book).
- ✓ Customer deposits also a factor of resizing and redistribution of deposit base; CASA to term deposit now at 69.9%;
- ✓ Capital and Liquidity ratios remain strong in Bank One;

Key Ratios	Jun-21	Jun-22
Loan to Deposit Ratio	55%	55%
Net NPA	0.5%	1.1%
Total Capital / Total Risk Weighted Assets	19%	20%
Liquidity Ratio	39%	38%



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# Group Outlook





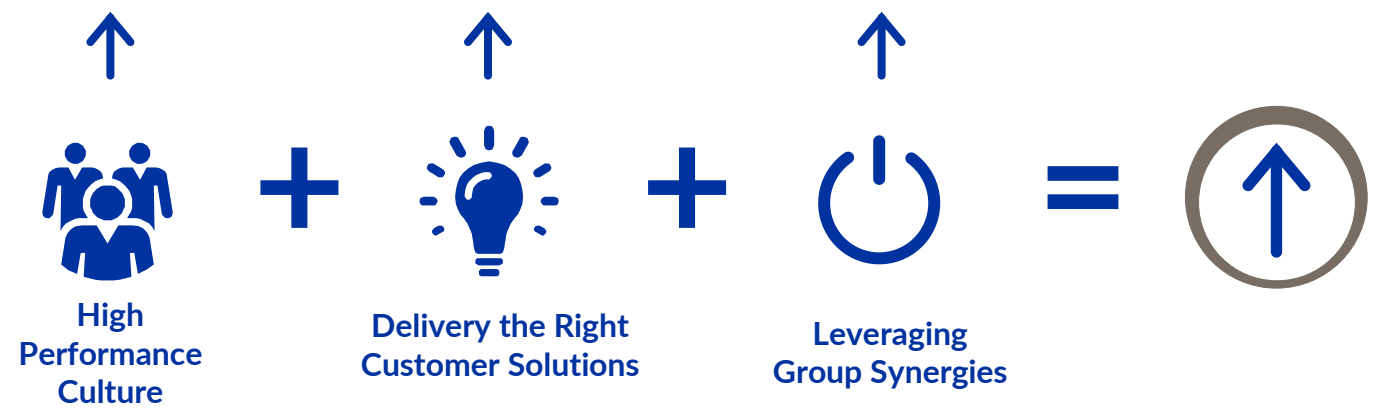
# Group Outlook | Navigating business growth amidst continued global economic and geopolitical uncertainty;

Entrench the financial services in the customer's operations while making it as convenient as possible for them to do business.  
Target NPS score +75%

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  
65% active Customers On Digital Channels 85% of transactions through digital channels

I&M Group's focus is on delivering sustainable value to all its stakeholders through efficiency and effective execution of its iMara 2.0 Strategy



Profit Before Tax  
Kshs

**7.2 bn**

+22% ↑

Customer Deposits  
Kshs

**313bn**

+13% ↑

Net Loans & Advances  
Kshs

**231bn**

+13% ↑

Return on  
Equity

**14%**

+1% ↑ (Absolute)

## Disclaimer

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The Financial results of the Group can be sourced from the link:

<https://www.imbank.com/about-us/i-and-m-holdings/investor-relations/financial-results>



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# Thank You



I&M GROUP PLC  
1 PARK AVENUE  
1ST PARKLANDS  
P.O. BOX 30238 – 00100  
TEL: +254 (0)20 3221000  
[Investor-Relations@imgroup-plc.com](mailto:Investor-Relations@imgroup-plc.com)

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