

I&M Bank Rwanda IPO — A New Milestone

Executive Summary

The Government of Rwanda (GoR) is **offering for sale 99,030,400 shares** in I&M Bank Rwanda through an IPO priced at **Rwandan Francs (Frw) 90.00 per share (KES 11.75)**. The total number of shares on offer constitute **19.61%** of the bank's issued share capital.

I&M Bank (Rwanda) is a public limited company that was incorporated in the Republic of Rwanda in **May 1963** under the Companies Act and is **domiciled in Rwanda**. I&M Bank (Rwanda) Ltd is a part of the **regional banking group** under the umbrella of a non-operating holding company headquartered in Nairobi under the name of **I&M Group Holdings Ltd**.

Endearing corporate history: I&M Rwanda has a long and successful history in the banking sector, and has established a formidable network of correspondent banks around the globe; while enjoying **strong relationships** with International Development Finance Institutions (DFIs). The group currently has **74 outlets** across the rapidly growing **East African and Mauritian** region.

Appealing rankings: Of the **17 banks** licensed to operate in Rwanda, I&M is ranked **third in terms of total assets** and **fourth in terms of deposits**. Additionally, the bank has significant headroom for **growth**; underscored by an **advances to deposits ratio of 77.3%** as at **FY15**, well below the **industry median of 82%**. As of **September 2016**, the bank's **ROE of 22.2%** saw it being ranked as the most **efficient bank** in the sector.

Strong financial performance: The bank saw its total **assets grow at a CAGR of 16.9%** between **2012 & 2016**, while shareholder funds grew at a **CAGR of 18.4%** between the same period. The bank's rapid growth has been characterised by a **broad branch presence across the country**, with the bank currently operating **17 branches in Rwanda**, and plans are underway to **open more in 2017**. The benefits accrued from a **larger foot print** are highlighted by the **11.8% CAGR in customer deposits** between 2012 and 2016. With a growing deposit base, the bank is increasingly able to boost lending to the **fast growing private sector in Rwanda**. The **bank's loan book grew 111.6% to Frw 111.1B** between FY12 - FY16. The bank's loan book remains **diverse, mitigating concentration risk**, with loan book growth driven by the **construction, retail, manufacturing and agricultural sectors**.

As at 31st December 2016 the bank had **lent out Frw 79.5B** to these sectors which accounted for a **total of 72%** of the bank's **loan portfolio**.

Generous pay-out ratio: The bank's strong growth in **bottom line**; up **42.4%** to **Frw 8.4B** between FY12 - FY16, has ensured a **growing dividend income stream for investors**. On average the bank has maintained a dividend **pay-out ratio of 38.1%** over the period between **2012—2016**.

Dividends declared on the issue shares for the FY16 financial year will be paid to the Government of Rwanda.

Risk Factors:

- **Destabilization** of the geopolitical landscape due to **civil unrest in Burundi** and the **DRC**
- **Political uncertainty** surrounding the **General Elections in Kenya**. The country remains **Rwanda's main trading partner**
- **Liquidity constraints for large investors**

Offer Statistics	Amount
Offer price per share (Frw)	90.0
Par value of each share (Frw)	10.0
Authorized share capital of the bank (Frw M)	6,000.0
Total number of issued shares (M)	500.0
Gross proceeds of the offer (Frw M)	8,912.7
Net profit for the year ending December 2016 (Frw M)	5,803.0
EPS for the year ending December 2016 (Frw/share)	11.6
Book Value as at 31 December 2016 (Frw M)	30,423.0
BVPS as at 31 December 2016 (Frw)	60.8
Implied P/B as at 31 December 2016	1.5x
Implied P/E as at 31 December 2016	7.8x
Implied Dividend Yield as at 31 December 2016	5.2%

Key Ratios (%)	FY12	FY13	FY14	FY15	FY16
Capital Adequacy (CC/RWA)	21.0	23.0	22.0	23.0	22.0
Capital Adequacy (TC/RWA)	21.0	23.0	22.0	23.0	22.0
Liquidity	55.0	54.0	50.0	52.0	55.0
ROE	27.0	24.0	21.0	20.0	19.0
ROA	4.0	4.0	3.0	3.0	3.0
Efficiency Ratio	61.0	59.0	58.0	55.0	58.0
Increase in Core Profit	93.0	26.0	-7.0	14.0	24.0
Loans to Deposits	61.0	70.0	69.0	69.0	70.0
Non-interest Income to Total Income	53.0	49.0	45.0	45.0	35.0

Source: Company Filings

Application and Payment Procedure

- **Please get in touch with us if you wish to participate in the issue. Minimum subscription of 1,000 shares.**
- Interested applicants must obtain and execute an application form and a CSD Account Opening Form from an Authorized Selling Agent (ASA) or Collecting Bank. The forms can also be downloaded from the ASA's and Collecting Banks' websites. Please click [here](#) to access the offer prospectus and a list of ASAs and collecting banks.
- Make the associated payment as mandated by the ASA.
- **The application form along with necessary proof of payment must be submitted to the ASA by 6.00pm on 3rd March 2017.**
- Foreign investors will be required to provide payment or bank guarantees on application. Payment for the offer shares will be made upon allotment and on the same day of the announcement of allotment
- In the event of an oversubscription refunds will be issued through the method indicated by the applicant on the application form.

Event Timetable

Offer opening date	Tuesday 14th February 2017
Offer closing date	Friday 3rd March 2017
Allocation of offer shares	Monday 20th March
Announcement of results	Monday 20th March
Electronic crediting of CSD accounts	Monday 27th March
Refunds date	Monday 27th March
Listing and commencement of trading on the RSE	Friday 31st March

Allocation Pool	Sub Pool	Allocation (%)	Shares
International (40%)	International	40.0	39,612,000
	Retail East Africans	25.0	24,757,900
Domestic (60%)	Employees	5.0	4,951,500
	QIIs in Rwanda	15.0	14,854,500
	QIIs in East Africa other than Rwanda	15.0	14,854,500
	Total	100.0	99,030,400

Current Shareholding Structure

Current Shareholding Structure	% Shareholding
I&M Holding Limited (through BCRICL)	55.0
DEG (through BCRICL)	12.5
PROPARCO (through BCRICL)	12.5
Government of Rwanda	19.8
Individual Investors	0.2
Total	100.0

Source: Company Filings

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