

BAYPORT MANAGEMENT LTD
(Registration number 54787 C1/GBL)

**UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

for the three months ended 31 March 2017



BAYPORT MANAGEMENT LTD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in US Dollar	Notes	31-Mar-17	31-Dec-16
Assets			
Cash and cash equivalents		182 780 737	139 015 805
Net advances	6	869 756 738	809 588 583
Trade and other receivables		19 820 487	20 076 312
Current tax assets		6 573 085	4 234 671
Goodwill		92 856 207	90 405 841
Deferred tax assets		42 555 959	44 737 437
Property and equipment	5	16 155 372	13 031 840
Intangible assets		18 269 195	18 591 926
Total Assets		1 248 767 780	1 139 682 415
Equity and Liabilities			
Equity			
Stated capital	7	301 763 534	301 763 534
Reserves		(229 034 712)	(237 490 809)
Retained earnings		135 451 018	134 173 075
Equity attributable to equity holders of the company		208 179 840	198 445 800
Non-controlling interests		14 253 373	11 390 800
Total Equity		222 433 213	209 836 600
Liabilities			
Bank overdrafts		3 824 578	3 701 946
Deposits from customers		32 148 099	22 527 633
Trade and other payables		58 758 066	58 443 577
Other financial liabilities	9	1 425 309	4 290 211
Borrowings	8	923 886 869	837 113 551
Finance lease obligation		267 638	353 965
Current tax liabilities		5 969 711	3 361 526
Deferred tax liabilities		54 297	53 406
Total Liabilities		1 026 334 567	929 845 815
Total Equity and Liabilities		1 248 767 780	1 139 682 415

BAYPORT MANAGEMENT LTD
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2017

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

Figures in US Dollar	Notes	Three months ended	
		31-Mar-17	31-Mar-16
Interest income		71 047 963	60 770 354
Interest expense		(30 638 283)	(26 348 534)
Net interest income		40 409 680	34 421 820
Fees and commission income		7 175 529	6 221 677
Dividend income		5 127 022	4 688 913
Other income		2 545 054	1 951 655
Net non-interest Income		14 847 605	12 862 245
Operating income		55 257 285	47 284 065
Operating expenses		(33 519 837)	(27 924 257)
Foreign exchange (losses)/gains other than SEK denominated debts		(72 604)	291 881
Pre-provision income		21 664 844	19 651 689
Impairment of loans and advances		(11 885 363)	(12 110 022)
Profit before foreign exchange on SEK denominated debts		9 779 481	7 541 667
Net foreign exchange losses on SEK denominated debts		(3 558 891)	(8 416 927)
Profit/(loss) before taxation		6 220 590	(875 260)
Taxation	3	(3 131 663)	(4 168 847)
Profit/(loss) for the period		3 088 927	(5 044 107)
Other comprehensive income/(loss) net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		10 577 465	8 593 248
Loss on hedging instruments designated as hedges of the net assets of foreign operations		(3 100 074)	-
Effect of cash flow hedges		(1 115 111)	(27 788)
Net fair value gain of available for sale investments		2 259 813	3 554 102
Other comprehensive income for the period		8 622 093	12 119 562
Total comprehensive income for the period		11 711 020	7 075 455
Profit/(loss) for the period attributable to:			
Owners of the company		1 809 555	(5 511 486)
Non-controlling interests		1 279 372	467 379
		3 088 927	(5 044 107)
Total comprehensive income for the period attributable to:			
Owners of the company		10 121 726	6 667 462
Non-controlling interests		1 589 294	407 993
		11 711 020	7 075 455
Earnings/(loss) per share			
Basic weighted average number of shares		30 741 360	30 716 213
Diluted weighted average number of shares		30 805 192	30 743 760
Basic earnings/(loss) per share		0.06	(0.18)
Diluted earnings/(loss) per share		0.06	(0.18)

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UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended 31 March 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in US Dollar

	Share capital	Share premium	Share application monies	Total stated capital	Translation reserve	Cash flow hedging reserve	Equity settled reserve	Other reserves	Total reserves	Retained earnings attributable to owners of the company	Retained earnings attributable to non-controlling interests	Other reserves attributable to non-controlling interests	Total non-controlling interests	Total equity
Balance at 01 January 2016	30 701	300 547 833	199 930	300 778 464	(265 715 661)	348 054	216 142	9 534 021	(255 617 444)	132 729 018	8 593 597	1 229 431	9 823 028	187 713 066
(Loss)/profit for the period	-	-	-	-	-	-	-	-	(5 511 486)	(5 511 486)	467 379	-	467 379	(5 044 107)
Transfer from/(to) reserves	-	-	-	-	-	-	-	1 861 268	1 861 268	(1 861 268)	(385 221)	385 221	-	-
Other comprehensive income/(loss)	-	-	-	-	8 652 634	(27 788)	-	3 554 102	12 178 948	12 178 948	(59 386)	-	(59 386)	12 119 562
Total comprehensive income/(loss) for the period	-	-	-	-	8 652 634	(27 788)	-	5 415 370	14 040 216	(7 372 754)	22 772	385 221	407 993	7 075 455
Issue of shares	19	199 911	(199 930)	-	-	-	-	-	-	-	-	-	-	-
Recognition of share based payments	-	-	-	-	-	-	116 714	-	116 714	-	-	-	-	116 714
Balance at 31 March 2016	30 720	300 747 744	-	300 778 464	(257 063 027)	320 266	332 856	14 949 391	(241 460 514)	125 356 264	8 616 369	1 614 652	10 231 021	194 905 235
Balance at 01 January 2017	30 740	301 125 796	606 998	301 763 534	(254 176 290)	369 005	304 941	16 011 535	(237 490 809)	134 173 075	9 423 742	1 967 058	11 390 800	209 836 600
Profit for the period	-	-	-	-	-	-	-	-	-	1 809 555	1 279 372	-	1 279 372	3 088 927
Transfer from/(to) reserves	-	-	-	-	-	-	-	91 731	91 731	(91 731)	10 393	(10 393)	-	-
Other comprehensive income/(loss)	-	-	-	-	7 167 469	(1 115 111)	-	2 259 813	8 312 171	8 312 171	309 922	-	309 922	8 622 093
Total comprehensive income/(loss) for the period	-	-	-	-	7 167 469	(1 115 111)	-	2 351 544	8 403 902	1 717 824	1 599 687	(10 393)	1 589 294	11 711 020
Recognition of share based payments	-	-	-	-	-	-	52 195	-	52 195	-	-	-	-	52 195
Change in ownership interests	-	-	-	-	-	-	-	-	(439 881)	(439 881)	1 273 279	-	1 273 279	833 398
Balance at 31 March 2017	30 740	301 125 796	606 998	301 763 534	(247 008 821)	(746 106)	357 136	18 363 079	(229 034 712)	135 451 018	12 296 708	1 956 665	14 253 373	222 433 213

BAYPORT MANAGEMENT LTD
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2017

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

Figures in US Dollar	Three months ended	
	31-Mar-17	31-Mar-16
Cash flows from operating activities		
Profit/(loss) before taxation	6 220 590	(875 260)
Adjustments for:		
Depreciation and amortisation	1 743 543	1 234 768
Profit on disposal of property, equipment and intangible assets	(5 246)	(14 242)
Foreign currency loss	2 828 537	7 807 236
Finance costs	30 638 283	26 348 534
Dividend recognised in income statement	(5 127 022)	(4 688 913)
Increase in provision for credit impairment	7 994 380	8 298 171
Expense recognised in respect of share based payments	52 195	116 714
Negative goodwill on acquisition of subsidiary	-	(15 762)
Operating cash flows before movements in working capital	44 345 260	38 211 246
Changes in working capital:		
Decrease/(increase) in trade and other receivables	1 240 498	(3 766 833)
Increase in gross advances	(47 565 537)	(26 090 384)
Increase in deposit from customers	9 618 285	1 674 040
(Decrease)/increase in trade and other payables	(3 590 369)	1 483 957
Cash generated by operations	4 048 137	11 512 026
Dividend received	3 858 658	4 724 225
Finance costs paid	(25 013 953)	(14 623 340)
Tax paid	(3 726 427)	(3 266 693)
Net cash used in operating activities	(20 833 585)	(1 653 782)
Cash flows from investing activities		
Proceeds on disposal of property, equipment and intangible assets	7 564	22 977
Purchase of property, equipment and intangible assets	(4 217 969)	(2 180 564)
Proceeds from issue of shares to non-controlling interests	816 173	-
Net cash inflow from acquisition of subsidiary	-	1 051 481
Net cash used in investing activities	(3 394 232)	(1 106 106)
Cash flows from financing activities		
Net proceeds from bond issuance and repayments	70 939 437	-
Net increase in other borrowings	2 321 635	2 745 219
Payment on unwinding of forward contracts	(5 490 119)	(1 046 658)
Net cash generated from financing activities	67 770 953	1 698 561
Net increase/(decrease) in cash and cash equivalents	43 543 136	(1 061 327)
Net cash and cash equivalents at the beginning of the period	135 313 859	74 881 014
Effect of foreign exchange rate changes	99 164	2 191 936
Total cash and cash equivalents at the end of the period	178 956 159	76 011 623

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Background

Bayport Management Ltd (the "Company") is incorporated in Mauritius and listed on the Stock Exchange of Mauritius. The Company is the holding company for the following entities:

Name of subsidiaries	Place of incorporation
Bayport Financial Services Limited	Zambia
Bayport Financial Services Ghana Plc Limited	Ghana
Bayport Financial Services Uganda Limited	Uganda
Bayport Financial Services (T) Limited	Tanzania
CFC Savings and Loans Limited	Ghana
Money Quest Investments (Proprietary) Limited	Botswana
Bayport Colombia S.A.S	Colombia
Bayport Financial Services 2010 Proprietary Limited	South Africa
Zenthyme Investments Proprietary Limited (i)	South Africa
Bayport Securitisation (RF) Limited (i)	South Africa
Convене Med (Pty) Ltd (i) (Dormant)	South Africa
BFS SA Executive Holdings Proprietary Limited (i) (Dormant)	South Africa
Bayport Tutari (RF) Pty Ltd (i)	South Africa
Bayport Financial Services Mozambique (MCB) S.A	Mozambique
Actvest Mexico S.A.PI de CV, E.N.R (ii)	Mexico
Financiera Fortaleza, S.A de C.V, SOFOM E.N.R (iii)	Mexico
Bayport Financial Services Rwanda SARL (Dormant)	Rwanda
Bayport International Headquarter Company (Pty) Ltd (Formerly known as Lintpale Investments (Pty) Ltd)	South Africa
Bayport Financial Services (USA), Inc. (Dormant)	United States
Cashfoundry Limited	United Kingdom
Actvest Limited	Mauritius
Bayport Latin America Holdings Ltd	Mauritius
Bayport LatAm Investments B.V (iv)	Netherlands
Bayport LatAm Investments Cooperatief U.A (iv)	Netherlands
Actvest (Proprietary) Limited	South Africa

The Company's registered office is DTOS Ltd, 10th Floor, Standard Chartered Tower, 19, Cybercity, Ebene, Mauritius and the Company's principal place of business is 3rd Floor, Ebene Skies, Rue De L'Institut, Ebene, Mauritius.

The Company is a holding company to businesses involved in provision of retail financial services.

- (i) Convене Med (Pty) Ltd, BFS SA Executive Holdings Proprietary Limited, Bayport Securitisation (RF) Limited, Zenthyme Investments Proprietary Limited and Bayport Tutari (RF) Pty Ltd are controlled by Bayport Financial Services 2010 Proprietary Limited, which is owned 100% by Bayport Management Ltd.
- (ii) Bayport Management Ltd effectively owns 100% of Actvest Mexico S.A.PI de C.V, E.N.R.
- (iii) Actvest Mexico S.A.PI de C.V, E.N.R owns 71% of Financiera Fortaleza, S.A de C.V SOFOM E.N.R.
- (iv) Bayport Management Ltd effectively owns 100% of Bayport LatAm Investments B.V and Bayport LatAm Investments Cooperatief U.A.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS **(continued)**

Figures in US Dollar

2. Basis of preparation

2.1 Statement of compliance

The unaudited condensed consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

2.2 Significant accounting policies

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for the measurement of certain financial instruments which are at fair value.

The same accounting policies and methods of computation are followed in these condensed consolidated financial statements as were applied in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2015.

The Company is considering the early adoption of IFRS 9 for its financial year ending 31 December 2016.

As a result of the work involved with the assessment of the early adoption of IFRS 9, there were unavoidable delays in the finalisation of certain subsidiary audits for the year ended December 2016 and the Company was therefore not in a position to publish its audited consolidated financial statements for the year ended 31 December 2016 by 31 March 2017.

Consequently, the Company obtained the formal approval of the relevant regulatory authorities for an extension for the publication of its audited consolidated financial statements for the year ended 31 December 2016 by three months from 31 March 2017 to 30 June 2017.

This set of unaudited condensed consolidated financial statements does not take into account any adjustments that may be required as a consequence of the early adoption of IFRS 9; these will be included in the audited financial statements that will be published by 30 June 2017, should early adoption of IFRS 9 be formally adopted.

2.3 Functional and presentation currency

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in United States Dollars using exchange rates prevailing at the reporting date. Income and expenditure are translated at average rates of exchange for the period while balances are translated at month end rates.

3. Taxation

Income tax for the period is accrued based on actual annual effective income tax rates for each entity within the Group.

4. Dividends

During the three months ended 31 March 2017, no dividends were paid or declared.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Figures in US Dollar

5. Property and equipment

During the period, the Group spent USD 4 million on office equipment, furniture and fittings, computer equipment, motor vehicles, leasehold improvements and intangible assets.

6. Net advances

	31-Mar-17	31-Dec-16
Advances to customers	1 007 571 898	938 879 889
Carrying value of written off book	34 772 000	34 208 759
Carrying value of net premiums	41 389 224	38 832 221
Deferred origination fees	(18 099 936)	(17 163 664)
Deferred origination costs	14 213 940	12 866 151
Gross advances	1 079 847 126	1 007 623 356
Impairment provision	(210 090 388)	(198 034 773)
Net advances	869 756 738	809 588 583
Impairment provision		
Opening balance	198 034 773	160 841 149
Net impairment recognised in profit or loss	11 885 363	50 024 645
Utilisation of allowance for impairment	(3 890 983)	(28 201 066)
Foreign exchange differences	4 061 235	15 370 045
Closing balance	210 090 388	198 034 773

7. Stated capital

	31-Mar-17	31-Dec-16
Share capital	30 740	30 740
Share premium	301 732 794	301 732 794
	301 763 534	301 763 534

	Number of shares	Share capital	Share premium	Total stated capital
Balance at 1 January 2017 and 31 March 2017	30 741 360	30 740	301 732 794	301 763 534

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Figures in US Dollar

8. Borrowings

	31-Mar-17	31-Dec-16
Corporate Bonds	465 765 917	391 249 549
Other term loans	357 545 707	272 360 687
Loan notes	110 787 973	182 005 415
	934 099 597	845 615 651
Less: deferred transaction costs	(10 212 728)	(8 502 100)
	923 886 869	837 113 551

Loan notes

The loan notes are issued by Bayport Securitisation (RF) Limited ("BSL"). BSL is considered a special purpose entity under IFRS and is consolidated into the Group's results.

Corporate Bonds

In March 2017, the Company issued new Corporate Bonds with a nominal amount of SEK 1,100 million at a coupon rate of 11% payable annually on the anniversary date and are due to be redeemed in September 2019. The Company also repaid existing Corporate Bonds with nominal amount of SEK 472 million in the same month.

These Bonds constitute direct, general, unconditional, subordinated and unsecured obligations of the Company. The Bonds are listed on the Nasdaq OMX Stockholm AB.

9. Other financial assets/(liabilities)

	31-Mar-17	31-Dec-16
Cash flow hedges	(3 405 735)	(4 193 596)
Net investment hedges	1 980 426	(96 615)
	(1 425 309)	(4 290 211)

The Company entered into forward foreign exchange contracts during the period with a view to hedge its exposure to movements in SEK/USD exchange rate relating to its Bond liabilities denominated in Swedish Krona, and achieve the Company's strategic objective of 50% coverage target. Upon maturity, these hedging contracts have been rolled forward to maintain the 50% coverage target. Details of the hedging contracts in place as at the end of the reporting period are as follows:

	Currency	Trade date	Maturity date	Notional amount
Forward exchange contract 1	SEK	January 2016	April 2017	SEK 1,040 million
Forward exchange contract 2	SEK	January 2016	April 2017	SEK 264 million
Forward exchange contract 3	SEK	January 2016	April 2017	SEK 223 million

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS **(continued)**

Figures in US Dollar

9. Other financial assets/(liabilities) (continued)

The Company also entered into a ZAR/USD exchange rate contract to hedge part of its net investment exposure in its South African subsidiaries. Details of the hedging contract at the end of the reporting period is as follows:

	Currency	Trade date	Maturity date	Notional amount
Forward exchange contract 6	ZAR	January 2016	April 2017	ZAR 1,585 million

During April 2017, the Asset and Liability Committee increased the hedged amount to cover 100% of its net investment exposure of its South African subsidiary. These contracts were rolled forward to maintain the hedge coverage.

The above unaudited condensed Financial Statements are issued pursuant to Listing Rules 12.20 of the Stock Exchange of Mauritius Ltd, the Securities Act 2005 of Mauritius and Listing Rule 3.2 (Fixed Income Instrument) of the NASDAQ OMX Stockholm Stock Exchange.

The Board of Directors of Bayport Management Ltd accepts full responsibility for the accuracy of the information contained in these unaudited condensed Financial Statements.