

# Bayport Management Limited

## Social Bond Investor Letter 2021



*your future now*

**BAYPORT**  
FINANCIAL SERVICES

June 2021

## Bayport and Social Bonds

Bayport Management Ltd. ("Bayport") was founded in 2001 with the aim of making a real difference in the lives of our clients in emerging and frontier markets. By offering a wide selection of financial services in markets where access to such services are often limited to large groups of people, we contribute to financial independence and economic empowerment for both individuals and small companies.

We published our first Social Bond Framework in May 2019. This is our first Social Bond Investor Letter where we aim to provide investors and other stakeholders with information around the allocation of the USD 260 million Social Bond that we issued in May 2019.

Sustainalytics provided a Second Party Opinion on our Social Bond Framework, confirming its alignment with the ICMA Social Bond Principles published in 2018. We have also engaged Sustainalytics to provide a review of this Investor Letter. All documents will be available on our website.

## Allocation of Social Bond Proceeds

In 2019, we issued a Social Bond with a total nominal value of USD 260 million. The full volume has been allocated, with 69 per cent of proceeds financing new loans, and 31 per cent for refinancing purposes. The proceeds have been allocated across the following countries and loan categories.

### Allocation of proceeds

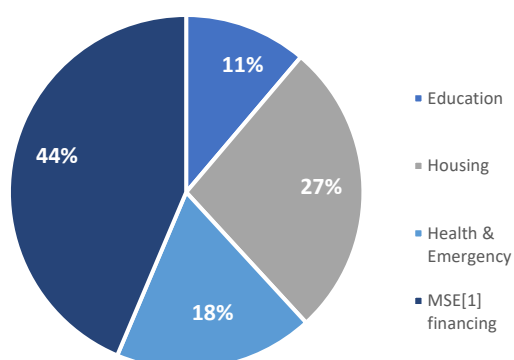
|                      | Botswana          | Ghana             | Tanzania          | Zambia            | Mozambique        | Mexico            | Colombia          | Total              |              |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------|
| Education            | 5 608 608         | 4 540 343         | 4 984 027         | 7 027 639         | 1 500 650         | 438 001           | 5 001 496         | 29 100 764         | 11%          |
| Housing              | 35 529 355        | 1 915 881         | 419 645           | 4 575 398         | 17 672 458        | 7 893 631         | 2 127 390         | 70 133 758         | 27%          |
| Health & Emergency   | 34 902 970        | 1 418 176         | 1 146 586         | 387 785           | 185 677           | 7 110 520         | 2 155 671         | 47 307 385         | 18%          |
| MSE[1] financing     | 10 577 716        | 6 909 580         | 26 852 575        | 26 326 912        | 17 893 954        | 18 909 732        | 5 987 624         | 113 458 092        | 44%          |
| <b>Total</b>         | <b>86 618 649</b> | <b>14 783 980</b> | <b>33 402 833</b> | <b>38 317 734</b> | <b>37 252 739</b> | <b>34 351 884</b> | <b>15 272 180</b> | <b>260 000 000</b> | <b>100%</b>  |
|                      | <b>33%</b>        | <b>6%</b>         | <b>13%</b>        | <b>15%</b>        | <b>14%</b>        | <b>13%</b>        | <b>6%</b>         |                    | <b>100%</b>  |
| <b>New financing</b> | <b>78,4%</b>      | <b>58,6%</b>      | <b>93,5%</b>      | <b>65,1%</b>      | <b>52,4%</b>      | <b>56,5%</b>      | <b>50,0%</b>      |                    | <b>69,0%</b> |
| <b>Refinancing</b>   | <b>21,6%</b>      | <b>41,4%</b>      | <b>6,5%</b>       | <b>34,9%</b>      | <b>47,6%</b>      | <b>43,5%</b>      | <b>50,0%</b>      |                    | <b>31,0%</b> |

### Number of loans

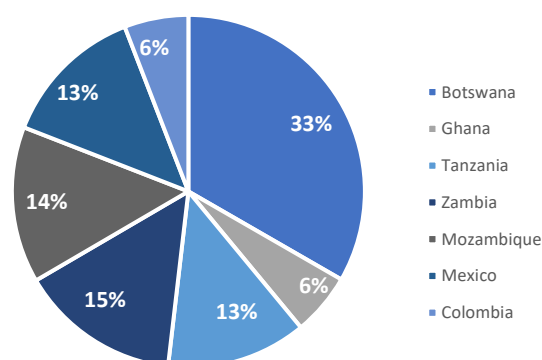
|                    | Botswana      | Ghana         | Tanzania      | Zambia        | Mozambique    | Mexico        | Colombia     | Total          |             |
|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|----------------|-------------|
| Education          | 1 282         | 7 542         | 3 463         | 8 929         | 1 419         | 518           | 698          | 23 851         | 14%         |
| Housing            | 6 700         | 2 766         | 292           | 3 268         | 15 867        | 6 646         | 1 599        | 37 138         | 22%         |
| Health & Emergency | 7 390         | 2 294         | 797           | 317           | 174           | 17 891        | 915          | 29 778         | 17%         |
| MSE financing      | 2 271         | 10 999        | 18 656        | 18 428        | 16 144        | 13 334        | 588          | 80 420         | 47%         |
| <b>Total</b>       | <b>17 643</b> | <b>23 601</b> | <b>23 207</b> | <b>30 942</b> | <b>33 604</b> | <b>38 389</b> | <b>3 800</b> | <b>171 186</b> | <b>100%</b> |

[1] Micro and small-sized enterprises

Allocation of proceeds to loan categories:



Allocation of proceeds per country:



## Examples of loans financed by Social Bonds

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We provide our clients with a chance at a better life by not only focusing on short-term cash flow relief, but by helping them along the road towards sustainable financial wellness. Through unique and tailored financial solutions and long-term client relationships, we want our clients to have the ability to shape their own future. To provide further insights into what our Social Bonds have financed so far, we have included a number of client stories below.

### Customer story: Derick Martin Masako

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My name is Derick Martin Masako. I am from the Morogoro region, but I currently live in Dar es Salaam in the Ilala District.

I have a degree in health and safety, which I completed in 2001 through Ardhi University. I work as head of inspection in a government department in Tanzania. Before joining the government in 2007, I worked for several different companies, including Barrick Gold, and for two years I ran my two businesses: a stationery shop and a shop that sells cold drinks and ice cream.

When I started my government job, it was difficult to attend to the shops and do my work; business decreased a lot because I wasn't there. Knowing that my business required a boost for which I needed additional capital, I started looking into different financial institutions that provided loans. My search included micro-finance institutions that give small loans.

I found Bayport through its adverts. The one thing that helped me a lot was that Bayport offered to buy my student loan. I got a loan for about Tsh20 million (USD 8 600) at the time, of which Tsh3 million (USD 1 294) was used to pay off my student loan. As a result, my take-home pay has increased.

I used most of my loan to increase stock in my shops and to put in more stacking shelves. I also bought a photocopier for the stationery shop. Now that I have more stock and the ability to quickly print high quality colour copies, my daily business revenue has doubled, from Tsh50 000 (USD 22) to Tsh100 000 (USD 44) per day. On holidays my revenue can be as much as Tsh200 000 (USD 86) to Tsh300 000 (USD 129) per day.

The Bayport loan also helped to revive another business I had. When I left my previous job, I bought a passenger vehicle on credit. However, due to many challenges with that business, the loan company had repossessed the vehicle and put it up for sale. With my Bayport loan I paid off enough of the vehicle loan that I am now back in the transport business.

Finally, I used some of the loan to do home improvements.

The thing that attracted me to Bayport was the interest rate that was not that high, as well as the service I got before and after I received my loan. After completing the application form, it took two days for me to get the money, and even after that the loan officer checked in with me to see how I was progressing.

I feel I am not alone, but that Bayport is with me in my economic struggles.

## Helena Serfontein

*HELENA SERFONTEIN, a 42-year-old business owner, came to Bayport seeking financial assistance for home improvements she wanted to make. Since that first small loan, Helena has taken out five more Bayport loans. Besides improving her home, she has used the money to obtain a university degree.*

