Bayport Management Ltd

Social Bond Newsletter

2024

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 is often limited to large groups of people. Bayport contributes to the financial independence and economic empowerment for both individuals and small companies.

With this Investor Letter we aim to provide investors and other stakeholders with information around the allocation of the USD 250 million Senior and USD 50 million Subordinated unsecured social bonds issued in April 2022.

Our impact framework

Bayport provides financial services to underserved people in emerging and frontier markets, thereby promoting financial inclusion and economic empowerment.

To achieve direct positive social impact, Bayport issued social bonds. The proceeds of which are being used to finance and refinance assets and projects with social benefits that promote the financial inclusion of citizens and by extension MSME businesses in emerging and frontier markets.

Enabling access to financial services is one of the cornerstones in creating economic empowerment and promoting social welfare.

The areas in which Bayport seeks to create social impact through its social bonds are set out in our social bond framework. It is aligned with the Social Bond Principles published in 2021 by the International Capital Markets Association and was prepared in cooperation with DNB, Norway's largest financial services group.

The social bond framework also serves as the impact framework for this social bond newsletter, creating access to financial services where traditional financial services do not exist or do not serve the target population, together with financial inclusion.

Financing and refinancing of loans to individuals for access to:

- Public healthcare
- Housing and home improvements
- Education
- Employment generation through MSME financing

S&P Global provided a Second Party Opinion on our Social Bond Framework, confirming its alignment with the ICMA Social Bond Principles published in 2018. Furthermore, Sustainalytics have provided a Second Party Opinion on this Social Bond Newsletter to confirm alignment with the social bond Framework.

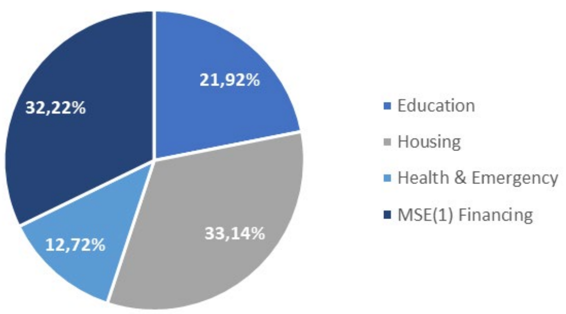
Allocation of Social Bond Proceeds

In 2022, we issued a Senior unsecured Social Bond with a total nominal value of USD 250 million and a Subordinated unsecured Social Bond with a total nominal value of USD 50 million. The full volume has been allocated, with the proceeds allocated across the following countries and loan categories.

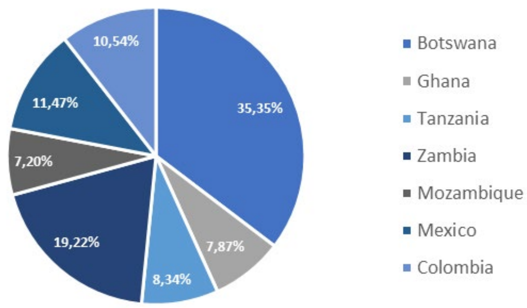
Our customers

In most of our markets, our customers are primarily government employees including teachers, nurses and police officers, using their loans to educate their children, improve their homes, access public healthcare and access to financing for micro businesses to supplement income.

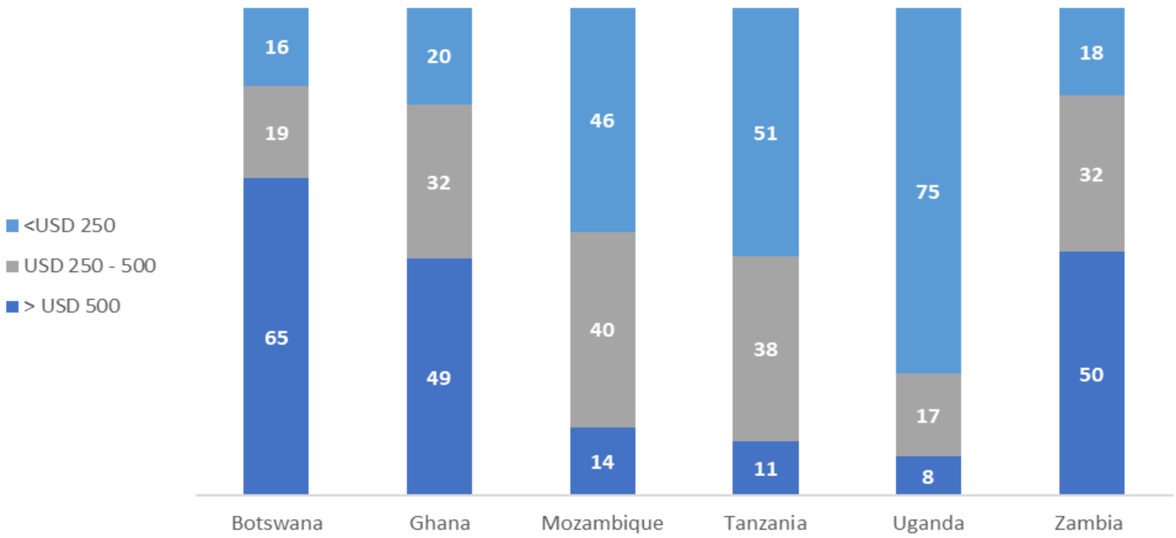
Allocation of proceeds to loan categories



Allocation of proceeds per country



Personal Monthly Income



Allocation of Proceeds

	Botswana			Ghana			Tanzania		
	Loans	Number of Loans to Ageing Individuals	Number of Loans to Women	Loans	Number of Loans to Ageing Individuals	Number of Loans to Women	Loans	Number of Loans to Ageing Individuals	Number of Loans to Women
Education	23 938 983	1	1 626	9 567 389	3	3 368	11 640 062	-	2 040
Housing	64 906 837	11	3 487	3 917 490	1	849	1 949 822	-	275
Health & Emergency	12 969 372	-	6 626	4 439 199	3	1 466	4 047 923	-	841
MSE(1) Financing	4 237 978	2	18 837	5 692 643	-	3 577	7 381 596	-	2 226
Total	**106 053 171**	**14**	**30 576**	**23 616 720**	**7**	**9 260**	**25 019 404**	**-**	**5 382**

	Zambia			Mozambique			Mexico		
	Loans	Number of Loans to Ageing Individuals	Number of Loans to Women	Loans	Number of Loans to Ageing Individuals	Number of Loans to Women	Loans	Number of Loans to Ageing Individuals	Number of Loans to Women
Education	4 202 613	1	786	7 411 875	-	1 547	3 481 357	-	-
Housing	3 550 313	-	467	2 399 632	-	6 054	13 895 768	-	-
Health & Emergency	513 323	-	95	2 422 693	-	461	5 804 222	-	-
MSE(1) Financing	49 381 092	6	6 703	9 372 029	-	1 596	11 243 532	-	11 778
Total	**57 647 341**	**7**	**8 051**	**21 606 230**	**-**	**9 658**	**34 424 879**	**-**	**11 778**

	Colombia			Total Loans	
	Loans	Number of Loans to Ageing Individuals	Number of Loans to Women		
Education	5 517 205	-	308	65 759 483	21,92%
Housing	8 810 859	3	137	99 430 721	33,14%
Health & Emergency	7 961 551	-	39	38 158 284	12,72%
MSE(1) Financing	9 342 640	-	539	96 651 511	32,22%
Total	**31 632 254**	**3**	**1 022**	**300 000 000**	**100%**

Number of Loans

	Botswana	Ghana	Tanzania	Zambia	Mozambique	Mexico	Colombia	Total	
Education	3 126	16 582	8 008	2 243	4 571	1 429	880	36 839	14,34%
Housing	7 772	5 414	1 189	1 387	22 401	10 904	390	49 457	19,25%
Health & Emergency	15 140	7 674	3 196	235	1 327	24 398	111	52 081	20,28%
MSE(1) Financing	24 767	19 274	5 161	17 089	5 352	45 309	1 539	118 491	46,13%
Total	**50 805**	**48 944**	**17 554**	**20 954**	**33 651**	**82 040**	**2 920**	**256 868**	**100%**

New Financing	*16,30%*	*34,70%*	*9,20%*	*43,80%*	*34,10%*	*47,80%*	*61,90%*	*27,30%*
Refinancing	*83,70%*	*65,30%*	*90,80%*	*56,20%*	*65,90%*	*52,20%*	*38,10%*	*72,70%*
	100,00%	*100,00%*	*100,00%*	*100,00%*	*100,00%*	*100,00%*	*100,00%*	*100,00%*

Loans financed by the Social Bonds

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 how the Social Bonds created financial wellness for some of our clients, we have included several client stories below.

Adela Edward Tesha

A Story of Growth and Opportunity with Bayport Adela

Edward Tesha, a dedicated primary school teacher at Mengeni Primary School in Rombo, made a bold decision to improve her family's income by starting a retail business with her husband a decade ago. Their shop became a vital resource for the community, supplying essential agro-products, animal feed, and polished wheat pollard.

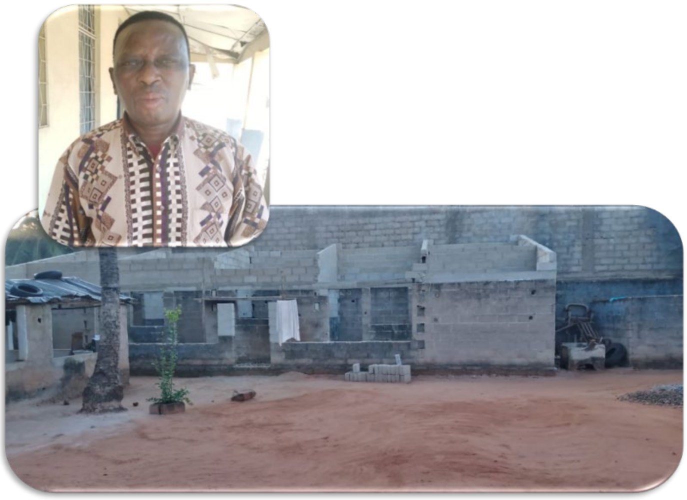
Despite their determination, Adela faced challenges in managing her inventory. Customers often left empty-handed because she couldn't consistently stock the agro inputs they needed. The supply trucks required upfront cash payments, and without sufficient funds, she risked losing loyal customers. Initially, Adela sought help from her previous lender, but the terms were unsuitable.

Determined to find a solution, she turned to Bayport through the ESS platform, selecting them as her lender. To her amazement, the process was simple and swift—she received the funds within just four hours of submitting her application.

With the Bayport loan, Adela fully stocked her shop, ensuring her customers always found what they needed. Her business began to thrive, significantly boosting her family's income. "I am grateful to Bayport," Adela shares. "Our business is now flourishing, and customers can get what they need when they need it. I also assist my husband at the shop during school holidays and after work hours, helping us grow together."

Adela's journey is a powerful example of how Bayport's accessible and efficient financial services empower entrepreneurs to overcome obstacles and achieve sustainable growth. Her success story highlights the transformative impact of Bayport's loans on small businesses, family livelihoods, and community development.

Francisco Momade Quiasse, 59, has been a Bayport customer since 2016. Over the years, he took five loans. With the money, he renovated his home in Nampula — but more importantly, put all five of his children through school. He now lives in a fully built three-bedroom house — a symbol of the stability and dignity he's achieved for his family. All five of his children have graduated and are now working professionals.



"I am proud of my house," he says, "but I am even prouder that my children are independent. Bayport did not just help me borrow — it helped me build a legacy."

"Bayport doesn't just work for us — they work with us. That makes all the difference."
— **Francisco Momade Quiasse**, Ministry of Combatants, Nampula

He praises the service at the Nampula branch but suggests that the space be expanded to better serve the growing client base.