



BAYPORT
SAVINGS AND LOANS PLC

Investor Presentation

August 2023



Discussion Points

1	Macroeconomic Update	2
2	Business Performance	6
3	Financial Highlights	10
4	Strategic Direction	13
5	Update on Bond Programme	16
	Appendix	18



01

Macroeconomic Update

Prevailing macroeconomic headwinds continue to impact our business (1/2)



	Lastest	Jun-22	YoY Change
Inflation rate	43.1%	29.8%	13.3%
91-day T-bill	26.7%	25.6%	1.1%
Monetary policy rate	30%	19.0%	11%
Ghana reference rate¹	29.3%	20.8%	8.5%
Public debt (USD bn)¹	52.0	54.4	(2.4)
Exchange rate USD/GHS	11.4	7.2	4.2

Increase in interest rates

- High interest rate regime led by the Monetary Policy Rate (MPR) largely driven by increasing upside risks of inflation, newly instituted tax measures and the massive liquidity support to mitigate risks associated with the DDEP in the banking sector
- MPR has been increased by 50bps to 30% in July as inflation begun to inch up again after its initial decline

Tightening MPR and liquidity management

- Rising costs of funds, combined with a more stringent monetary policy stance, has resulted in elevated lending rates for borrowers
- These developments are putting a strain on banks' liquidity, limiting their capacity to lend and invest, amidst dim views on risk

Rising inflation and currency depreciation

- The Bank of Ghana has adjusted its year-end 2023 inflation projection to 28.5%, a revision from the earlier forecast of 25%
- The currency has been fairly stable over the past 2 months around 11.30 – 11.85 area

Domestic Debt Exchange Program II

- The Government through the Ministry of Finance has engaged various institutions on the restructuring of cocoa bills and FCY domestic bonds
- This is expected to increase pressure on banks' liquidity and further impact profitability, as well as fund managers which do not yet have access to the USD1.5bn stability fund



Impact on our business

- **Significant increase in GRR:** impacting borrowing rates from bilateral loan facilities resulting in margin compression
- **Increased pressure on capital adequacy:** resulting from compressed margins
- **Higher inflation:** leading to elevated levels of cost-to-income ratio
- **Effects of the DDEP on commercial banks:** This translating into limited liquidity to support lending, impacting BS&L's ability to raise new funds from banks
- **Introduction of additional taxation** handles and increase in VAT rates resulting in increased operational expenses
- **Higher interest rates** leading to competition between NBFIs/corporates and Government in accessing the local investor market resulting in higher cost of funds



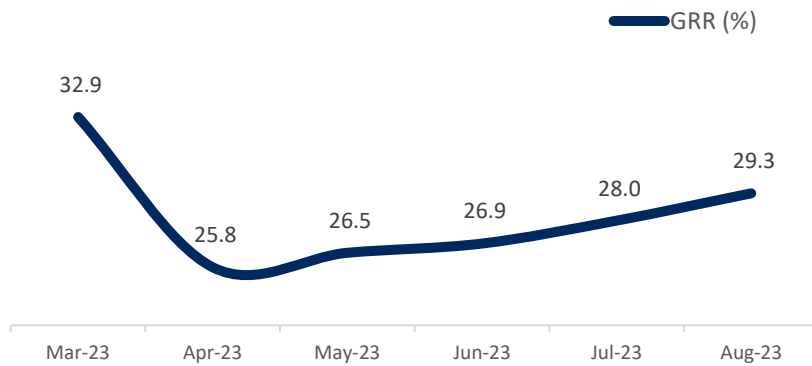
Our focus

- **NIM Management:** Continuous revision of loan pricing to preserve eroding net interest margin and keeping a funding mix to preserve positive net interest margin
- **Expenditure Control:** Prudent expense management which includes freeze on non-essential expenditure
- **Digitization:** Accelerated digitization of back-office processes to further reduce operating costs
- **Fraud:** Increased visibility on fraud
- **Investor Engagement:** Continuous engagement with fund managers to present Bayport as an alternative trusted investment option

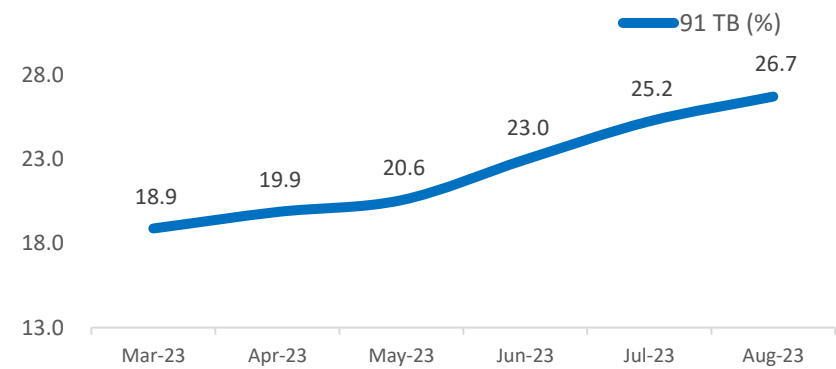
Rather challenging macros trends negatively impacting our business.



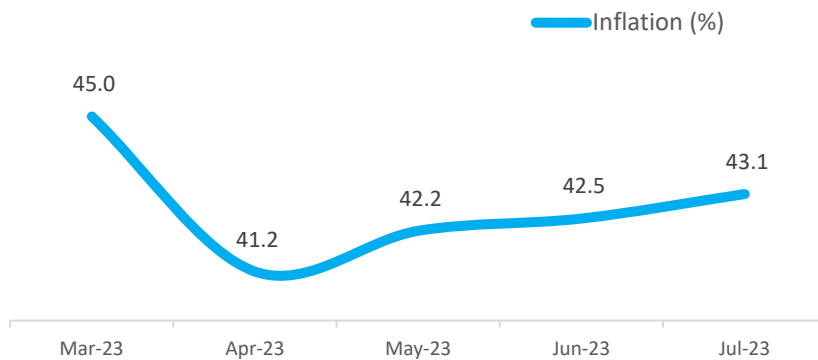
Reference rate moderating



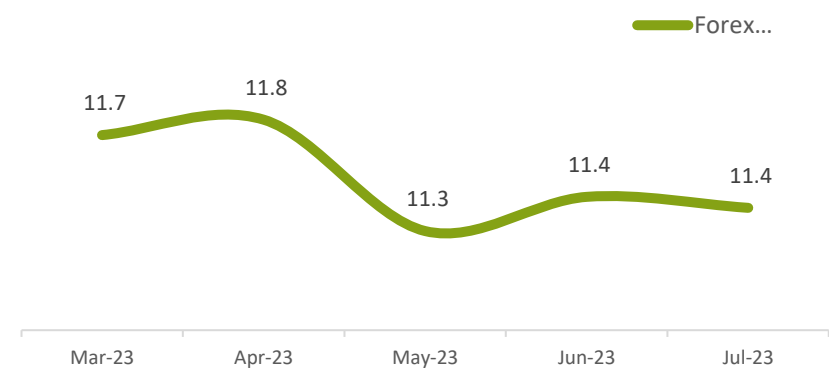
Short-term yields rising



Sticky inflationary rate



The Cedi experiencing volatility against the USD





02

Business Performance

How we fared against key KPI's under stressful conditions



Income Statement KPI's

Net interest
income

GHS57.0m ▼ 32.3%

Operating
expenses

GHS44.5m ▼ 50.0%

Impairment

GHS0.7m ▼ 94.6%

Profit after
tax

GHS11.3m ▼ 48.9%

Financial Position KPI's

Loans and
advances

GHS740.4m ▲ 11.3%

Total assets

GHS930.3m ▲ 13.0%

Total deposits

GHS155.1m ▲ 23.7%

CAR

18.1% ▼ 0.2%

Note: 1. Income statement KPI's compare H1'22 to H1'23
2. Financial position KPI's compare FY'22 to H1'23

Growing a sustainable business despite challenging macros



Growth

- Preserved business gains through prudent asset growth and liquidity management
- Increased visibility on fraud
- Strengthened risk management and regulatory compliance
- Refinanced existing loans for existing customers who qualified for top-up loans, given limited funds available

Total
asset
growth

13.0%¹

Loan
book
growth

11.3%¹



Sustainability

- Strengthened the core technology, operations, credit risk and process excellence
- Stable senior management team with strong execution track record
- Commenced processes for IS27001 Cyber Security Certification

Equity
to Asset
Ratio

22.4%

Bayport
Market
Share²

22.5%



Leadership in Digital and Technology

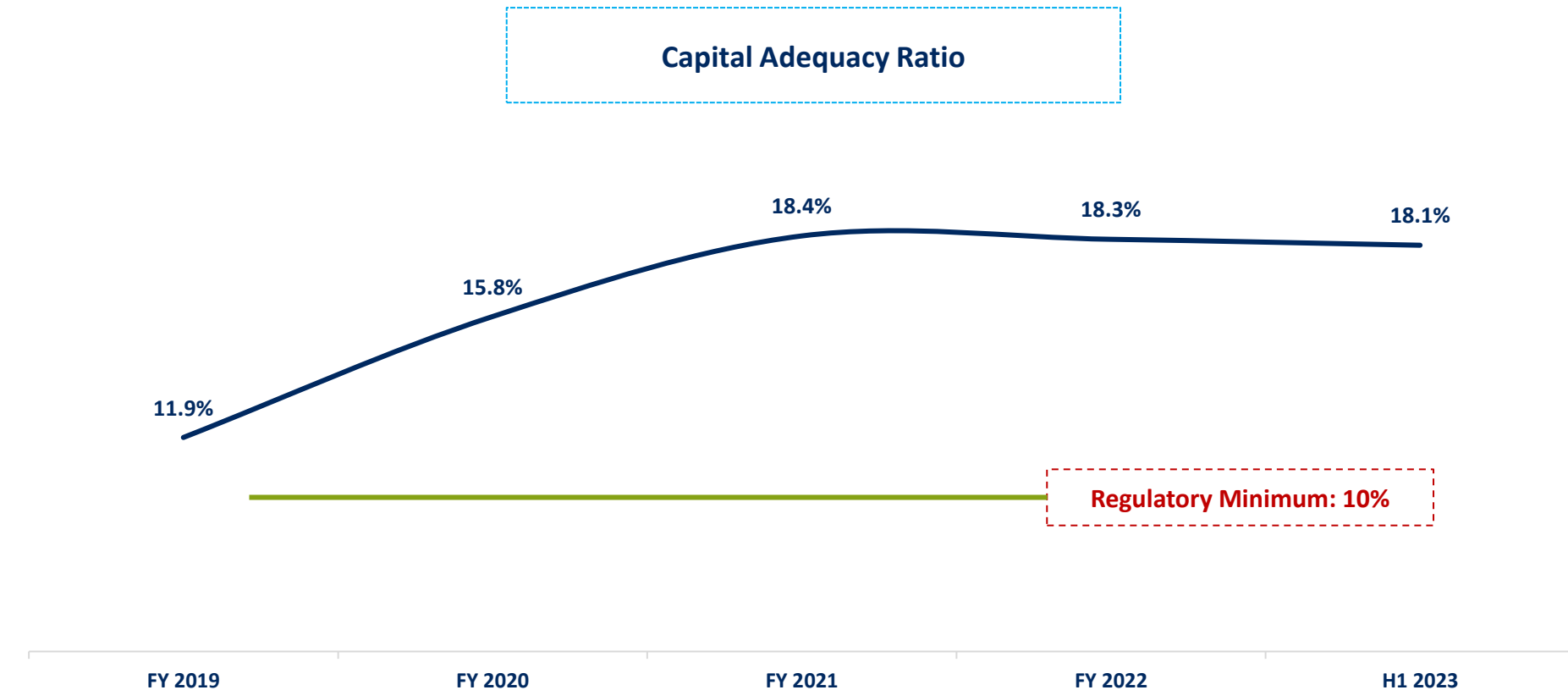
Delivering world-class customer experience

Note: 1. Growth KPI's compares FY' 22 to H1'23 2. Non-Bank Payroll Services provider

Capitalization remains robust in the face of ailing market conditions



- Bayport was not affected by the ongoing Domestic Debt Exchange Programme due to zero holdings in Treasury bills and bonds
- Capital levels remain significantly above the regulatory limits and the focus is to maintain healthy business growth tied with capital preservation

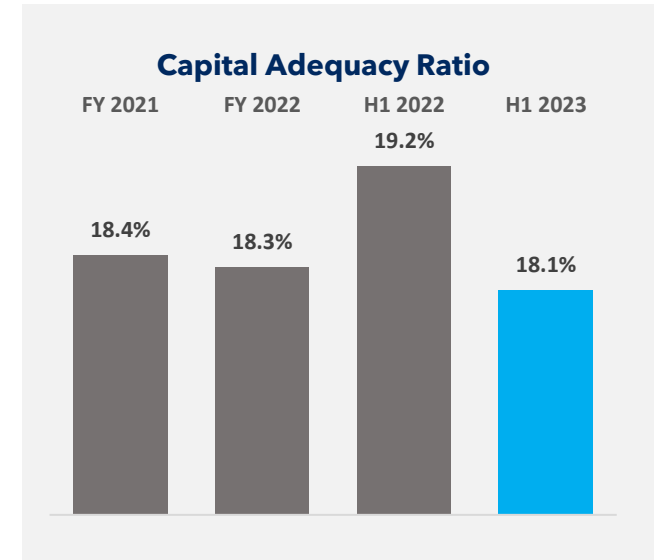
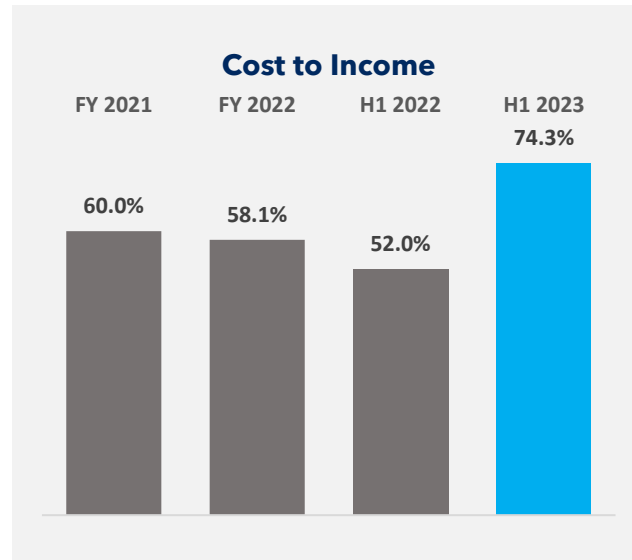
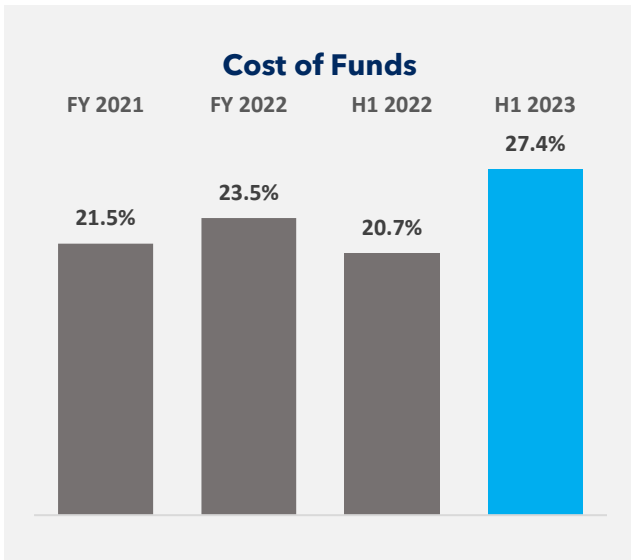
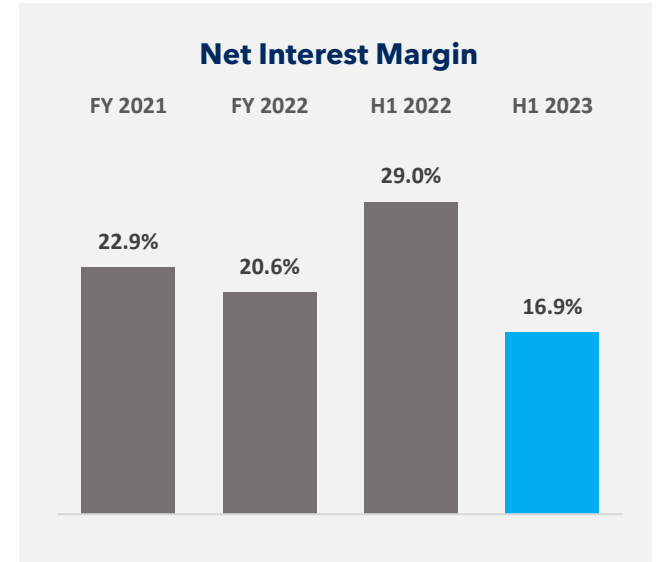
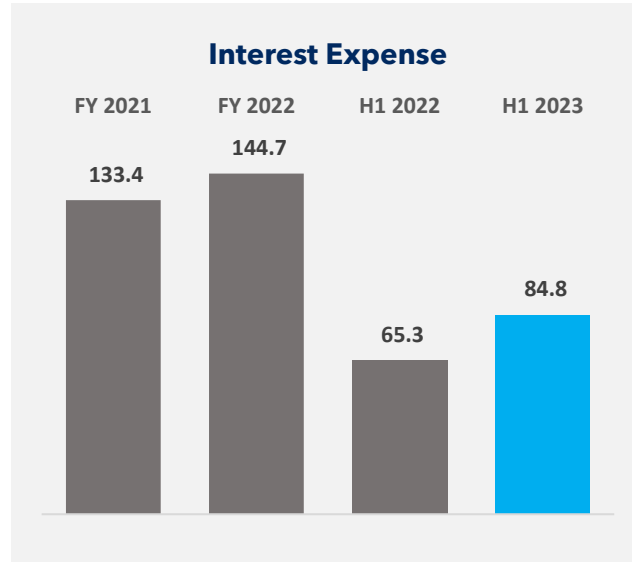
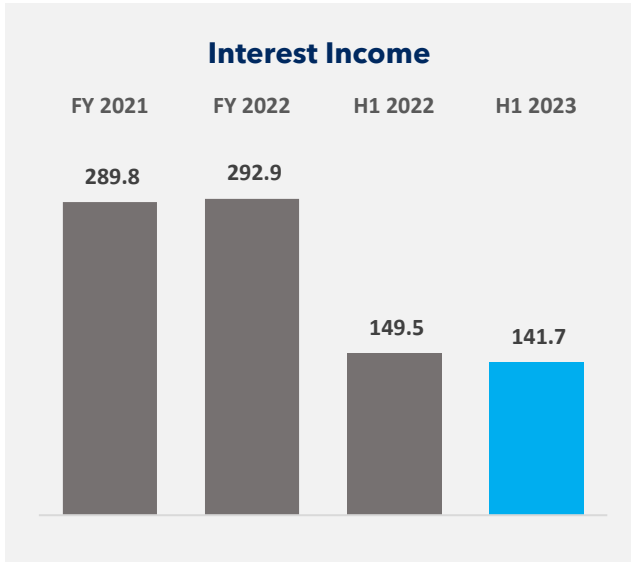




03

Financial Highlights

Impact of a challenging macro environment on our business

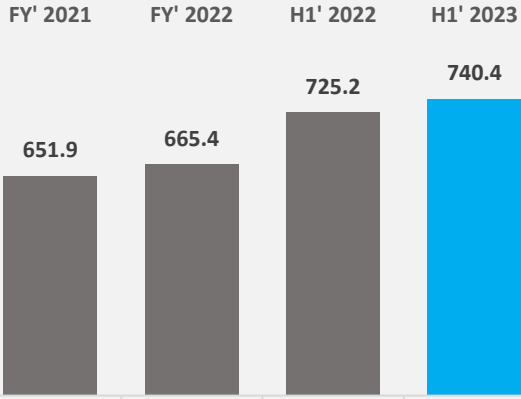


All figures in GHS'm unless otherwise stated

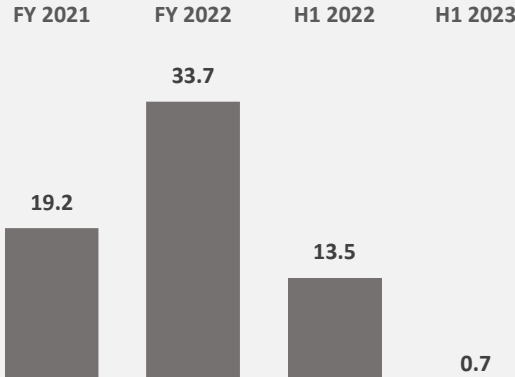
Resilience in a challenging environment



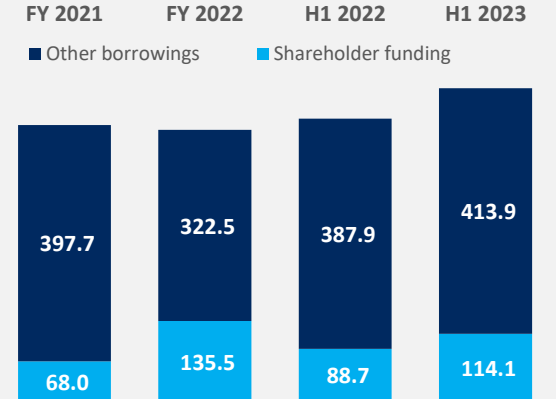
Net Advances



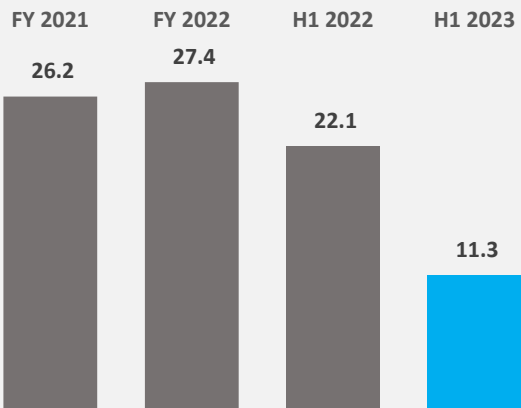
Impairment



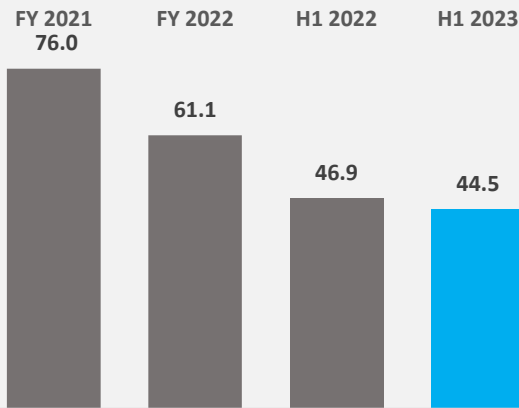
Liabilities & Shareholder Funding



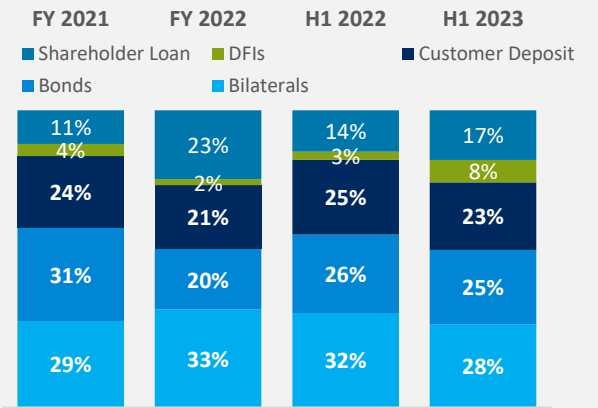
Profit After Tax



Opex



Our Funding Mix





04

Strategic Direction

Our strategic direction



Our strategy remains anchored in delivering exceptional customer experience and digital services at production costs aligned with gains and efficiencies achieved through digital transformation.

Digital Transformation and customer obsession



- Consolidate efforts towards digitizing the back office
- Improved customer engagements for fixed deposit customers through monthly financial wellness tips and birthday messages
- Continuous surveys on Customer satisfaction and Net promoter score.

Retain and Engage our staff



- Provide continuous relevant training to support staff development
- Ongoing talent management program for strategic talent with key training and development opportunities

Sustain Business Growth



- Deepen operational efficiencies to drive more growth and profitability with focus on sales through alternative lower cost channels
- Strengthen risk management and regulatory compliance
- Complete IS27001 Cyber Security Certification

Environmental, Social and Governance (ESG)

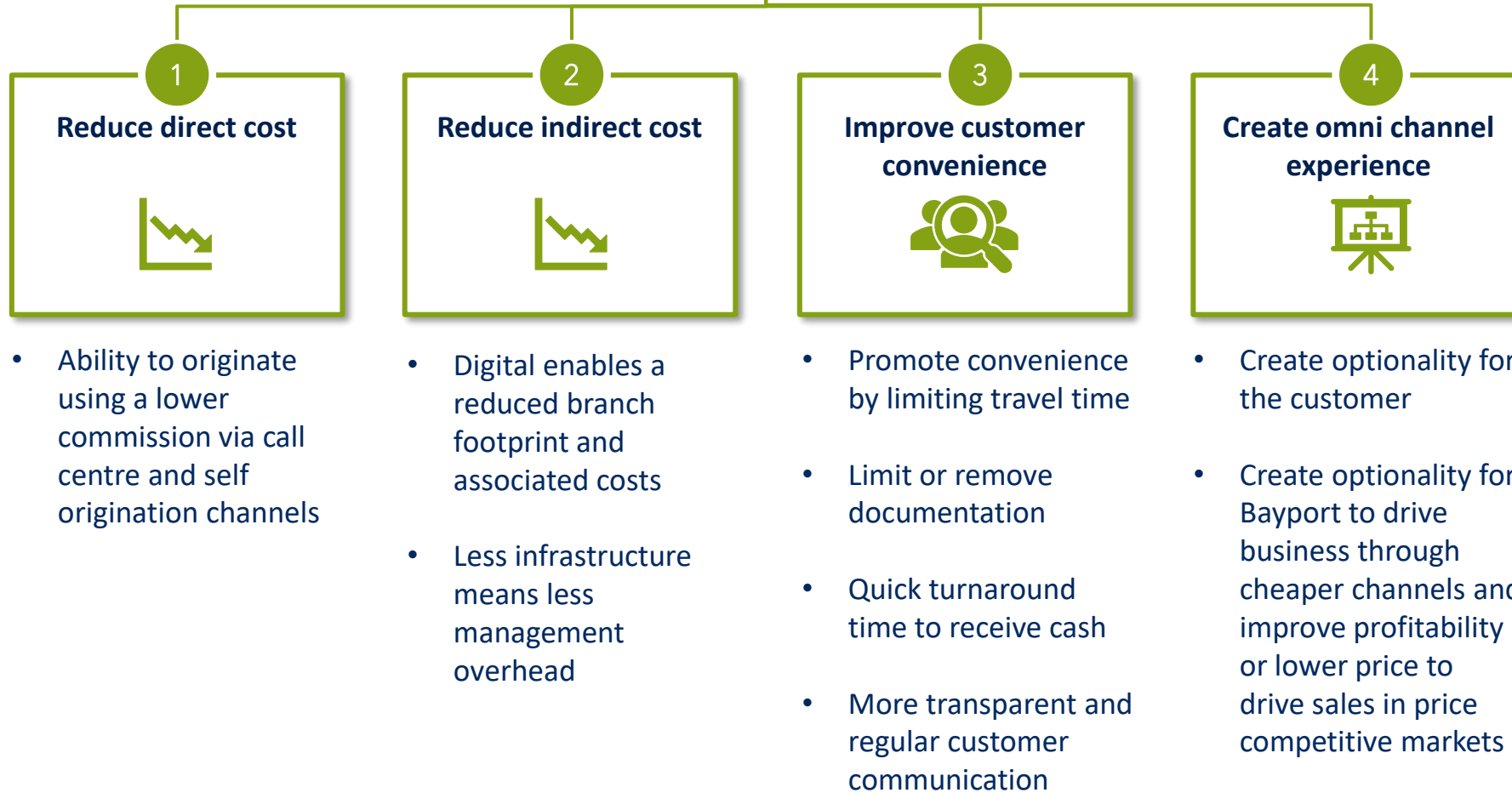


- ESG Policy approved
- Mapping out strategy focused on three most critical and actionable areas of influence – business, customers and people
- CSR activities focused on education and health

Continuous focus on digitization for stronger value-creation



Our digitization journey has focused on the following four core principles:





05

Update on Bond Programme



Update on Bond Programme



- GHS116m of first bond programme yet to mature
- An amount of GHS41.2m, which constitutes Tranche 12 of the initial bond program, is scheduled for payment in September 2023
- Tranche 1 of GHS50m issued in March 2023 under the new bond program

Regulatory Approval & Funding Plan



- **August 2023** – Approval to raise GHS100m in two tranches of GHS50m each
- Bayport is seeking to raise up to GHS100m (two tranches of GHS50m each) from the debt capital market in Q3 2023



Appendix

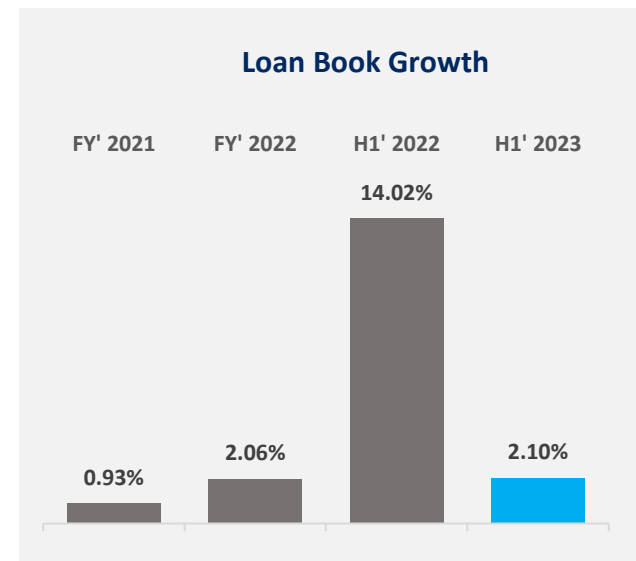
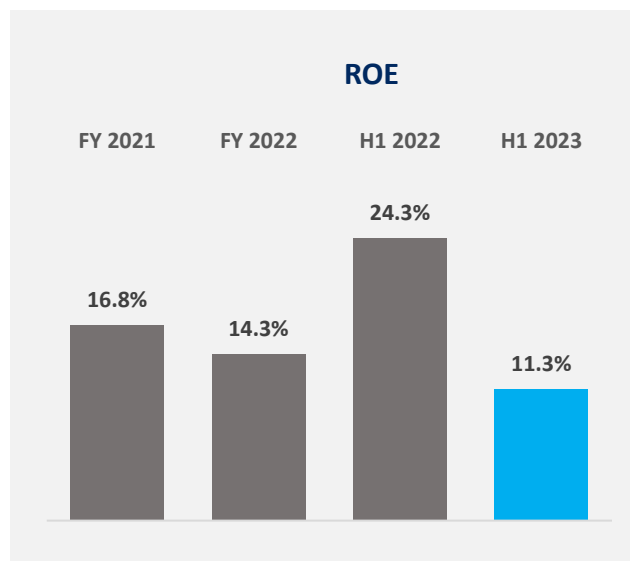
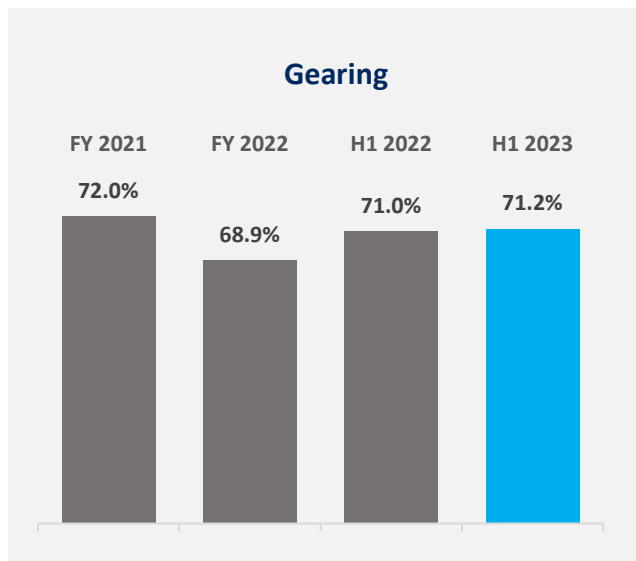
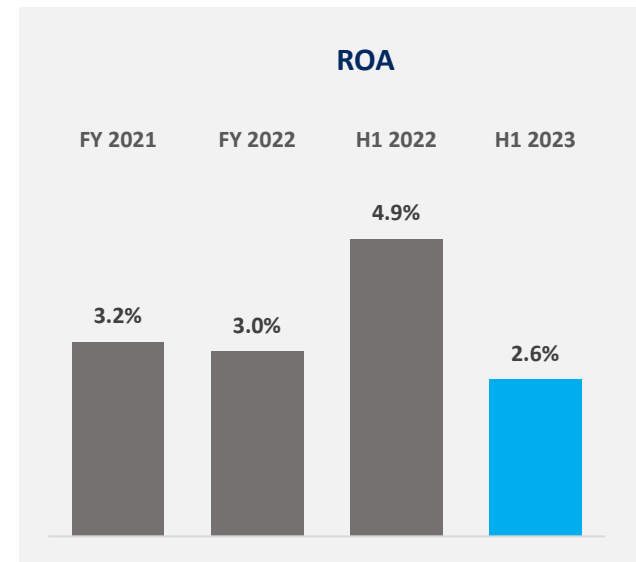
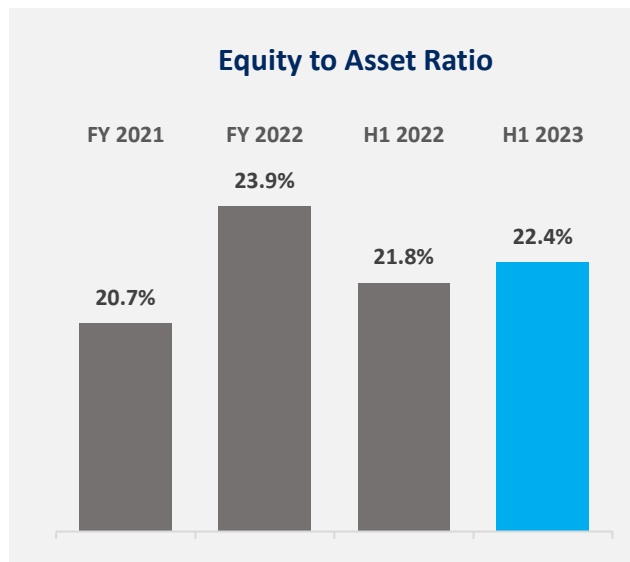
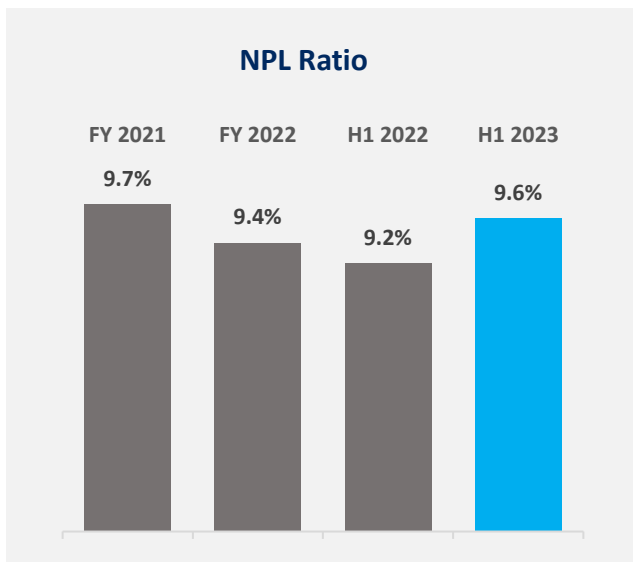
Q2 2023 Unaudited Financials



Statement of Financial Position	Q2 2023 GHS	Q2 2022 GHS
Assets		
Cash and cash equivalents	16,895,537	16,007,318
Loans and advances to customers	740,425,973	725,181,576
Other assets	137,247,484	102,815,006
Property and equipment	6,367,702	5,504,372
Intangible asset	3,100,740	4,317,252
Right of use assets	3,561,412	7,999,244
Current tax assets	5,897,821	1,095,045
Deferred tax assets	16,780,055	15,456,159
Total Assets	930,276,724	878,375,973
Liabilities		
Bank overdraft	2,490,833.17	7,830,393
Deposit from customers	155,060,423	161,155,432
Other Liabilities	33,096,483	34,532,019
Lease liability	3,413,265	6,688,014
Borrowings	413,870,136	387,892,035
Loans from shareholders	114,112,065	88,656,816
Total Liabilities	722,043,205	686,754,708
Equity		
Share Capital	29,942,217	29,942,217
Reserves	178,291,303	161,679,048
Total Equity	208,233,520	191,621,265
Total Equity and Liabilities	930,276,724	878,375,973

Income Statement	Q2 2023 GHS	Q2 2022 GHS
Interest and other similar income	141,726,873	149,530,690
Interest and other similar expense	(84,758,891)	(65,333,052)
Net interest Income	56,967,982	84,197,638
Fees and commission income	2,274,380	1,912,955
Fees and commission expense	(13,573,689)	(15,325,588)
Net fees and commission expense	(11,299,308)	(13,412,633)
Other operating income	2,415,878	6,375,006
Net impairment loss on financial asset	(724,090)	(13,461,339)
Net Other Operating income/ (loss)	1,691,788	(7,086,333)
Personnel expenses	(11,981,574)	(10,588,824)
Depreciation and amortisation	(2,434,480)	(3,727,781)
Other expenses	(16,529,506)	(17,230,868)
Profit Before Taxation	16,414,901	32,151,199
Income tax expense	(5,146,080)	(10,079,399)
Profit After Tax	11,268,822	22,071,799

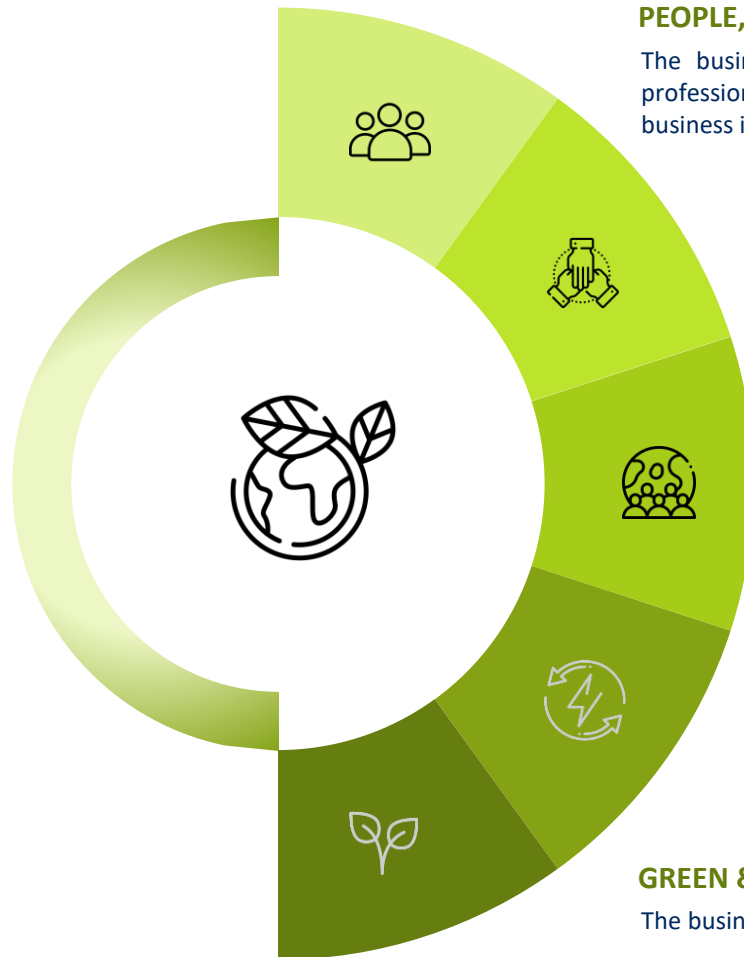
Resilience in a challenging environment



ESG – Embedding ESG in the DNA of the Organization



Following Board approval for an ESG policy for the business at the end of 2022, the business has outlined a roadmap which will ensure that we expand the scope of our Environmental and Social management beyond customer activities to cover internal footprint. The key highlights are below:



PEOPLE, CULTURE AND TALENT MANAGEMENT

The business continues to invest in our people as we shape employees with relevant training and professional development skills. A talent management programme is in place for strategic talent. The business is also reviewing gender diversity across all levels of management

FINANCIAL INCLUSION

We intend to continue our rural and sub-urban penetration using digital technologies focusing on the unbanked, underbanked and women

CORPORATE SOCIAL RESPONSIBILITY

Social investments in the areas of education being scholarship schemes and staff-led social responsibility activities targeting deprived individuals such as Trokosi and Orphanages to improve lives. We are also focused on Health and women empowerment

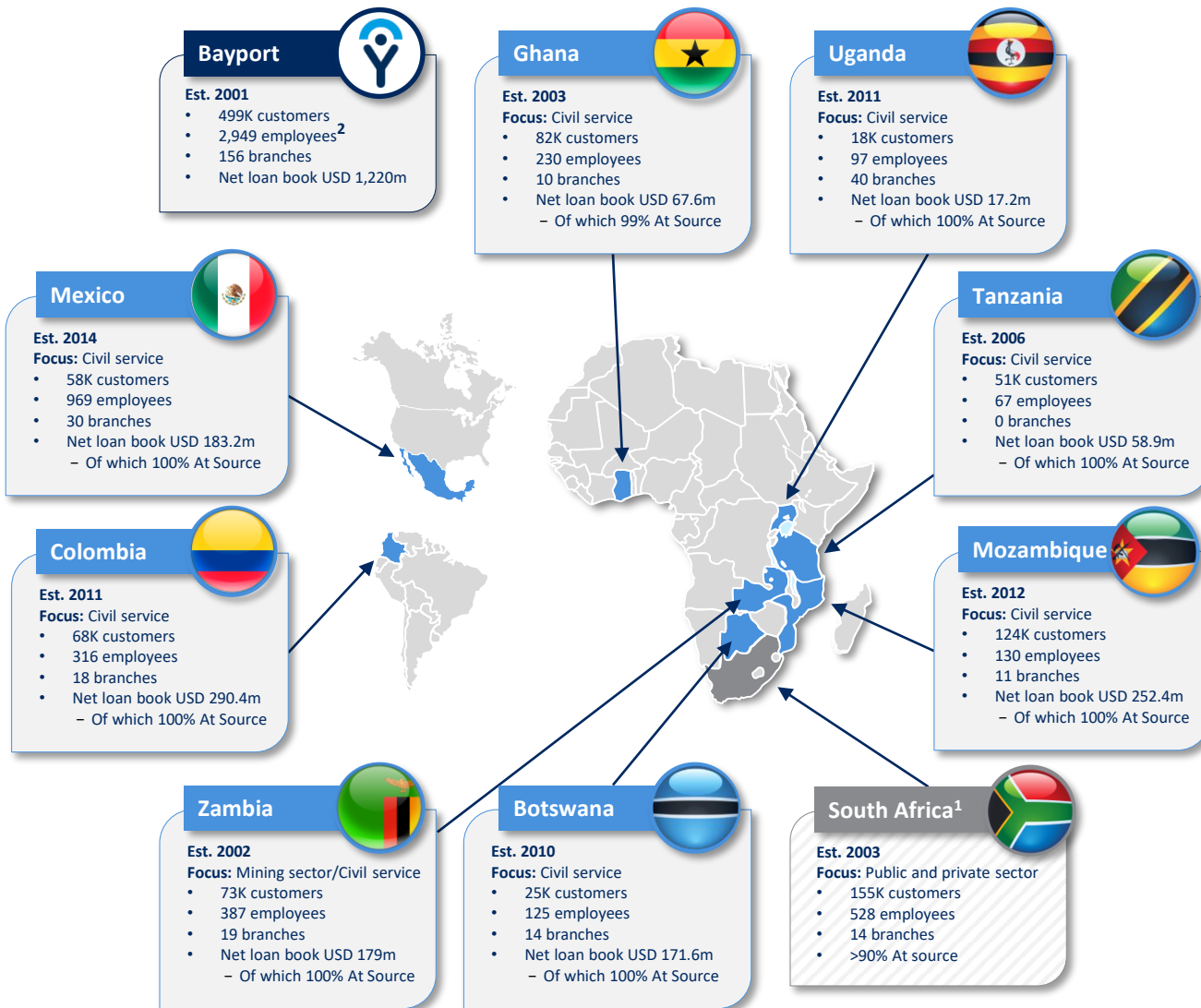
ENERGY EFFICIENCY

The business has begun a review of the entire energy infrastructure in the Head Office to reduce power consumption. The plan is to replicate this to our service centers once Head Office is completed

GREEN & IMPACT PRODUCTS

The business continues to work with partners to support customers in the areas of health and sanitation.

We belong to a group with a flexible and highly efficient digital distribution model



Digital distribution network



Digital agent force
Flexible distribution model employing a network of mobile, digitally-enabled independent agents



Digital call centres
In and outboard digital call centres enabling digital loan origination and collections



Digital self-origination
Utilisation of USSD, mobile apps and WhatsApp channels for seamless loan origination and engagement. Supported by advanced SMS, USSD and social media marketing capabilities



¹ South Africa, owned to 49%, is an associate company and as such not consolidated in the totals for Bayport



Bayport's vision

To be the most profitable provider of financial solutions in our chosen markets

Bayport's mission

Bayport's mission is to provide financial solutions suited to the needs of an inclusive and broad customer base; embracing technology, product leadership and innovation and so becoming the leading developing market financial solutions provider.

Key success factors



Compete and lead through digitization



Reduce funding costs and de-risk balance sheet through local currency mobilisation



Impeccable credit reputation



Revised operating and engagement model



A well diversified and inclusive Board

Product portfolio



Payroll loans



Investment products

Established reputation

20+ Years Experience

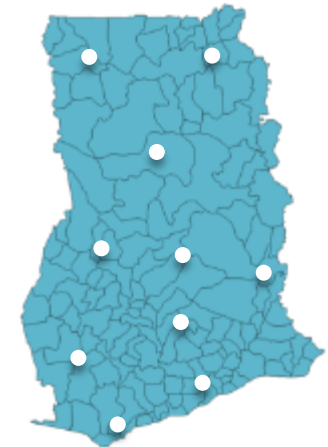
Established a reputation for responsible growth, well executed product offerings, and disciplined corporate governance

Strength in numbers

10 Service Centers

32 Locations across Ghana

230 Staff Strength



A well diversified and inclusive board



● Years within industry

● Years at Bayport



Francis Esem Wood

Board Chairman (Independent Non-Executive Director)

Chairman as of 2019. Mr. Wood was a London-based investment banker with decades of experience. Led First City Monument Bank, the first Nigerian institution to be awarded by Euromoney



Amina Kaguah

Non-Executive Director

Former senior partner at Oxford and Beaumont Solicitors, now ENS Africa Ghana, with over 22 years post-qualification experience in corporate and commercial law practice



Akwasi Aboagye

Executive Director- Chief Executive Officer

A chartered accountant with over 16 years experience in credit, finance, risk, operations and strategy



Julia Asante Anim

Non-Executive Director

Chief Executive Officer of Amber Keye Investments limited, a Financial Advisory and Strategic Planning firm. An expert in Corporate and Investment Banking, Risk Management and Strategic Planning



Emily Slota

Non-Executive Director

Formerly an Associate Principal at Mckinsey & Co, where she developed a digital banking strategy for a West African bank and went on to support, build and launch an entirely digital bank in West Africa. MBA from Harvard, BA from Stanford



Nothando Ndebele

Non-Executive Director

CEO - Bayport Africa Served as MD and Head of FIG at ABSA and has extensive prior experience in both sell-side research and buy-side asset management in SA and London



Country management team



● Years at Bayport



Chief Executive Officer
Akwasi Aboagyee

5+

A chartered accountant with over 15 years experience in credit, finance, risk, operations and strategy



Chief Finance Officer
Dzifa Cofie

5+

18 years senior management experience. A chartered accountant with over two decades experience in finance, audit and strategy .



Chief Commercial Officer
Allen Jubin

6+

Over 23 years' C-level experience in assets management, investment banking and technology. A member of the British Computer Society

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