

TrustGro Presentation for Bondster

March 2022



A Finclusion Group Company



Finclusion Group at a glance

An African neobank accelerating financial inclusion, and quality of life

Finclusion

- We are enhancing financial inclusion in African markets through investing in and growing high potential fintech businesses
- We have long-standing financial services, ecommerce and technology experience – with a track record of successful African exits
- Our focus areas are:
 - Financial wellness – Improving the financial health of the formally employed through wage-streaming and credit education
 - Credit scoring (facilitating credit to those traditionally excluded)
 - Direct lending (empowering SMEs to grow businesses during difficult times)
- We invest in businesses (post-revenue) with the capacity to scale quickly, on the back of profitable unit economics in high-growth sectors well-positioned to benefit from the growing middle class

Disbursements:

>\$300m

Loans:

>1m

Employment:

> 5 000

Defaults:

7.1%

Employees

>100

Loan Book:

\$15m

Footprint



TrustGro lending operations

Eastern Africa
Kenya | Tanzania



SmartAdvance lending operations

South Africa | Eswatini |
Namibia



Credit risk clients

Fractal Labs
Active clients



We are positively impacting our customers' lives

Actively contributing towards the UN's Sustainable Development Goals



Financial education

Provide the tools and platforms to educate clients on financial basics, enabling them to make better financial solutions for the future.



Educational Loans

Offering educational loans at a lower interest rate to those that wish to further their education



Empowering small businesses:

Providing a digital platform for small businesses to display products, enabling exposure to a larger market and safe payment solutions. Product delivery is fulfilled by a partnership with Drivers Club, which works with personal transport and taxi services nationally



Credit rehabilitation

Provide a platform and service to clients that have found themselves in financial difficulty, preventing over-indebtedness and backlisting, whilst assisting with the removal of judgements through tailored financial products

No poverty



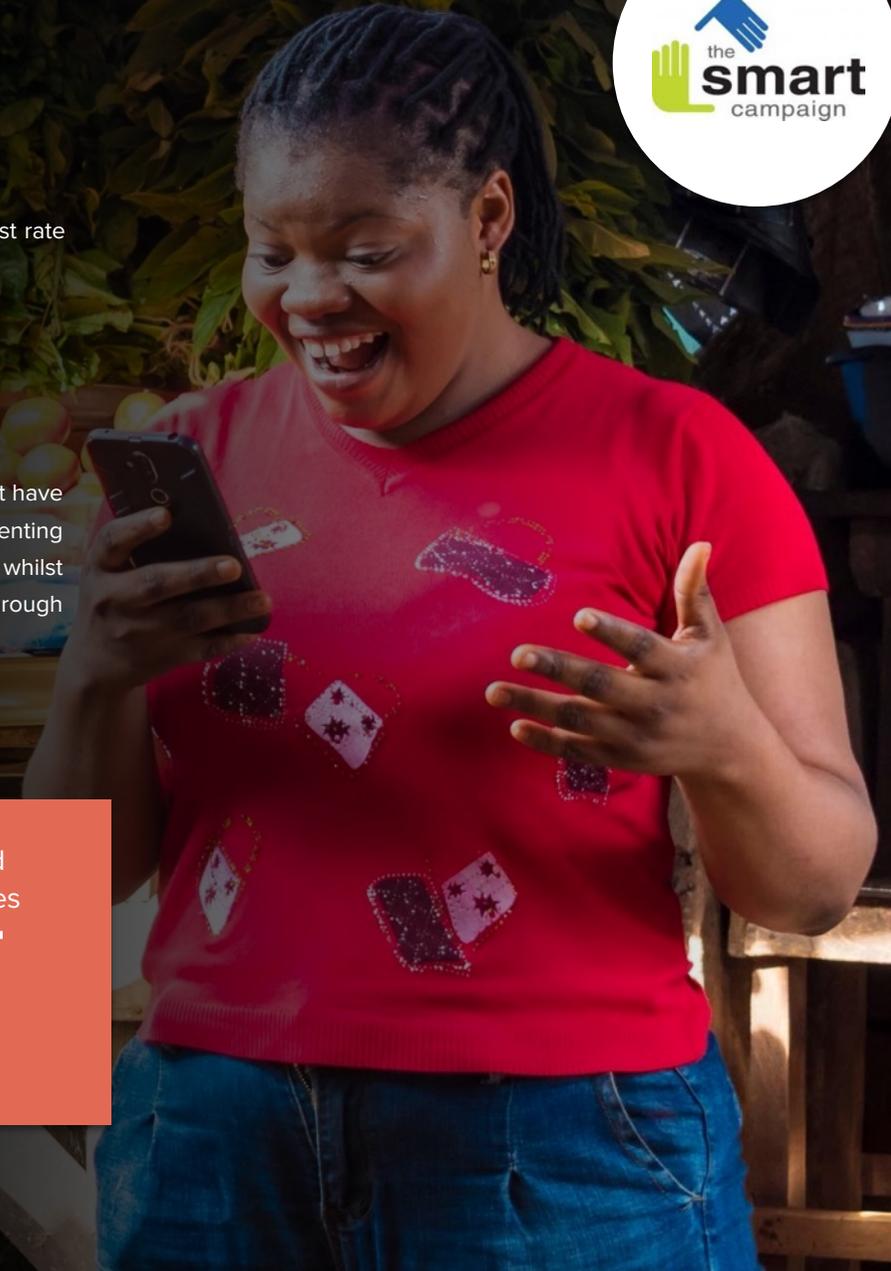
Quality education



Decent work & economic growth



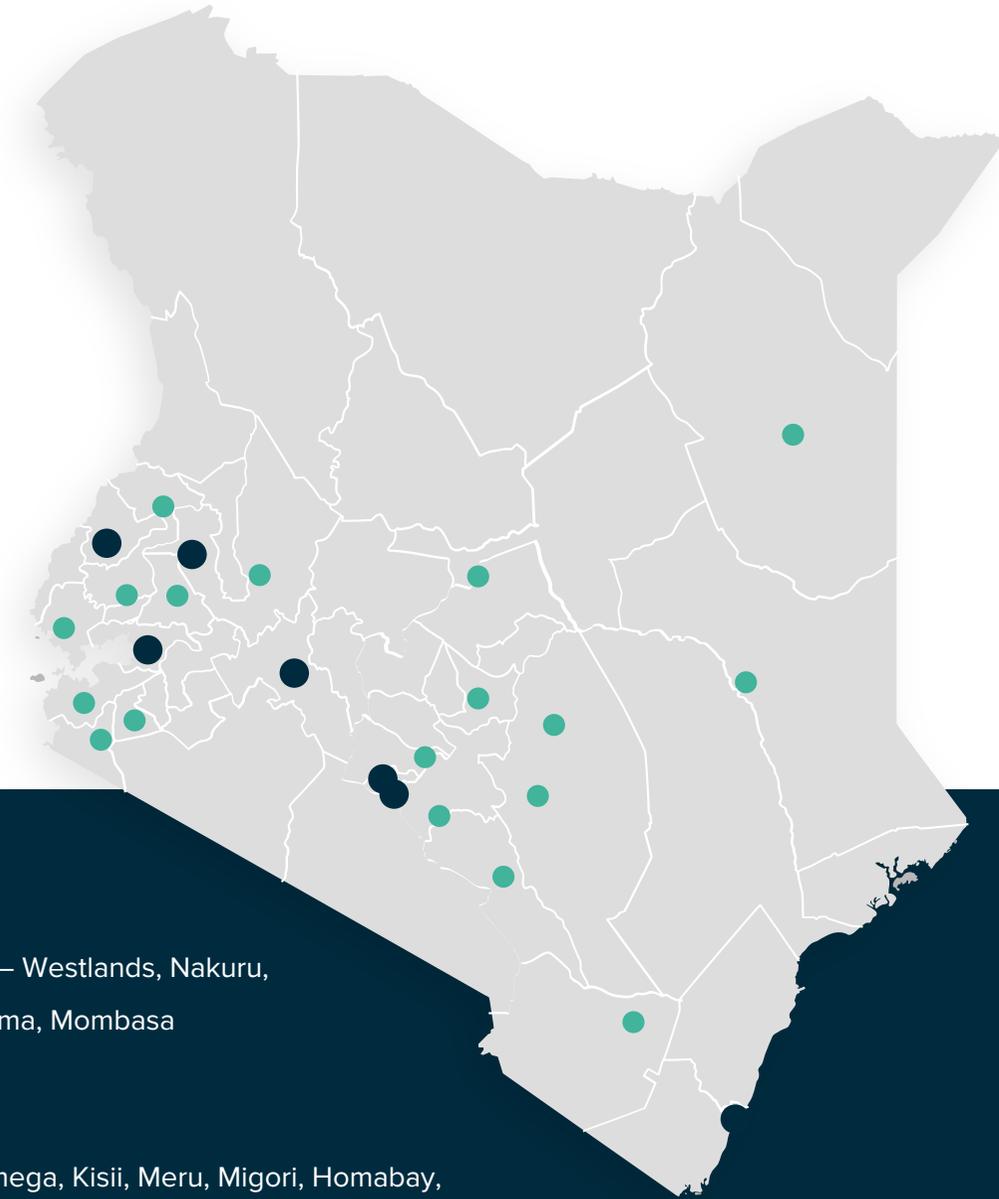
Reduced inequalities



TrustGro Overview



- TrustGro is a non-deposit taking microfinance company incorporated in Kenya.
- The company was founded in 1993 and has been under its current ownership since January 2020.
- The company provides government payroll loans, private company payroll loans, vehicle logbook loans, salary advance loans, and asset finance loans.
- The Company has 7 branches and 19 satellite branches with a presence in 26 Counties.
- The Company had a staff complement of 74, and a net loan book of over US\$6.6M as at the end of March 2022.



Market Share:

1.2%

Active clients:

>6,400

Employees:

74

Branches ○

Nairobi – CBD, Nairobi – Westlands, Nakuru,
Eldoret, Kisumu, Bungoma, Mombasa

Defaults:

10.7%

Agents

>200

Loan Book:

>US\$ 6.6M

Satellites ●

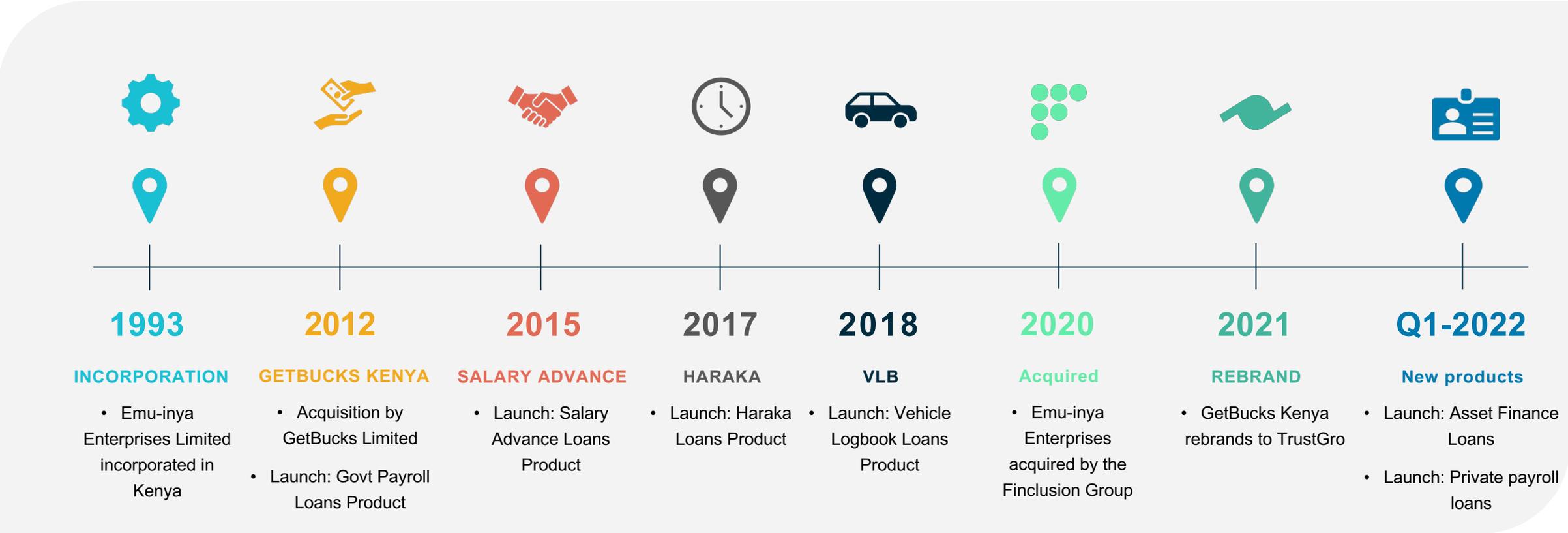
Kapsabet, Kitale, Kakamega, Kisii, Meru, Migori, Homabay,
Kabarnet, Wajir, Isiolo, Embu, Mwingi, Thika, Kitui, Garissa,
Machakos, Kitui, Voi, Narok



Simple | Conventional | Appropriate

Our Timeline

The history of TrustGro



Our core lending products

 Govt. Payroll Loans	 Vehicle Logbook Loans	 Salary Advance Loans	 Private Payroll Loans	 Asset Finance Loans
<ul style="list-style-type: none">• Unsecured loan• Market: government employees• Max term: 96 Months• Amount (KES): 10,000 to 1.5 Million	<ul style="list-style-type: none">• Secured loan• Market: vehicle owners in business or employed• Max term: 24 Months• Amount (KES): 50,000 to 5 Million	<ul style="list-style-type: none">• One-month payday loan• Available to private sector employees• Amount (KES): 5,000 to 200,000	<ul style="list-style-type: none">• A short-term unsecured loan• Market: employees of private sector companies that have signed an MOU with TrustGro.• Max term: 3 Months• Amount (KES): 1,500 to 100,000	<ul style="list-style-type: none">• Secured loan• Market: employees & business owners• Max term: 48 Months• Amount (KES): 50,000 to 3.5 Million

TrustGro Overview

Purpose and Core Values



OUR MISSION:

We help enhance the quality of life of our customers through providing access to simple, convenient and appropriate financial services.



OUR VISION:

We create an ecosystem where people and organizations can access financial solutions that help them meet their desired objectives.



OUR VALUES:

People | Innovation | Integrity | Teamwork



Vehicle Logbook Loans

- Stimulate Business
- Tender and Supplies



Private Payroll Loans

- Short-term emergencies
- Emergency bills



Salary Advance

- Family support
- Education
- Medical
- Farming



Govt. Payroll Loans

- School fees
- Family support
- Medical

Average period rate: 61%*

*Verified by microfinanza rating agency

Key-Value Proposition

We are customer centric with the aim of **helping enhance the quality of life of our customers**



Simplicity

- Our products and services are designed to be easy to understand.
- Our terms and conditions are designed to be transparent
- Our communication is clear and consistent



Convenience

- Our product and service offers are easily accessible
- Our solutions are placed at clients' point of need
- Our products and services can be accessed via USSD and web pages



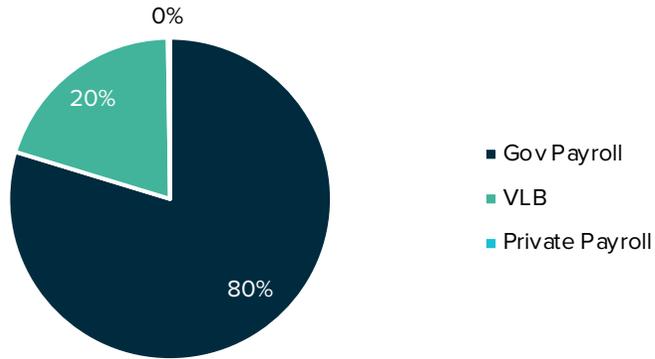
Appropriate

- Our products and services are focused on providing solutions
- Our aim not to compound the problems faced by our clients
- Our focus is clients being better off after accessing our products than they were before.

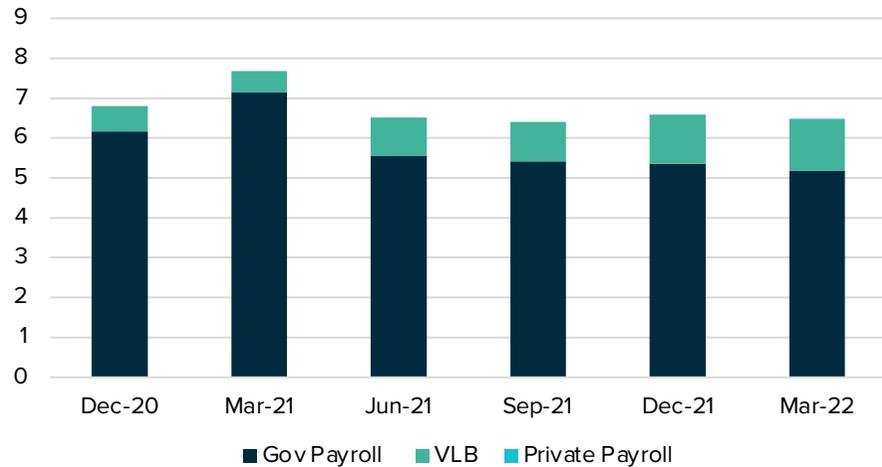
Key performance indicators

Sustained credit quality improvements

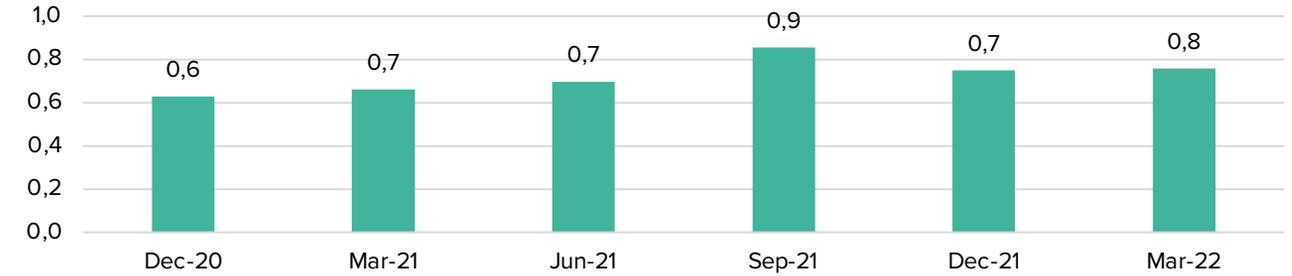
Product mix as of 31 March 2022



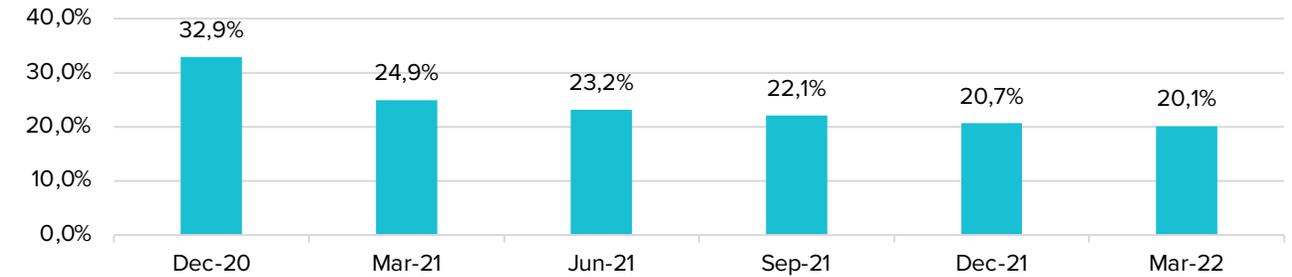
Quarterly Gross Book Value USDm



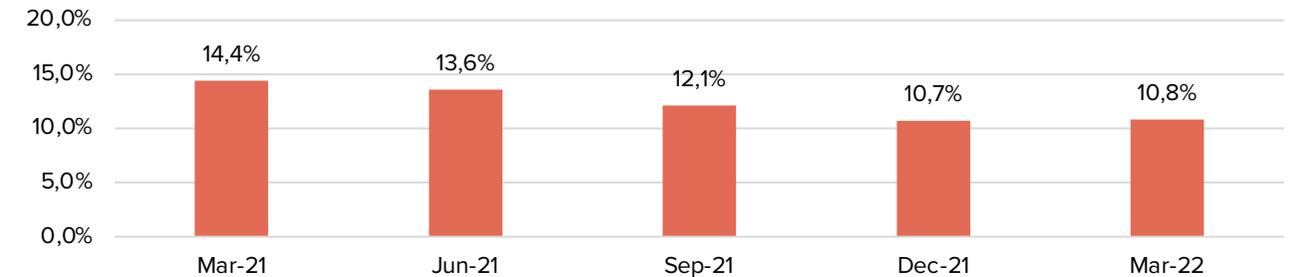
Total disbursement USDm



Expected credit loss %



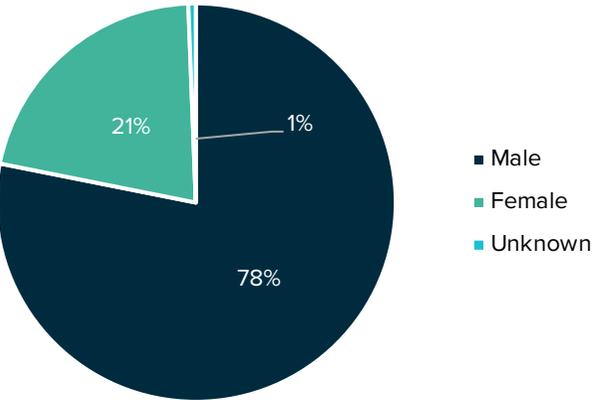
NPL in %



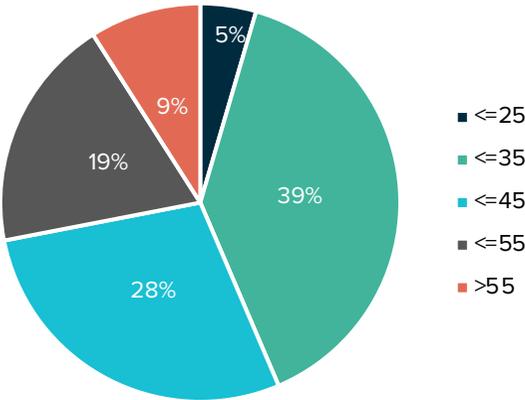
Customer demographics

An inclusive product stack allows TrustGro to service a wide variety of clients

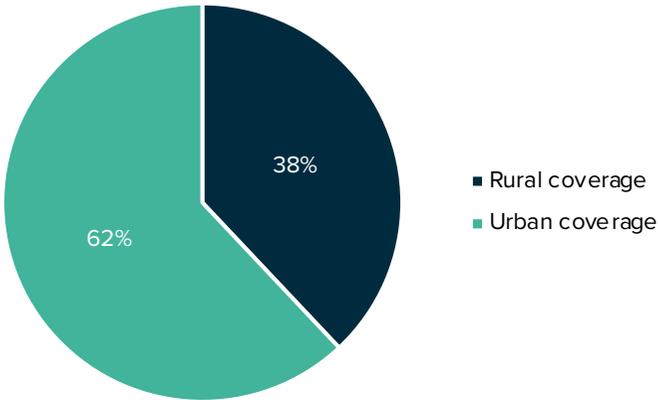
Gender split %



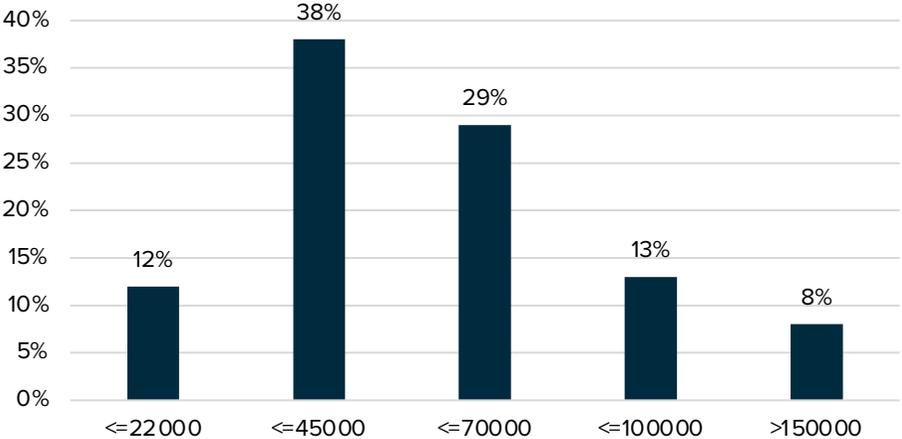
Age split %



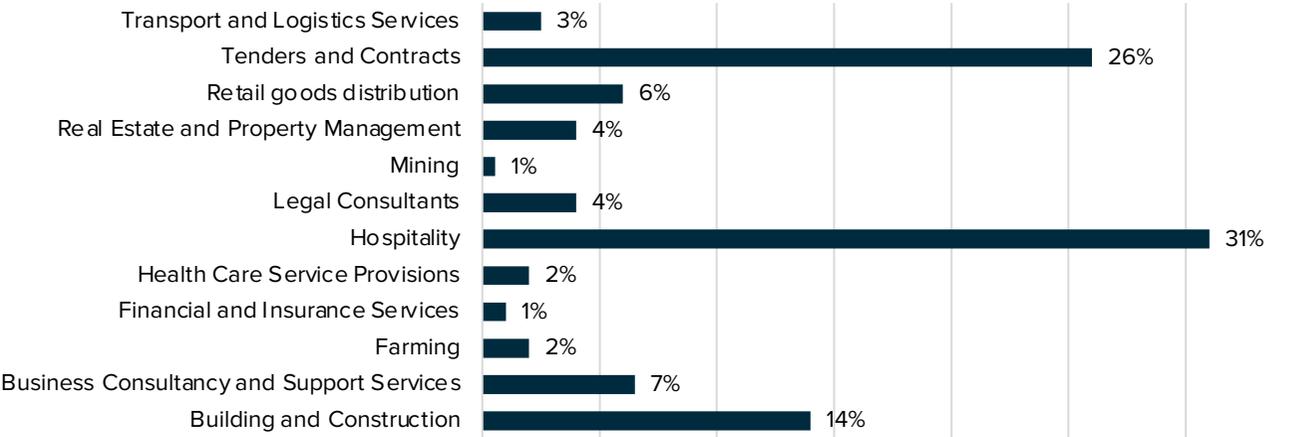
Geography split %



Customer income bracket %

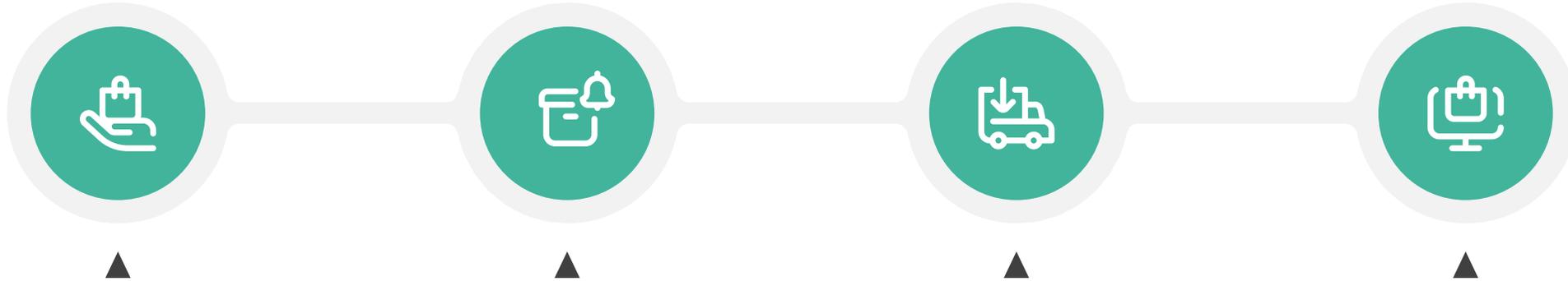


Use of funds split %



How we prepared for a Covid-19 world

The business took corrective action to mitigate credit risk, improve the loan process, and maintain a high level of customer service.



Voice contracting

- ✓ Reduce time on application
- ✓ Improve turnaround time
- ✓ Quicker payout of funds

Remote contact centre

- ✓ AI driven call center
- ✓ Accessible from any device
- ✓ Flawless customer service

Adapted lending criteria

- ✓ Mitigate reckless lending
- ✓ Reduce over indebtedness
- ✓ Improve credit quality

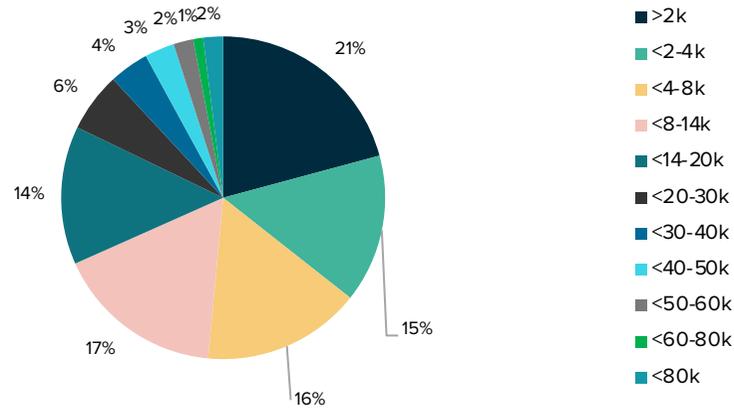
Collection innovation

- ✓ Provided payment plans
- ✓ Alternative payment options
- ✓ Rewards good behaviour

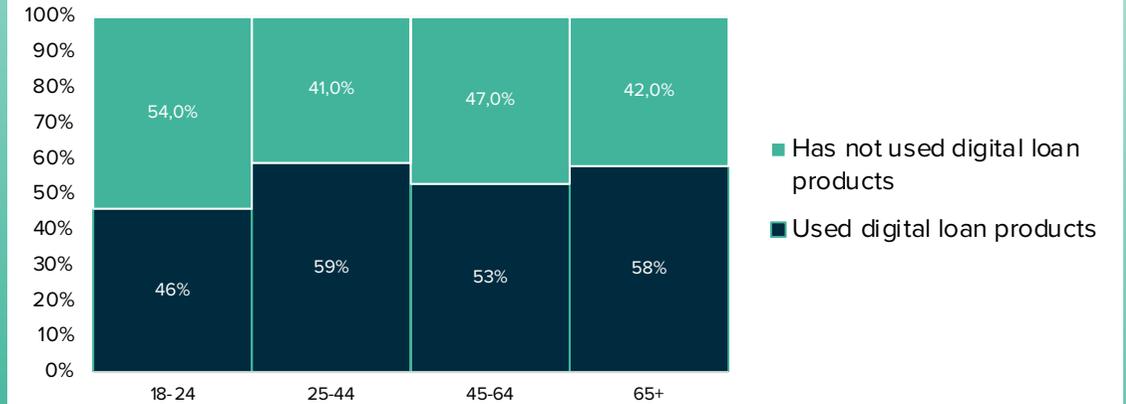
State of the market

As companies respond to and recover from the financial impact of the pandemic, managing the effects of the crisis on credit risk is now a top priority

Monthly income of digital loan users % (KES)



% Distribution in loan products Q 2021



Income groups

- Lower to middle-income individuals continue to make up the greatest proportion of loan users with only 18% of total loans being taken up by individuals earning >KES20k
- These lower-middle income groups remain the most exposed to economic downturns or reenforced lock-down restrictions.
- To account for this, lenders will need to employ adaptive credit decisioning to account for changes in the credit environment

Age groups

- A majority of economically active Kenyans have used a digital loan product
- We expect the 18-24-year-old age bracket have an even greater uptake of digital products as they mature economically, and a larger proportion require loan products

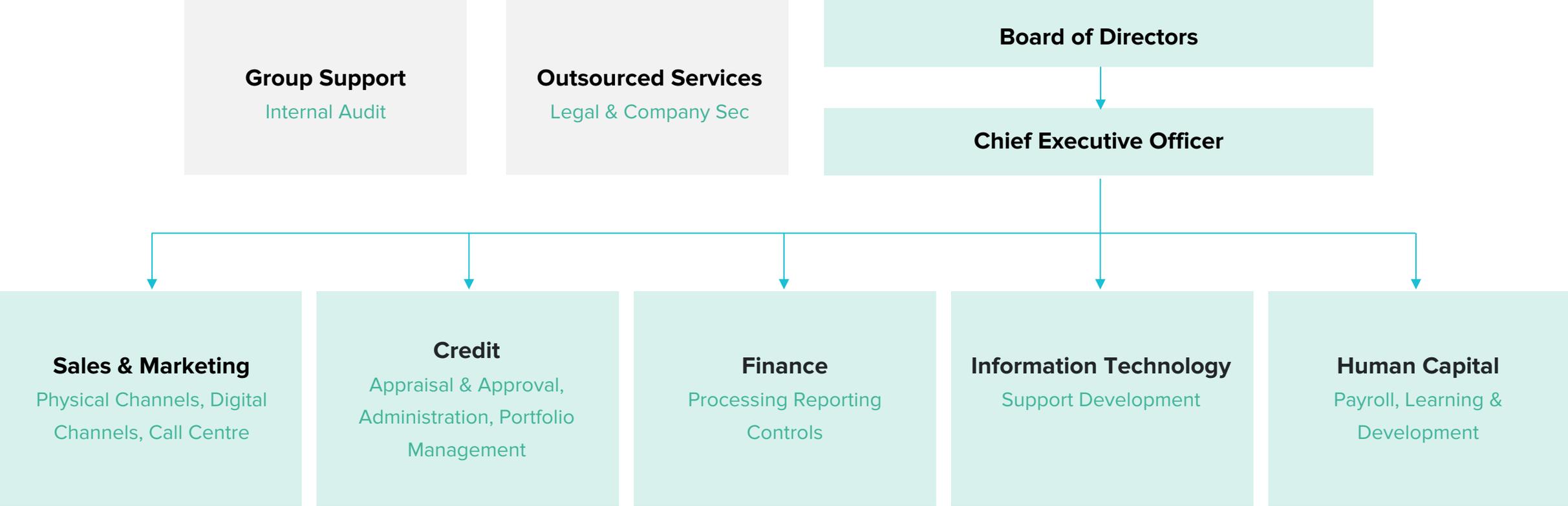
Risks

- Annual losses in 2021 from identity theft and loan stacking amounted to approximately **KES 13.3 billion**.
- Industry average NPL of **14.0%** for 2021

Collections efficiency industry average

- VLB/Asset finance **76%**
- Government payroll: **87.5%**

Organizational structure



Meet the team



Tonderai Mutesva

Chief Executive Officer

Tonderai has been the CEO of TrustGro from February 2020. He previously worked with MyBucks SA as a Corporate Finance Executive, ABC Holdings as a Product Development Manager, Atlas Mara as part of the Corporate Development Mergers and Acquisition team and BancABC Zimbabwe as an Investment Banker. He is a holder of BSc Economics degree, is a CFA charter holder and is certified by the Global Association of Risk Professionals as a Financial Risk manager.



Wycliffe Kiprono

Head of Credit

Wycliffe was appointed Head of Credit in August 2020. He has previously worked with Kenya Commercial Bank, Kenya Women Finance Trust and Real People Business Finance. He holds a BA in Development Economics.



Serah Gikonyo

Head of Finance

Serah was appointed Head of Finance in March 2022. She has previously worked in the assurance practice at PricewaterhouseCoopers (PwC) in the Kenya and the United Kingdom offices, for 13 years. She is a Certified Public Accountant, CPA(K) and a member of the Institute of Certified Public Accountants of Kenya, (ICPAK). She holds a Bachelor of Commerce degree (Accounting option) (Hons) and a Master of Business Administration degree (Finance Option) from the University of Nairobi.



Meet the team



Eric Gathii

IT Manager

Eric was appointed IT Manager in 2015. He previously worked for Blue Microfinance as IT Manager. He holds an MSc in Information Technology and a BSc in Computing and Information Systems.



Rosemary Mundia

Human Capital Manager

Rosemary has seven years of experience in Human Capital. She started at KPMG East Africa as an auditor before moving on to PWC and, more recently, at 60 Decibels, where she was the People Operations Manager. Rosemary holds a Bachelor's degree in Commerce with a Finance major from the University of Nairobi; a Higher Diploma in Human Resource Management; and a Certified Human Resource Professional qualification - CHRP(K) and is currently working on an MBA at Strathmore University.



Diane Okock

Finance Manager

Diane was appointed Head of Finance in 2017. She previously worked for Opportunity International Kenya as a Finance and Administration Officer. She has also worked at Opportunity Wedco Care in the finance department. She holds an MBA in Project Management, BCom in Finance and is a CPA (K).





Thank you

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