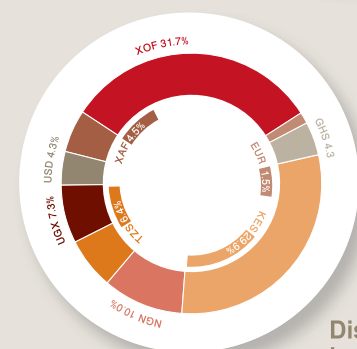
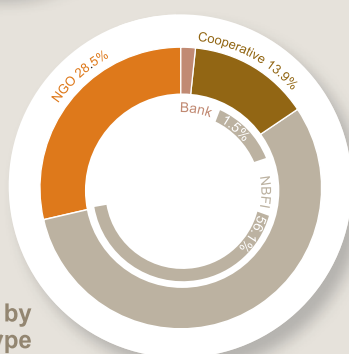
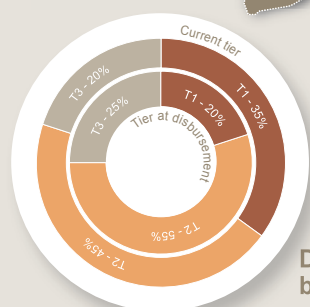
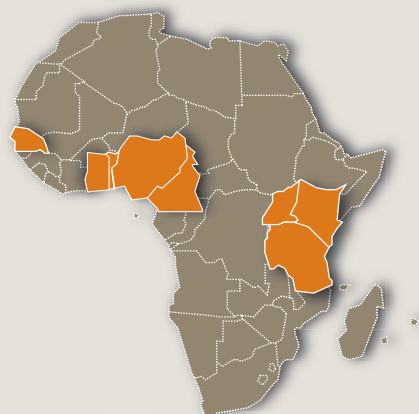




GAV	26.1m
NAV	24.1m
PLI Portfolio	23.4m
Cash	1.4m
Countries	9
PLIs	14
Investments	15
Clients	61'460

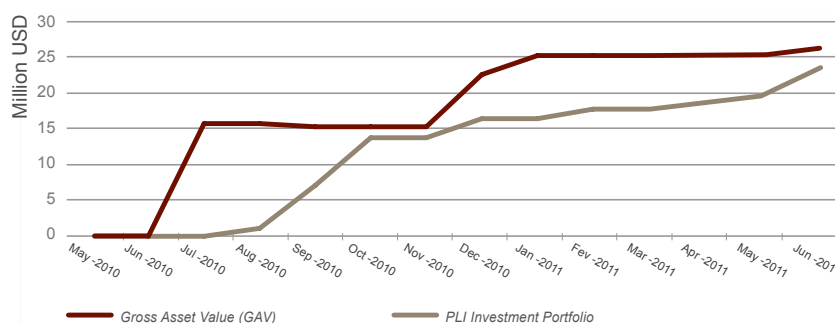


Investment Manager Comment

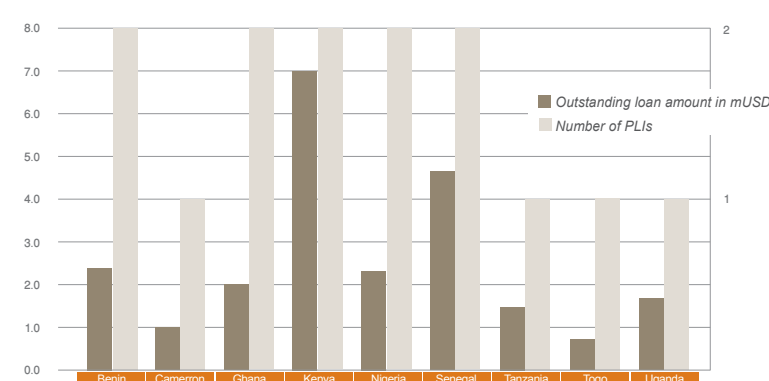
In recent months we have witnessed moments of civil unrest in Uganda, Kenya and Senegal, continued improvement in Ivory Coast, and the birth of Southern Sudan, the world's newest nation. In some markets (East Africa in particular) there has been a rapid increase in inflation and interest rates, and depreciation of currencies. However, this has had little impact on performance and growth in the microfinance sector overall, and we continue to see demand for funds all across Africa, including equity capital to support transformational activities. However, the increased volatility in these markets has triggered higher hedging costs, exacerbating the already high level of pressure on pricing, even as more investors/funds enter the African microfinance market.

In Q2 REGMIFA concluded funding deals in Benin, Togo, Uganda and Nigeria for a total of USD 5.4 million, adding two new countries to the portfolio and resulting in a total invested portfolio of USD 23.4 million. In the coming months we expect repeat funding opportunities to existing partners of the Fund, and an increasing number of partnerships with smaller and/or less developed MFIs.

Investment Portfolio Growth



Invested Portfolio



5 Largest Country Exposures

Country	Volume USD	%
Kenya	7.0	29.94%
Senegal	4.7	20.05%
Nigeria	2.4	10.05%
Benin	2.4	10.15%
Ghana	2.0	8.55%



QUARTERLY FACT SHEET

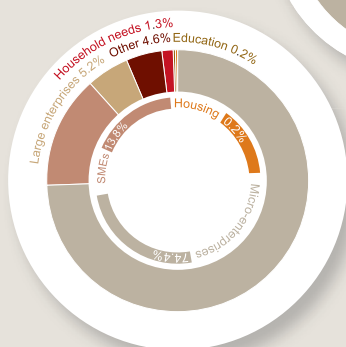
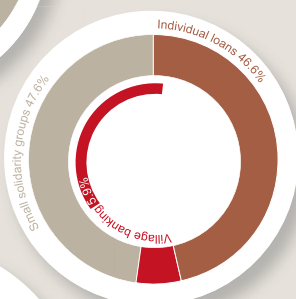
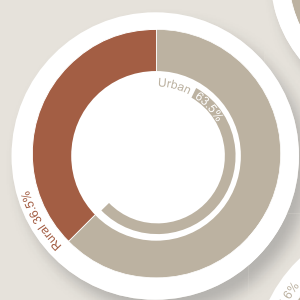
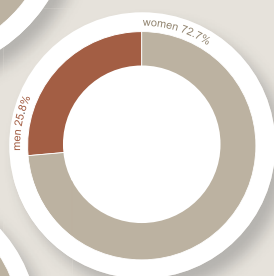
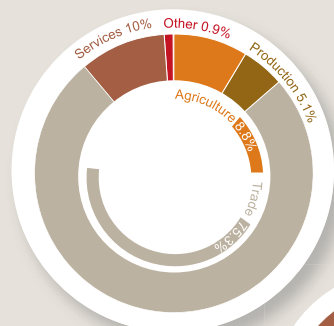
Q2/2011

Social Rating

★★★★☆

Score	Social Value	PLI social rating
100-90	Extremely strong	★★★★★
89-80	Very strong	★★★★☆
79-70	Strong	★★★☆☆
69-60	Moderate	★★☆☆☆
59-50	Poor	★☆☆☆☆
50-0	None	-

The Investment Manager uses a social rating tool containing 100 qualitative and quantitative indicators which are split into 7 dimensions: social governance, labor climate, financial inclusion, client protection, product quality and diversity, social responsibility to the community, and environmental policy.



Social Outreach Aggregate Fund Portfolio

Portfolio Outstanding (USD)	23.38m
Number of PLIs refinanced	14
Number of PLI branches (avg)	35
Client retention rate	89.61%
Portfolio Loan Average (USD)	722.24
Estimated Total Micro Clients	61,460

Invested PLI Portfolio

Invested PLI profile	Simple Average	Median
Total Assets (USD)	51,203,421	31,160,150
Gross loan portfolio (USD)	31,860,307	21,292,732
Number of active borrowers	66,595	19,187
Average loan size (USD)	1,040	1,033
Debt/Equity ratio	4.54	5.07
Portfolio yield	38.69%	33.84%
Operating expense ratio	28.03%	27.68%
Operational self-sufficiency	115.29%	111.24%
Return on Equity	8.81%	9.39%
Return on Assets	2.49%	3.57%
PAR > 30 days	5.76%	5.15%
Write off ratio	0.43%	0.00%

Social Outreach

Client and Product Information	%Total	Clients
Distribution by Activity		
Agriculture	8.8%	5,384
Production	5.1%	3,130
Trade	75.3%	46,262
Service	10.0%	6,124
Other	0.9%	559
Distribution by Gender		
Women	72.7%	44,685
Men	25.8%	15,847
Distribution by Location		
Urban borrowers	63.5%	39,031
Rural borrowers	36.5%	22,429
Distribution by Lending Methodology		
Individual loans	46.6%	28,626
Small solidarity group loans	47.6%	29,231
Large group loans	5.9%	3,603
Distribution by Product Type		
Micro-enterprises	71.7%	44,070
Small and medium enterprises	16.3%	10,028
Large enterprises	5.3%	3,240
Education	0.8%	463
Immediate household needs	1.5%	924
Housing	0.7%	405
Other loan portfolio	3.8%	2,329

Each quarter a different example of the value chain from REGMIFA to investee country to Partner Lending Institution and to the end beneficiary is presented.

Investee Country Profile – Uganda

Population	34.6 million
Pop. living in poverty	35%
Human dev. rank	143/182
GDP per capita	USD 1,300
Real GDP growth (2010e)	5.2%
Inflation rate	9.4%
Forex (12m)	-22% /USD
Private credit	31.1% /GDP
Foreign aid	USD 1,785 million
Remittances	USD 463 million

REGMIFA Investors



Value Chain Illustration

Country profile - Uganda

Uganda has a population of 35 million people, 35% living below the poverty line. Agriculture is the most important sector of the economy, employing over 80% of the work force. The economic outlook is positive after the recent re-election of Museveni. However, the Bank of Uganda predicts increased inflation due to persistent rise in food prices, global oil prices and imported inflation. In 2011, instability in southern Sudan is the biggest risk for the Ugandan economy as Uganda exports mainly to Sudan and is a destination for Sudanese refugees. New-found oil is set to change Uganda's economy, with Tullow Oil signing an agreement with Uganda that paves the way for a USD 10 billion oil project to begin in the northwestern Lake Albert region. By transitioning to oil producer status, Uganda is also likely to see a multi-year period of healthy growth based on this structural shift. Uganda is a hub of microfinance activity and sector development in the region. The Ugandan microfinance market shows a high level of competition among MFIs. There are estimated to be around 900 SACCOs and NGOs in Uganda, which are mainly operating in the urban and semi-urban areas. There are lower penetration rates in the north and east parts of the country owing to political instability and the low-income rural population.

MFI Story

Hofokam was founded by the Catholic Dioceses of Hoima, Fort Portal, and Kasese, (all located in western Uganda) with funding and technical support from Catholic Relief Services (CRS). Hofokam resulted from the merger of three village banking microfinance programs that started in 1994, and incorporated as a company limited by guarantee (NGO) in March 2003. The institution currently serves over 17,000 clients covering 14 districts with a portfolio of USD 3.4 mm (Jan. 2011). Target clients include mostly farmers and traders in rural and suburban areas (85% of the clients). The MFI provides both individual and group loans, making up 60% and 40% of the portfolio respectively. However, two thirds of loans are disbursed to women using the village banking methodology. Special products include agricultural loans, school fee loans and salary loans. Hofokam has five branches in Uganda's western cities and 19 field offices located in rural areas.

Client Story

Grace Kawoya started a beauty salon 10 years ago. With the help of microloans, she managed to continually increase her business, employing five people today. Ms. Kawoya also relied on credit when her saloon burnt down in 2003 because of an electricity defect, and managed to refurbish her saloon completely. Recently, Ms. Kawoya took her 3rd loan with Hofokam for an amount of UGX 5 million (USD 1,820) and 12 months maturity in order to increase her stock of hair products and clothes. Ms. Kawoya has three children attending university.



Ms. Grace Kawoya

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