ANNUAL REPORT 2015

REGIONAL MSME INVESTMENT FUND FOR SUB-SAHARAN AFRICA S.A., SICAV-SIF

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REGMIFA

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ABOUT REGMIFA

REGMIFA's mission is to foster economic development in sub-Saharan Africa by supporting financial institutions that serve micro, small, and medium-sized enterprises (MSMEs), while simultaneously observing the principles of additionality and sustainability.

Launched in May 2010, the Regional MSME Investment Fund for sub-Saharan Africa SA, SICAV-SIF (the Fund), is a Luxembourg-based investment fund that seeks to foster economic development and prosperity in sub-Saharan Africa. To this end, the Fund provides medium- to long-term debt financing in local currency to Partner Lending Institutions (PLIs) that serve MSMEs.

Complementary to the Fund's investment activities, a specific Technical Assistance (TA) Facility focuses on providing technical support to client institutions. It was set up as an entity independent from the Fund and structured as a fiduciary agreement under Luxembourg law in July 2010.

Among the public investors are the French Development Agency (Agence Française de Développement - AFD), the Belgian Investment Company for Developing Countries (Belgische Investeringsmaatschappij voor Ontwikkelingslanden - BIO), the European Investment Bank (EIB), the Netherlands Development Finance Company (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden - FMO), the International Finance Corporation (IFC), KfW (Kreditanstalt für Wiederaufbau) on behalf of the German Federal Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung – BMZ), the Spanish Ministry of Foreign Affairs and Cooperation (Ministerio de Asuntos Exteriores y de Cooperación - MAEC) (Spanish Cooperation), the Instituto de Crédito Oficial (ICO) in the name and on behalf of the Spanish Government and the Kingdom of Spain (Spanish Cooperation), the Norwegian Microfinance Initiative (NMI), the Development Bank of Austria (Oesterreichische Entwicklungsbank – OeEB), and the French Investment and Promotions Company for Economic Cooperation (Société de Promotion et de Participation pour la Coopération Economique – Proparco).

Symbiotics SA, a social and microfinance investment services company based in Geneva, Switzerland, which has a specialized asset management unit, was entrusted by the Fund with the dual mandates of Investment Manager and Technical Assistance Facility Manager.

AS OF END 2015

GROSS ASSET VALUE
USD 172.2 MILLION

NET ASSET VALUE
USD 143.6 MILLION

OUTSTANDING PORTFOLIO (NOMINAL AT DISBURSEMENT)
USD 128.4 MILLION

NUMBER OF MICRO CLIENTS FINANCED
197,637

NUMBER OF COUNTRIES
18

NUMBER OF PARTNER LENDING INSTITUTIONS
49

NUMBER OF OUTSTANDING INVESTMENTS
100

KEY FIGURES

SINCE INCEPTION

130

INSTITUTIONS ANALYZED

USD 262 MILLION

ORIGINATED

62

INSTITUTIONS FINANCED

SECTORS

TRADE
AGRICULTURE
HOUSING
EDUCATION

192

PRIVATE DEBT TRANSACTIONS

"The Fund has reached a new level of maturity after its fifth full year of operations. During 2015, REGMIFA has proven its resilience in a difficult context as it continued to produce operationally and financially solid results."

BOARD OF DIRECTORS 2015

Left to right:
Mr. Karl-Heinz Fleischhacker
Mr. Stefan Hirche
Ms. Bárbara Quesada (observer on behalf of MAEC)
Mr. Ruurd Brouwer (Chairman)
Mr. Philippe Serres
Mr. Arthur Sletteberg
Mr. Marcel Gérard Gounot

LETTER FROM THE CHAIRMAN

On behalf of the Board of Directors, I am pleased to present the 2015 Annual Report. REGMIFA's results for 2015 demonstrate its resilience in a challenging context and its continued ability to create lasting partnerships, expand into new markets, and support end clients who drive economic growth.

During its fifth full year of operations, REGMIFA managed to thrive despite a challenging macroeconomic environment, with growth in sub-Saharan Africa dampened by low prices for oil and commodities, fiscal tightening and lessening demand from China, all combined with significant currency volatility. Nonetheless, the Fund proved its resilience, demonstrating solid performance at all levels: The outstanding portfolio grew by USD 11.5 million to USD 128.4 million[1], with a continued strong diversification across 49 Partner Lending Institutions ("PLIs") and 18 countries. Especially noteworthy are the dynamics behind these statistics: while approximately USD 44.2 million (one quarter of the portfolio) came to maturity during 2015 alone, the Fund made total disbursements of USD 55.7 million – a record high since the Fund's inception. During 2015, the Fund added four new institutions to its portfolio, two classified as lower Tier 2 and two as Tier 3 institutions[2]. With the addition of a Malawian PLI, a new country successfully joined the portfolio. These statistics are evidence of the Fund's continued successful prospection work and increasing outreach to smaller institutions not abundantly financed by existing microfinance funders and to underserved microfinance markets.

The Fund's growth also has an important quality dimension. The aforementioned high portfolio turnover and the well-established due diligence and PLI selection process have resulted in continuously low impairment levels throughout the Fund's history, with an impairment of 1.1% of the outstanding portfolio at year end 2015. This figure is noteworthy especially in a context of deteriorating economic and financial sector performance indicators throughout most of the region. That being said, portfolio quality trends at PLI level (2015: Portfolio at Risk > 30 days at 6.6%, 2014: 4.9%) clearly demonstrate the need for continuous close monitoring and proactive risk management in 2016.

From a social performance perspective, the Fund has remained committed to its mission: 89% of the Fund's investments in 2015 are in Low Human Development countries, and the Fund has continued to focus on relatively small sized PLIs, with 78% of PLIs classified as Tier 2 or Tier 3 institutions at the first disbursement cycle. Through its activities, it is estimated that REGMIFA has financed close to 880,000 end clients since inception.

Complementing the Fund's activities, the Technical Assistance Facility remains key to maximising development impact. Since inception, the TAF has reported 88 approved projects for EUR 5.7 million, 85 contracted projects for EUR 5.3 million and 76 completed projects for EUR 4.2 million, reaching PLIs in 18 countries. Average TA cost-sharing of 21.5% over the past five years reflects PLIs' strong commitment and buy-in. Although the full amount committed by donors since the TA Facility's inception has been entirely allocated to high quality TA projects, demand from PLIs during 2015 clearly indicates the need to replenish the TAF's funding. Correspondingly, in 2016, asset recapitalization remains the TAF's key priority in order to continue offering support to PLIs whose needs for TA are diverse, with requests including: setting up credit evaluation tools such as credit scoring; transformation planning; reinforcing lending methodologies; designing rural and agro-finance strategies; and introducing SME lending or staff training. Requests come from PLIs spanning all Tier levels and geographies.

Financially, the Fund produced very solid results in 2015, demonstrating that social impact and commercial viability can go hand in hand. Not only will all target dividends be paid to investors, but shareholders' strong commitments will also be rewarded with the payment of complementary dividends. In addition, the Board of Directors decided to allocate USD 262,757 to the TA Facility, an important step towards replenishing the TAF's assets. Mirroring the TAF's fundraising efforts, the Fund Manager has started to implement a new funding strategy in order to maintain the Fund's asset base and leverage additional funding to secure REGMIFA's future development.

In 2016, experts anticipate moderate regional growth of around 4%, with many of the aforementioned challenges persisting well into the year. At the same time, REGMIFA has proven its resilience in a difficult context and is well positioned to continue its growth trajectory, while staying true to its developmental mission and prudent risk-taking approach.

The continued efforts and support of REGMIFA's stakeholders and service providers are both essential and commendable. We remain thankful for the commitment we have seen throughout the Fund's development and that we are continuing to see now, as the Fund reaches a new level of maturity after its fifth full year. We look forward to the continued strong support of REGMIFA investors and partners in this challenging, yet rewarding, venture.

Sincerely,
Ruurd Brouwer
Chairman of the Board of Directors

1 The historical cost as of 31 December 2015 amounts to USD 128.4m while the carrying value is reported at USD 113.2m due to a negative FX impact of USD 13.8m and a provision for impairment of USD 1.4m. Given that the Fund's portfolio is fully hedged for exchange rate and interest rate fluctuations, the decline in the value of the loan portfolio from FX revaluation effects is offset by the increase in value of the corresponding hedging instruments.

2 Tier 1 institutions are defined as PLIs with total assets above USD 30 million, Tier 2 institutions have total assets between USD 10 million and USD 30 million, and Tier 3 institutions have total assets below USD 10 million.

“REGMIFA has continued to strengthen longstanding partnerships while simultaneously reaching out to new institutions as they work to increase access to financial services in some of the most underserved markets in sub-Saharan Africa.”

LETTER FROM THE INVESTMENT MANAGER

REGMIFA proved its resilience in a challenging context, with dropping oil prices, macroeconomic challenges in several of the region's countries reaching PLIs and their clients, and increasing hedging costs given uncertainty and heightened currency volatility. It is a sign of versatility that the Fund not only maintained its solid base of investments but grew the portfolio by net USD 12.1 million in this complicated environment.

Notably, in 2015, REGMIFA continued to implement its core mission: fostering economic development in sub-Saharan Africa with a focus on financing smaller, less established financial institutions serving MSMEs. The framework under which the Fund reinforces this stated developmental goal is an initiative started in 2014, specifically addressing the needs of PLIs that lack the track record or size most international lenders require before an investment can be considered. However, these institutions often offer a strong developmental impact, reach new clients or market segments, and have a promising outlook. At the end of the year, REGMIFA had four partners under the mentioned investment framework, accounting for over 4% of the portfolio - close to double the portfolio share dedicated to this PLI segment reported in 2014. In parallel to this continued prospection work, several PLIs have relationships with REGMIFA that date back to the Fund's inception in 2010, and the Fund has fostered longstanding partnerships as PLIs grow in size, moving up in their Tier categorization. Eleven of the Fund's current PLIs have moved from Tier 3 to Tier 2 institutions since becoming REGMIFA investees, while another eleven moved from Tier 2 to Tier 1. Only 22% of PLIs were Tier 1 institutions at the time they first partnered with REGMIFA, compared to 41% as of December 2015. This demonstration of confidence in REGMIFA is encouraging; gradually strengthening partnerships are the foundation for the Fund's continued success.

While support to Tier 2 and Tier 3 institutions remains fundamental, REGMIFA's portfolio maintains a healthy balance through the Fund's investments with market leaders in some of the perennially stronger economies in sub-Saharan Africa: the largest portfolio exposures at the end of the year included Nigeria, Kenya, and Tanzania. However, these larger markets are exhibiting problems of their own related to economic slowdowns and currency depreciation. Even as 2015 progressed, REGMIFA witnessed as macroeconomic and financial challenges began to affect PLIs in Nigeria, which, in recent years, has been the strongest African economy and one of REGMIFA's largest markets. Kenya's regulator is pushing for consolidation, while placing some larger banks into receivership in 2015/2016. The landscape is evolving, and close monitoring of political, regulatory, and economic developments will be critical going forward.

Following a first time investment in Malawi, the Fund covered 18 countries in sub-Saharan Africa at the end of 2015, placing it as a regional leader among its peers. Malawi is a least developed country where more than 50% of the population lives in poverty and only an estimated 18% of adults have a bank account, indicating an enormous need for access to financial services. Due diligence visits during 2015 also laid the foundation for 2016 investments in two new underserved markets, namely Niger and Sierra Leone.

The Fund's partnerships with its hedging counterparties also proved invaluable in 2015 as REGMIFA was able to offer local currency funding to PLIs (81% of loans) while maintaining no open currency exposure – a critical protection given that emerging market currencies dropped by an average of 14% during the year, the most since the 2008 financial crisis. Nevertheless, worsening macroeconomic indicators and reduced access to foreign currency, notably in Nigeria and Angola, started to impact PLIs and their customers in 2015, foreshadowing increased challenges related to USD scarcity, local currency depreciations, and elevated hedging costs in 2016.

In partnership with the Investment Fund, the TA Facility continued its impactful work. Notably, the TA Facility launched the new TA package on Social Performance Management and Consumer Protection, targeting 14 PLIs in 10 countries. This package is the result of continued efforts to implement the recommendations of the Fund's 2014 Impact Assessment Study. Overall, of the 23 projects completed during 2015, 15 customized TA projects addressed one or more Client Protection Principles (CPPs). When structuring its projects, the TA Facility actively integrates CPP promotion and awareness and encourages PLIs to proactively promote financial literacy. Other TA projects completed during 2015 targeted a variety of PLI needs, including product development, marketing, risk management, staff training and procedures, management skills, and strategy. The TA Facility also ended 2015 with a revitalized purpose and a renewed focus on sustainability, as all initial donor commitments were fully allocated.

REGMIFA's investors and governance bodies reaffirmed their valuable support, while the Fund posted its best annual financials to date, creating a buffer for the future and rewarding investors for their staunch backing even during these volatile times. The Fund was also able to allocate USD 262,755 to the TA Facility, which remains vital within the Fund's overall value proposition and manifests REGMIFA's commitment to its developmental mission.

Although 2016 offers significant challenges, REGMIFA entered the year well-positioned to expand its reach, support developing financial institutions, and reaffirm its position as a market leader and trusted partner.

The Investment Manager

10 KEY INDICATORS*

SENEGAL

POPULATION	INFLATION RATE
14 MILLION	-0.4%
POPULATION LIVING IN POVERTY	FOREX HEDGING COSTS (36M)
46.7%	1.2%
HUMAN DEVELOPMENT RANK	PRIVATE CREDIT (% OF GDP)
170/187	33.3%
GDP PER CAPITA	FOREIGN AID (IN MILLIONS)
USD 2,500	USD 982.8
REAL GDP GROWTH	REMITTANCES (IN BILLIONS)
5.1%	USD 1.6

*2015 or latest available

MEET MS. NDIAYE ROKHAYA PRINTING INDUSTRY

COUNTRY: SENEGAL

Located in West Africa, Senegal is one of the most stable democracies in Africa, and home to a largely poor population (46.7%). Its economy is driven by mining, construction, tourism, fisheries and agriculture. Remittances form a key source of revenue while donor assistance has been supporting economic development. Although growth has been low since 2006 (3.3% annually), the economy has accelerated in 2014 (4.7%) and predictions are promising for 2015-20 (5% annually), supported by the rebound in agriculture, lower oil prices, reduced production costs, and electricity subsidies. Moreover, president Macky Sall unveiled the ambitious "Emerging Senegal Plan," aiming to implement priority projects to foster growth. In terms of microfinance, the first cooperatives saw light after the banking crisis of the 1980s. Today, more than 200 cooperatives operate and 75% of the market is concentrated around three of those. Microfinance is a regulated sector, characterized by potentially high over-indebtedness in urban areas. However, the long awaited regional credit bureau, launched in mid-2015, should gradually sanitize the Senegalese microfinance industry.

PLI: ACEP SENEGAL

"Alliance de Crédit et d'Epargne pour la Production" (ACEP) was established in Senegal in 1986 as a USAID project to support entrepreneurs and NGOs. Today, ACEP is a savings and credit cooperative regulated by the West Africa Central Bank. ACEP Senegal is the second largest microfinance institution (PLI) in the country in gross loan portfolio (GLP) terms and third largest in client terms. ACEP has historically offered micro-enterprise loans but has also improved its SME loan offering. ACEP Senegal finances mainly women while most members are largely involved in trade and, to a lesser extent, agriculture. The PLI has been profitable since 1992 thanks to an efficient cost structure made possible through controlled and low operating, funding and provisional expenses. Looking ahead, the PLI plans on tapping the education loan market through its recently launched product aimed at financing schools and students' scholarship fees.

CLIENT: MS. NDIAYE ROKHAYA

Ms. Ndiaye Rokhaya is a Senegalese entrepreneur active in the printing industry. She used to work as a business developer for a small screen printing company in Dakar. In 2009, she decided to launch her own screen printing business with a first loan of USD 500 from ACEP Senegal. Her company, "Marketing and Printing System" (MPS), was born. She initially provided printed t-shirts for a few clients out of her home. With continued support from ACEP Senegal, she was able to buy a professional screen printer, supply larger orders, and increase her client base. Today, MPS has become an SME employing more than 20 people. It offers a broad range of services, including industrial clothing, direct printing, digital printing, and screen printing on advertising materials. Ms. Rokhaya is now able to print on plexiglas, aluminium and wood. Her customers include well-known banks and pharmaceutical companies, as well as ministries that use her services to promote actions at a national level. In the near future, Ms. Rokhaya intends to set up a garment factory in Senegal in order to integrate the production steps in MPS' value chain.

In 2009, she decided to launch her own screen printing business with a first loan of USD 500.


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STRATEGY

Micro, small, and medium-sized enterprises (MSMEs) form the backbone of every economy; they are the engines of growth and income generation. A lack of financial resources constrains African MSMEs from realizing their full potential. Removing these obstacles and unlocking the potential of local capital markets is a priority for REGMIFA investors.

In accordance with its mission, REGMIFA's strategy is to foster economic development and prosperity, as well as employment creation, income generation and poverty alleviation in sub-Saharan Africa through the provision of innovative financial products and, where applicable, technical assistance support to eligible Partner Lending Institutions (PLIs) that serve MSMEs.

REGMIFA's development goal is to reach and support MSMEs through active partnerships with PLIs. The Fund is founded on the principles of the Paris Declaration; it seeks to increase investor effectiveness by pooling resources and harmonizing standards in REGMIFA's investment and technical assistance support activities. Thus, the Fund observes the principles of sustainability and additionality, combining public mandate and market orientation. Moreover, removing the obstacles to African MSMEs and unlocking the potential of local capital markets is a priority for our investors.

FUND

REGMIFA is a debt fund with a focus on financing regulated and non-regulated microfinance institutions, local commercial banks and other financial institutions (PLIs) that are established in sub-Saharan African countries and serve MSMEs. It provides its PLIs with longer term senior loans, subordinated debt, term deposits and guarantee schemes, the majority of which are delivered in local currency.

The Fund aims to build a balanced portfolio, with small and medium-sized PLIs targeted to comprise the majority of the Fund's client mix. Small PLIs (Tier 3) include those with total assets below USD 10 million, medium PLIs (Tier 2) include total assets between USD 10 million and 30 million, and large PLIs (Tier1) include total assets exceeding USD 30 million.

FUND STRUCTURE

Founded as a public-private partnership aimed at establishing a vehicle to combine funds from public and private investors, REGMIFA is structured as a multi-layered fund that reflects the risk/return requirements of its investors. In order to meet these requirements, three shareholder classes (A, B, C) have been established, as well as two noteholder classes (senior and subordinated), with each share and note class possessing its own risk profile and targeted return.

LEGAL NAME
Regional Micro, Small and Medium Sized Enterprises Investment Fund for sub-Saharan Africa S.A., SICAV-SIF (REGMIFA)

FUND TYPE
Investment public limited company under Luxembourg Law, qualified as a specialized investment fund

REGISTERED OFFICE
5, rue Jean Monnet
L-2180 Luxembourg
Grand-Duchy of Luxembourg

INCEPTION DATE
May 2010

MAIN FINANCIAL PRODUCTS
Medium- to long-term senior loans at fixed and floating interest rates, term deposits, letters of credit, guarantees

INVESTMENT CURRENCY
USD, EUR, local currency

INVESTMENT MANAGER AND TA FACILITY MANAGER
Symbiotics SA

STRUCTURING AGENT
Kreditanstalt für Wiederaufbau (KfW)

GENERAL SECRETARY
Innpact Sàrl

CUSTODIAN / ADMINISTRATOR
Credit Suisse (Luxembourg) S.A. and Credit Suisse Fund Services (Luxembourg) S.A.

LEGAL COUNSEL
Linklaters LLP

AUDITOR
Ernst & Young SA

LUXFLAG Supporting Sustainable Finance

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Class C shares form the foundation of the capital structure. They are primarily subscribed by development finance institutions and comprise a mandatory minimum of 33% of REGMIFA's total assets. In addition to this core quality, by representing the first loss tranche, they provide an appropriate cushion to investors that contribute to REGMIFA's development impact by underwriting Class A senior and Class B mezzanine shares and senior and subordinated notes.

DEBT
Senior notes
Subordinated notes

EQUITY
A shares
B shares
C shares

REGMIFA's structure as a public-private partnership with public funds as a risk cushion ideally positions it to attract private sector capital to sub-Saharan Africa.

INVESTORS

Initiated at the G8 Summit in Heiligendamm, REGMIFA is a public-private partnership aimed at establishing a vehicle to combine funds from public and private investors. Among the public investors are the French Development Agency (Agence Française de Développement - AFD), the Belgian Investment Company for Developing Countries (Belgische Investeringsmaatschappij voor Ontwikkelingslanden - BIO), the European Investment Bank (EIB), the Netherlands Development Finance Company (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden - FMO), the International Finance Corporation (IFC), KfW (Kreditanstalt für Wiederaufbau) on behalf of the German Federal Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung – BMZ), the Spanish Ministry of Foreign Affairs and Cooperation (Ministerio de Asuntos Exteriores y de Cooperación - MAEC) (Spanish Cooperation), the Instituto de Crédito Oficial (ICO) in the name and on behalf of the Spanish Government and the Kingdom of Spain (Spanish Cooperation), the Norwegian Microfinance Initiative (NMI), the Development Bank of Austria (Oesterreichische Entwicklungsbank – OeEB), and the French Investment and Promotions Company for Economic Cooperation (Société de Promotion et de Participation pour la Coopération Economique – Proparco).

TECHNICAL ASSISTANCE FACILITY

Following the inception of the REGMIFA Fund, the REGMIFA TA Facility was launched in 2011 to complement the financial services delivered to the existing investees of the Fund. The REGMIFA TA Facility is a key part of the Fund's value proposition, enabling it to provide technical support to MSME financial institutions in sub-Saharan Africa and increase their developmental impact while mitigating risk at the Fund level. The Facility's activities are specifically targeted at supporting the Fund's investment portfolio and are complementary to other industry initiatives in the region. The approach of the implementation and management of the Facility is based on the following principles:

- Delivery of high-quality consultancy services
- Fair and transparent processes and procedures
- Provision of services based on clients' needs

Despite the fact that REGMIFA operates as one partner, the REGMIFA TA Facility is a separate entity with its own oversight body—the TA Facility Committee—and is governed by its own rules and regulations, making decisions independently from the Fund. The daily operations and project implementation, including the management of the pool of more than 500 consultants, is coordinated by TA Facility Manager Symbiotics SA.

CONTRIBUTORS

- Spanish Agency for International Development Cooperation (Agencia Española de Cooperación Internacional para el Desarrollo – AECID)
- KfW (Kreditanstalt für Wiederaufbau) on behalf of the German Federal Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung – BMZ)
- European Union
- European Investment Bank (EIB)
- Development Bank of Austria (Oesterreichische Entwicklungsbank – OeEB)
- REGMIFA Fund
- Government of Luxembourg

LEGAL STRUCTURE

Fiduciary Agreement / Fiducie; under Luxembourg law on trust and fiduciary contracts

START OF OPERATIONS OF THE TA FACILITY

January 2011

TA FACILITY MANAGER

Symbiotics SA

TA ADVISOR

Microfinanza Sarl

FIDUCIARY CUSTODIAN

Credit Suisse (Luxembourg) S.A.

DONORS:

aecid · European Investment Bank · European Union · Federal Ministry for Economic Cooperation and Development · regmifA · KFW · The Government of the Grand Duchy Luxembourg, Ministry of Finance · OeEB Oesterreichische Entwicklungsbank AG

10 KEY INDICATORS*

DRC

POPULATION

79.4 MILLION

POPULATION LIVING IN POVERTY

63.3%

HUMAN DEVELOPMENT RANK

176/187

GDP PER CAPITA

USD 800

REAL GDP GROWTH

8.4%

INFLATION RATE

1.1%

FOREX HEDGING COSTS (36M)

HIGHLY DOLLARISED ECONOMY

PRIVATE CREDIT (% OF GDP)

6.2%

FOREIGN AID (IN BILLIONS)

USD 2.6

REMITTANCES (IN MILLIONS)

USD 22.4

*2015 or latest available

DEMOCRATIC REPUBLIC OF THE CONGO

MEET MS. YOURI KAZADI
SHOPKEEPER

COUNTRY: DRC

The Democratic Republic of the Congo (DRC) is a country rich in natural resources. It is still recovering from a series of conflicts that began in the mid-1990s and which negatively affected national output and government revenues. Following the global financial crisis, the DRC has enjoyed the fastest economic growth in sub-Saharan Africa, with rates of 7.4% during the 2010-2013 period and 8.7% in 2014. These positive results were driven by vigorous extractive industries and a positive trend in commodity prices. Nonetheless, the DRC remains a country with large needs in terms of reconstruction, economic growth, and governance. The security situation is improving but remains fragile, especially in the eastern part of the country. Microfinance in the DRC encompasses a wide array of different players mainly located in the region of Kinshasa, Goma, Buvaku or Bas-Congo. The Central Bank has licensed 23 microfinance institutions. The majority of microfinance providers (85%) are credit and savings cooperatives while the market is also home to a large number of informal systems like tontines, self-help groups or informal credit providers. The penetration rate is low at 5.7%

MFI: OXUS DRC

OXUS DRC was created as a greenfield institution by the Agency for Technical Cooperation and Development, a French NGO, and OXUS Development Network, which provides technical assistance to microfinance affiliates of the OXUS Holding Group. OXUS DRC started operations in July 2013 and obtained a deposit taking license in April 2014. It focuses on small businesses through individual and group lending. OXUS DRC is a relatively small and new MFI in a market where there is still huge unmet demand. In terms of credit offer, the range will extend to Congolese Franc and agriculture loans.

CLIENT: MS. YOURI KAZADI

Ms. Youri Kazadi is a mother of two children, aged 8 and 15. She is a shopkeeper in the “marché de la Liberté” in Kinshasa where she sells plastic equipment. Ms. Kazadi has owned her shop for the past 10 years and she is well known in the market, having remained in the same spot for 6 years. She is a member and the president of a credit group called “Ngolu Ya Nzambe” consisting of 5 members, all retailers at the same market. The group has received thus far a total loan amount of USD 3,150 from OXUS DRC. Ms. Kazadi is currently in her second loan cycle (USD 850). She initially obtained a credit of USD 700, which enabled her to buy sales inventory. As her business developed positively, she decided to open a second shop at home that also sells plastic equipment. The second shop is managed by her sister.

As her business developed positively, she decided to open a second shop at home.

2015 HIGHLIGHTS AND OUTLOOK

CONTINUED PORTFOLIO GROWTH AND OUTREACH TO NEW TIER 2 AND TIER 3 PLIS

The Fund recorded net portfolio growth of USD 12.1 million to finish the year with an investment portfolio above USD 128 million, reflecting strong expansion despite significant repayments. REGMIFA continued to focus on outreach to smaller, less established financial institutions. Four new PLIs joined the portfolio during the year, all of which were Tier 2 or Tier 3; these four PLIs had average total assets of approximately USD 11.6 million as of December 2015. They served a total of 125,935 end borrowers.

The aggregate profile of the new PLIs reflects both the Fund's developmental objectives and the continuation of an initiative started in 2014 to reach out to small, newer institutions that sometimes lack the track record or size most international lenders require before an investment can be considered. One of the new Tier 3 institutions, which has fewer than three years of operations, targets the upper micro and lower SME segments. This PLI primarily serves women (72%), and most of its clientele is active in trade.

The Fund made a first time investment in Malawi, a least developed country where more than 50% of the population lives in poverty, 85% lives in rural areas, and the economy is heavily based on agriculture, which accounts for a third of GDP and 90% of export revenues. Only an estimated 18% of adults have a bank account, indicating an enormous need for financial services alongside economic development. The Fund's new Malawian partner (a small Tier 2 PLI) has an average loan balance of approximately USD 163, reflecting its focus on micro-entrepreneurs. The PLI, which has a very broad reach across the country, has historically focused on rural activities but has also started to target more SME lending and urban clients. Given its financial inclusion impact and other factors, the PLI has a strong four out of five star social rating.

FUND FINANCIAL PERFORMANCE

REGMIFA recorded its strongest financial performance since inception:

- For the fifth consecutive year, all target dividends could be paid and investors were additionally rewarded with complementary dividends based on the Fund's solid 2015 net income.
- Target and complementary dividends on the first-loss C class shares were capitalized, serving as a cushion for the future and increasing the first-loss C shares to 43% of the Fund GAV.
- Provisioning for loans remained in line with long-term trends in global microfinance markets, with no write-offs to date.

While 81% of financing to PLIs was denominated in local currency, the Fund remained fully shielded from currency related losses as 100% of the local currency portfolio is hedged against the USD.

FUND FINANCIAL SUPPORT TO TECHNICAL ASSISTANCE FACILITY

Given the Fund's strong financial performance, the Board decided to allocate a portion of the Fund's 2015 distributable income to the TA Facility. This allocation demonstrates the Fund's clear commitment to the TA Facility and recognizes the TA Facility as instrumental to the Fund's developmental mission and value proposition. The full amount committed by donors since the TA Facility's inception has already been entirely allocated, although PLIs' demands for technical assistance remain high and diverse. The Fund's financial affirmation of its commitment to the TA Facility comes in the context of the TA Facility seeking to improve its sustainability while responding to continued strong demand for technical assistance. The incremental allocation of USD 262,755 brought the total amount allocated by the Fund to the TA Facility above USD 30,000 since its inception in 2010.

IN 2015, REGMIFA:

- Disbursed USD 55.7 million and grew by USD 12.1 million (in nominal terms).
- Executed 40 transactions.
- Added 4 new PLIs to the portfolio.
- Made a first time investment in Malawi.
- Demonstrated its continued capacity for financial sustainability, paying all target dividends and complementary dividends to shareholders and allocating USD 262,755 to the TA Facility
- Contracted 9 projects through the TA Facility.
- Continued the successful implementation of the "TA package" approach.

TA PACKAGE APPROACH

As in past years and under consideration of the available funding, the Technical Assistance Facility provided technical assistance to target PLIs alongside the Fund's investments following a thorough review of the respective institution's potential and weaknesses. Aiming at reducing institutional risk or increasing PLIs' outreach, the TA Facility Manager comprehensively assessed where support could be most impactful and tailored rojects to the urgent needs of REGMIFA's PLIs, while continuously monitoring ongoing projects and closing assignments. The Technical Assistance Facility achieved a number of notable milestones during the ear, including the following:

- In January 2015, the Technical Assistance Facility successfully launched a very relevant and highly demanded TA package on Social Performance Management and Consumer Protection, targeting 14 PLIs in 10 countries.

- The Technical Assistance Facility successfully concluded the first TA Package tendered in 2013 at an international level on Soft Skills Training for middle management, reaching 28 PLIs in 14 countries.
- A record high level of project financing was achieved: as of 31 December 2015, donors' commitments reached a cumulated amount of EUR 6.8 million.

MARKETING HIGHLIGHTS

Two REGMIFA Board members, as well as the Investment and TA Facility Manager, participated in the African Microfinance Week in Dakar in 2015, focused on accelerating innovative rural finance in Africa. Participation in the conference allowed the Fund to strengthen its relationships with investees, receive first hand feedback from partners on the services provided by REGMIFA and on the TA projects under way, and meet with new potential investees.

The Fund was granted the LuxFLAG Microfinance Label for the fifth consecutive year in 2015. The Luxembourg Fund Labeling Agency (LuxFLAG) is an independent, non-profit association created in Luxembourg in July 2006. The Agency aims to promote the raising of capital for microfinance by awarding a recognizable label to eligible Microfinance Investment Vehicles (MIVs).

ENVIRONMENT AND CHALLENGES IN 2015

In 2015, growth in sub-Saharan Africa was dampened by low prices for oil and commodities, fiscal tightening, decreased Chinese demand, security issues, and internal constraints such as electricity shortages. It was also a year dominated by FX volatility; with the Yuan's devaluation and the Federal Reserve's interest rate hike, emerging-market currencies around the world depreciated by 14% on average as a result of capital flight, the most since the 2008 financial crisis.

Oil prices dropped by 28% over 2015, and the cumulative impact of lower export income from both oil and commodities was reflected in revised government budgets and shortages of USD (notably in Angola, Nigeria, and Mozambique). The latter has affected PLIs' abilities to access FX to repay loans, though portfolios remained largely unaffected.

Politically, it was a year of generally peaceful elections; examples include Nigeria, Tanzania, the Ivory Coast, Burkina Faso, and Uganda. Legislatively, 2015 saw positive developments for microfinance: Uganda and Zimbabwe passed regulations allowing for agent banking, while the DRC implemented legal structures to allow for insurance product development. M-Pesa opened cross border transfers for its 7 million subscribers in Kenya and Tanzania.

Ghana, West Africa's second-biggest economy, became the 4th African country to issue a Eurobond but had to offer a yield above 10% to attract investors. The bond was issued with the help of a 40% guarantee from the World Bank. The government was forced to seek a loan from the IMF in 2015, while the currency depreciated by 16%. However, the worst performing currency in 2015 was the Zambian Kwacha, which lost 40% of its opening value by year end. In contrast, the Kenyan Shilling was one of the best performing currencies compared to its regional peers (losing only 12% of its opening value); relatedly, Kenya announced is first quarterly surplus in 5 years.

FUND OUTLOOK FOR 2016

While pressure from oil prices, foreign exchange, and various internal constraints is expected to ease as 2016 progresses, there is no quick fix for some of the regional problems that have persisted. With predicted GDP growth of 4.5%, the short term outlook for sub-Saharan Africa remains uncertain. Continued depressed prices for fuels, ores, and metals, which account for more than 60% of the region's total exports, will prolong some of the negative effects that are already apparent.

To some extent, instability is expected to continue. Financial conditions are tightening following the normalization of the US interest rate hike and the current El Nino weather pattern that is producing floods and droughts, to the detriment of the region's agriculture. Security concerns remain ongoing, particularly in parts of Central and Western Africa.

In 2016, economic slowdowns associated with elections are expected in Chad, Zambia, and Ghana. Elections in the DRC, which are scheduled for November 2016, will likely be delayed.

Low income countries, including the WAEMU countries (especially the Ivory Coast), Kenya, Ethiopia, Mozambique, Rwanda, and Tanzania, are expected to sustain rapid GDP growth in 2016, benefitting from limited exposure to oil and commodity prices, increased public investment, consumer spending, and mining production.

Nigeria, Kenya, Tanzania, and the DRC continue to offer strong growth opportunities for microfinance debt investments. However, Nigeria the largest African economy, has a volatile outlook, as declining oil export revenues will continue to have significant effects on the economic and business environments, coupled with an FX management framework that has caused a scarcity of USD in the market. Overall, increased hedging costs resulting from currency volatility and anticipated depreciations will be a key market challenge in the coming year. On the other hand, Kenya is expected to benefit further from low oil prices and a maturing microfinance sector. The Fund also anticipates good growth opportunities in new countries and Tier 3 institutions.

TA OUTLOOK FOR 2016

The TA Facility Manager received indications of renewed trust and continued excellent feedback from REGMIFA's stakeholders and PLIs about the quality and good impact of the TA projects developed until now. The TA Facility is focusing on maintaining and improving the quality of services delivered, and on extending the outreach already achieved.

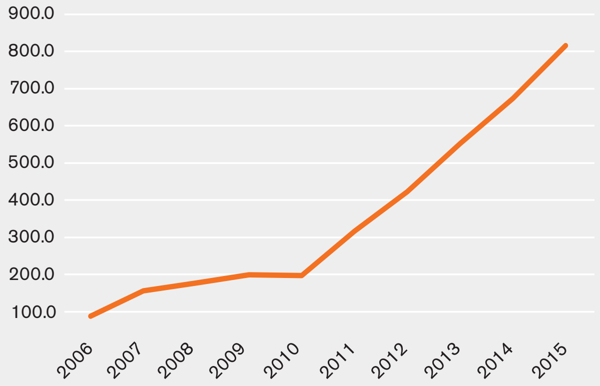
Apart from the TA Facility's main goal of delivering high quality, client-centered TA solutions, the TA Facility seeks to improve its sustainability in innovative and participative ways. The two part solution includes attracting additional resources and involving more donors by actively pursuing discussions with a number of interested contributors. The second part of the solution is to integrate significant PLI contributions in the form of meaningful levels of cost sharing according to each PLI's environment and capacities (financial resources, human resources, absorption capacity).

In terms of the TA project pipeline for 2016, the TA Facility is focusing on reaching out to new PLIs joining the Fund's investment portfolio, then to existing PLIs for repeated interventions or to leverage successful TA packages.


MAGGI
100% WHOLE WHEAT
Goldenvita
vitamin A fortified
5kg
A PROMISE OF QUALITY
RICE AT ITS BEST

DEVELOPMENT IMPACT AND SOCIAL PERFORMANCE

Sub-Saharan Africa is indisputably a challenging investment environment, raising questions related to security, governance, regulation, and macro-economic conditions. REGMIFA has continually maintained its position as one of the leading microfinance debt investment funds purely dedicated to this region. In a recent survey conducted by the Investment Manager that collected data from more than 90 Microfinance Investment Vehicles (MIVs), almost 10% of MIVs' direct microfinance portfolios (USD 818 million) was invested in sub-Saharan Africa as of December 2015, while only four out of 51 MIVs reporting investments in sub-Saharan Africa are focused exclusively on Africa. When looking at the compounded annual growth for the last 10 years, the region shows a linear, steady compounded growth of 28% (similar 10-year compounded growth was registered for historical microfinance markets such as Latin America, Eastern Europe, and the Caucasus and Central Asian regions). Kenya, Nigeria, Uganda, Tanzania, and Ghana were the top five investment destinations in the region as of December 2015.



Total Annual Investments by MIVs in Sub-Saharan Africa (USDm)
Symbiotics MIV Survey 2015

The countries where REGMIFA invests face high levels of poverty and low human development. In 2015, REGMIFA added a new country to the portfolio, Malawi, which has a GNI per capita of USD 250 and has an HDI rank of 173 out of 188.

REGMIFA's 2015 Social Return at a Glance

The Fund invested USD 55.7 million in 2015, bringing the net portfolio size to USD 128.4 million, which allowed it to reach out to 197,637 end-borrowers.

- 87% of the portfolio is invested in countries with low human development; the weighted average HDI rank is 156 out of 188.
- The Fund added 4 new PLIs in 2015. Of the four new PLIs, two were categorized as Tier 2 (total assets between USD 10 million and USD 30 million) and two were Tier 3 (total assets below USD 10 million) at disbursement, demonstrating a clear deepening of the Fund's stated developmental objective of increasing its outreach to smaller and less developed PLIs not commonly served by existing microfinance funders.
- REGMIFA continued to work with diverse PLIs in terms of legal status, credit risk, and age that provide financing to the MSME sector.
- 81% of financing to PLIs was in local currency and 100% of loans had fixed interest rates.
- The Fund offered longer maturities than those available locally; the longest portfolio maturity remains 5 years.
- The Fund supported more than 1,608 jobs at the PLIs through its investments.
- PLIs paid a total of more than USD 21m of taxes to national governments.
- 82% of PLIs endorsed the Smart Campaign for client protection.
- The TA Facility approved 9 projects in 2015.

MALI

1.8 USD million	1.4% % of portfolio
650 GNI per capita	179 HDI rank
57.5 Life expectancy	Low Human development

CHAD

0.2 USD million	0.2% % of portfolio
980 GNI per capita	185 HDI rank
51.2 Life expectancy	Low Human development

DRC

13.5 USD million	10.5% % of portfolio
380 GNI per capita	176 HDI rank
58.3 Life expectancy	Low Human development

RWANDA

3.8 USD million	2.9% % of portfolio
700 GNI per capita	163 HDI rank
63.4 Life expectancy	Low Human development

UGANDA

3.5 USD million	2.7% % of portfolio
670 GNI per capita	163 HDI rank
57.8 Life expectancy	Low Human development

SENEGAL

10.7 USD million	8.4% % of portfolio
1,050 GNI per capita	170 HDI rank
65.9 Life expectancy	Low Human development

KENYA

16.6 USD million	12.9% % of portfolio
1,290 GNI per capita	145 HDI rank
61.0 Life expectancy	Low Human development

IVORY COAST

6.6 USD million	5.1% % of portfolio
1,450 GNI per capita	172 HDI rank
51.2 Life expectancy	Low Human development

TANZANIA

12.3 USD million	9.5% % of portfolio
920 GNI per capita	151 HDI rank
64.3 Life expectancy	Low Human development

GHANA

6.3 USD million	4.9% % of portfolio
1,590 GNI per capita	140 HDI rank
61.1 Life expectancy	Medium Human development

MOZAMBIQUE

1.0 USD million	0.8% % of portfolio
600 GNI per capita	180 HDI rank
54.6 Life expectancy	Low Human development

MALAWI

1.0 USD million	0.8% % of portfolio
250 GNI per capita	173 HDI rank
61.5 Life expectancy	Low Human development

ZIMBABWE

2.0 USD million	1.6% % of portfolio
840 GNI per capita	155 HDI rank
55.6 Life expectancy	Low Human development

BENIN

3.0 USD million	2.4% % of portfolio
890 GNI per capita	166 HDI rank
59.3 Life expectancy	Low Human development

NIGERIA

26.0 USD million	20.3% % of portfolio
2,970 GNI per capita	152 HDI rank
52.4 Life expectancy	Low Human development

CAMEROON

6.1 USD million	4.7% % of portfolio
1,350 GNI per capita	153 HDI rank
55.0 Life expectancy	Low Human development

ANGOLA

3.5 USD million	2.7% % of portfolio
5,170 GNI per capita	149 HDI rank
51.9 Life expectancy	Low Human development

ZAMBIA

10.5 USD million	8.2% % of portfolio
1,680 GNI per capita	139 HDI rank
59.2 Life expectancy	Medium Human development

OUTREACH TO END-BORROWERS

In 2015, the Fund financed an estimated 197,637 end-borrowers via its partner lending institutions who:

- Are a majority women (56%)
- Reside primarily in urban areas (75%)
- Live in 18 different countries, notably Nigeria (30%), Ghana (11%), and Zambia (11%)
- Are running a micro, small, or medium enterprise (88%)
- Are active in trade (69%) and also services, agriculture, and manufacturing (22%)

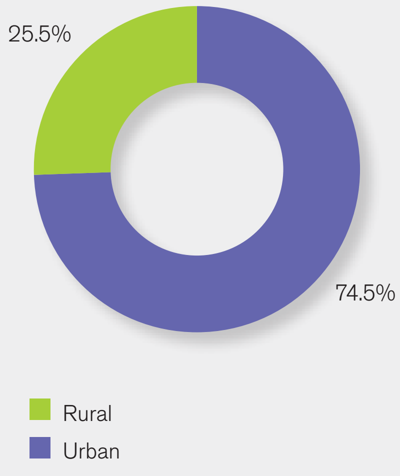
These borrowers received loans that:

- Averaged USD 650, representing 41% of GNI per capita on average
- Were structured as both individual and group loans (74% and 26%, respectively)
- They repaid on time in 91.2% of cases

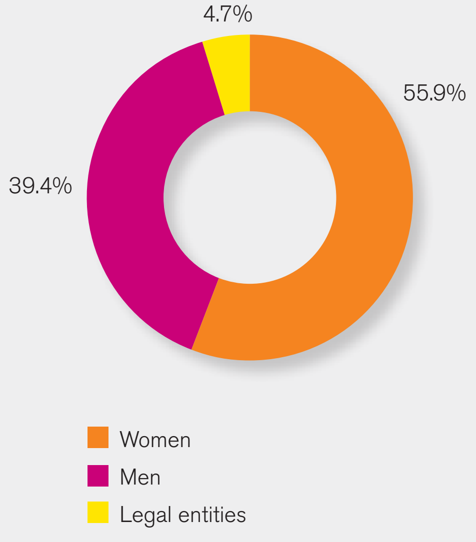
REGMIFA's end borrowers have access to a wide range of services via PLIs, including:

- Savings products, including time and sight deposits, checking accounts, and special purpose accounts; 71% of PLIs offered some type of savings product other than compulsory savings
- Insurance products (offered by 88% of PLIs), most commonly credit life insurance, though some PLIs also offered life insurance or other types
- Other financial services, such as remittances (67%) and payment services (51%)
- Non-financial services (35%), such as business development, health, or education services

DISTRIBUTION BY LOCATION

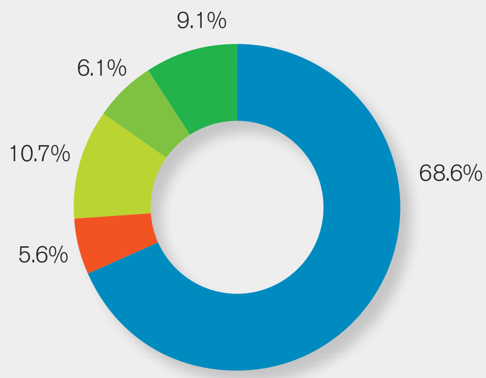


DISTRIBUTION BY GENDER

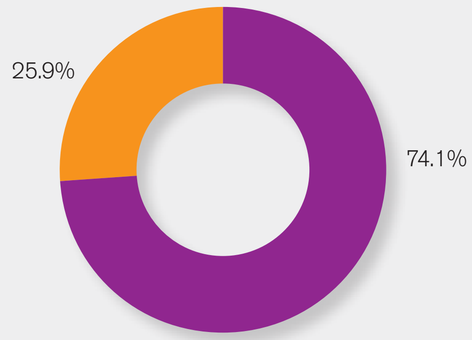


PORTFOLIO CHARACTERISTICS OF PLIS FINANCED BY REGMIFA

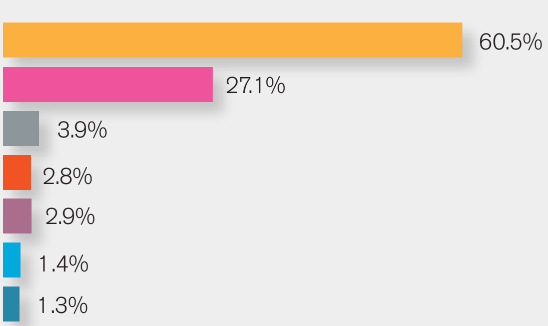
DISTRIBUTION BY ACTIVITY



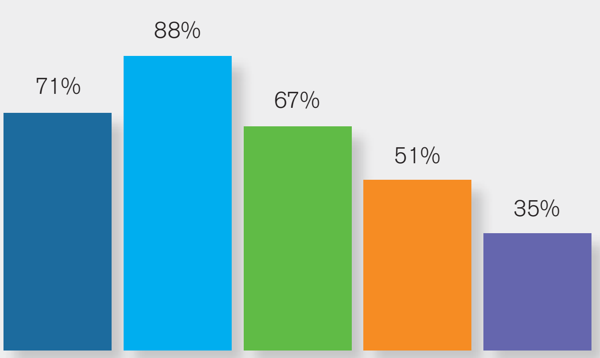
LENDING METHODOLOGY



CREDIT PRODUCTS



SERVICES PROVIDED BEYOND CREDIT



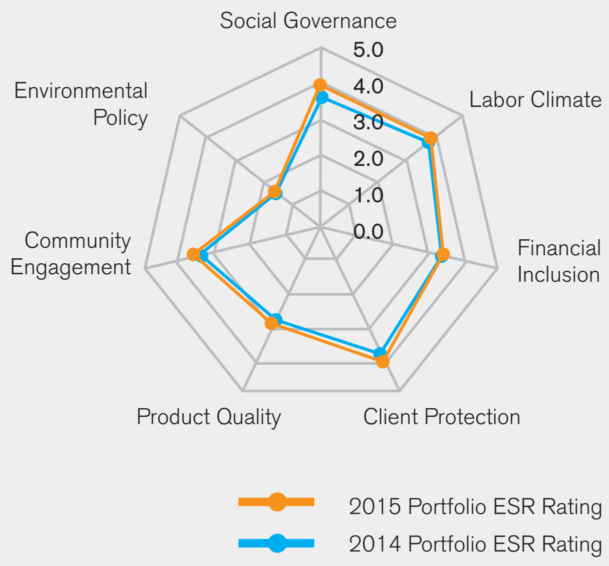
PORTFOLIO ENVIRONMENTAL AND SOCIAL RESPONSIBILITY RATING 2015

Average portfolio social score: 3.5 stars
PLIs' social ratings are key parameters in investment decisions. REGMIFA invests in PLIs that are socially oriented and have a score of 2.5 stars or higher. REGMIFA's investees maintained an average social rating of 3.5 stars in 2015 (2014: 3.5 stars), which translates into "a strong likelihood of contributing to sustainable development; a low risk of having a negative social impact". Slight improvements were reported on each of the seven dimensions underlying the overall social rating in 2015; however, the overall social rating remained stable from 2014. As institutions mature, improvements in ESR management are expected. Although there is no systematic correlation between size or financial performance and social performance, many of the top-rated institutions in REGMIFA's portfolio (6 out of 9) fall into the Tier 1 category (large institutions with more than USD 30 million in assets).

★★★★★	Extremely strong likelihood of contributing to sustainable development; Extremely low risk of having negative social impact
★★★★☆	Very strong likelihood of contributing to sustainable development; Very low risk of having negative social impact
★★★☆☆	Strong likelihood of contributing to sustainable development; Low risk of having negative social impact
★★☆☆☆	Moderate likelihood of contributing to sustainable development; Moderate risk of having negative social impact
★☆☆☆☆	Low likelihood of contributing to sustainable development; High risk of having negative social impact
☆☆☆☆☆	Very low likelihood of contributing to sustainable development; Very high risk of having negative social impact

Methodology
The Fund uses a social rating tool to rate PLIs according to their commitment to social and environmental goals and distinguishes the most socially oriented institutions from those that adhere to less ethical business models. The main purpose of the tool is to assess a PLI's commitment to and capacity for sustainable development, the effectiveness of the institution's systems and services in this area, and its results. The Fund measures a PLI's performance on seven dimensions: social governance, labor climate, financial inclusion, client protection, product quality, community engagement, and environmental policy. A weighted average system based on the Fund's exposure to each PLI is used to compute the ESR indicators contained in this report.

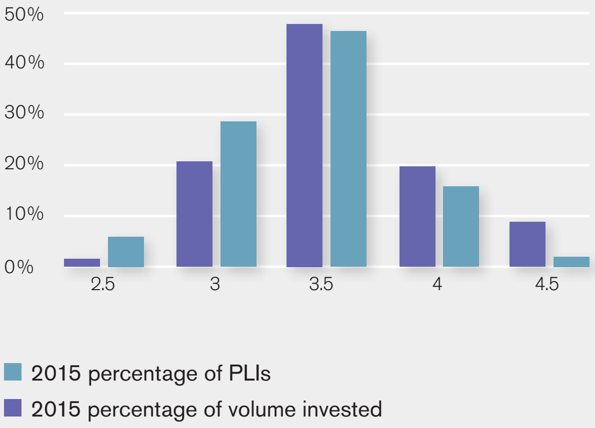
PORTFOLIO ESR RATING



Portfolio distribution of PLIs' ESR ratings

Over 98% of the REGMIFA portfolio is invested with institutions demonstrating a "strong likelihood of contributing to sustainable development" (score of 3 or above).

ESR RATING BY NUMBER OF PLIS AND VOLUME



Social responsibility policy

REGMIFA pursues a triple bottom line strategy as it aims to actively promote sustainable development in sub-Saharan Africa. The governance of the Fund ensures that each step of the investment process reflects this strategy.

The social responsibility policy includes:

- The Fund's environmental and social responsibility (ESR) procedures defining its ESR strategy
- The ethical chart based on the Client Protection Principles to which the Fund adheres
- The regular training of REGMIFA staff on ESR and client protection issues
- The social rating tool used to assess and select PLIs, identify needs for technical assistance, and monitor results
- The systematic incorporation of ESR issues in investment decision-making and loan agreements
- The annual ESR report enabling investors to be informed about the Fund's ESR performance level
- The Fund income distribution mechanism, which includes a contribution to the TA Facility
- Regular external ESR assessments of the Fund's activities, including a social audit undertaken in 2012 and an impact assessment of the REGMIFA intervention on PLIs, which was concluded in 2014

FUND INVESTMENT AND PARTNER LENDING INSTITUTION DEVELOPMENT

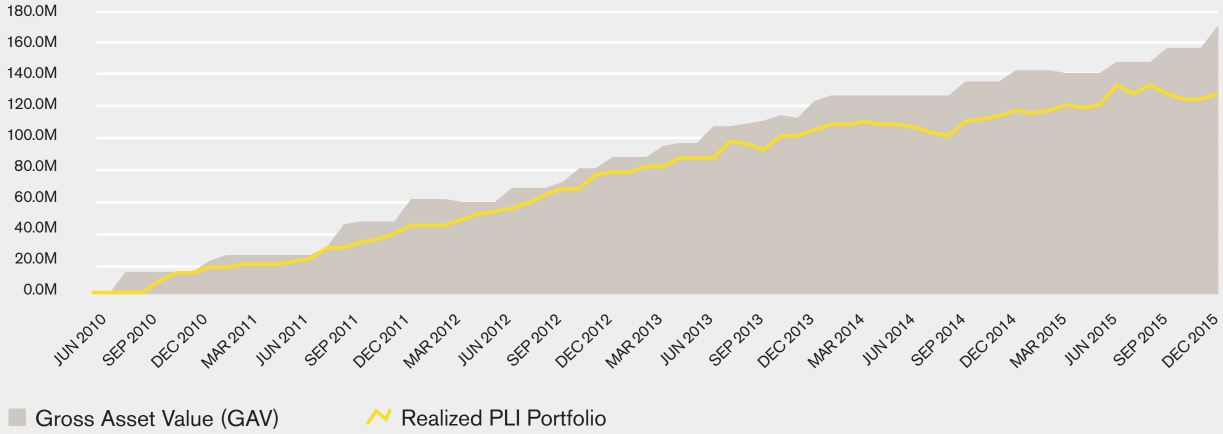
The Fund continued to strengthen many of its long-term relationships, a trend visible in the invested amount by PLI, which increased by nearly 20% from 2014. Approximately 35% of the portfolio's growth volume was disbursed to the Fund's four new PLIs, all Tier 2 or Tier 3 institutions, simultaneously reflecting REGMIFA's outreach efforts and strong prospection despite the market context.

REGMIFA's focus on assessing and strengthening relationships was also a factor as 8 PLIs left the portfolio over the course of the year. Other major factors that led to PLIs leaving the portfolio were the absence of funding needs and untenable hedging costs resulting from the challenging macroeconomic climate and major currency fluctuations.

EVOLUTION IN KEY PORTFOLIO STATISTICS BETWEEN 2014 AND 2015

	2015	2014
Outstanding portfolio (USD)	128,407,670	116,318,531
Average investment amount (USD)	1,284,077	1,250,737
Average investment amount (USD) per PLI	2,620,565	2,194,689
Number of outstanding investments	100	93
Number of investees	49	53
Number of countries	18	18
Number of currencies	13	12
Average maturity at closing	34.7 months	31.7 months

FUND PORTFOLIO AND TOTAL ASSET GROWTH



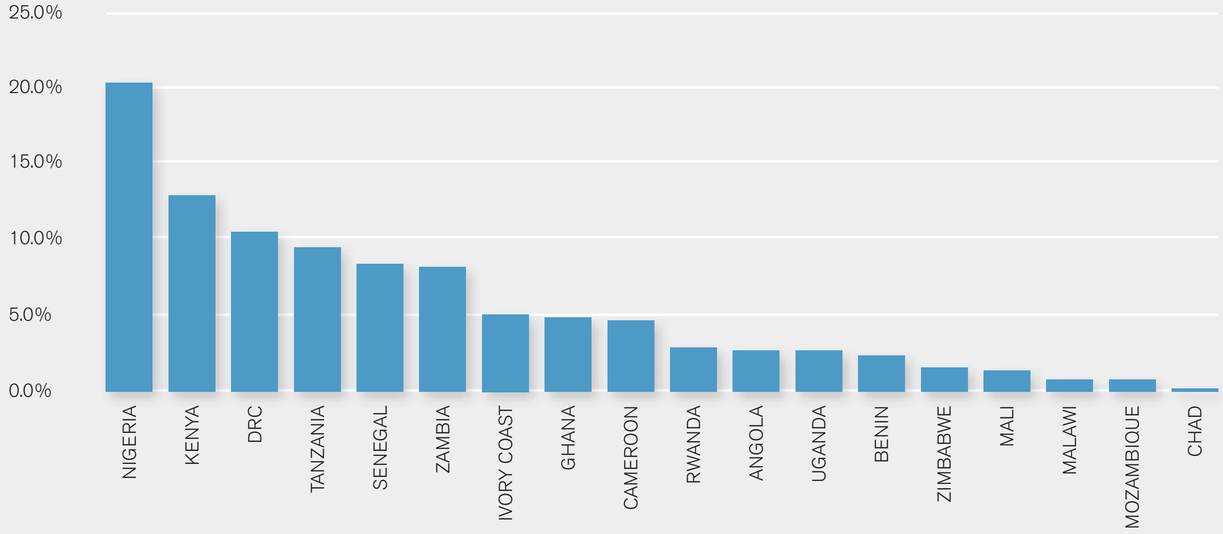
The portfolio value throughout this report differs from the carrying value listed in the audited financial statements 2015. Notably, the historical cost as of 31 December 2015 amounts to USD 128.5 million while the carrying value is reported at USD 113.2 million due to a negative FX impact of USD 13.9 million and a provision for impairment of USD 1.4 million. Given that the Fund's portfolio is fully hedged for exchange rate and interest rate fluctuations, the decline in the value of the loan portfolio from FX revaluation effects is offset by the increase in value of the corresponding hedging instruments.

New lending in 2015

In 2015, approximately 25% of new investments were made in Kenya, 9% in Zambia, and 8% each in Senegal, the DRC, and Tanzania. Overall, the Fund made investments in 16 different markets in sub-Saharan Africa, a region that generally remains remarkably underserved by financial service providers.

Across sub-Saharan Africa, access to financial services remains limited, where the World Bank estimates that only 34% of adults have accounts, while 350 million people remain unbanked.

COUNTRY EXPOSURES (% OF PORTFOLIO)



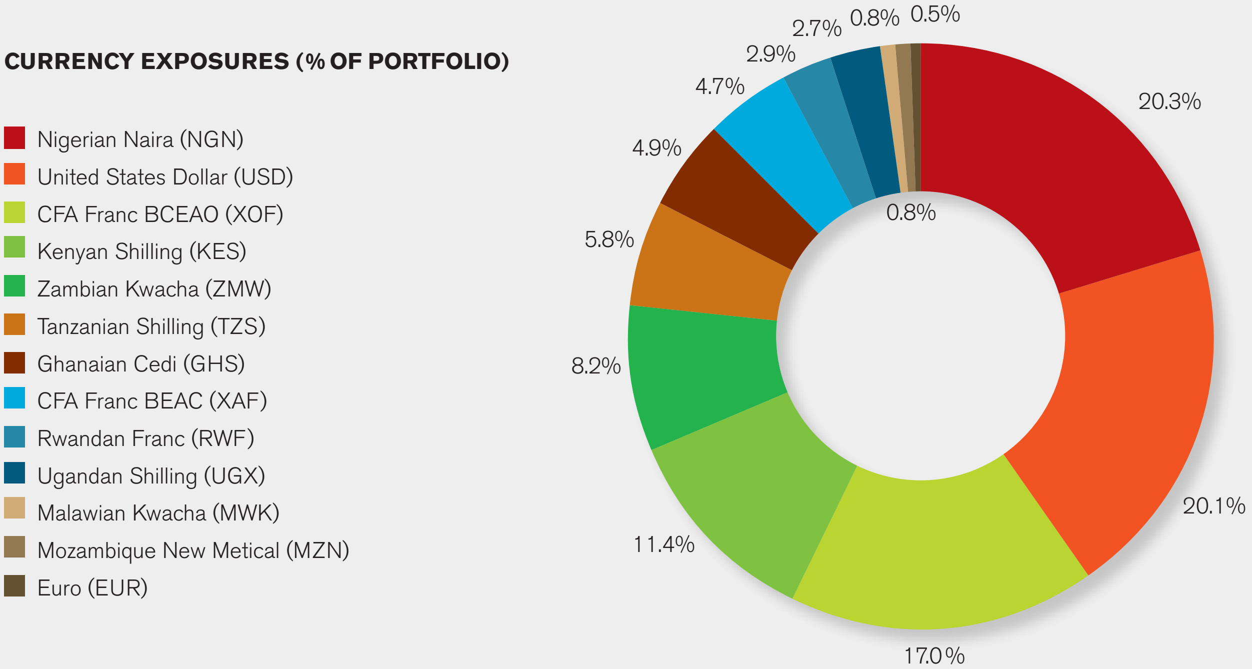
Invested portfolio per country

Nigeria (20%), Kenya (13%), and the DRC (11%) were the Fund's top country exposures in 2015 by outstanding volume. Nigeria, one of the region's largest microfinance markets, remains the Fund's top exposure, although institutions require close monitoring given governance and macroeconomic challenges. Senegal and Tanzania were the second and third largest exposures, respectively, in 2014. Given a competitive market, increased availability of local funding, and pricing challenges, Senegal dropped to the fifth largest exposure over the year. The DRC, which has boasted a rapidly growing microfinance sector, remains one of the most promising growth markets.

Currency allocation

Currency volatility and pricing challenges increased in 2015. REGMIFA's hedging strategy and relationships helped enable the Fund to record its best year so far despite these challenges. REGMIFA's established partnerships with four reputable hedging counterparties allowed the Fund to provide its PLIs with loans in local currency. In 2015, the Fund was able to offer all fixed rate loans to its partners, while ensuring sound currency risk management at the fund level. REGMIFA protects investees from significant foreign exchange risk as 81% of the portfolio is denominated in local currency, while funding provided in hard currency mainly benefits those PLIs operating in dollarized economies. As of December 2015, REGMIFA maintained no unhedged foreign currency exposure.

CURRENCY EXPOSURES (% OF PORTFOLIO)



TOP 5 PLI EXPOSURES (% OF PORTFOLIO)

PLI	COUNTRY	CURRENCY	VOLUME USD	% OF PORTFOLIO
KWFT	Kenya	KES, USD	11.5 m	9.0 %
FINCA DRC	DRC	USD	6.7 m	5.2 %
ACEP Cameroun	Cameroon	XAF	6.1 m	4.7 %
LAPO MFB	Nigeria	NGN	6.0 m	4.7 %
Advans DRC	DRC	USD	6.0 m	4.7 %

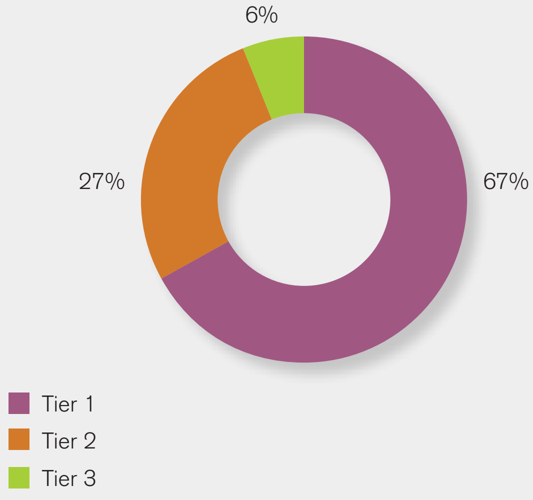
INVESTED PLI PROFILE: TEN KEY PLI INDICATORS

	REGMIFA PORTFOLIO WEIGHTED AVERAGE	REGMIFA MEDIAN	SYM50 SIMPLE AVERAGE
Total Assets (USD)	80,480,974	25,206,089	406,170,921
Gross loan portfolio (USD)	61,459,438	16,131,298	301,161,202
Number of active borrowers	107,085	20,840	120,733
Average Loan Balance (USD)	1,592	890	2,633
Debt/equity ratio	2.9	3.6	4.7
Portfolio yield	38.8%	37.8%	25.7%
Portfolio operating expense ratio	27.8%	29.1%	13.8%
Operational self-sufficiency	109.3%	105.5%	114.3%
Return on equity	4.6%	6.6%	10.2%
PAR>30 days	6.6%	4.7%	4.2%

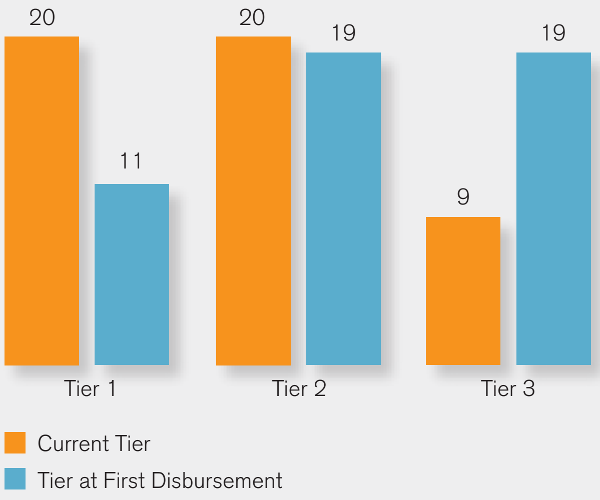
* Figures as of December 2015. The SYM50 is an index developed by Symbiotics and comprised of 50 Microfinance Institutions located in geographical areas reflecting the historical concentration of Symbiotics' outstanding microfinance investment portfolio.

The "ultimate target group" being served by REGMIFA's PLIs consists of micro-entrepreneurs and SME clients, including the "missing middle" enterprises: engines of growth and income generation in the region. As there is no standard accepted definition in the industry of MSME, REGMIFA uses the size of the loans provided by the PLIs to these clients as a proxy definition, with "micro" up to USD 5,000, "small" up to USD 50,000 and "medium" up to USD 250,000, with these broad thresholds varying according to country to reflect local conditions. Most PLIs report an average loan balance below USD 5,000. On average, REGMIFA works with institutions with a balance sheet nine times smaller than the SYM50 index, illustrating both REGMIFA's target region as well as the Fund's focus on lower tier institutions. Institutions also tend to be less leveraged compared to the SYM50 average. Further, higher portfolio yield and higher opex ratios compared to the SYM50 are illustrative of the challenging operating environment in the Fund's target countries compared to a globally diversified microfinance portfolio.

PORTFOLIO BREAKDOWN BY CURRENT TIER, % PORTFOLIO



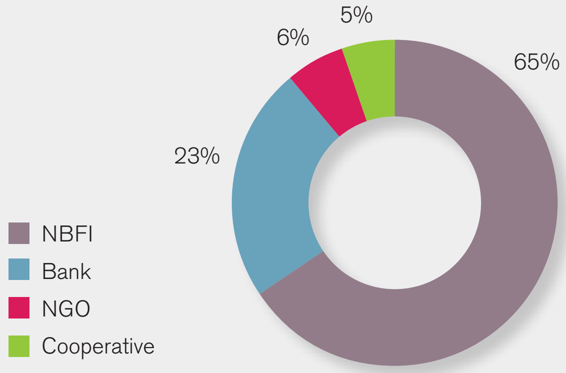
PORTFOLIO BREAKDOWN BY TIER, NUMBER OF PLIS



The Fund's portfolio maintained a balance of small, medium, and large PLIs in 2015. Small (Tier 3) PLIs have total assets below USD 10 million, medium (Tier 2) PLIs have total assets between USD 10 and 30 million, and large (Tier 1) PLIs have total assets in excess of USD 30 million.

As institutions grow and mature, they gradually shift to an upper tier. REGMIFA accompanies investees in this growth. This effect is illustrated in the "Portfolio Breakdown by Tier, Number of PLIs" figure. At the beginning of their relationship with REGMIFA, almost 40% of all institutions in the portfolio (19 out of 49 institutions) fell into the Tier 3 category. Many of the Fund's investees remain long-term partners and obtain repeat funding, often at increasing volumes, as they grow and increase their balance sheets. As of December 2015, more than 40% of institutions in the portfolio had graduated to the Tier 1 category.

LEGAL STATUS, % PORTFOLIO



REGMIFA promotes inclusive financial systems by financing a wide range of PLIs of various legal statuses such as non-governmental organizations (NGOs), cooperatives, non-bank financial institutions (NBFIs), and banks. Often, PLIs start out as small NGOs or cooperatives and transform into NBFIs or small banks as they grow and mature.

10 KEY INDICATORS*

UGANDA

POPULATION
37.1 MILLION

POPULATION LIVING IN POVERTY
19.7%

HUMAN DEVELOPMENT RANK
163/187

GDP PER CAPITA
USD 2,100

REAL GDP GROWTH
5.2%

INFLATION RATE
4.9%

FOREX HEDGING COSTS (36M)
14.7%

PRIVATE CREDIT (% OF GDP)
14.4%

FOREIGN AID (IN BILLIONS)
USD 1.7

REMITTANCES (IN MILLIONS)
USD 887.4

*2015 or latest available

MEET MR. MPAGI SIRAJE
POULTRY FARMER

COUNTRY: UGANDA

Situated in Central-East Africa, Uganda is a low-income country that has bounced back after fourteen years (1971-1985) of dictatorial regime, guerrilla war and human rights abuses. Liberalization policies in the late 1980s brought back macroeconomic stability and a period of sustained high growth. Today, while agriculture remains the most important sector of the economy (70% of the workforce), with coffee as its main export, Uganda is experiencing a structural shift towards industry and services. Microfinance only made its appearance more recently when welfare programs set up by NGOs and other aid organizations took the lead in helping people during the country's breakdown. Today, the microfinance market is competitive in urban and suburban areas where a wide array of microfinance institutions (MFIs) are present. In terms of volumes however, 75% of the market is concentrated in 6 regulated institutions. The recent surge in mobile financial services could pave the way to improving market penetration in rural areas, a still largely untapped segment.

PLI: EFC UGANDA

Entrepreneurs Financial Center Uganda (EFCU) was created in 2011 by Développement International Desjardins and started operations in June 2012. Today, it operates as a Microfinance Deposit-taking Institution (MDI) after being granted the MDI licence in late 2014 by the Bank of Uganda. EFCU targets the upper segment of micro-entrepreneurs in urban areas of Kampala. It identifies the most promising entrepreneurs and delivers individualized service and business support. With its focus on the "missing middle," EFCU mainly competes with commercial banks providing SME loans. In supplement to savings, the MDI offers women market trader loans, home improvement loans and business loans. Still a relatively young player in the Ugandan microfinance market, EFCU has enjoyed rapid growth in loan portfolio since 2012. Today, EFCU reaches over 950 clients and aspires to increase outreach by opening more fully-functioning branches at regular intervals.

CLIENT: MR. MPAGI SIRAJE

Mr. Mpagi Siraje is 50 years old and lives in Buyala, a town located less than 100 kilometres east from Kampala, the capital and largest city of Uganda. He has been involved in poultry farming for the past 20 years. Today, his business has grown to a large-scale size as he owns five poultry houses which contain a total of 30,000 egg-laying birds. Mr. Siraje initially joined EFCU in January 2014, at a time when the institution was still an unregulated non-bank financial institution (NBFI). His first loan amounted to UGX 15 million (USD 4,400). Mr. Siraje's timely repayment helped him contract two additional loans with EFCU, amounting to respectively UGX 20 million (USD 5,550) and UGX 34 million (USD 9,500). The overall financial support from EFCU has enabled Mr. Siraje to double his number of egg-laying birds and poultry houses since 2014. His business is profitable and growing rapidly. At present, he collects on average 600 trays of eggs on a daily basis and employs 12 people.

Today, his business has grown large, as he owns five poultry houses that contain a total of 30,000 egg-laying birds.

The REGMIFA Technical Assistance Facility
A consolidated TA initiative in sub-Saharan Africa

TECHNICAL ASSISTANCE FACILITY

As in past years, TA activities were delivered to target PLIs alongside the Fund's investments following a thorough review of the institutions' weaknesses and potential, and with regards to the limited funding available in 2015. Together with the PLIs, the TA Facility Manager comprehensively assessed where support would be the most impactful and tailored projects to the urgent needs of the institutions, aiming at reducing institutional risk or at increasing PLIs' outreach.

Taking as a baseline the current realized levels and good track record, the targets in the 2015 business plan needed to be adjusted to the available funding, with an evident lower number and volume of approved and contracted TA projects. More specifically, during the course of the reported year, 9 TA projects were approved for a volume of EUR 142,730, representing 3 single projects, 1 TA package addendum, 4 training programs, and 1 new training course. At the same time and notwithstanding the above, a milestone in the REGMIFA TA Facility project financing was achieved: as of 31 December 2015, donors' commitments reached a cumulated amount of EUR 6,687,237. Furthermore, since the inception of the TA Facility in 2011, the project operations deployed alongside REGMIFA's investments have reached into 18 countries in sub-Saharan Africa: Angola, Benin, Cameroon, Chad, the Ivory Coast, the DRC, Ghana, Kenya, Mali, Mozambique, Nigeria, Rwanda, Senegal, Tanzania, Togo, Uganda, Zambia, and Zimbabwe. Also, 88 (cumulated) TA projects have been approved for a volume of EUR 5,739,344, and 76 projects, including 17 training scholarship programs, have already been completed, including 23 TA projects in 2015 alone.

In January 2015, the TA Facility successfully launched a TA Package on "Improving Social Performance Management (SPM) and Consumer Protection (CP): Gap Analysis, Work Plan and Capacity Building for Board members, Key Management and Middle Management Staff" reaching 14 PLIs located in 10 countries, namely Rwanda, Zambia, Tanzania, Uganda, Kenya, Benin, Cameroon, Angola, Nigeria, and Senegal. Though some of the program activities will span over 2016, the bulk of the consultant's tasks have been implemented in the course of the reporting year, focusing on PLIs' staff introductions to Social Performance and Client Protection concepts and to the REGMIFA social covenants, as well as providing training on an Excel tool (SPI4) to enable each institution to self-assess and better track and report its social performance achievements and take strategic measures to address weaknesses. In each institution, the consultants carried out the assignment with a designated "SPM champion." The finalization of the program is scheduled for 2016.

COUNTRIES WITH ONGOING PROJECTS IN 2015 (4):

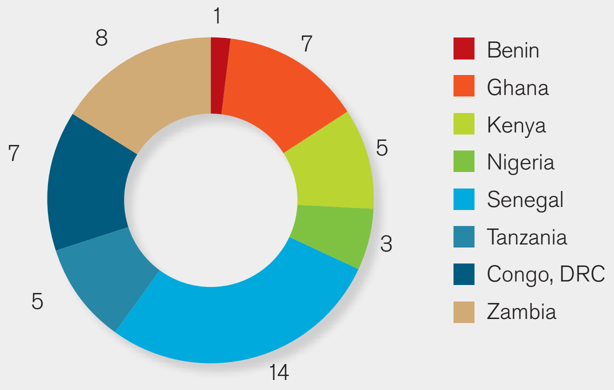
SENEGAL
NIGERIA
DRC
RWANDA

2015 AT A GLANCE:

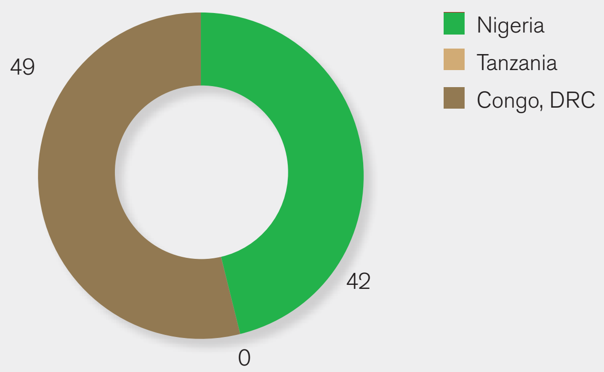
- 9 TA projects approved (EUR 142,730)
- 9 projects contracted (EUR 159,783)
- 23 projects completed in 2015
- The TA Facility supported 34 PLIs (with support varying across all project types) in 2015
- Outreach to 4 countries in 2015 via ongoing single focus projects
- Outreach to 11 countries with ongoing TA packages
- Average project size of EUR 29,243
- 22.3% average PLI co-financing contributions since inception
- 5.2% average PLI co-financing contributions on projects contracted in 2015
- 54% of the TA volume granted in 2015 was allocated to a Tier 3 PLI and the remaining 46% was allocated to a Tier 2 PLI

THE TA FACILITY'S FLEXIBLE APPROACH ALLOWS IT TO RESPOND TO THE MOST URGENT PLI NEEDS

TA VOLUME APPROVED BY COUNTRY FOR TRAINING SCHOLARSHIPS (EUR THOUSANDS)



TA VOLUME APPROVED BY COUNTRY IN 2015 (EUR THOUSANDS)



Note: The project that was approved in Tanzania was an addendum to an existing project (with AccessBank Tanzania). The project required an additional component to the Terms of Reference and time extension without any cost impact. Thus, a volume of EUR zero is reported for Tanzania.

AN EXAMPLE OF A TA PROJECT: TA PACKAGE ON "STRENGTHENING MIDDLE MANAGEMENT SKILLS: CAPACITY BUILDING ON LEADERSHIP, MANAGEMENT AND SUPERVISORY SKILLS"

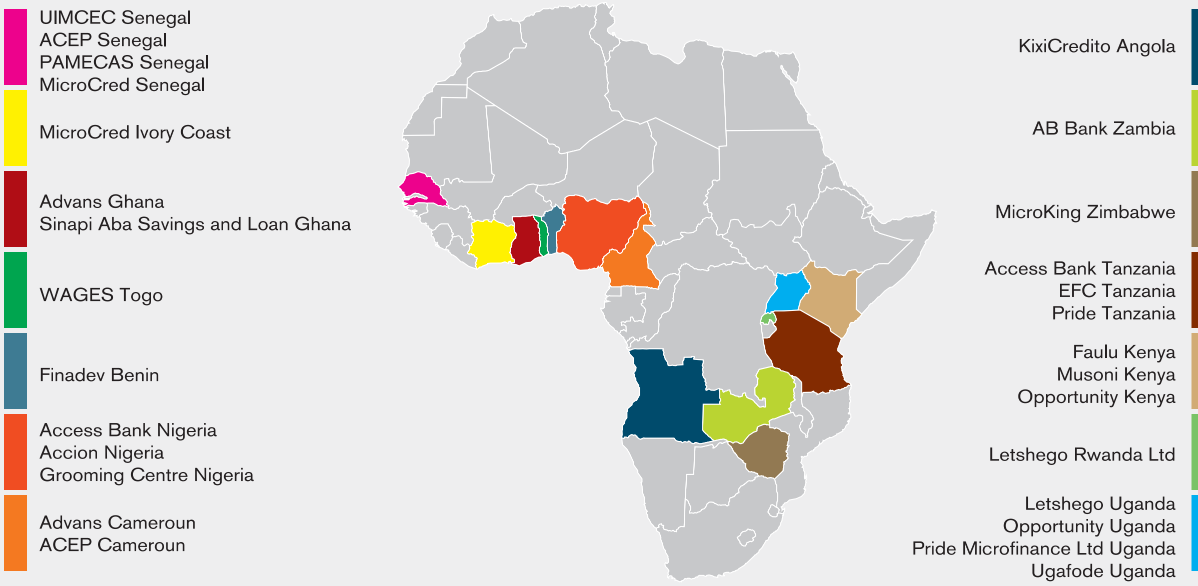
TA Packages are a key part of the TA Facility Manager's strategy of serving identified common TA needs of PLIs. With this instrument, the TA Facility Manager ensures that the resources invested are optimized in an effective and efficient way, achieving the highest value for money.

In 2013 a TA Package on "Strengthening Middle Management Skills: Capacity Building on Leadership, Management and Supervisory Skills" was designed and contracted out to Frankfurt School, being the very first international tender structured at the TA Facility. The program's activities were implemented from January 2014 to August 2015 and benefited 28 PLIs located in 14 countries (see graph below) in a satisfactory note for the PLIs, the consultant and the TA Facility Manager. Overall, 1,799 staff were reached by the trainings.

The objective of this TA Package was to improve middle management soft skills. The consultant assigned 15 training experts of ten nationalities (from Africa, Europe, and America) who customized each intervention to the specific needs of the recipient PLIs. Training sessions were facilitated on topics such as "Leading & Managing People," "People & Team Management," "Effective Communication," "Time Management," "Change Management," "Performance Management," "Customer Relationship Management," "Marketing, Sales & Negotiation Skills," etc.

One of the key drivers for success of this program was the fact that it addressed highly demanded training needs in soft skills topics mostly not covered by trainings organized by the recipient institutions, which generally set the focus on more technical skills and knowledge. All of the activities were carried out using a participatory approach with the PLIs' senior management, in particular with the HR Department of each beneficiary. The other key drivers for success were:

- The commitment to the project shown by the PLIs in general and in particular by the senior management and the consultant counterpart, for example in planning and organizing the interviews during the training needs assessment phase, but also by allowing middle managers to be 100% involved during the training sessions.
- The flexibility demonstrated by the consultants in planning and conducting the sessions to take into consideration participants' availabilities and daily workload. In fact, many PLIs only wanted trainings to be conducted in the beginning of the month.
- Mixing training groups (for example, having head office as well as branch staff present in the same group training) contributed to bridge gaps of understanding that often exist between different departments as well as between head office and operations.



10 KEY INDICATORS*

TANZANIA

POPULATION
51 MILLION

POPULATION LIVING IN POVERTY
28.2%

HUMAN DEVELOPMENT RANK
151/187

GDP PER CAPITA
USD 3,000

REAL GDP GROWTH
6.9%

INFLATION RATE
6.6%

FOREX HEDGING COSTS (36M)
12%

PRIVATE CREDIT (% OF GDP)
13.8%

FOREIGN AID (IN BILLIONS)
3.43

REMITTANCES (IN MILLIONS)
USD 389.5

*2015 or latest available

MEET MR. JUSTIN MASAWE
ENTREPRENEUR

COUNTRY: TANZANIA

Situated in Eastern Africa, Tanzania is one of the poorest economies in terms of per capita income. It has attracted donor funding and investments for the past 10 years. Gold production and agriculture play a major part in the economy with the latter accounting for more than 25% of GDP and 85% of exports. The financial sector in Tanzania has expanded in recent years and foreign-owned banks account for about 48% of the banking industry's total assets. Its microfinance sector, currently led in size by the National Microfinance Bank (NMB), was pioneered by NGOs and Savings and Credit Cooperative Organizations in the 1990s. The sector has been expanding since 2000 when other practitioners like commercial banks started downscaling. The country's "Microfinance Regulations," approved in 2005, are starting to generate positive results with two microfinance companies having recently receiving operating licenses. The newly-opened private credit reference bureau in Dar es Salaam (CreditInfo Tanzania) further complements the government's efforts in improving financial inclusiveness in the country.

PLI: FINCA TANZANIA

FINCA Tanzania (FINCA TZ) was created in 1998 as part of FINCA International's global network. It was incorporated in 2000 as a limited company and initially only provided credit services. A decade later, in September 2011, the PLI was converted into a company limited by shares. FINCA TZ then applied to become a deposit-taking MFI in November 2011 and was granted the license in 2013 (the second one in Tanzania after EFC). It thus became the first MFI to transform from non-regulated to regulated status. In May 2014, FINCA TZ received a license from the Bank of Tanzania to carry out agency banking operations. Today, it is one of the largest MFIs in Tanzania with a high rural outreach (68% of rural clients). It serves the lowest income entrepreneurs, via individual and small group loans and as a pilot, FINCA TZ has developed an agriculture loan product.

CLIENT: MR. JUSTIN MASAWE

Mr. Justin Masawe is a Tanzanian entrepreneur active in the trade of African fabrics. He is married and has four children from 3 to 16 years old. Mr. Masawe owns a shop in the Kariakoo market, one of the biggest markets in Dar es Salaam. In his shop, he stocks thousands of bolts and pieces of fabric to sell directly or export. With the help of his wife and one sales employee, he sources fabrics regionally, as well as from China, where he travels several times a year. His goods are sold to retailers, both locally and regionally. In addition, he operates outside Tanzania's frontiers, with some customers in the DRC, Malawi, Zambia, and even Zimbabwe. When business is good, his sales can reach USD 2,000 worth of fabrics per day. Mr. Masawe has been running his business for the past ten years and he is a new client of FINCA TZ. He thus looks forward to collaborating with FINCA TZ and believes the loan he contracted will help him grow his business' outreach.

Mr. Masawe has been running his business for the past ten years and he is a new client of FINCA Tanzania.

AUDITED FINANCIAL STATEMENTS

GENERAL INFORMATION

BOARD OF DIRECTORS
Mr. Ruurd Brouwer (Chairman)
Mr. Wolfgang Kroh (until 31.01.2015)
Dr. Marcel Gérard Gounot
Mr. Hanns Martin Hagen (until 13.02.2015)
Mr. Philippe Serres
Mr. Juan Ignacio Izuzquiza Rueda
Mr. Stefan Hirche (since 13.02.2015)
Mr Karl-Heinz Fleischhacker (since 13.02.2015)
Mr. Arthur Sletteberg (since 14.02.2015)

REGISTERED OFFICE
5, rue Jean Monnet
L-2180 Luxembourg
Grand-Duchy of Luxembourg

INVESTMENT MANAGER AND PLACING AGENT
Symbiotics S.A.
31, rue de la Synagogue
CH-1204 Geneva, Switzerland

CUSTODIAN
Credit Suisse (Luxembourg) S.A.
5, rue Jean Monnet
L-2180 Luxembourg, Grand-Duchy of Luxembourg

ADMINISTRATIVE AGENT
Credit Suisse Fund Services (Luxembourg) S.A.
5, rue Jean Monnet
L-2180 Luxembourg, Grand-Duchy of Luxembourg

INDEPENDENT AUDITOR
Ernst & Young S.A.
35E, Avenue John F. Kennedy
L-1855 Luxembourg, Grand-Duchy of Luxembourg

LEGAL ADVISERS
Linklaters LLP
35, Avenue John F. Kennedy
B.P. 1107
L-1011 Luxembourg, Grand-Duchy of Luxembourg

REPORT OF THE BOARD OF DIRECTORS

We are pleased to submit the annual report for the year ended 31 December 2015 and the Independent Auditor's Report for the Regional MSME Investment Fund for sub-Saharan Africa S.A., SICAV-SIF ("REGMIFA" or the "Fund").

During its 5th full year of operations, REGMIFA managed to thrive despite a challenging macroeconomic environment, with growth in sub-Saharan Africa dampened by low prices for oil and commodities, fiscal tightening and lessening demand from China, all combined with significant currency volatility.

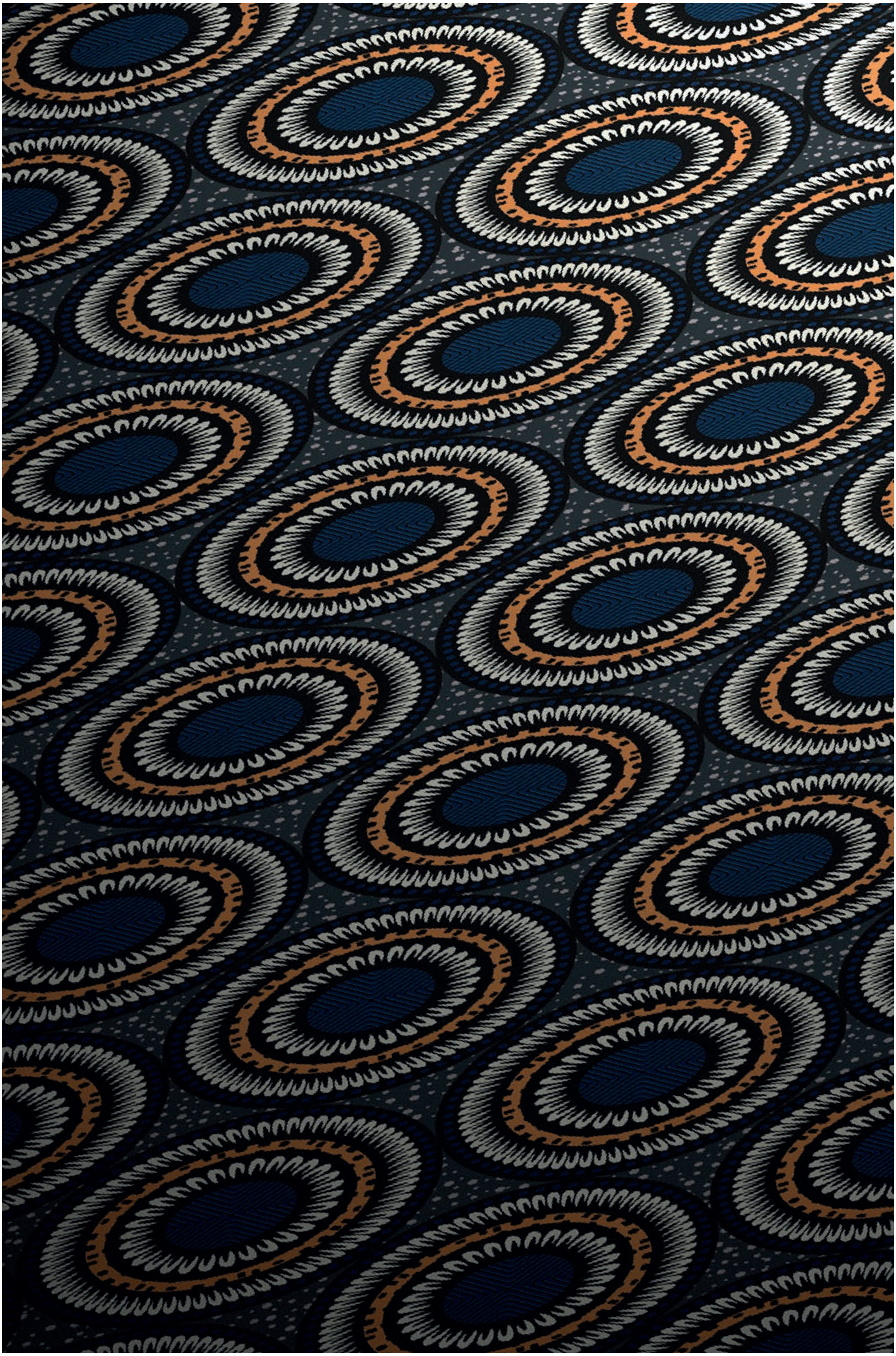
Nonetheless, the Fund proved its resilience, demonstrating solid performance at all levels: The outstanding portfolio grew by USD 11.6 million to USD 128.5 million[1], with a continued strong diversification across 49 Partner Lending Institutions ("PLIs") and 18 countries. Especially noteworthy are the dynamics behind these statistics: while approximately USD 44.1 million (one quarter of the portfolio) came to maturity during 2015 alone, the Fund made total disbursements of USD 55.7 million – a record high since the Fund's inception.

During 2015, the Fund added four new institutions to its portfolio, two classified as lower Tier 2 and two as Tier 3 institutions[2]. With the addition of a Malawian PLI, a new country successfully joined the portfolio.

These statistics are evidence of the Fund's continued successful prospection work and increasing outreach to smaller institutions not abundantly financed by existing microfinance funders and to underserved microfinance markets. The Fund's growth also has an important quality dimension. The aforementioned high portfolio turnover and the well-established due diligence and PLI selection process have resulted in continuously low impairment levels throughout the Fund's history, with an impairment of 1.1% of the outstanding portfolio at year end 2015.

1 The historical cost as of 31 December 2015 amounts to USD 128.5m while the carrying value is reported at USD113.2m due to a negative FX impact of USD 13.9m and a provision for impairment of USD 1.4m. Given that the Fund's portfolio is fully hedged for exchange rate and interest rate fluctuations, the decline in the value of the loan portfolio from FX revaluation effects is offset by the increase in value of the corresponding hedging instruments.

2 Tier 1 institutions are defined as PLIs with total assets above USD 30 million, Tier 2 institutions have total assets between USD 10 million and USD 30 million, and Tier 3 institutions have total assets below USD 10 million.



This figure is noteworthy especially in a context of deteriorating economic and financial sector performance indicators throughout most of the region. That being said, portfolio quality trends at PLI level (2015: Portfolio at Risk > 30 days at 6.6%, 2014: 4.9%) clearly demonstrate the need for continuous close monitoring and proactive risk management in 2016.

From a social performance perspective, the Fund has remained committed to its mission: 89% of the Fund's investments in 2015 are in Low Human Development countries, and the Fund has continued to focus on relatively small sized PLIs, with 78% of PLIs classified as Tier 2 or Tier 3 institutions at the first disbursement cycle. Through its activities, it is estimated that REGMIFA has financed close to 880,000 end clients since inception. Complementing the Fund's activities, the Technical Assistance Facility ("TAF") remains key to maximising development impact. Since inception, the TAF has reported 88 approved projects for EUR 5.7 million, 85 contracted projects for EUR 5.3 million and 76 completed projects for EUR 4.2 million, reaching PLIs in 18 countries. Average TA cost-sharing of 21.5% over the past five years reflects PLIs' strong commitment and buy-in.

Although the full amount committed by donors since the TAF's inception has been entirely allocated to high quality TA projects, demand from PLIs during 2015 clearly indicates the need to replenish the TAF's funding. Correspondingly, in 2016, asset recapitalization remains the TAF's key priority in order to continue offering support to PLIs whose needs for TA are diverse, with requests including: setting up credit evaluation tools such as credit scoring; transformation planning; reinforcing lending-methodologies; designing rural and agro-finance strategies; and introducing SME lending or staff training. Requests come from PLIs spanning all Tier levels and geographies.

Financially, the Fund produced very solid results in 2015, demonstrating that social impact and commercial viability can go hand in hand. Not only will all target dividends be paid to investors, but shareholders' strong commitments will also be rewarded with the payment of complementary dividends. In addition, the Board of Directors decided to allocate USD 262,755 to the TAF, an important step towards replenishing the TAF's assets. Mirroring the TAF's fundraising efforts, the Fund Manager has started to implement a new funding strategy in order to maintain the Fund's asset base and leverage additional funding to secure REGMIFA's future development. In 2016, experts anticipate moderate regional growth of around 4%, with many of the aforementioned challenges persisting well into the year. At the same time, REGMIFA has proven its resilience in a difficult context and is well positioned to continue its growth trajectory, while staying true to its developmental mission and prudent risk-taking approach. We look forward to the continued strong support of REGMIFA investors and partners in this challenging, yet rewarding, venture.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The financial statements are the responsibility of the Board of Directors.

We hereby authorize the Fund's financial statements as at 31 December 2015 for issue.

27 May 2016
Board of Directors

Building a better
working world

Ernst & Young
Société anonyme

35E, Avenue John F. Kennedy
L-1855 Luxembourg

Tel: +352 42 124 1

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L-2017 Luxembourg

R.C.S. Luxembourg B 47 771
TVA LU 16063074

Independent auditor's report

To the Shareholders of
Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF
5, rue Jean Monnet
L-2180 Luxembourg

We have audited the accompanying financial statements of Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF, which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2015, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgement of the "*réviseur d'entreprises agréé*", including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the "*réviseur d'entreprises agréé*" considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Building a better
working world

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other matter

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé

Alain Kinsch

Luxembourg, 27 May 2016

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2015 (EXPRESSED IN USD)

ASSETS	NOTES	31 DECEMBER 2015	31 DECEMBER 2014
Gross loans to Partners Lending Institutions		114,623,342	108,789,876
Loan loss allowance		(1,406,667)	(500,000)
Net loans to Partner Lending Institutions	4	113,216,675	108,289,876
Derivative financial instruments (net)	5	18,827,874	8,714,467
Interest receivable on loans	4	4,322,380	3,209,632
Other receivables		160,537	27,729
Prepaid expenses		6,456	15,520
Cash and cash equivalents		35,665,779	25,022,928
Total Assets		**172,199,701**	**145,280,152**
LIABILITIES			
Accrued expenses	9.5	973,765	913,963
Other payables		565,756	92,832
Deposits and cash collateral		11,029,825	940,000
Contribution to the technical assistance facility	11	732,831	470,076
Dividends payable to holders of redeemable ordinary shares	11	2,171,470	1,930,269
Net assets attributable to holders of redeemable Class A Shares	7	20,704,908	23,954,908
Net assets attributable to holders of redeemable Class B Shares	7	48,044,238	39,950,000
Notes	6	13,121,470	13,121,470
Total Liabilities		**97,344,263**	**81,373,518**
EQUITY			
Share capital		62,314,790	57,379,281
Retained earnings	11	12,540,648	6,527,353
Total Equity	7	**74,855,438**	**63,906,634**
Total Liabilities and Equity		**172,199,701**	**145,280,152**

STATEMENT OF COMPREHENSIVE INCOME

INCOMEFOR THE YEAR ENDED 31 DECEMBER 2015 (EXPRESSED IN USD)

INCOME	NOTES	2015	2014
Interest income on loans	8	15,121,632	14,545,647
Interest income on bank deposits		3,770	5,772
Other income		33,256	-
Realized gain on derivative financial instruments		15,002,169	3,253,685
Change in unrealized gain on derivative financial instruments		14,307,920	12,776,311
Realized foreign exchange gain on loans to Partner Lending Institutions		-	448,048
Change in unrealized foreign exchange gain on loans to Partner Lending Institutions		4,398,767	1,958,591
Realized and change in unrealized gain on foreign exchange (non-investment related)		453,857	211,524
Total Income		**49,321,371**	**33,199,578**
EXPENSES			
Fund management fees	9.1	(2,200,375)	(2,200,375)
Secretary fees	9.3	(77,365)	(130,278)
Legal and audit fees		(125,253)	(185,434)
Administration, custodian and domiciliation fees	9.4	(213,660)	(193,941)
Other administrative expenses		(55,012)	(55,798)
Marketing and promotion expenses		(21,773)	(36,681)
Interest expense on Notes		(186,553)	(177,935)
Bank charges		(21,451)	(673)
Realized loss on derivative financial instruments		(13,191,177)	(7,629,446)
Change in unrealized loss on derivative financial instruments		(4,194,513)	(2,244,581)
Realized foreign exchange loss on loans to Partner Lending Institutions		(8,296,908)	(3,375,814)
Change in unrealized foreign exchange loss on loans to Partner Lending Institutions		(10,210,173)	(9,762,222)
Realized and change in unrealized loss on foreign exchange (non-investment related)		(802,155)	(891,074)
Loan loss allowance	4	(906,667)	(500,000)
Total Operating Expenses		**(40,747,726)**	**(27,384,252)**
Operating profit before tax		**8,573,645**	**5,815,326**
Distribution to holders of redeemable shares	11	(2,171,470)	(1,930,269)
Contribution to the technical assistance facility	11	(262,755)	(50,000)
Investment Manager Incentive Bonus	9.2	(126,125)	(123,119)
Profit for the year		**6,013,295**	**3,711,938**
Other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		**6,013,295**	**3,711,938**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015 (EXPRESSED IN USD)

CASH FLOWS FROM OPERATING ACTIVITIES	**31 DECEMBER 2015**	**31 DECEMBER 2014**
Operating profit before tax	8,573,645	5,815,326
Adjustments for non-cash items:		
Net change in unrealized loss on loans to Partner Lending Institutions	5,811,406	7,803,631
Net change in unrealized gain on derivative financial instruments	(10,113,407)	(10,531,730)
Loan loss allowance increase	906,667	500,000
Operating profit after adjustments for non-cash items	**5,178,311**	**3,587,227**
Net increase in interest receivable on loans to Partner Lending Institutions	(69,882)	(69,882)
Net increase / decrease in other receivables and prepaid expenses	(123,745)	631,531
Net increase / decrease in accrued expenses and other payables (incl. incentive bonus)	406,601	(29,096)
Net increase / decrease in deposits and cash collateral	10,089,825	940,000
Cash-flows from operating activities	**14,438,244**	**5,059,780**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in loans to Partner Lending Institutions	(11,644,871)	(12,445,681)
Cash flows from investing activities	**(11,644,871)**	**(12,445,681)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	18,779,747	13,000,000
Payments on redemption of shares	(9,000,000)	-
Distribution paid to holders of redeemable ordinary shares	(1,930,269)	(1,483,050)
Cash-flows from financing activities	**7,849,478**	**11,516,950**
Net increase in cash and cash equivalents	**10,642,851**	**4,131,049**
Opening cash and cash equivalents	**25,022,928**	**20,891,879**
Closing cash and cash equivalents	**35,665,779**	**25,022,928**

STATEMENT OF CHANGES IN EQUITY AND AVERAGE EARNINGS PER CLASS A AND CLASS B REDEEMABLE ORDINARY SHARES AND CLASS C SHARES

FOR THE YEAR ENDED 31 DECEMBER 2015 (EXPRESSED IN USD)

STATEMENT OF CHANGES IN EQUITY	FOR THE YEAR ENDED 31 DECEMBER 2015		FOR THE YEAR ENDED 31 DECEMBER 2014	
	Equity	**Number of shares**	**Equity**	**Number of shares**
Balance at beginning of the year	**63,906,634**	**1,039.628**	**47,194,696**	**813.898**
Issuance of Class C shares	4,935,509	77.463	13,000,000	225.730
Total comprehensive income attributable to Class C shares	6,013,295	-	3,711,938	-
Balance at end of the year	**74,855,438**	**1,117.091**	**63,906,634**	**1,039.628**

AVERAGE EARNINGS PER CLASS A AND CLASS B REDEEMABLE ORDINARY SHARES AND CLASS C SHARES

CLASS OF SHARES	2015	2014
Class A	2,143.04	2,097.92
Class B	1,038.72	963.40
Class C	5,644.82	4,081.33

SUPPLEMENTARY INFORMATION

AS AT 31 DECEMBER 2015 (EXPRESSED IN USD)

STATEMENT OF CHANGES IN EQUITY AND NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE ORDINARY SHARES

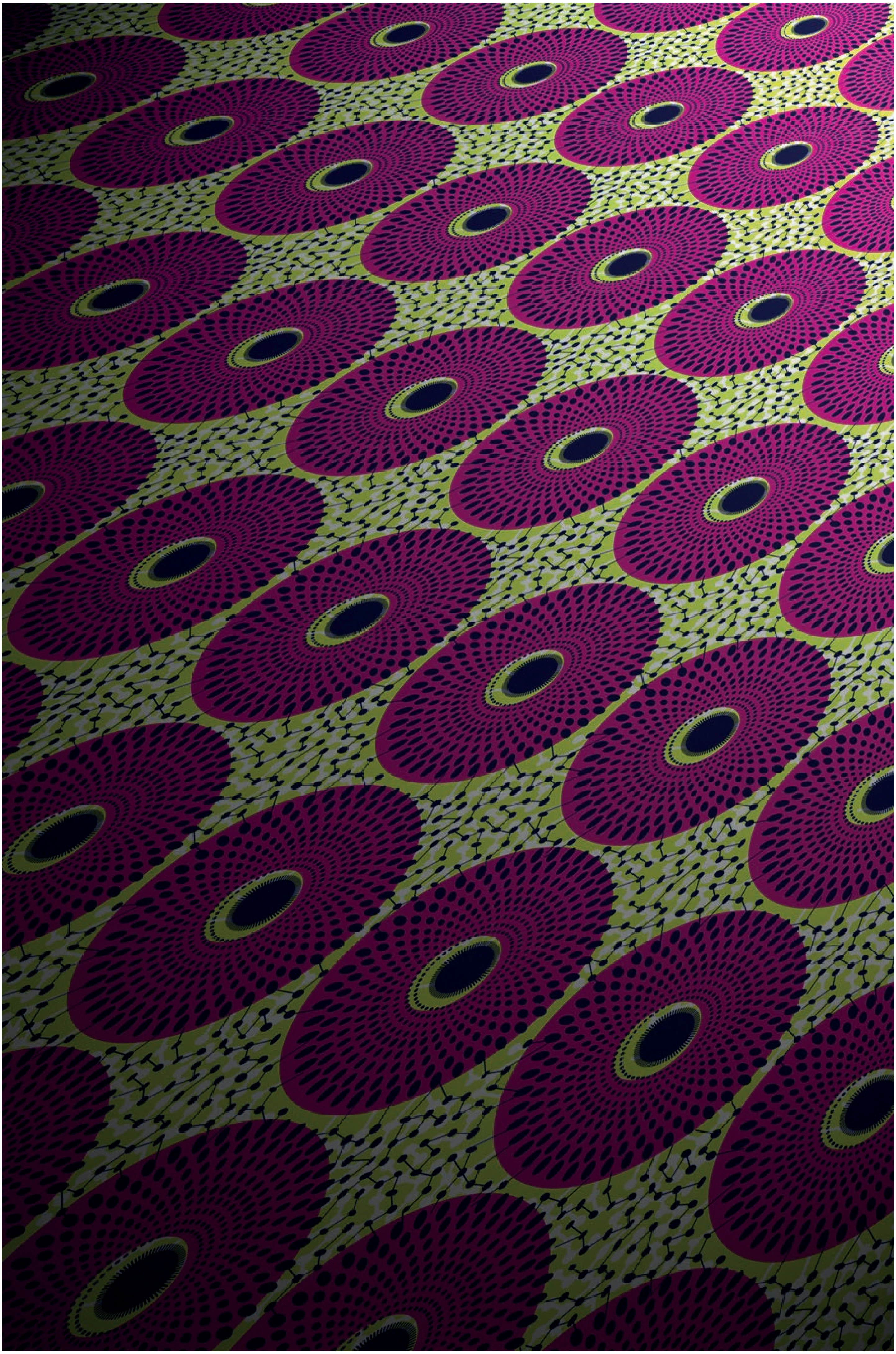
	CLASS A		CLASS B	
	Net assets attributable to shareholders	**Number of shares**	**Net assets attributable to shareholders**	**Number of shares**
As at 31 December 2014	**23,954,908**	**239,549**	**36,950,000**	**1,598.000**
Issue of redeemable Class A and Class B shares	-	-	13,844,238	553.769
Redemption of redeemable Class A and Class B shares	(3,250,000)	(32.500)	(5,750,000)	(230.000)
Issue of Class C shares	-	-	-	-
Redemption of Class C shares	-	-	-	-
Allocation of operating profit	443,715	-	1,727,755	-
Distribution payable to holders of redeemable Class A and Class B shares	(443,715)	-	(1,727,755)	-
As at 31 December 2015	**20,704,908**	**207.049**	**48,044,238**	**1,921.769**

	CLASS A		CLASS B	
	Net assets attributable to shareholders	**Number of shares**	**Net assets attributable to shareholders**	**Number of shares**
As at 31 December 2013	**23,954,908**	**239.549**	**36,950,000**	**1,478.000**
Issue of redeemable Class A and Class B shares	-	-	3,000,000	120.000
Issue of Class C shares	-	-	-	-
Allocation of operating profit	502,557	-	1,427,712	-
Distribution payable to holders of redeemable Class A and Class B shares	(502,557)	-	(1,427,712)	-
As at 31 December 2014	**23,954,908**	**239,549**	**36,950,000**	**1,598.000**

CLASS C		COMBINED
Net assets attributable to shareholders	Number of shares	Net assets attributable to shareholders
63,906,634	**1,039.628**	**127,811,542**
-	-	**13,844,238**
		(9,000,000)
4,935,509	77.463	**4,935,509**
-	**-**	**-**
6,013,295	-	**8,184,765**
-	-	**(2,171,470)**
74,855,438	**1,117.091**	**143,604,584**

CLASS C		COMBINED
Net assets attributable to shareholders	Number of shares	Net assets attributable to shareholders
47,194,696	**813.898**	**108,099,604**
-	-	**3,000,000**
13,000,000	225.730	**13,000,000**
3,711,938	-	**5,642,207**
-	-	**(1,930,269)**
63,906,634	**1,039.628**	**127,811,542**

CLASS OF SHARES	31 December 2015	31 December 2014	31 December 2013
Class A	100,000,00	100,000,00	100,000,00
Class B	25,000,00	25,000,00	25,000,00
Class C	67,009.26	61,470.67	57,986.02



NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2015

NOTE 1
DESCRIPTION

1.1. CORPORATE INFORMATION

Regional MSME Investment Fund for sub-Saharan Africa S.A., SICAV-SIF (the "Fund") is a closed-ended investment company with variable capital *(société d'investissement à capital variable)*, incorporated as a public limited company *(société anonyme)* on 1 December 2009, and organized under the laws of Luxembourg as a specialized investment fund *(fond d'investissement spécialisé)*.

The Fund is registered pursuant the law of 13 February 2007 on specialized investment funds (the "SIF Law").

The Fund was set up for an unlimited duration.

The Fund's financial year starts on 1 January and ends on 31 December of each year.

The Articles of Incorporation of the Fund ("Articles") were published in *Mémorial C, Recueil des Sociétés et Associations*. The Fund is registered with the Luxembourg Company Register under Number B 150.766.

The registered office of the Fund is established in Luxembourg, Grand Duchy of Luxembourg and its address is set at 5, rue Jean Monnet L-2180 Luxembourg.

The mission of the Fund is to build a unique public private partnership between donors, development finance institutions and international finance institutions, private investors and African stakeholders to foster economic development and prosperity in sub-Saharan Africa through the provision of demand-oriented financing to qualified and, to the extent necessary, technically supported PLIs serving micro, small and medium sized enterprises ("MSMEs").

The Fund is exempt from the scope of the Luxembourg Alternative Investment Fund Managers Law (the "AIFM Law") of 12 July 2013 pursuant to article 2(2) thereof. The exemption is based on the fact that more than 50% of the members of the Board as well as of the members of the Investment Committee, respectively, shall be representatives of / proposed by Public Institutions that may be subsumed under the entities listed in article 2(2)(c) of the AIFM Law.

1.2. INVESTMENT OBJECTIVES

The Fund seeks to invest in a balanced portfolio of regulated and/or non-regulated micro finance institutions and/or local commercial banks and/or other financial institutions, established in sub-Saharan African countries providing funding to MSMEs, (each a Partner Lending Institution ("PLI")).

NOTE 2
SIGNIFICANT ACCOUNTING POLICIES

2.1. STATEMENT OF COMPLIANCE

The Fund's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB as adopted by the European Union ("EU").

2.2. BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, applying the historical cost convention, except for the derivative financial instruments that have been measured at fair value through profit and loss. The preparation of financial statements in conformity with IFRS requires the Board of Directors to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Board of Directors believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates and the differences may be material to the financial statements.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

In these financial statements, certain figures for the year ended 31 December 2014 have been reclassified compared to those reported in the financial statements as of 31 December 2014, to present figures comparable with those as of 31 December 2015.

2.2.1. NEW AND AMENDED STANDARDS AND INTERPRETATIONS MANDATORY FOR THE FIRST TIME FOR THE FINANCIAL YEAR BEGINNING 1 JANUARY 2015 AND BEING CURRENTLY OF RELEVANCE TO THE FUND

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective for the Fund as of 1 July 2014 (for the avoidance of doubt, only the new standards, amendments to standards and IFRIC which may have an effect on the Fund's financial statements are mentioned below):

IAS 24, 'Related Party Disclosures' (amendments resulting from annual improvements to IFRSs 2010 – 2012 Cycle)

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of such a reporting entity. Consequently, the amounts incurred for the service paid or payable to the management entity for the provision of key management services must be disclosed by the reporting entity as related party transactions, with the exception of the components of such compensation which do not need to be disclosed. During the year, the Fund has adopted a number of other new and amended standards mandatory for the first time for the financial year beginning on or after 1 January 2015 and which have no impact on the financial statements of the Fund.

2.2.2. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE FOR THE FINANCIAL YEAR BEGINNING 1 JANUARY 2015 (INCLUDING THOSE PENDING EU ENDORSEMENT) AND NOT EARLY ADOPTED BY THE FUND AS FAR AS PERMITTED

The Fund's assessment of the impact of these new standards and interpretations is set out below:

IFRS 9, 'Financial Instruments'

On 24 July 2014, the IASB issued the final version of IFRS 9 bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, 'Financial Instruments: Recognition and Measurement'. The standard introduces new requirements for classifying and measuring financial assets through a single and logical approach that reflects the business model in which they are managed and their cash flow characteristics. In addition, IFRS 9 incorporates a forward-looking impairment model that results in more timely recognition of credit losses. This new model is accompanied by improved disclosure about expected credit losses and credit risk. Furthermore, IFRS 9 addresses the 'own-credit' issue and includes an improved hedge accounting model to better link the economics of risk management to their accounting treatment. The version of IFRS 9 issued in 2014 supersedes all previous versions and is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted (subject to EU endorsement). The Fund's assessment of the impacts of adopting this new standard is yet to be determined.

IFRS 15, 'Revenue from Contracts with Customers'

IFRS 15 establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. IFRS 15 is based on a five-step model that will apply to revenue earned from a contract with a customer (with a few exceptions). Extensive disclosures will be required, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. On 28 April 2015, the IASB has issued an amendment to IFRS 15 that delays the effective date by one year to 1 January 2018, with early adoption permitted. The standard has not yet been endorsed by the EU. The full impact of this new standard is yet to be determined.

No other new standards, amendments to standards or interpretations issued but not effective for the financial year beginning on or after 1 January 2015 are expected to have a significant impact on the Fund's financial statements.

2.3. FOREIGN CURRENCY TRANSLATION

2.3.1. FUNCTIONAL CURRENCY

Items included in the financial statements are measured and presented using the US Dollars (USD). The Fund's results and financial position are translated from its functional currency to its presentation currency, as follows:

- assets and liabilities are translated at the closing rate at each statement of financial position date;
- income and expenses are translated at the exchange rate prevailing on the date of the transaction.

2.3.2. TRANSACTIONS AND BALANCES

Foreign currency transactions are translated, in accordance with IAS 21, at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in currencies other than in USD are translated into USD at the exchange rate prevailing at the statement of financial position date. The gain or loss arising from such translation is recorded in the statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the reporting currency at the foreign exchange rates ruling at the dates when the fair value was determined.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognized in the statement of comprehensive income.

2.4. LOANS

2.4.1. CLASSIFICATION

The PLI investments are classified into the category Loans to PLIs which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

2.4.2. INITIAL MEASUREMENT

Loans to PLIs are recognized in the assets of the Fund when cash is advanced to the PLIs. They are initially recorded at cost (the net disbursed amounts), which is the fair value of the cash given to originate the loan, including any transaction costs that are directly attributable to the acquisition or issue.

2.4.3. SUBSEQUENT MEASUREMENT

After initial measurement, Loans to PLIs are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on acquisition that are not integral part of the effective interest rate.

The Fund assesses at each statement of financial position date whether there is any objective evidence that a loan is impaired. A loan is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the loan (an incurred "loss event") and that loss event has an impact on the estimated future cash flow of the loan that can be reliably estimated.

Evidence of impairment may include indications that the PLI is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the loan's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income as "Loan loss allowance". Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the loan. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-down is later recovered, the recovery is credited to the "Credit loss expense".

2.4.4. DERECOGNITION

The Fund derecognizes a loan when the contractual rights to the cash flows from the loan expire or when it transfers the loan and the transfer qualifies for derecognition in accordance with IAS39.

2.5. DERIVATIVE FINANCIAL INSTRUMENTS

The Fund may engage, for the proportion of its portfolio which is invested in a currency other than USD, in currency hedging operations with a view to manage exposures to foreign currency risk.

These hedging operations are assimilated as economic hedging. The Fund does not apply hedge accounting and the derivative financial instruments are classified as held for trading.

The derivatives financial instruments are measured at fair value through profit or loss and carried as assets when the fair value is positive and as liabilities when the fair value is negative. Market values are determined by using quoted market prices, valuation techniques and broker quotations.

2.6. CASH AND CASH EQUIVALENTS

The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof.

2.7. NOTES

Notes are recognized initially at cost including any transaction costs that are directly attributable to their acquisition or issue. Subsequently, they are measured at amortized cost using the effective interest rate method.

2.8. REDEEMABLE SHARES

The Class A and Class B shares are redeemable at maturity of the relevant tranches of classes of shares and are classified as financial liabilities. The liabilities arising from these shares are carried at the redemption amount being the net asset value calculated in accordance with IFRS. The Class C shares are classified as equity instruments for the following reasons:

- the shares entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- the shares are in the class of instruments that is subordinate to all other classes of instruments; all shares in the class of instruments that is subordinate to all other classes of instrument have identical features;
- the shares do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Fund's net assets;
- the total expected cash flows attributable to the shares over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the instrument.

2.9. INTEREST INCOME AND EXPENSES

Interest income on loans and interest expenses are recognized on an accrual basis in line with the contractual terms.

2.10. EXPENSES

Expenses, including management fees, are recognized in the statement of comprehensive income on an accruals basis.

2.11. TAXATION

The Fund is not subject to any tax except to the tax on Luxembourg undertakings for collective investment ("Subscription tax"). In accordance with the "Règlement grand-ducal" dated 14 July 2010, the Fund is exempted from the Subscription tax since 23 May 2011.

The annual subscription tax is generally levied at the rate of 0.01% per annum on the Fund's net asset value calculated on the last valuation day of each quarter and is payable in quarterly instalments.

PLIs may be subject to withholding tax payable on the interest expense made to the Fund. However, the responsibility of such withholding tax payment lies with the PLIs at local level and has thus no impact to the financial statements of the Fund.

NOTE 3
SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are outlined below:

3.1. FAIR VALUE OF FINANCIAL INSTRUMENTS

Where the fair values of financial instruments recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken by observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The determination of the adequate valuation method and of underlying assumptions requires significant estimation.

As at 31 December 2015 and 2014, the Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, London Stock Exchange, Frankfurt Stock Exchange or New York Stock Exchange) and exchanges traded derivatives like futures;
- Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Debt instruments not listed or dealt in on any securities exchange or any other regulated market will be initially valued at their fair value, normally the transaction price to originate or acquire the asset through contribution or otherwise, then valued subsequently at amortized cost less an impairment provision, if any.

This impairment provision is defined as a write down of a current exposure to a PLI. The Board of Directors will use its best endeavours to continually assess the method of calculating any impairment provision and recommend changes, where necessary, to ensure that such provision will be valued appropriately as determined in good faith by the Board of Directors.

3.2. IMPAIRMENT LOSSES ON LOANS

The Fund reviews its problem loans at each reporting date to assess whether an allowance for impairment should be recorded in the financial statements. In particular, judgment by the Board of Directors is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

NOTE 4
LOANS TO PARTNER LENDING INSTITUTIONS

As at 31 December 2015, the loans to PLIs have a carrying value amounting to USD 113,216,675 (31 December 2014: USD 108,289,876) and a fair value amounting to USD105,339,514 (31 December 2014: USD 106,071,785).

The fair value of loans is calculated by using valuation techniques based on non-observable data in emerging markets and corresponds to level 3 of IFRS 13 fair value hierarchy. The estimated fair value of loans is based on a discounted cash flow model taking into account the impact from the evolution of (1) foreign exchange rates, (2) changes in local risk-free yield curves (i.e. T-bills and T-bonds) and (3) changes in the internal credit rating on each loan since disbursement date as well as (4) any impairment allowances accounted for by the Fund as of 31 December 2015. The impact from the evolution of (1) foreign exchange rates and (2) changes in local yield curves (i.e. T-bills and T-bonds) is estimated based on the valuation of derivatives provided by the Fund's hedge counterparties. Individual discount rates for each loan are based on an estimation of the average reference rate during the remaining lifetime of each loan and a market-based margin taking into account changes in country risk, credit risk, institutional status (bank, non-bank financial institution, cooperative, NGO) and remaining maturity since the disbursement date of each loan.

As at 31 December 2015, the exposure to three PLIs is subject to partial impairment for an aggregate amount of USD 1,406,667 (31 December 2014: USD 500,000).

As at 31 December 2015, the accrued interest to be received on loans to PLIs amounted to USD 4,322,380 (31 December 2014: USD 3,209,632).

NOTE 5
DERIVATIVE FINANCIAL INSTRUMENTS

The notional amounts of certain types of derivative financial instrument (e.g. futures, swaps and forward contracts) provide a basis for comparison with instruments recognized on the statement of financial position, but they do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and therefore do not indicate the Fund's exposure to credit or market price risk. These derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market prices, market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable, and thus the aggregate fair value of derivative financial assets and liabilities can fluctuate significantly from time to time.

5.1. SWAP CONTRACTS

As part of its asset and liability management, the Fund uses cross currency swaps for the proportion of its loan portfolio which is invested in currencies other than USD in order to simultaneously reduce its exposure to interest rate risk and foreign exchange risk.

As at 31 December 2015, the Fund holds 91 cross currency interest rate swaps (31 December 2014: 93) with notional amount of USD 113,515,373 (31 December 2014: USD 119,221,121), which have a positive fair value of USD 18,547,304 as at 31 December 2015 (31 December 2014: a positive fair value of USD 8,552,824). The nominal value of the derivative financial instruments is higher than the nominal value of the loan portfolio to PLIs as most loans denominated in XOF/XAF are first hedged from XOF/XAF to EUR and then from EUR to USD.

The fair values of cross currency swaps are calculated by reference to current exchange rates for contracts with similar maturity and risk profiles and so involved valuation techniques where all the model inputs are observable (either directly or indirectly) in the market. It corresponds to level 2 of the IFRS 13 fair value hierarchy.

5.2. FORWARD FOREIGN EXCHANGE CONTRACTS

As at 31 December 2015, the Fund has the following forward foreign exchange contracts outstanding:

CURRENCY PURCHASED	CURRENCY SOLD	AMOUNT PURCHASED	AMOUNT SOLD	MATURITY DATE	UNREALISED GAIN/ (LOSS)
EUR	XOF	378,938	263,677,768	27/06/2016	(14,367)
USD	EUR	519,479	378,905	27/06/2016	104,788
USD	EUR	457,331	359,198	15/04/2016	65,996
USD	EUR	397,493	312,200	15/04/2016	57,361
USD	EUR	14,214	11,244	16/06/2016	1,937
USD	EUR	520,471	411,244	16/12/2016	67,908
USD	EUR	1,793,715	1,650,000	05/01/2016	(3,053)
					280,570

As at 31 December 2014, the Fund had the following forward foreign exchange contracts outstanding:

CURRENCY PURCHASED	CURRENCY SOLD	AMOUNT PURCHASED	AMOUNT SOLD	MATURITY DATE	UNREALISED GAIN/ (LOSS)
EUR	XOF	30,951	20,916,373	26/06/2015	(589)
EUR	XOF	378,938	263,677,768	27/06/2016	(6,608)
EUR	XOF	527,790	356,676,619	16/06/2015	(10,568)
USD	EUR	13,948	11,183	16/06/2015	392
USD	EUR	14,068	11,244	16/12/2015	391
USD	EUR	14,214	11,244	16/06/2016	453
USD	EUR	15,347	12,133	15/04/2015	649
USD	EUR	15,466	12,200	15/10/2015	647
USD	EUR	23,143	18,296	15/04/2015	979
USD	UGX	36,658	101,726,345	26/01/2015	148
USD	EUR	397,493	312,200	15/04/2016	16,285
USD	EUR	42,154	30,950	26/06/2015	4,486
USD	EUR	457,331	359,198	15/04/2016	18,737
USD	EUR	467,016	368,397	15/10/2015	19,531
USD	UGX	477,312	1,388,977,934	24/07/2015	(2,048)
USD	EUR	519,479	378,905	27/06/2016	54,021
USD	EUR	520,471	411,244	16/12/2016	13,044
USD	EUR	523,288	380,490	17/02/2015	62,574
USD	GHS	573,965	2,277,207	06/07/2015	(72,951)
USD	GHS	65,786	242,420	05/01/2015	(9,624)
USD	EUR	713,981	527,800	16/06/2015	71,694
					161,643

The fair values of forward foreign exchange contracts are calculated by reference to current exchange rates for contracts with similar maturity and risk profiles and so involved valuation techniques where all the model inputs are observable (either directly or indirectly) in the market. It corresponds to level 2 of the IFRS 13 fair value hierarchy.

During the year ended 31 December 2015 and 2014, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

NOTE 6
NOTES

The Fund may from time to time issue notes in the form of subordinated notes (“Subordinated Notes”) and senior notes (“Senior Notes”) (together the “Notes”).

The Notes may be issued in successive series, each with its own duration and coupon determined at the discretion of the Board of Directors at the time the relevant series of Notes is being placed:

- The entitlements of holders of Senior Notes to receive interest payments and repayments of principal rank junior to other creditors of the Fund but senior to all Shareholder payment entitlements and senior to all payment entitlements of holders of Subordinated Notes;
- The entitlements of holders of Subordinated Notes to receive interest payments and principal repayments rank junior to other creditors of the Fund and junior to all payment entitlements of holders of Senior Notes but senior to all Shareholder payment entitlements.

As at 31 December 2015, the outstanding Notes issued by the Fund amount to USD 13,121,470 (31 December 2014: USD 13,121,470) and are fully drawn.

The Subordinated Notes receive a semi-annual coupon payment of USD 6 months Libor + 1%. The general level of interest rates, including the 6 month Libor rate, has decreased since the issuance of the floating rate Subordinated Notes, with a corresponding impact on the semi-annual coupon payments. However, the premium of 1% is estimated to continue to reflect market conditions and as such has not changed since the issuance of the Subordinated Notes.

The Investment Manager considers that the amortized cost of USD 13,121,470 (31 December 2014: USD 13,121,470) is the best estimate of fair value.

NOTE 7
SHARE CAPITAL AND NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE ORDINARY SHARES

The Fund may issue various classes of shares (each a “Class”), each evidencing a different level of risk.

- The first loss Class C shares (“Class C Shares”), which may be issued in successive series, bear all unrealized/realized capital losses of the Fund (e.g. foreign exchange loss, deterioration in credit quality or defaults with respect to the investments of the Fund) until the Net Asset Value (“NAV”) of Class C Shares has been fully depleted. Write backs on unrealized investments and any realized or unrealized capital gains shall be allocated to the Class C Shares in the order of priority as detailed in Note 10. The Class C Shareholders’ dividend entitlements rank junior to the dividend entitlements of the Class A and Class B Shareholders as per the waterfall model detailed in Note 10. The NAV of all C Shares must represent at least 33% of the total assets of the Fund at all times;
- The mezzanine Class B shares (“Class B Shares“), which may be issued in successive series, bear unrealized/realized capital losses of the Fund only if the NAV of the Class C Shares has been reduced to zero. Write backs on unrealized investments and any realized or unrealized capital gains shall be allocated to the Class B Shares in the order of priority as detailed in Note 10. The Class B Shareholders’ dividend entitlements rank senior to the dividend entitlements of the Class C Shareholders but junior to the dividend entitlements of the Class A Shareholders as per the waterfall model detailed in Note 10. The sum of the NAVs of the C Shares and the B Shares must represent at least 50% of the total assets of the Fund at all times;
- The senior Class A shares (“Class A Shares”), which may be issued in successive series, bear unrealized/realized capital losses of the Fund only if the NAV of both the Class C Shares and the Class B Shares has been reduced to zero. Write backs on unrealized investments and any realized or unrealized capital gains shall be allocated to the Class A Shares in the order of priority as detailed in Note 10. The Class A Shareholders’ dividend entitlements rank senior to the dividend entitlements of the Class B and Class C Shareholders as per the waterfall model detailed in Note 10.

As at 31 December 2015, the outstanding and uncalled commitments are as follows:

	Senior Class A Shares	Mezzanine Class B Shares	First Loss Class C Shares
As at 31 December 2015			
Total outstanding commitment (USD)*	6,715,100	47,653,363	-
Total outstanding commitment (EUR)	10,000,000	12,989,537	53,986,049
Amount called (USD)*	(6,715,100)	(34,153,341)	-
Amount called (EUR)	(10,000,000)	(11,200,479)	(47,912,293)
Uncalled commitment (USD)	**-**	**13,500,022**	**-**
Uncalled commitment (EUR)	**-**	**1,789,058**	**6,073,756**

* The decrease of the total outstanding commitment and amount called as of 31 December 2015 as compared to the ones as of 31 December 2014 relates to the called commitment that reached maturity during the year ended 31 December 2015 and therefore considered as no longer outstanding as of 31 December 2015.

As at 31 December 2014, the outstanding and uncalled commitments were as follows:

	Senior Class A Shares	Mezzanine Class B Shares	First Loss Class C Shares
As at 31 December 2014			
Total outstanding commitment (USD)*	10,000,000	47,743,750	-
Total outstanding commitment (EUR)	10,000,000	13,000,000	54,000,000
Amount called (USD)	(10,000,000)	(31,450,000)	-
Amount called (EUR)	(10,000,000)	(6,605,353)	(43,439,819)
Uncalled commitment (USD)	**-**	**16,293,750**	**-**
Uncalled commitment (EUR)	**-**	**6,394,647**	**10,560,181**

NOTE 8
INTEREST INCOME ON LOANS

	2015	2014
Interest on loans to PLIs	14,570,525	14,048,389
Upfront fees	551,107	497,258
Total interest income on loans	**15,121,632**	**14,545,647**

NOTE 9
EXPENSES

9.1. FUND MANAGEMENT FEES

In consideration for its services to be provided to the Fund, the Investment Manager is entitled to a management fee payable by the Fund which shall be the aggregate of:

(i) a percentage of the outstanding capital invested by the Fund ("Invested Capital") in PLI Investments (as defined in the Issue Document) as at the end of any calendar month determined as follows:

- 2% per annum for the first USD 50 million of Invested Capital invested in PLI Investments at the end of such calendar month; plus
- 1.75% per annum for the amount of Invested Capital invested in PLI Investments at the end of such calendar month exceeding USD 50 million up to the amount of USD 100 million; plus
- 1.50% per annum for the amount of Invested Capital invested in PLI Investments at the end of such calendar month exceeding USD 100 million up to the amount of USD 200 million; plus
- 1.25% per annum for the amount of Invested Capital invested in PLI Investments at the end of such calendar month exceeding USD 200 million; and

(ii) 0.2% per annum of the amount of Invested Capital invested in Investments other than PLI investments at the end of such calendar month.

For the year ended 31 December 2015, the Fund management fee amounted to USD 2,445,066 (2014: USD 2,200,375).

9.2. INVESTMENT MANAGER INCENTIVE BONUS

Depending on the performance of the Fund and the attainment of certain performance targets by each Class of Shares determined by the Board of Directors, the Investment Manager might be entitled to additional performance based remuneration ("Investment Manager Incentive Bonus"), calculated as a percentage of the year-to-date amount remaining available for allocation of the Income Waterfall, as defined in Note 10.

For the year ended 31 December 2015, an Investment Manager Incentive Bonus of USD 126,125 has been accrued (2014: USD 123,119).

9.3. SECRETARY FEES

The secretary fees are paid on a monthly basis upon receipt of the invoice.

For the year ended 31 December 2015, the secretary fees amount to USD 77,365 (2014: USD 130,278).

9.4. ADMINISTRATION, CUSTODIAN AND DOMICILIATION FEES

The Fund pays an administration fee to Credit Suisse Fund Services (Luxembourg) S.A., which is based on the total net assets including the aggregate issue amount of the Notes issued by the Fund in accordance with the following scale, payable quarterly:

- 0.10% per annum on the first amount of USD 100 million;
- 0.08% per annum on the next amount of USD 100 million;
- 0.04% per annum on the amount above USD 200 million.

A minimal amount of USD 60,000 of administration fee is applied per annum.

For the year ended 31 December 2015, the administration fee amounts to USD 139,728 (2014: USD 123,793).

The Fund pays a custodian fee to Credit Suisse (Luxembourg) S.A., which is based on the total net assets including the aggregate issue amount of the Notes issued by the Fund in accordance with the following scale, payable quarterly:

- 0.03% per annum on the first amount of USD 100 million,
- 0.02% per annum on the next amount above USD 100 million.

A minimal amount of USD 20,000 of custodian fee is applied per annum.

For the year ended 31 December 2015, the custodian fee amount to USD 43,932 (2014: USD 40,148).

The Fund pays an annual lump sum domiciliation fee to Credit Suisse Fund Services (Luxembourg) S.A. For the year ended 31 December 2015, the domiciliation fee amounts to USD15,000 (2014: USD 15,000).

As at 31 December 2015, the registrar and the compliance monitoring fees amount to USD 15,000 (2014: USD 15,000).

9.5. ACCRUED EXPENSES

As at 31 December 2015, the accrued expenses relate to Fund management fees, Investment Manager Incentive Bonus and direct operating expenses payable and amount to a total of USD 973,765 (2014: USD 913,963).

NOTE 10
ALLOCATION AND DISTRIBUTION WATERFALLS

At each date on which a NAV calculation is made ("NAV Calculation Date"), the year-to-date cumulative net income ("Net Income") of the Fund for the relevant calendar year is determined. The Net Income equals the sum of (i) the Fund's cumulative year-to-date income (received and/or accrued) in the relevant calendar year less the year-to-date cumulative Fund Expenses (including, but not limited to, operating expenses and Management Fees) for the calendar year, plus (ii) any year-to-date interest payments on the Notes for the calendar year. For the purposes of this computation: (i) all realised and unrealised (i.e. accrued) interest payments to the Fund are included in the Fund's Net Income (if any interest payments are not received by the Fund or if previously accrued interest payments are not paid to the Fund, such amounts come in deduction of the Fund's Net Income) and (ii) the portion of the value of any related derivative financial instrument which is linked to the accrued interest on any loan is allocated to the Net Income of the Fund.

At each NAV Calculation Date, the year-to-date positive Net Income of the Fund is allocated according to the Fund waterfall mechanism as set forth in the Issue Document, which is designed to compensate investors based on their respective investment risk and provide the necessary funding for the Fund's ongoing operations. The amount of dividend distributable to Classes A, Band C Shares at each NAV Calculation Date is limited to a level of target dividend whose determination is defined in the relevant subscription agreements. Operational aspects of the Fund compensated through the waterfall structure include i) the Foreign Exchange Currency ("FX") reserve payment, which is allocated annually to the Class C Shares to protect against an erosion of value due to FX losses; ii) a component of the overall funding for a technical assistance facility ("TA Facility") established in parallel with the Fund to provide technical assistance to PLIs in their development and growth as well as to prepare and to support PLI Investments; and iii) the Investment Manager Incentive Bonus, as described in Note 9.2, included to align the interests of the Investment Manager with those of the Fund's investors.

All amounts exceeding target dividends and contributions to operational aspects are used to pay out complementary dividends to shareholders in accordance with the terms and conditions stated in the Fund's Issue Document.

At each NAV Calculation Date, in case the year-to-date Net Income of the Fund is negative, it will be allocated in the following order of priority:

- Class C Shares up to the total NAV of the Class C Shares, pro rata to the NAV of each Series of Class C Shares;
- Class B Shares up to the total NAV of the Class B Shares, pro rata to the NAV of each Series of Class B Shares;
- Class A Shares up to the total NAV of the Class A Shares, pro rata to the NAV of each Series of Class A Shares.

In addition, at each NAV Calculation Date, once the allocation of Net Income has been made, the amount available for allocation through the Capital Waterfall of the period is determined as follows:

- any year-to-date write backs on unrealized Investments, plus
- any impairment allowances due to the deterioration in credit quality or defaults with respect to the Investments of the Fund; plus
- any realized and unrealized gains and losses on local currency loans to PLIs due to changes in the value of the local currency; plus
- any other year-to-date realized or unrealized capital gains and losses on foreign exchange (other than on local currency loans to PLIs); plus
- the foreign exchange compensation amount ("FX Compensation Amount"), which protects the C Share class against expected FX depreciation on unhedged investments; plus
- realized and unrealized gains or losses from the value of derivative financial instruments held by the Fund. This is calculated as the portion of the value of derivative financial instruments held by the Fund other than the portion of the value of the related derivative financial instruments which is linked to the accrued interest on the loans (this accounting rule has been defined after Fund inception, which explains why no reference to it is made in the Fund's Issue Document).

The Capital Waterfall is allocated in the following order of priority:

- if positive Capital Waterfall, first to Class A Shares showing a positive difference between the issue price and their NAV (the "NAV Deficiency") at period ends;
- if positive Capital Waterfall, then to Class B Shares showing a NAV Deficiency at period ends;
- further and either positive or negative Capital Waterfall, to Class C Shares pro rata to the NAV of each Series.

NOTE 11
CALCULATION OF DISTRIBUTABLE INCOME AND CAPITAL GAINS AND LOSSES

11.1. CALCULATION OF DISTRIBUTABLE INCOME (INCOME WATERFALL)

	2015	2014
Interest income on loans	15,121,632	14,545,647
Interest on bank deposits	3,770	5,772
Other income	33,256	-
Management fees	(2,445,066)	(2,200,375)
Secretary fees	(77,365)	(130,278)
Legal and audit fees	(125,253)	(185,434)
Administration, custodian and domiciliation fees	(213,660)	(193,941)
Other administrative expenses	(55,012)	(55,798)
Marketing and promotion expenses	(21,773)	(36,681)
Interest expenses on notes issued	(186,553)	(177,935)
Bank charges	(21,451)	(673)
Realized losses on derivative financial instruments (interest portion)	(6,866,656)	(7,230,999)
Change in unrealized (loss) / gain on derivative financial instruments (interest portion)	(167,392)	65,236
Total	**4,978,477**	**4,404,541**

11.2. CALCULATION OF CAPITAL GAINS AND LOSSES SPECIFIC TO CLASS C SHARES (CAPITAL WATERFALL)

In addition to the above, an additional distributable income is allocated only to Class C Shares, pro rata to the NAV of each Series of Class C Shares:

	2015	2014
Realized and change in unrealized loss on foreign exchange arising from loans to PLIs	(14,108,314)	(10,731,398)
Realized and change in unrealized loss on foreign exchange (non-investment related)	(348,298)	(679,550)
Realized and change in unrealized gain on derivative financial instruments (notional portion)	18,958,447	13,321,733
Loan loss allowance	(906,667)	(500,000)
Total	**3,595,168**	**1,410,785**

11.3. ALLOCATION OF DISTRIBUTABLE INCOME AND CAPITAL GAINS AND LOSSES

As a result of the above-mentioned calculation, the total allocation waterfall is as follows:

	31 DECEMBER 2015	31 DECEMBER 2014
Target dividend on Class A Shares	398,957	446,300
Complementary dividends on Class A Shares	44,758	56,257
Total dividends distributable to Class A Shares	**443,715**	**502,557**
Target dividend on Class B Shares	1,535,326	1,253,698
Complementary dividends on Class B Shares	192,429	174,014
Total dividend distributable to Class B Shares	**1,727,755**	**1,427,712**
Contribution to the technical assistance facility	**262,755**	**50,000**
Investment Manager Incentive Bonus	**126,125**	**123,119**
Target dividend on Class C Shares	1,993,166	1,603,422
Foreign exchange compensation amount	-	326,333
Complementary dividends on Class C Shares	424,961	371,398
Capital gains and losses specific to Class C Shares	3,595,168	1,410,785
Total allocated to Class C Shares	**6,013,295**	**5,815,326**
Total	**8,573,645**	**5,815,326**

As a result, for the year ended 31 December 2015, a total amount of USD 443,715 is payable to the holders of Class A Shares (31 December 2014: USD 502,557), a total amount of USD 1,727,755 is payable to the holders of Class B Shares (31 December 2014: USD 1,427,712) and a total amount of USD 6,013,295 has been capitalized to the Class C Shares, pro rata to the NAV of each Series of Class C Shares (31 December 2014: 3,711,938).

NOTE 12
RISK MANAGEMENT

The Fund is mainly exposed to credit risk, market risk (which includes mainly currency risk and interest rate risk) and liquidity risk arising from the financial instruments it holds.

12.1. CREDIT RISK

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Fund.

The insolvency or other business failure of any one or more of the PLIs in which the Fund has invested could have a material and adverse effect on the Fund's performance and ability to achieve its objectives.

The Fund also runs the risk of any one or more of the PLIs defaulting on their borrowings from the Fund. Such PLIs may default on their interest and/or on their principal repayment. The Fund mitigates this risk by carefully selecting the PLIs and then by closely monitoring them on a quarterly basis.

Prior to submitting a PLI Investment to the Fund's Investment Committee, the Investment Manager, through its sub-Saharan Africa-based team, performs a detailed country analysis, a PLI credit risk assessment, a PLI social responsibility evaluation, a PLI monthly monitoring report and Anti-Money Laundering assessment. The outcomes of all above checks are reported in a detailed report presented to the Investment Committee.

In addition, in order to be selected as suitable PLIs, financial institutions should meet a number of criteria at the time of investment by the Fund (in each case as reasonably determined by the Investment Committee upon recommendation by the Investment Manager). Such criteria relate to a wide array of PLI dimensions such as, but not limited to, legal, operational, social, governance, and environmental aspects. On the monitoring side, the Investment Manager reviews on a monthly basis the credit quality and financial reporting of each PLI based on the monthly financial data that is reported by the PLI directly in the Investment Manager's information system at the end of each month. In addition, the Investment Analysis team of the Investment Manager performs an in-depth and on-site review of each PLI on an annual basis (or more frequently in case of material change). Each analyst remains in constant interaction with the PLI through its monthly processes and signals any material change to the Investment Services team which could affect any given transaction with such PLI, similarly at the country level. Portfolio valuation and covenant monitoring is performed on an ongoing basis. This close monitoring of the financial performance of investees enables the team to detect as early as possible any negative trend that would negatively impact the PLI's ability to reimburse a loan or enter into a breach of covenants. In addition, the Investment Manager performs the legal risk management process, reviewing each loan covenant of each given transaction on a monthly basis.

For all outstanding investments in the loan portfolio, the Investment Manager performs the following:

- Legal and financial covenants monitoring: The Investment Services team reviews all legal covenants and obligations related to each transaction for material events on a monthly basis, validating their compliance and reporting to the client. Any material event triggers a risk management process for the underlying obligation which involves challenging and questioning by the Investment Analysis team over and beyond the monthly and annual monitoring;
- Quarterly Investment valuation: Pursuant to the legal covenant review and risk management process, the Investment Services team proposes quarterly valuation guidance for each transaction to the Investment Manager based on predefined rules and criteria;
- Payment collection: On each payment date, the Investment Services team sends out reminders and confirmation receipts to the PLI and custodian bank. The team supervises and assists throughout the payment collection process.

12.1.1. MAXIMUM EXPOSURE TO CREDIT RISK

The table below shows the maximum exposure to credit risk of the Fund as of 31 December 2015 and 2014. The maximum exposure is shown gross, before the effect of mitigation through the use of collaterals.

	31 DECEMBER 2015	31 DECEMBER 2014
Statement of financial position		
Loans to PLIs	113,216,675	108,289,876
Derivative financial instruments (net)	18,827,874	8,714,467
Interest receivable on loans	4,322,380	3,209,632
Other receivables	160,537	27,729
Prepaid expenses	6,456	15,520
Cash and cash equivalents	35,665,779	25,022,928
Total	**172,199,701**	**145,280,152**
Off balance sheet		
Committed undisbursed amounts on loans to PLIs	-	-
Total	-	-
Total gross maximum exposure	**172,199,701**	**145,280,152**

12.1.2. RISK CONCENTRATIONS OF LOAN PORTFOLIO TO CREDIT RISK

Risk concentration by PLI

In the context of the credit risk analysis, the concentration risk analysis of the Fund's gross loan portfolio by PLI as of 31 December 2015 and 2014 is as follows:

31 DECEMBER 2015	AMOUNTS IN USD	%
Top 1	11,142,314	9.84%
Top 3	23,808,981	21.03%
Top 5	34,220,339	30.23%
Top 10	52,512,162	46.38%
Top 20	81,766,269	72.22%
Top 30	99,831,474	88.18%
Top 40	108,891,270	96.18%
Top 49	113,216,675	100.00%

31 DECEMBER 2014	AMOUNTS IN USD	%
Top 1	7,452,992	6.85%
Top 3	20,289,774	18.65%
Top 5	28,289,774	26.00%
Top 10	46,740,564	42.96%
Top 20	70,833,109	65.11%
Top 30	89,751,034	82.50%
Top 40	101,029,645	92.87%
Top 50	107,327,039	98.66%
Top 53	108,789,876	100.00%

Risk concentration by geographical regions

The table below shows the credit risk analysis of the Fund's gross loan portfolio per geographical region as of 31 December 2015 and 2014:

	AS AT 31 DECEMBER 2015		AS AT 31 DECEMBER 2014	
	Amounts in USD	**%**	**Amounts in USD**	**%**
Angola	3,500,000	3.09%	2,000,000	1.84%
Benin	2,878,695	2.54%	3,569,648	3.28%
Cameroon	5,541,710	4.89%	4,603,443	4.23%
Congo	13,541,667	11.96%	9,500,000	8.73%
Ghana	5,442,314	4.81%	4,312,671	3.96%
Ivory Coast	5,675,918	5.01%	6,050,250	5.56%
Kenya	15,801,264	13.96%	7,531,943	6.92%
Malawi	893,127	0.79%	-	-
Mali	1,705,491	1.51%	1,536,764	1.41%
Mozambique	638,539	0.56%	1,746,172	1.61%
Nigeria	22,150,948	19.57%	24,097,432	22.15%
Rwanda	3,593,545	3.17%	977,549	0.90%
Senegal	9,650,048	8.52%	14,758,349	13.57%
Tanzania	11,270,422	9.95%	12,063,791	11.09%
Tchad	167,260	0.15%	484,020	0.44%
Togo	-	-	605,024	0.56%
Uganda	3,288,085	2.90%	5,244,610	4.82%
Zambia	6,646,809	5.87%	7,708,211	7.09%
Zimbabwe	830,833	0.73%	2,000,000	1.84%
Total	**113,216,675**	**100.00%**	**108,789,876**	**100.00%**

12.1.3. CREDIT QUALITY

Credit risk exposure for each internal risk rating

The institutional risk of PLIs is closely monitored by the Investment Manager's professional, independent central and local risk experts using internal credit ratings. The current methodology takes into account quantitative and qualitative factors, the degree of maturity of the PLI, as well as monthly monitoring and annual visits.

The methodology is based both on a credit risk and performance assessment. The performance assessment reviews three years of past audited and operational quantitative information, divided into three analytical dimensions: operational efficiency, financial results, and social impact, and about thirty indicators. The credit risk assessment is focused on future outlook; there are five key dimensions, divided into about twenty five qualitative indicators: strategy and governance, people and organization, products and services, financial management, and control and systems. The outcome of the scoring methodology is a credit risk scoring and rating grade that reflects the specific risk of an institution. It does not include any systematic risk aspects (i.e. industry, currency, political risk among others). The rating scale grades from AAA to D, subdivided into 10 levels, each divided into three subsets of plus (+), neutral and minus (-).

The Fund rating's categories are as follows:

SCALING	QUALIFIER	RATING GRADE
97% - 100%	Extremely strong repayment capacity	AAA
88% - 97%	Very strong repayment capacity	AA
79% - 88%	Strong repayment capacity	A
70% - 79%	Moderate repayment capacity	BBB
61% - 70%	Questionable repayment capacity	BB
52% - 61%	Weakened repayment capacity	B
43% - 52%	Vulnerable to non-payment	CCC
37% - 43%	High vulnerable to non-payment	CC
31% - 37%	Very high vulnerable to non-payment	C
0% - 31%	Payment default	D

The table below is a credit rating analysis of the Fund's loan portfolio as of 31 December 2015 and 2014 based on the Fund's credit rating system:

	AS AT 31 DECEMBER 2015		AS AT 31 DECEMBER 2014	
	Amounts in USD	%	Amounts in USD	%
AAA	-	-	-	-
AA	-	-	-	-
A	-	-	-	-
BBB	81,543,088	72.02%	51,530,024	47.37%
BB	31,356,332	27.70%	55,828,113	51.32%
B	317,255	0.28%	1,431,739	1.31%
CCC	-	-	-	-
CC	-	-	-	-
C	-	-	-	-
D	-	-	-	-
Total	**113,216,675**	**100.00%**	**108,789,876**	**100.00%**

Credit risk exposure to counterparties from cash deposits
As at 31 December 2015, the Fund holds cash in current accounts of USD 35,665,779 (31 December 2014: USD 24,662,796) and is therefore – with regards to these deposits – mainly exposed to the credit risk with Credit Suisse, whose rating is P-1 according to Moody's and A-1according to Standard & Poor's.

As at 31 December 2015, collateral has been posted by hedge counterparties with the Fund for a total of USD 11,029,825 (31 December 2014: USD 2,610,132), of which USD 1,240,000 with Standard Chartered Bank, rated A2 according to Moody's and A+ according to Standard & Poor's and USD 9,789,825 with TCX, rated A- according to Standard & Poor's.

Impairment assessment

The Investment Manager monitors on a monthly basis whether each investee of the Fund is in compliance with all financial and non-financial covenants per the respective loan contract. In case of a breach of financial covenant with no perspective of resolution through improvement of the situation over the next quarter, the Investment Manager will make an impairment recommendation to the Fund Investment Committee for the next quarterly NAV calculation. In case of payment default (as defined in each loan agreement), the Investment Manager will make an impairment recommendation to the Fund Investment Committee for the next quarterly NAV calculation if the carrying amount of the relevant loan exceeds its recoverable amount.

As at 31 December 2015, loan loss allowance amounts to USD 1,406,667 (31 December 2014: USD 500,000), which represents 1.23% of the gross portfolio (31 December 2014: 0.46%).

12.2. LIQUIDITY RISK

The Fund may invest in loans or other debt instruments issued by PLIs most of which will neither be listed on a stock exchange nor dealt in on another regulated market. The issuance of such instruments may not be subject to any control, review or oversight by a regulatory authority. In most cases there is no secondary market for the trading of the debt instruments issued by PLIs. Thus, such instruments will generally be illiquid. Such illiquidity may affect the Fund's ability to vary its portfolio or dispose or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to changes in economic or other conditions and this could have an adverse effect on the Fund's financial condition and results of operations.

In order to manage the liquidity of the Fund and address the above risks, the following rules are applied:

- Excess cash liquidity is temporarily deposited with international investment grade banks or invested in money-market instruments;
- The Investment Manager shall strive to maintain cash on hand that represents the greater of 5% of the Fund Total Assets or a 120% of the Fund's projected 30-day liabilities. As soon as liquidity falls below this percentage, the Investment Manager shall notify the Board of Directors and Investment Committee immediately;
- In addition, the Fund may at any time draw down from existing commitments on Class A and Class B Shares or Notes and on a quarterly basis on Class C Shares. The existing uncalled commitments from Shareholders to the Fund amounts to USD 13.5 million and EUR 7.9 million as at 31 December 2015 (31 December 2014: USD 16.3 million and EUR 17.0 million).

The following table demonstrates the forecasted cash flows of the Fund per maturity band:

AS AT 31 DECEMBER 2015	LESS THAN 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	UNDEFINED MATURITY	TOTAL
Loans to PLIs (*)	17,016,998	55,526,053	86,898,919	-	-	159,441,970
Other receivables	160,537	-	-	-	-	160,537
Prepaid expenses	6,456	-	-	-	-	6,456
Cash and cash equivalents	35,665,779	-	-	-	-	35,665,779
Total Assets	**52,849,770**	**55,526,053**	**86,898,919**	**-**	**-**	**195,274,742**
Notes (*)	-	2,845,811	10,901,855	-	-	13,747,666
Derivative financial instruments (*)	2,444,428	7,571,692	9,448,460	-	-	19,464,580
Deposits and cash collateral	11,029,825	-	-	-	-	11,029,825
Accrued expenses	973,765	-	-	-	-	973,765
Other payables	565,756	-	-	-	-	565,756
Assets attributable to Classes A and B Shares	-	23,000,000	33,559,360	12,189,786	-	68,749,146
Total Liabilities	**15,029,521**	**33,417,503**	**53,909,675**	**12,189,786**	**-**	**114,530,738**
Equity (Class C Shares)	-	-	-	-	74,855,438	74,855,438
Total Equity	**-**	**-**	**-**	**-**	**74,855,438**	**74,855,438**

AS AT 31 DECEMBER 2014	LESS THAN 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	UNDEFINED MATURITY	TOTAL
Loans to PLIs (*)	8,148,419	54,395,467	79,940,196	-	-	142,484,082
Other receivables	27,729	-	-	-	-	27,729
Prepaid expenses	15,520	-	-	-	-	15,520
Cash and cash equivalents	25,022,928	-	-	-	-	25,022,928
Total Assets	**33,214,596**	**54,395,467**	**79,940,196**	**-**	**-**	**167,550,259**
Notes (*)	-	181,303	8,307,910	5,275,808	-	13,765,021
Derivative financial instruments (*)	2,088,683	6,631,985	6,654,258	-	-	15,374,926
Deposits and cash collateral	940,000	-	-	-	-	940,000
Accrued expenses	913,963					913,963
Other payables to Classes A and B Shares	3,250,000	12,665,122	36,000,000	11,989,786	-	63,904,908
Total Liabilities	**6,345,478**	**19,478,410**	**50,962,168**	**17,265,594**	**-**	**94,991,650**
Equity (Class C Shares)	-	-	-	-	63,906,634	63,906,634
Total Equity	**-**	**-**	**-**	**-**	**63,906,634**	**63,906,634**

(*) Including interest payment

12.3. MARKET RISK

12.3.1. INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows of financial instruments.

The Fund may be exposed to interest rate risks to the extent the rate basis for its assets and liabilities do not fully match. The Fund seeks to reduce this risk and to match the rate basis on its assets and liabilities. As of 31 December 2015, 78.5% (31 December 2014: 81.2%) of the portfolio yields floating interest rates with USD 6-month Libor as the rate basis (local currency denominated loans hedged for both currency and interest rate risk). 19.2% of the portfolio is denominated in USD (31 December 2014: 19.8%), the functional currency of the Fund, yielding a fixed USD rate. No portfolio holdings are denominated in local currency and left unhedged for currency and interest rate risk (31 December 2014: 0.4%).

Investor returns for Notes and redeemable ordinary shares are based on floating interest rates with USD 6-month Libor as the rate basis, with the exception of the Class C Shares. Due to the structure of the Fund and the unlimited maturity of Class C Shares, perfect matches are not achievable by the Fund.

Investors must also be aware that changes in interest rates will affect the relative value of the Fund's Investments. In general, if interest rates increase, it is expected that the relative value of the Fund's existing Investments will decrease, and conversely, if interest rates decrease, it is expected that such relative value will increase.

The level of prevailing interest rates also may affect the economy of the target countries and any applicable markets outside of the target countries, and, in turn, the value of the Fund's Investments.

Interest rate risk finally arises from the possibility that changes in interest rates will affect future cash flows of financial instruments as well as the Fund's profitability.

The following table illustrates the sensitivity of the Fund's net income before tax (as per the income waterfall) to various upward parallel shifts in the US yield curve for a time period of 180 days (base-case scenario = risk free rates do not fluctuate). It is also worth noting that downward shifts in the US yield curve would produce the same results, but in the opposite direction (negative impacts).

	As at 31 December 2015		As at 31 December 2014	
INCREASE	**EFFECT ON PROFIT BEFORE TAX**	**EFFECT ON PROFIT BEFORE TAX**	**EFFECT ON PROFIT BEFORE TAX**	**EFFECT ON PROFIT BEFORE TAX**
(in bps)	**(in USD)**	**(in %)**	**(in USD)**	**(in %)**
10	24,232	1.20%	25,396	1.50%
50	121,161	6.00%	126,979	7.40%
100	242,323	12.00%	253,959	14.90%

12.3.2. CURRENCY RISK

Currency risk is the risk that the value of financial instruments fluctuates due to changes in foreign exchange rates. As at 31 December 2015, the entire Fund's financing instruments (notes and redeemable ordinary shares) are denominated in the functional currency of the Fund (31 December 2014: 100%). 21% of the Fund's PLI investments are denominated in USD (31 December 2014: 19.8%), 79% are denominated in local currency and hedged for both currency and interest rate risk (31 December 2014: 79.8%), and no PLI investments are denominated in local currency and unhedged (31 December 2014: 0.4%).

As at 31 December 2015, the Fund has no unhedged open currency exposure. As at 31 December 2014, the Fund's total unhedged open currency exposure amounted to an equivalent of USD 424,679 representing 0.4% of the PLI loan portfolio. As at 31 December 2014, it was composed of one currency, the CFA Franc (XAF). Currency risk exposure was only from XAF to EUR as loans remain fully hedged between EUR to USD (i.e., de-pegging risk only).

12.3.3. OPERATIONAL RISK

Operational risk is the risk of loss arising from systems failures, human errors, fraud or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Fund cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Fund is able to manage the risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

NOTE 13
CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase and resale of shares.

The Fund's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in its Issue Document;
- To achieve consistent returns while safeguarding capital by investing in diversified portfolio, by participating in derivative and other advanced capital markets and by using various investment strategies and hedging techniques;
- To maintain sufficient liquidity to meet the expenses of the Fund and fulfil all financial obligations;
- To maintain sufficient size to make the operation of the Fund cost efficient.

NOTE 14
RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or is part of key management of the Fund.

BOARD OF DIRECTORS

During the year ended 31 December 2015, an amount of USD 26,961 of travel expenses was reimbursed to Directors (2014: USD 18,535). The listing of the members of the Board of Directors is shown on page 3 of the annual report.

INVESTMENT MANAGER

Management fee

Symbiotics Asset Management S.A. serves as the Investment Manager of the Fund. Depending on the performance of the Fund, the Investment Manager might be entitled to additional performance based remuneration.

NOTE 15
APPROVAL OF THE FINANCIAL STATEMENTS

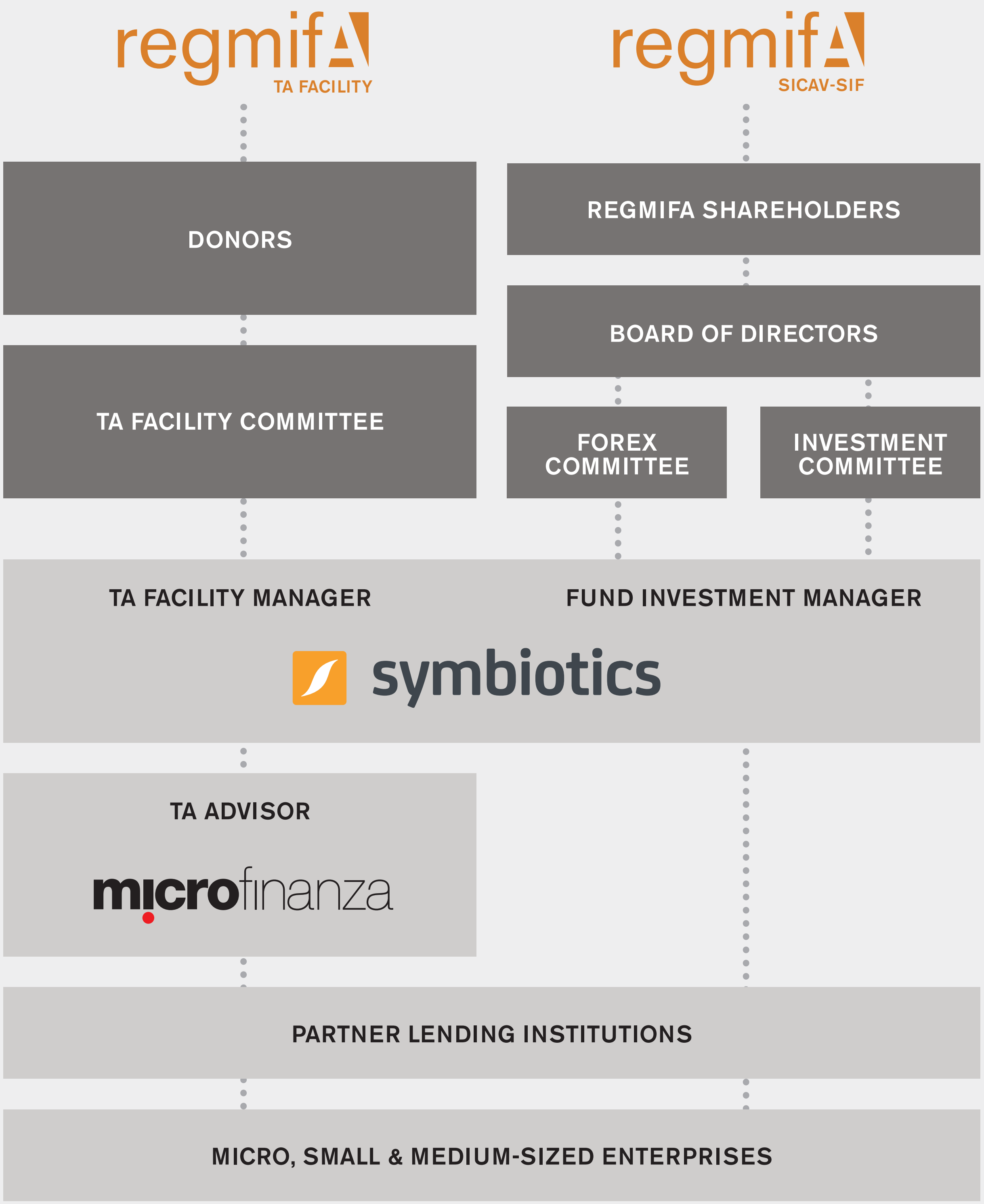
The Board of Directors reviewed the financial statements as of 17 May 2016 and decided to submit them to the Annual General Meeting of Shareholders for approval.

NOTE 16
SUBSEQUENT EVENTS

There is no event subsequent to the year ended that requires a disclosure in these financial statements.


ORANSKY

ORGANIZATIONAL STRUCTURE AND INVESTMENT MANAGER



GOVERNANCE

BOARD OF DIRECTORS

The following persons served as Directors of the Fund during the year:

MR. RUURD BROUWER
Chairman

MR. WOLFGANG KROH
until 31.01.2015

DR. MARCEL GÉRARD GOUNOT

MR. HANNS MARTIN HAGEN
until 13.02.2015

MR. PHILIPPE SERRES

MR. JUAN IGNACIO IZUZQUIZA RUEDA

MR. STEFAN HIRCHE
since 13.02.2015

MR. KARL-HEINZ FLEISCHHACKER
since 13.02.2015

MR. ARTHUR SLETTEBERG
since 14.02.2015

INVESTMENT COMMITTEE

The following persons served as members of the Investment Committee of the Fund during the year:

MR. KARL-HEINZ FLEISCHHACKER
Chairman

MS. GUADALUPE DE LA MATA

MS. BARBARA QUESADA

MR. NJORD ANDREWES

MS. PETRA ZEIER

During 2015, the Investment Committee held 10 meetings.

FX COMMITTEE

The following persons served as members of the Foreign Exchange Committee of the Fund during the year:

DR. GIUSEPPE BALLOCCHI
CFA

MR. HELIE D'HAUTEFORT

MR. MARKUS SCHMIDTCHEN

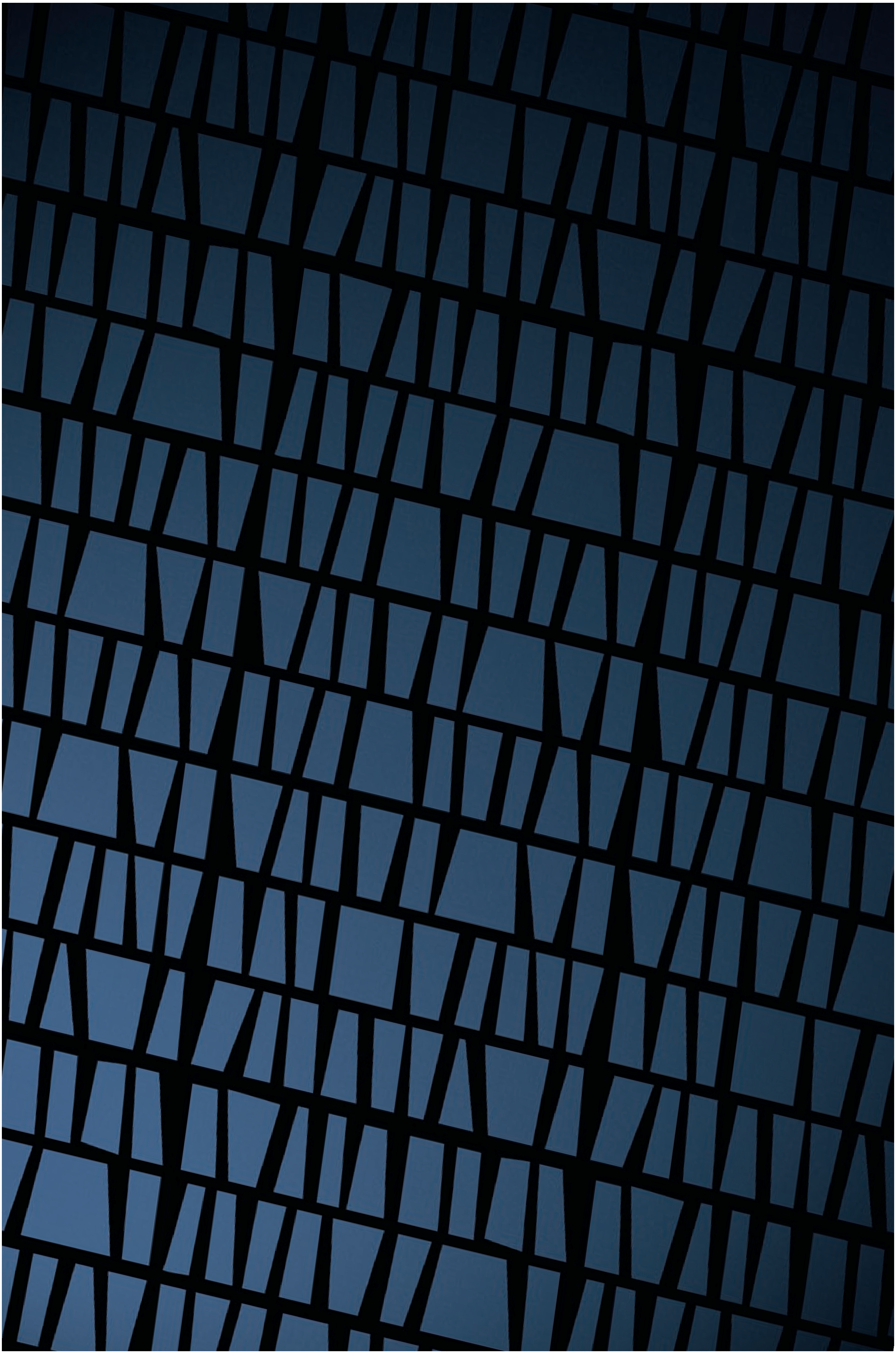
TA FACILITY COMMITTEE

The following persons served as members of the TA Facility Committee of the Fund during the year:

MS. KARIN HOENSCH-WALTER
Chairperson

MS. BARBARA QUESADA

MR. STEFAN KERPEN



CONTACT

INVESTMENT MANAGER AND TA FACILITY MANAGER

symbiotics

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CH-1204 Geneva
Switzerland

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Portfolio Manager, REGMIFA

MR. MARIANO LARENA
Head of Technical Assistance and Development Finance

MS. NELLY ELIMBI
TA Program Manager

MS. ARUSHI WANCHOO KAUL
Assistant Portfolio Manager, REGMIFA

Symbiotics Information, Consulting and Services
South Africa (PTY) Limited
4 Loop street – Studio 502
Cape Town / South Africa 8001

MR. DUNCAN FRAYNE
Regional Director

MR. PATRICK D'HUART
Manager, Financial Institutions

MR. RYAN ANDERSEN
Investment Analyst

MS. LUCILE DHUY
Investment Analyst

MS. AMY PENTLAND-SMITH
Associate

MS. LISA PUTTER
Investment Analyst

MS. SOPHIA SKRZYPEC
Investment Analyst

MS. SOPHIE VINCENT
Investment Analyst

TA ADVISOR

microfinanza

Corso Sempione 65
20149 Milan
Italy

MR. MASSIMO VITA
TA Field Expert

MR. ALESSANDRO BARONI
TA Analyst

MS. KATIA RAGUZZONI
TA Support

ABBREVIATIONS

AECID
Agencia Española de Cooperación Internacional para el Desarrollo; Spanish Agency for International Cooperation for Development

AfD
Agence Française de Développement; French Development Agency

BCEAO
Banque Central des Etats de L'Afrique de L'Ouest; Central Bank of West African States

BIO
Belgische Investeringsmaatschappij voor Ontwikkelingslanden; Belgian Investment Company for Developing Countries

BMZ
Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung; German Ministry for Economic Cooperation and Development

EIB
European Investment Bank

ESR
Environmental and Social Responsibility

FMO
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden; Development Bank of the Netherlands

FX
Foreign exchange

GAV
Gross Asset Value (total assets of the Fund)

GNI
Gross National Income

ICO
Instituto de Crédito Oficial; Spanish Development Bank

IFC
International Finance Corporation

KfW
Kreditanstalt für Wiederaufbau

LuxFLAG
Luxembourg Fund Labeling Agency

MAEC
Ministerio de Asuntos Exteriores y de Cooperación; Spanish Ministry of Foreign Affairs and Cooperation

MFI
Microfinance Institution

MIS
Management information system

MIV
Microfinance investment vehicle

MSME
Micro, small and medium-sized enterprise

NBFI
Non-bank financial institution

NGO
Non-governmental organization

NMI
Norwegian Microfinance Initiative

OeEB
Oesterreichische Entwicklungsbank; Development Bank of Austria

PLI
Partner Lending Institution

PROPARCO
Société de Promotion et Participation pour la Coopération Economique; Investment and Promotions Company for Economic Cooperation

TA
Technical Assistance

TAF
Technical Assistance Facility


LaFabrique.ch

SYMBIOTICS SA
Investment Manager and TA
Facility Manager of REGMIFA

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