Regional MSME Investment Fund for
Sub-Saharan Africa S.A., SICAV-SIF
31 z.a, Bourmicht
L-8070 Bertrange

R.C.S. Luxembourg : B 150.766

Annual Report and Independent Auditor's Report
as at 31 December 2023

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General information

Board of Directors	Mrs. Laure Wessemius-Chibrac (Chairwoman) Mr. Stefan Hirche (until 5 June 2023) Dr. Giuseppe Ballocchi Mrs. Claudia Huber Mrs. Edwige Ayighnane Woewdama Takassi Kikpa Mr. Michael Brill (since 5 June 2023)
Registered Office	31 z.a, Bourmicht L-8070 Bertrange Grand-Duchy of Luxembourg
Investment Manager and Placing Agent	Symbiotics Asset Management S.A. 31, rue de la Synagogue CH-1204 Geneva Switzerland
Custodian	Citibank Europe plc, Luxembourg Branch 31 z.a, Bourmicht L-8070 Bertrange Grand-Duchy of Luxembourg
Administrative Agent	Citibank Europe plc, Luxembourg Branch 31 z.a, Bourmicht L-8070 Bertrange Grand-Duchy of Luxembourg
Independent Auditor	KPMG Audit S.à r.l. 39, avenue John F. Kennedy L-1855 Luxembourg Grand-Duchy of Luxembourg
Legal Adviser	Linklaters LLP 35, avenue John F. Kennedy B.P.1107 L-1855 Luxembourg Grand-Duchy of Luxembourg

Report of the Board of Directors

We are pleased to submit the Annual Report for the year ending on 31 December 2023 and the related Independent Auditor's Report for the Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF ("REGMIFA" or the "Fund").

Turbulent macroeconomic context

While Sub-Saharan Africa (SSA) was still recovering from the COVID-19 pandemic, Russia's invasion of Ukraine further disrupted the global economy making it more difficult for the region to grow, attract investment and deal with social issues. High inflation has pushed more people into extreme poverty but also has compelled central banks around the globe and in the region to raise interest rates. Throughout 2023, risk aversion has worsened, leading to outflows from emerging and frontier markets and elevated spreads. Investors' preference for safer assets and reliance on strong currencies have resulted in a funding squeeze in the region and put pressure on local currencies like the South African Rand, Ugandan Shilling, and Zambian Kwacha.

This context has posed challenges for countries and institutions with liabilities in hard currency. Statistics indicate that due to COVID-19 pandemic, the median public debt to GDP ratio peaked in 2020 and has not yet returned to pre-pandemic levels (51.5% GDP in 2019 vs. 59.1% in 2022[1]). In that context, SSA with its limited fiscal capacity to absorb shocks has experienced a very difficult year. The region's ability to attract (public or private) foreign investment and manage capital flows will be critical for sustaining economic growth and development going forward.

The current context of shrinking liquidity and increased borrowing costs makes the role of REGMIFA more essential than ever as a stable and reliable partner in the region.

REGMIFA continues to be a key partner in the region

Despite facing lower spreads as a result of higher interest rates and higher hedging costs in 2023, the Fund adeptly navigated the turbulent context, marking a loan portfolio (at market) of USD 176M in 2023, up from USD 163M in 2022. Remaining steadfast in its commitment to support PLIs in Sub-Saharan Africa, the Fund disbursed 36 loans totaling USD 65M during the year. These loans reached 26 PLIs across 13 countries, with the fund extending its reach to a total of 24 countries through both direct and indirect investments.

Furthermore, the Fund successfully incorporated 8 new PLIs into its portfolio, some of which were associated with innovative business models, including 2 fintech companies and 1 deal linked to sustainable agriculture in Côte d'Ivoire. Additionally, the Fund continued its support for PLIs with assets totaling less than USD50M, focusing on smaller tier 2 and tier 3 institutions, which constituted 40% of the investments made in 2023.

[1] Debt Dilemmas in Sub-Saharan Africa: Some principles and Trade-offs in Debt Restructuring, IMF Oct-2023

Enhanced delivery of local currency funding through the Open Currency Exposure Strategy

Since 2022, PLIs have encountered difficulties to bear the costs of loans in local currency due to a volatile economic landscape, characterized by currency fluctuations and elevated interest rates leading to increased and sometimes unaffordable hedging costs. Consequently, in 2023, the Fund implemented an Open Currency Exposure Strategy to continue providing PLIs with funding in local currency at competitive rates.

This strategic approach is fully aligned with and within the guidelines and limits outlined in the Issue Document. Since Q3 2023 and for 2024, it enables the Fund to take limited unhedged currency exposure in four local currencies: West African Franc, Central African Franc, Ugandan Shilling and Malagasy Ariary.

Under this strategy, the Fund disbursed USD 13.1M to 7 PLIs in 5 countries. To mitigate possible currency losses, the Fund earmarked an FX compensation amount of USD 38,181 for C-Shareholders. However, these losses proved minimal, resulting in a net surplus of USD 32,864, which was returned to the C-Shares.

Blended finance structure's pivotal role to navigate turbulent market conditions

The challenging economic conditions prevailing in the region manifested in the Fund encountering 5 new workout cases for an amount of USD 23M (as of Dec-23), marking an increase from 6 cases in 2022 to 8 cases (three cases were closed in 2023). These developments, coupled with heightened risk factors across the region – particularly an increased country risk for Nigeria, attributed to soaring inflation rates and a significant devaluation of the Nigerian Naira – prompted an additional loan loss provision of USD 12.8M in 2023, resulting in a NAV deficiency for C-shares. Regardless of the increased risk in Nigeria, the Fund intends to persist in collaborating with PLIs in the country, recognizing its importance within the Fund's mandate and in line with the Fund's mission to be a long-term reliable partner.

Despite these challenges, the Fund demonstrated resilience amidst the high-interest-rate environment and effective asset and liability management, achieving an exceptional distributable income of USD 6.9M, up from USD 5M in 2022. Consequently, the Fund successfully served all target dividends, marking the 13th consecutive year of meeting target dividends for A and B Share Class investors in full. Furthermore, the Fund generated a marginal complementary dividend aimed at partially addressing the NAV deficiency for C-Shares, with the Net Asset Value (NAV) of this share class totaling USD 79M (91% of the nominal value) at the end of 2023.

In spite of this additional provisioning, risk ratios remained robust, significantly surpassing the minimum requirements outlined in the Issue Document.

Ongoing management of environmental and social risks

As part of the implementation of the Environmental and Social (E&S) Risk Management Framework, as of December 2023, 69% of the PLIs within the Fund's portfolio have undergone an ESG assessment with 94% of these demonstrating minimal exposure to high-risk activities. Following an evaluation of the PLI's capacity to manage E&S risks, E&S action plans were incorporated in loan agreements with 12 PLIs that received financing in 2023. Regarding the 10 PLIs for which E&S actions plans mandated in 2022, 5 PLIs have successfully implemented their plans, while the remaining 5 PLIs are in the process of implementing the required measures.

Spreading the adoption of Client Protection Standards

While upholding its commitment to adhering to local legal and regulatory consumer protection norms, the Fund also strives to apply best practices and has been endorsing the implementation of the Client Protection Standards advocated by the Social Performance Task Force. As of December 2023, 20 PLIs within the fund's portfolio actively engaged in the Client Protection Pathway.

Moreover, as part of the Client Protection Framework, all PLIs assessed throughout the year have received a Client Protection score and corresponding CP risk level based on the latest standard updates. In 2023, three PLIs exhibited insufficient client protection practices, prompting the Fund to develop a tailored Client Protection Action Plan linked to the investment.

The Fund advocates for the widespread adoption of client protection standards across the industry and stands ready to provide Technical Assistance to assist PLIs in enhancing their capacity to meet the Fund's requirements.

Technical Assistance provided in 2023

In 2023, the REGMIFA Technical Assistance Facility (TAF) scaled up the SME finance Technical Assistance (TA) program supported by the German Financial Cooperation while continuing to support PLIs with digital finance strategy implementation. The TA Package on SME finance, which benefited 6 PLIs in 2022 in countries that are part of the G20 Compact with Africa, was extended in 2023 to benefit 6 additional PLIs in East and Southern Africa. The SME Finance program was also extended to include a Business Development Services (BDS) pilot program with 3 PLIs in Senegal receiving support to build the capacity of their SME clients. Under a continued Digital financial service package, a 7th PLI received support. The implementation of the TA package launched to support 10 PLIs across 8 countries with the strengthening of Environmental and Social Performance Management through the adoption of the Universal Standards for Social and Environmental Performance Management (USSEPM) remained ongoing in 2023. A new program focusing on Risk Management was also launched in 2023. The Chief Risk Office (CRO) – Circle program, aims at strengthening risk management and control functions in MSME banks and MFIs with the inaugural cohort having 7 participants from REGMIFA investees. Finally, under the TAF's annual scholarship program, in 2023, 11 training scholarships were provided to 7 PLIs participating in the Frankfurt School Summer School and 4 in the Digital Frontier Institute course.

The total value of TA projects being launched and approved in 2023 amounted to EUR 2.7 million comprising eight projects of which three, valued at EUR 100,860, were completed during the year.

Concluding remarks

The Fund demonstrated strong performance throughout 2023, successfully meeting target dividends and delivering a marginal complementary dividend for C-Shareholders. Despite a turbulent economic environment, the Fund continued its commitment to advancing economic development in Sub-Saharan Africa. This commitment has materialized through continued support to PLIs with whom the fund has longstanding relationships. Additionally, the Fund has expanded its outreach by partnering with new institutions dedicated to microfinance and innovative business models. The Fund remains dedicated to providing accessible funding in local currency, thereby furthering its impact on the region's economic landscape.

Looking ahead to 2024, the outlook for the region gives reason to hope, with expectations of a rebound as global supply chains stabilize and food and energy prices begin to decline. International financial conditions are gradually improving, alleviating some of the funding pressures. However, some headwinds merit close attention. Borrowing costs remain elevated, and political instability is on the rise, notably with 16 upcoming presidential elections scheduled across SSA in 2024, alongside potential spillover effects from China's economic slowdown.

In this context, concerted efforts are needed to accelerate the mobilization of funding resources. The fund plays a pivotal role in providing access to stable and sustainable funding sources to its PLIs, thereby fostering economic stability and growth within the region. These endeavours are essential to effectively navigate the challenges and opportunities that lie ahead.

The Board expresses its sincere gratitude to investors, donors, and service providers for their unwavering support to advancing the mission of the Fund. In particular, the Board acknowledges the invaluable contribution of the Investment Manager, Symbiotics Asset Management SA, in effectively adjusting, adapting, and enhancing processes and impact reporting throughout 2023. Noteworthy achievements include the successful implementation of SFDR reporting and the enhanced delivery of local currency funding through the renewed Open Currency Exposure strategy. For 2024, the Fund will continue to achieve sustained growth, expand its impact and strengthen its partnerships with its investees, while also cultivating new relationships and carrying out initiatives related to gender equality.

The Board of Directors

7 May 2024

KPMG Audit S.à r.l.
39, Avenue John F. Kennedy
L-1855 Luxembourg

Tel. +352 22 51 51 1
Fax: +352 22 51 71
E-mail: info@kpmg.lu
Internet:www.kpmg.lu

To the Shareholders of
Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF
31 Zone d'Activités du Bourmicht
L - 8070 Luxembourg
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF (the "Fund"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable shares and in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Fund as at and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 10 May 2023.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report including the management report but does not include the financial statements and our report of the “réviseur d'entreprises agréé” thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund for the financial statements

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

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the réviseur d’entreprises agréé for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit 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 Fund’s internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.

— Conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d’entreprises agréé” to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “réviseur d’entreprises agréé”. However, future events or conditions may cause the Fund to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Luxembourg, 7 May 2024

KPMG Audit S.à r.l.
Cabinet de révision agréé

Hocine Nadem
Partner

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

USD	Notes	31 December 2023	31 December 2022
ASSETS			
Loans to Partner Lending Institutions [1]	4, 17	176,232,106	163,453,872
Loans loss allowance	4	(21,154,624)	(8,371,277)
Net loans to Partner Lending Institutions [1]	4, 17	155,077,482	155,082,595
Interest receivable on loans to Partner Lending Institutions	4	6,230,535	4,810,262
Interest loss allowance	4	(3,142,729)	(1,879,802)
Net interest receivable on loans to Partner Lending Institutions	4	3,087,806	2,930,460
Equity shares at fair value through profit or loss	5	-	-
Derivative financial instruments	6	5,893,748	7,754,244
Interest receivable on derivative financial instruments		1,338,607	800,120
Receivables on loans to Partner Lending Institutions	7	668,925	1,868,110
Other receivables		715,619	209,991
Prepaid expenses		417,591	559,277
Cash collateral with brokers		2,193,699	2,430,000
Cash and cash equivalents		17,487,755	35,330,792
Total assets		**186,881,232**	**206,965,589**
LIABILITIES			
Cash collateral with brokers		-	1,866,964
Derivative financial instruments	6	3,977,550	4,067,309
Interest payable on derivative financial instruments		1,422,529	991,900
Accrued expenses	11.4	1,015,412	986,263
Payables on redemption of shares		7,000,000	-
Other payables		341,913	446,628
Contribution payable to the technical assistance facility		438,435	441,304
Notes issued	8	52,031,590	56,074,887
Net assets attributable to holders of redeemable shares:			
- Class A shares	9	7,489,800	19,489,800
- Class B shares	9	30,400,000	30,400,000
Distribution payable to holders of redeemable shares	13.3	3,715,077	2,015,359
Total liabilities		**107,832,306**	**116,780,414**
EQUITY (Class C shares)			
Share capital	9	86,729,110	86,729,110
FX compensation	13.3	38,181	-
Profit / (loss) for the year		(11,174,430)	4,733,922
Retained earnings		3,456,065	(1,277,857)
Total equity attributable to holders of Class C shares		**79,048,926**	**90,185,175**
Total liabilities and equity		**186,881,232**	**206,965,589**

[1] include upfront fees amortisation

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

USD	Notes	Year ended 31 December 2023	Year ended 31 December 2022
INCOME			
Interest income on loans to Partner Lending Institutions		15,853,124	12,735,933
Interest income on term deposit		226,212	36,500
Upfront fees on loans to Partner Lending Institutions		606,343	522,522
Interest income on derivative financial instruments (1)		9,674,479	5,139,927
Other income		110,485	149,385
Net change in unrealised gain on derivative financial instruments	6	-	2,795,835
Net realised gain on derivative financial instruments		3,390,445	3,738,667
Net change in unrealised gain on foreign exchange		345,120	-
Net change in unrealised gain on loans to Partner Lending Institutions		-	78,662
Total investment income		**30,206,208**	**25,197,431**
EXPENSES			
Interest expenses on notes	8	2,972,285	977,521
Interest expenses on derivative financial instruments		10,986,471	8,157,808
Management fees	11.1	3,206,112	2,894,545
Administration, custodian and domiciliation fees	11.3	233,144	227,479
Direct operating expenses	11.3	698,398	665,930
Amortisation of placement fees		153,862	142,438
Other expenses		21,581	6,331
Net change in unrealised loss on derivative financial instruments	6	1,770,736	-
Net change in unrealised loss on foreign exchange		-	1,318,429
Net realised loss on foreign exchange		3,450,811	3,759,491
Net realised loss on loans to Partner Lending Institutions		-	2,731
Net contribution to loans loss allowance	4	14,046,274	3,807
Total operating expenses		**37,539,674**	**18,156,510**
Operating gain / (loss) before tax	13.3	**(7,333,466)**	**7,040,921**
Distribution to holders of redeemable Class A and Class B shares	13.3	(3,715,077)	(2,015,359)
FX compensation	13.3	(38,181)	-
Contribution to the technical assistance facility		-	(243,033)
Investment Manager incentive bonus (2)	11.2	(87,706)	(48,607)
Profit / (Loss) before tax		**(11,174,430)**	**4,733,922**
Taxation		-	-
Profit / (Loss) for the year		**(11,174,430)**	**4,733,922**
Other comprehensive income		-	-
Total comprehensive income for the year		**(11,174,430)**	**4,733,922**

(1) include interest income on swaps

(2) Investment Manager incentive bonus is composed of USD 24,303 related to year 2022 (decided after the closing of the fiscal year and posted in 2023) and of USD 63,403, being the allocation for the year ended 31 December 2023.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

USD	Notes	Year ended 31 December 2023	Year ended 31 December 2022 [1]
OPERATING ACTIVITES			
Profit / (loss) before tax		(11,174,430)	4,733,922
Adjustments to reconcile profit / (loss) before tax to net cash flows:			
Interest income on loans to Partner Lending Institutions		(15,853,124)	(12,735,933)
Interest expense on notes		2,972,285	977,521
Distribution to holders of redeemable shares	13.3	3,715,077	2,015,359
FX compensation		38,181	-
Contribution to the technical assistance facility		-	243,033
Investment Manager incentive bonus		87,706	48,607
Net change in unrealised (gain) / loss on foreign exchange		1,633,453	(1,399,080)
Net change in unrealised (gain) / loss on derivative financial instruments	6	1,770,737	(3,379,243)
Net change in loans loss allowance	4	14,046,274	3,807
Upfront fees to be amortised		65,715	69,795
Operating gain/(loss) before working capital changes		**(2,698,126)**	**(9,422,212)**
Working capital changes:			
Net (increase)/decrease in other receivables and prepaid expenses		(363,942)	379,163
Net (increase)/decrease in cash collateral with brokers		(1,630,663)	6,622,613
Net (increase) in interest receivable on derivative financial instruments		(538,487)	(800,120)
Net increase/(decrease) in accrued expenses and other payables		(90,362)	552,567
Net increase in interest payable on derivative financial instruments		430,629	991,900
Net cash flows used in operating activities		**(4,890,951)**	**(1,676,089)**
INVESTING ACTIVITES			
Loans disbursement		(59,581,058)	(74,255,985)
Proceeds from disposed loans		46,737,109	54,111,016
Interest received on loans to Partner Lending Institutions [2]		14,432,851	11,737,547
Net (increase)/decrease in receivables on loans to Partner Lending Institutions		1,199,185	(1,868,110)
Net cash flows from / (used in) investing activities		**2,788,087**	**(10,275,532)**
FINANCING ACTIVITIES			
Proceeds from issue of shares	9	200,000	-
Payments on redemption of shares	9	(5,200,000)	(7,500,000)
Proceeds from issue of notes		5,523,250	23,379,931
Payments on redemption of notes		(11,200,000)	(2,700,000)
Distribution paid to holders of redeemable shares	10, 13.3	(2,015,359)	(1,242,772)
Contribution paid to the technical assistance facility [3]		(2,869)	-
Investment Manager incentive bonus paid		(72,910)	-
Interest paid on notes	8	(2,972,285)	(977,521)
Net cash flows from financing activities		**(15,740,173)**	**10,959,638**
Net (decrease) in cash and cash equivalents		**(17,843,037)**	**(991,983)**
Cash and cash equivalents at the beginning of the year		**35,330,792**	**36,322,775**
Cash and cash equivalents at the end of the year		**17,487,755**	**35,330,792**

[1] some comparative figures have been reclassified (refer to note 18)
[2] The Fund has elected to classify the cash flows from interest received as investing activities, in the absence of specific guidance in IFRS Accounting Standards.
[3] relates to a fee paid to a consultant for the technical assistance facility

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES (CLASS A AND CLASS B) AND IN EQUITY (CLASS C)
For the year ended 31 December 2023

USD	Class A	Class B	Class C	Total
Opening balance as of 31 December 2021 [(1)]	**26,989,800**	**30,400,000**	**85,451,253**	**142,841,053**
Issuance of shares	-	-	-	-
Redemption of shares	(7,500,000)	-	-	(7,500,000)
Allocation of net income and capital gains and losses	703,004	1,312,355	4,733,922	6,749,281
Distribution to holders of redeemable Class A and Class B shares	(703,004)	(1,312,355)	-	(2,015,359)
Balance as of 31 December 2022	**19,489,800**	**30,400,000**	**90,185,175**	**140,074,975**
Issuance of shares	-	200,000	-	200,000
Redemption of shares	(12,000,000)	(200,000)	-	(12,200,000)
FX compensation	-	-	38,181	38,181
Allocation of net income and capital gains and losses	1,274,431	2,440,646	(11,174,430)	(7,459,353)
Distribution to holders of redeemable Class A and Class B shares	(1,274,431)	(2,440,646)	-	(3,715,077)
Balance as of 31 December 2023	**7,489,800**	**30,400,000**	**79,048,926**	**116,938,726**

[(1)] Opening balances are slightly different from 31 December 2021 audited financial statements due to rounding alignments with the Transfer Agent figures.

Notes to the Financial Statements
As at 31 December 2023
(expressed in USD)

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 (*fonds 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 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 31 z.a. Bourmicht, L-8070 Bertrange.

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 Partner Lending Institutions ("PLIs") serving micro, small and medium sized enterprises ("MSMEs") and low and middle income households ("LMIHs").

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) 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 and LMIHs (each a PLI).

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 2 – Material 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 or loss.

The preparation of financial statements in conformity with IFRS as adopted by the EU 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.

The Fund presents its statement of financial position in order of liquidity. An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 14.

Except as described below, the accounting policies used to prepare these financial statements are consistent with those applied for the year ended 31 December 2022.

In the context of these Financial Statements, the Net Asset Value was calculated as of 29 December 2023, the last business day of the year, in line with the Issue Document.

2.3. New IFRS standards or amendments and potential impacts

2.3.1. New and revised IFRS applied on the Financial Statements without material impact

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 January 2023. 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:

- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies

  These amendments change the requirements in IAS 1 with regard to disclosure of accounting policies: an entity is required to disclose its material accounting policies, instead of its significant accounting policies. It also explains how an entity can identify a material accounting policy, gives examples of when an accounting policy is likely to be material and provides guidance to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 2 – Material accounting policies (continued)

2.3. New IFRS standards or amendments and potential impacts (continued)

2.3.1. New and revised IFRS applied on the Financial Statements without material impact (continued)

- Amendments to IAS 8: Definition of Accounting Estimates

  These amendments help entities to distinguish between accounting policies and accounting estimates, introduce a new definition of accounting estimates and clarify the impacts of changes in accounting estimates.

- IFRS 17: Insurance Contracts

  This standard establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts. The objective is to ensure that an entity provides relevant information that faithfully represents those contracts.

- Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction

  These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

These standards and amendments have no material impact on the Fund's financial position or performance.

2.3.2. Standards issued but not yet effective

The Fund has also decided not to early adopt the standards, amendments to standards and interpretations of the IFRIC which have been published but are not applicable for the year ending 31 December 2023. The Fund will adopt these standards on the date of their effective application and when they will be approved by the European Union. For the avoidance of doubt, only the standards, amendments to standards and IFRIC which may have an effect on the Fund's financial statements are mentioned below:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current

  This amendment provides a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. It only affects the presentation of liabilities in the statement of financial position, is effective for periods beginning on or after 1 January 2024 and is not expected to have impact on the Fund's financial position or performance.

- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

  These amendments introduce new disclosure objectives for an entity to provide qualitative and quantitative information about its supplier finance arrangements that would enable to assess the effects of these arrangements on the entity's liabilities and cash flows, and the entity's exposure to liquidity risk. They are effective for periods beginning on or after 1 January 2024 and are not expected to have impact on the Fund's financial position or performance.

Note 2 – Material accounting policies (continued)

2.3. New IFRS standards or amendments and potential impacts (continued)

2.3.2. Standards issued but not yet effective (continued)

- Amendments to IAS 21: Lack of Exchangeability

  This amendment clarifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. It is effective for periods beginning on or after 1 January 2025 and is not expected to have impact on the Fund's financial position or performance.

2.4. Foreign currency translation

2.4.1. Functional currency

The functional currency is the currency of the primary economic environment in which the Fund operates. The Fund's majority of returns are US Dollar (USD) based, the capital is raised in USD and the performance is evaluated and its liquidity is managed in USD. Therefore, the Fund concludes that the USD is its functional currency.

The Fund's presentation currency is the USD.

2.4.2. Transactions and balances

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

Assets and liabilities denominated in currencies other than in USD are translated into USD at the exchange rate prevailing at the reporting date.

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.

2.5. Financial instruments

2.5.1. Classification of financial assets

The Fund classifies its financial assets as measured at amortized cost or at fair value through profit or loss ("FVPL") on the basis of:

- The business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial assets.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 2 – Material accounting policies (continued)

2.5. Financial instruments (continued)

2.5.1. Classification of financial assets (continued)

Financial assets measured at amortized cost

A debt instrument is measured at amortized cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category the loans to Partner Lending Institutions (PLIs), interest receivable on loans, other receivables, cash and cash equivalents.

Financial assets measured at FVPL

A financial asset is measured at FVPL if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- It is not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Fund considers in this category equity instruments. It also includes derivative financial instruments in an asset position, when the fair value is positive.

2.5.2. Classification of financial liabilities

The Fund classifies its financial liabilities as measured at amortized cost or measured at FVPL.

Financial liabilities measured at FVPL

A financial liability is measured at FVPL if it meets the definition of held for trading. The Fund includes in the category derivative financial instruments in a liability position, when the fair value is negative.

Financial liabilities measured at amortized cost

This category includes all financial liabilities other than those measured at FVPL. The Fund includes in this category accrued expenses, other payables, contributions to the technical assistance facility, notes issued, distributions to holders of redeemable shares and net assets attributable to holders of redeemable shares.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 2 – Material accounting policies (continued)

2.5. Financial instruments (continued)

2.5.3. Recognition
The Fund recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset. Loans to PLIs are recognized when cash is advanced to the PLIs.

2.5.4. Initial measurement
Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognized directly in the statement of comprehensive income. Loans to PLIs are recognized net of upfront fees.

Financial assets and liabilities, other than those classified as at FVPL, are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Loans to PLIs are measured initially at the net disbursed amount 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.

2.5.5. Subsequent measurement
After initial measurement, the Fund measures financial instruments which are classified as at FVPL at fair value.

Subsequent changes in the fair value of those financial instruments are recorded in ‘Net change in unrealised gain/(loss) on derivative financial instruments’ in the statement of comprehensive income.

Financial assets in the form of debt instruments are measured at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in profit or loss when the debt instruments are derecognized or impaired, as well as through the amortization process.

Financial liabilities, other than those classified as at FVPL, are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the amortization process.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating and recognizing the interest income or interest expense in profit or loss over the relevant period.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 2 – Material accounting policies (continued)

2.5. Financial instruments (continued)

2.5.5. Subsequent measurement (continued)

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortized cost of the financial liability.

When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Upfront fees on loans to PLIs are amortized over the life of the underlying instrument under the effective interest rate method.

2.5.6. De-recognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is de-recognized where the rights to receive cash flows from the asset have expired, or the Fund has transferred substantially all of the risks and rewards of the asset.

The Fund de-recognizes a financial liability when the obligation under the liability is discharged, cancelled or expired.

2.5.7. Impairment of financial assets measured at amortized cost

The Fund assesses on a forward-looking basis the expected credit losses associated with the debt instruments measured at amortized cost, including loans to PLIs.

The impairment model applies to all financial assets measured at amortized cost and requires the recognition of loans loss allowance based on expected credit losses (ECL).

At each reporting date, the Fund shall measure the loss allowance on loans to PLIs and other financial assets measured at amortized cost at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses.

The Fund measures credit risk and expected credit losses using probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD"). The directors consider both historical analysis and forward looking information in determining any expected credit loss based on the models used.

Significant financial difficulties of a debtor, probability that a debtor will enter bankruptcy or financial reorganization, and default in payments are all considered indicators that a loss allowance may be required.

Note 2 – Material accounting policies (continued)

2.5. Financial instruments (continued)

2.5.7. Impairment of financial assets measured at amortized cost (continued)

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. Regardless of the change in credit rates, if any contractual payment is more than 30 days past due or a counterparty credit rating which has fallen below the lowest rating of the "Investment Grade" category. Any contractual payment which is more than 90 days past due is considered credit impaired. The ECLs are calculated on an individual basis.

2.6. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily fixed rate to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less. Cash collateral held from hedging counterparties is recognised under in 'Cash collateral with brokers', respectively under assets and/or liabilities.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of cash collateral held with brokers.

2.7. Derivative financial instruments

The Fund may engage, for a 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.

2.8. Notes issued

Notes issued are recognized initially at fair value 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. If redemption is expected in one year or less, notes issued are considered as current liabilities.

2.9. Shares issued

2.9.1. Class A and Class B shares

The Class A and Class B shares are redeemable at the 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 the Issue Document.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 2 – Material accounting policies (continued)

2.9. Shares issued (continued)

2.9.2. Class C shares

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.

The net allocation of income and capital gains and losses on Class C shares are accounted for as an increase or a decrease of retained earnings. The Fund continuously assesses the classification of Class C shares. If Class C shares cease to have all the features, or meet all the conditions as set out, to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification.

2.10. Interest income and expenses

Interest income and expenses are recognized in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

2.11. Expenses

Expenses, including management fees and direct operating expenses, are recognized in the statement of comprehensive income on an accrual basis.

2.12. Taxation

The Fund is not subject to any tax. In accordance with the “Règlement grand-ducal” dated 14 July 2010, the Fund is exempted from the subscription tax since 23 May 2011.

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.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 3 – Material accounting judgements, estimates and assumptions

The preparation of the Fund’s financial statements requires the Board of Directors 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.

3.1. Classification of debt instruments

IFRS 9 requires that the classification of debt instruments is determined based on the business models that the Fund has in place for managing those assets.
There are three business models available under IFRS 9:

- “Hold to collect” model;
- “Hold to collect and sell” model;
- Models that do not meet the criteria of either “Hold to collect" or "Hold to collect and sell".

The Board of Directors, upon recommendation of the Investment Manager, determines the business model based on relevant evidence including quantitative factors (e.g., the expected frequency and volume of sales) and qualitative factors such as :

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to key management personnel;
- the risks that affect the performance of the business model and the financial assets held within that business model, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g., whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

For those assets that are not held for trading or managed on a fair value basis, such as the loans to PLIs, a further assessment has been undertaken of the contractual cash flows that were in place at the time of their origination to determine if they are consistent with those of a basic lending arrangement. That is, whether they have cash flows that are solely payments of principal and interest (SPPI). Where the cash flows are consistent with SPPI, assets are classified at amortized cost or at fair value through other comprehensive income (FVOCI).

As the debt instruments of the Fund have SPPI characteristics and are held within a business model whose objective is to hold them to collect contractual cash flows (“Hold to collect” model), the Directors concluded that the debt portfolio meets the conditions to be classified at amortized cost.

The Fund does not hold any instruments classified as FVOCI as of the date of this report.

Note 3 – Material accounting judgements, estimates and assumptions (continued)

3.2. Impairment losses on debt instruments

Expected credit losses ("ECL") are determined for debt instruments that are classified at amortized cost.

The measurement of impairment losses under IFRS 9 requires judgement, in particular the estimation of the amount and timing of future cash flows and collateral values when determining losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Fund's ECL calculations are outputs of complex models with a number of underlying assumptions. The significant judgements and estimates in determining ECL include:

- the Fund's criteria for assessing if there has been a significant increase in credit risk; and
- the development of ECL models, including the choice of inputs relating to macroeconomic variables.

In determining ECL, the directors are required to exercise judgement in defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience.

The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and very sensitive to the risk factors, in particular to changes in economic and credit conditions across a number of sectors and geographical areas.

3.3. Fair value of financial instruments

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest input that is significant to the fair value measurement as a whole:

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities;
- Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Where the fair values of financial instruments 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 from observable market data 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.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 4 – Loans to Partner Lending Institutions

As at 31 December 2023 and 31 December 2022, the gross value, the carrying value and the details of interests on loans to Partner Lending Institutions is as follow:

	31 December 2023	31 December 2022
Loans to PLIs	176,232,106	163,453,872
Loans loss allowance	(21,154,624)	(8,371,277)
Carrying value of loans to PLIs (excluding interests)	**155,077,482**	**155,082,595**
Accrued interests	3,154,128	2,193,140
Interests receivable	3,076,407	2,617,122
Interest loss allowance	(3,142,729)	(1,879,802)
Carrying value of loans to PLIs (including interests)	**158,165,288**	**158,013,055**
Fair value of loans to PLIs	**165,358,262**	**162,108,891**

As at 31 December 2023, the total amount of interest receivable on loans to Partner Lending Institutions amounted to USD 6,230,535 (31 December 2022: USD 4,810,262).

Movements in the accumulated impairment losses on loans to PLIs were as follows:

	31 December 2023	31 December 2022
Cumulated loans loss allowance as at opening	**8,371,277**	**8,831,500**
Additional/(reversal) of impairment losses recognised during the year	13,350,314	(442,855)
Amount written off during the year as uncollectible	(566,967)	(17,368)
Cumulated loans loss allowance as at closing	**21,154,624**	**8,371,277**

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. 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 2023, the portion of gross loans to PLIs falling due within one year amounts to USD 62.2 million (31 December 2022: USD 48.9 million).

For the year ended 31 December 2023, the net contribution to loans loss allowance amounted to USD 14,046,274 (year ended 31 December 2022: USD 3,807).

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 4 – Loans to Partner Lending Institutions (continued)

The table hereafter shows the credit quality and maximum exposure to credit risk based on the Fund's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Credit Rating	Stage 1	Stage 2	Stage 3	Carrying Value 31 December 2023
A+	9,931,001	-	-	9,931,001
A	17,368,829	-	-	17,368,829
BBB+	6,264,943	11,578,835	-	17,843,778
BBB	11,503,161	-	-	11,503,161
BBB-	22,961,292	20,746,833	-	43,708,125
BB+	12,842,866	1,378,605	-	14,221,471
BB	9,912,269	15,013,882	-	24,926,151
BB-	4,625,983	3,085,678	-	7,711,661
B+	497,585	-	2,600,706	3,098,291
B	-	-	10,459,852	10,459,852
B-	-	-	5,233,652	5,233,652
C	-	-	-	-
D	-	-	7,882,344	7,882,344
Unrated	2,343,790	-	-	2,343,790
Grand Total	**98,251,719**	**51,803,833**	**26,176,554**	**176,232,106**

Credit Rating	Stage 1	Stage 2	Stage 3	Carrying Value 31 December 2022
A+	9,921,155	-	-	9,921,155
A	20,210,893	-	-	20,210,893
BBB+	14,368,931	-	-	14,368,931
BBB	22,216,251	-	-	22,216,251
BBB-	39,737,735	-	-	39,737,735
BB+	14,799,524	667,467	-	15,466,991
BB	13,582,451	12,108,405	-	25,690,856
BB-	1,164,614	6,499,548	(7,372)	7,656,790
B+	-	1,292,329	-	1,292,329
B-	-	-	2,140,138	2,140,138
C	-	-	3,024,321	3,024,321
D	-	-	1,727,482	1,727,482
Grand Total	**136,001,554**	**20,567,749**	**6,884,569**	**163,453,872**

An analysis of changes in the gross carrying amount is as follows:

Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	136,001,554	20,567,749	6,884,569	163,453,872
New assets purchased	38,239,403	20,160,512	700,619	59,100,534
Assets derecognized or matured*	(37,286,494)	(5,150,964)	(3,317,875)	(45,755,333)
Transfers to Stage 1	497,585	(497,585)	-	-
Transfers to Stage 2	(26,139,771)	26,139,771	-	-
Transfers to Stage 3	(13,060,558)	(9,415,650)	22,476,208	-
Amounts written off	-	-	(566,967)	(566,967)
At 31 December 2023	**98,251,719**	**51,803,833**	**26,176,554**	**176,232,106**

* excluding write-offs

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 4 – Loans to Partner Lending Institutions (continued)

Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2022	111,276,065	22,888,206	9,214,427	143,378,698
New assets purchased	67,773,844	1,553,470	3,024,321	72,351,635
Assets derecognized or matured*	(33,987,968)	(12,941,686)	(5,329,439)	(52,259,093)
Transfers to Stage 1	5,816,603	(5,816,603)	-	-
Transfers to Stage 2	(14,876,990)	14,876,990	-	-
Transfers to Stage 3	-	7,372	(7,372)	-
Amounts written off	-	-	(17,368)	(17,368)
At 31 December 2022	**136,001,554**	**20,567,749**	**6,884,569**	**163,453,872**

* excluding write-offs

An analysis of changes in the corresponding ECLs is as follows:

ECLs	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	2,767,588	901,888	4,701,801	8,371,277
New assets purchased	926,430	2,023,846	564,522	3,514,798
Assets derecognized or matured*	(503,911)	(100,436)	(787,854)	(1,392,201)
Transfers to Stage 1	52,396	(52,396)	-	-
Transfers to Stage 2	(966,126)	966,126	-	-
Transfers to Stage 3	(628,843)	(338,832)	967,675	-
Changes in credit risk on assets transferred between stages during the year	(17,701)	3,738,653	8,256,241	11,977,193
Other changes in credit risk, not triggering a transfer between stages	146,698	(228,862)	(667,312)	(749,476)
Amounts written off	-	-	(566,967)	(566,967)
At 31 December 2023	**1,776,531**	**6,909,987**	**12,468,106**	**21,154,624**

ECLs	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2022	1,599,464	963,289	6,268,747	8,831,500
New assets purchased	1,553,217	201,205	1,882,775	3,637,197
Assets derecognized or matured*	(353,135)	(427,855)	(2,358,772)	(3,139,762)
Transfers to Stage 1	27,316	(27,316)	-	-
Transfers to Stage 2	(341,414)	341,414	-	-
Transfers to Stage 3	-	(43)	43	-
Changes in credit risk on assets transferred between stages during the year	(6,484)	137,680	3,483	134,679
Other changes in credit risk, not triggering a transfer between stages	288,624	(286,486)	(1,077,107)	(1,074,969)
Amounts written off	-	-	(17,368)	(17,368)
At 31 December 2022	**2,767,588**	**901,888**	**4,701,801**	**8,371,277**

* excluding write-offs

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 5 – Equity shares at fair value through profit or loss

As a result of a restructuring agreement of a Kenyan investee, signed in December 2021, the loan amount that the Fund had before the restructuring agreement remained the same but was split into two loans, one senior loan (which was restructured again in 2022) and one subordinated loan (denominated "Preference shares" in the restructuring agreement). The restructured loan agreement constituted substantial modification of the original agreement and therefore the Fund derecognized the original loans and recognized new loans. As part of this restructuring agreement the Fund was also assigned ordinary shares. The share allotment was finalized in July 2022 when the Fund was formally registered as a shareholder.

Below are the details on the valuation of the different investments of the Fund with this Kenyan investee as of December 2023:

1. Two senior loans: one denominated in local currency (KES) with maturity in September 2025 (cashless rollover in September 2023) and one denominated in USD with maturity in September 2024 (restructuring signed in 2022).

2. One super senior loan denominated in USD with maturity in September 2025 which was disbursed in September 2023 after receiving the approval from the Board.

   The three previous loans are valued at amortized cost.

3. One subordinated loan denominated in local currency (KES) with maturity in June 2027 with interests commencing in January 2024. This loan is denominated in the restructuring agreement as "Preference Shares" and was classified as Subordinated loan valued at amortized cost:
   a) as it does not carry voting rights, it ranks ahead of the Ordinary Shares,
   b) as it has a defined maturity date and carries a coupon, it has been classified as a liability, but of subordinated nature.

   There is a particularity on these "Preference Shares" which is that on the redemption date set on 30 June 2027, if the equity value of the Borrower exceeds KES 833 million, the "Preference Shares" will carry an additional coupon equal to one-third of the equity of the Borrower in excess of KES 833 million. This potential additional coupon was given a nil value as of December 2023 as the equity value of the institution as of 31 December 2023 was KES 105 million . Hence, the loan is valued only considering the initial value of the loan and not the equity participation as it is uncertain this will have a value above the KES 833 million threshold in the future, and for now the outlook of the institution is dim.

4. Ordinary shares (1,301,597) with null value. Two different methodologies were used to determine the nil valuation of the equity position considering the challenging situation of the institution.
   1) Cost of investment: The issued equity was ceded to the Fund at no cost (as a result of other lenders accepting a haircut on their loans to the institution in exchange for repayment of their exposure).

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 5 – Equity shares at fair value through profit or loss (continued)

2) Discounted cashflows: the company remains in the first stages of a turnaround, it is loss-making, and had to restructure the outstanding loans due in 2022, hence the outlook is that it will not be paying any dividends for at least the coming 5 years.

A conservative approach for the valuation of the equity is deemed the most appropriate based on the above statements and the belief that the shares could not be sold in the market at any value.

Note 6 – Derivatives financial instruments

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

In order to expand the outreach of the Fund, the Fund engaged, in September 2023, into an unhedged investment in local currency (XOF), following a Board of Directors decision. In October 2023, the Board of Directors approved three additional new eligible currencies (XAF, UGX and MGA) under the open currency exposure strategy of the Fund. This strategy is within the risk limits and appetite set up in the Issue Document of the Fund.

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.

The fair values of forward foreign exchange contracts and 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. The Fund does not apply hedge accounting and therefore the fair value of such derivative financial instruments might result in a mismatch with the value of the related financial assets recognized at amortized cost. This effect is unrealized and temporary.

During the year ended 31 December 2023 and 2022, there were no transfers between level 1 and level 2 fair value measurements.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 6 – Derivative financial instruments (continued)

As at 31 December 2023, financial assets and liabilities at fair value through profit or loss are composed as follows:

- the fair value of forward foreign exchange contracts amounted to a net liability value of USD 73,481, only composed of negative fair value, booked in "Derivative financial instruments" on liabilities side (31 December 2022: positive fair value of USD 117,841 and negative fair value of USD 60,500);
- the fair value of swaps amounted to a net asset value of USD 1,989,679 composed of USD 5,893,748 of positive fair value and USD 3,904,069 of negative fair value, respectively booked in "Derivative financial instruments" on assets side and liabilities side (31 December 2022: positive fair value of USD 7,636,403 and negative fair value of USD 4,006,809). As at 31 December 2023, the Fund holds 63 cross currency swaps (31 December 2022: 62) with notional amount of USD 129.4 million (31 December 2022: USD 118.5 million).

For the year ended 31 December 2023, the net change in unrealised loss on derivative financial instruments amounted to USD 1,770,736 (year ended 31 December 2022: the net change in unrealised gain of USD 2,795,835).

Note 7 – Receivables on loans

As at 31 December 2023, receivables on loans of USD 668,925 (31 December 2022: USD 1,868,110) correspond to the total amount of 2 loans that matured in December 2023 but for which receipt of cash payment was still outstanding as at 31 December 2023.

Note 8 – Notes issued

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 2023, the Notes issued by the Fund amount to USD 52.0 million (31 December 2022: USD 56.1 million) and are fully drawn. The portion of Notes issued having a maturity within one year is considered as current liabilities and amounts to USD 8.9 million (31 December 2022: USD 11.2 million).

Notes to the Financial Statements (continued)
As at 31 December 2023
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Note 8 – Notes issued (continued)

For the year ended 31 December 2023, the Notes generated interest for a total amount of USD 2,972,285 (for the year ended 31 December 2022: USD 977,521). As at 31 December 2023, interests payable amounted to USD 695,634 (31 December 2022: USD 371,181) and have a maturity of less than one year.

Note 9 – Share capital and net assets attributable to holders of redeemable Class A and Class B 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 12. 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 12. 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 12. 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 12. 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, are insulated against unrealized/realized capital losses of the Fund, bearing such losses 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 12. 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 12.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 9 – Share capital and net assets attributable to holders of redeemable Class A and Class B shares (continued)

As at 31 December 2023, the outstanding and uncalled commitments are as follows:

As at 31 December 2023	Senior Class A Shares in USD	Mezzanine Class B Shares in USD	First Loss Class C Shares in USD
Total outstanding commitment (USD)	6,000,000	30,400,000	-
Total outstanding commitment (EUR)*	1,489,800	-	79,048,926
Amount called (USD)	(6,000,000)	(30,400,000)	-
Amount called (EUR)*	(1,489,800)	-	(79,048,926)
Uncalled commitment (USD)	**-**	**-**	**-**
Uncalled commitment (EUR)*	**-**	**-**	**-**

* Called commitment amounts denominated in EUR are translated into USD at the exchange rate prevailing as of the subscription date. Uncalled commitment amounts denominated in EUR are translated into USD at the exchange rate prevailing as of the statement of financial position date.

For the year ended 31 December 2023, a total amount of USD 12,000,000 was redeemed in A-Shares and a transfer of USD 200,000 occurred between B-Shares. In addition, another USD 1,489,000 of A-Shares matured on the last business day of the year 2023 and was posted to the next accounting period.

As at 31 December 2022, the outstanding and uncalled commitments are as follows:

As at 31 December 2022	Senior Class A Shares in USD	Mezzanine Class B Shares in USD	First Loss Class C Shares in USD
Total outstanding commitment (USD)	18,000,000	30,400,000	-
Total outstanding commitment (EUR)*	1,489,800	-	90,185,175
Amount called (USD)	(18,000,000)	(30,400,000)	-
Amount called (EUR)*	(1,489,800)	-	(90,185,175)
Uncalled commitment (USD)	**-**	**-**	**-**
Uncalled commitment (EUR)*	**-**	**-**	**-**

* Called commitment amounts denominated in EUR are translated into USD at the exchange rate prevailing as of the subscription date. Uncalled commitment amounts denominated in EUR are translated into USD at the exchange rate prevailing as of the statement of financial position date.

For the year ended 31 December 2022, a total amount of USD 7,500,000 was redeemed in A-Shares.

The total outstanding commitment amounts presented above may decrease from one year to another following either the redemption of certain tranches of Class A and Class B shares or the maturity of the uncalled commitment, therefore considered as no longer outstanding.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 10 – Reconciliation of financial liabilities

	1 January 2023	Cash flows	Non-cash flows	31 December 2023
Cash collateral with brokers	1,866,964	(1,866,964)	-	-
Contribution payable to the technical assistance facility	441,304	(2,869) *	-	438,435
Distribution payable to holders of redeemable shares	2,015,359	(2,015,359)	3,715,077	3,715,077
Notes	56,074,887	(4,367,750)	324,453	52,031,590
Net assets attributable to:				
- holders of redeemable Class A shares	19,489,800	(12,000,000)	-	7,489,800
- holders of redeemable Class B shares	30,400,000	-	-	30,400,000

	1 January 2022	Cash flows	Non-cash flows	31 December 2022
Cash collateral with brokers	-	1,866,964	-	1,866,964
Contribution payable to the technical assistance facility	198,271	-	243,033	441,304
Distribution payable to holders of redeemable shares	1,242,772	(1,242,772)	2,015,359	2,015,359
Notes	36,793,956	20,679,931	(1,399,000)	56,074,887
Net assets attributable to:				
- holders of redeemable Class A shares	26,989,808	(7,500,000)	(8)	19,489,800
- holders of redeemable Class B shares	30,400,073	-	(73)	30,400,000

* Relates to a fee paid to a consultant for the technical assistance facility.

Note 11 – Expenses

11.1. 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 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.

(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.

The Fund management fee amounted to USD 3,206,112 for the year ended 31 December 2023 (year ended 31 December 2022: USD 2,894,545).

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 11 – Expenses (continued)

11.2. 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 (as detailed in the waterfall allocation, Note 13.3), the Investment Manager might be entitled to additional performance-based remuneration (namely "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 12.

The Investment Manager incentive bonus amounts to a total of USD 87,706 as of the year ended 2023. It includes the 2023 allocation of USD 63,403 as well as an additional Investment Manager incentive bonus of USD 24,303 related to year ended 2022. The decision of the additional Investment Manager incentive bonus for year end 2022 was confirmed by the Board of Directors in March 2023, after the 2022 year-end closing.

11.3. Direct operating expenses

The direct operating expenses are as follows:

	For the year ended 31 December 2023	**For the year ended 31 December 2022**
AML fees	38,086	29,199
Audit fees	120,228	99,022
BoD and IC travel and ad-hoc costs	34,773	19,784
Clearing and hedging fees	7,859	7,801
Consultant and tax advisory fees	28,096	25,361
Directors and commitees members fees	119,266	115,838
General secretary fees	221,357	172,578
Insurance fees	18,068	17,330
Legal fees	7,622	14,035
Marketing and promotion expenses	39,151	34,750
Other operating expenses	24,763	78,504
Regulatory fees	5,087	4,972
Research fees*	33,463	37,112
Workout cases fees**	579	9,644
Total	**698,398**	**665,930**

* encompass end borrowers' impact studies and participation in a Microfinance Index
** correspond to legal and consultant fees engaged in the effort to recover defaulted loans

Secretary fees

The secretary fees are paid on a monthly basis upon receipt of the invoice.
For the year ended 31 December 2023, the secretary fees amount to USD 221,357 (year ended 31 December 2022: USD 172,578).

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 11 – Expenses (continued)

11.3. Direct operating expenses (continued)

Administration, custodian and domiciliation fees

Citibank Europe plc, Luxembourg Branch has been appointed as administrative, registrar and transfer agent of the Fund ("Administrative Agent"), as well as as domiciliary and corporate agent, pursuant to a fund administration services agreement dated 1 March 2022. The Administrative Agent may delegate under the control and responsibility of the Fund a part or all of its duties to one or more third parties.

The Administrative Agent's fees are charged to the Fund in conformity with the agreement and shall not exceed 0.10 per cent per annum (excluding VAT) of the gross asset value.

Citibank Europe plc, Luxembourg Branch has been appointed custodian of the assets of the Fund and as the paying agent of the Fund ("Custodian"), pursuant to a custodian and paying agent services agreement dated 1 March 2022, as amended from time to time.

The fees to be paid by the Fund to the Custodian as compensation for the execution of its duties shall not exceed 0.03 per cent per annum (excluding VAT) of the net asset value and the aggregate issue amounts of the Notes issued by the Fund and subscribed by Noteholders from time to time, subject to an annual minimum fee of USD 60,000 (excluding VAT). In addition, the Custodian is entitled to the following fees on a transaction basis: (i) USD 100 per transaction for loan agreements and promissory notes; (ii) USD 40 for FX instructions ; (iii) USD 10 for cash payments ; (iv) USD 75 per time deposit instruction.

Administration, custodian and domiciliation fees for the year ended 31 December 2023 amount to USD 233,144 (year ended 31 December 2022 : USD 227,479).

11.4. Accrued expenses

As at 31 December 2023, the accrued expenses mainly relate to Fund management fees and direct operating expenses and amount to USD 1,015,412 (31 December 2022: USD 986,263).

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 12 – Allocation and distribution waterfalls

At each date on which a net asset value ("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, direct operating expenses and Fund 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 realized and unrealized (i.e. accrued) interest owed to the Fund are included in the Fund's Net Income (if any interest is not received by the Fund or if previously accrued interest is 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 Class A, B and 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 11.2, included to align the interests of the Investment Manager with those of the Fund's investors.

The TA Facility and Investment Manager Incentive Bonus are accrued for throughout the year based on the performance of the Fund and on the remaining amounts available subsequent to the allocation of target dividends. In the context of the preparation of the financial year-end net asset value, the Board of Directors approves the final amounts based on the performance of the Fund during the first meeting subsequent to the financial year-end. The accrual is therefore adjusted accordingly at year-end.

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.

Notes to the Financial Statements (continued)
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Note 12 – Allocation and distribution waterfalls (continued)

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 the Fund's 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 their NAV at period ends.

Notes to the Financial Statements (continued)
As at 31 December 2023
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Note 13 – Calculation of distributable income and capital gains and losses

13.1. Calculation of distributable income (income waterfall)

	Year ended 31 December 2023	Year ended 31 December 2022
Interest income on loans to PLIs	15,853,124	12,735,933
Interest income on term deposit	226,212	36,500
Upfront fees loans to PLIs	606,343	522,522
Interest income on derivative financial instruments	9,674,479	5,139,927
Other income	110,485	149,385
Interest expenses on notes	(2,972,285)	(977,521)
Interest expenses on derivative financial instruments	(10,986,471)	(8,157,808)
Management fees	(3,206,112)	(2,894,545)
Administration, custodian and domiciliation fees	(233,144)	(227,479)
Direct operating expenses	(698,398)	(665,930)
Amortisation of placement fees	(153,862)	(142,438)
Other expenses	(21,581)	(6,331)
Net reversal of / (contribution to) loans loss allowance (interest portion)	(1,262,927)	(464,030)
Total	**6,935,863**	**5,048,185**

Direct operating expenses mainly include general secretary, governance, AML screening, legal, audit, insurance, marketing and impact study fees.

13.2. Calculation of capital gains and losses specific to Class C Shares (capital waterfall)

In addition to the above, capital gains and losses are allocated only to Class C Shares, pro rata to the NAV of each Series of Class C Shares as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Net change in unrealised gain / (loss) on foreign exchange	345,120	(1,318,429)
Net realised gain / (loss) on foreign exchange	(3,450,811)	(3,759,491)
Net change in unrealised gain / (loss) on derivative financial instruments	(1,770,736)	2,795,835
Net realised gain / (loss) on derivative financial instruments	3,390,445	3,738,667
Net change in unrealised gain/(loss) on loans to Partner Lending Institutions	-	78,662
Net realised gain/(loss) on loans to Partner Lending Institutions	-	(2,731)
Net reversal of / (contribution to) loans loss allowance (principal portion)	(12,783,347)	460,223
Total	**(14,269,329)**	**1,992,736**

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 13 – Calculation of distributable income and capital gains and losses (continued)

13.3 Allocation of distributable income and capital gains and losses

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

	Year ended 31 December 2023	Year ended 31 December 2022
Target dividend on Class A Shares	1,274,431	690,153
Complementary dividends on Class A Shares	-	12,851
Target dividend on Class B Shares	2,440,646	1,277,572
Complementary dividends on Class B Shares	-	34,783
Total dividends distributable to Class A and Class B Shares	**3,715,077**	**2,015,359**
Contribution to the technical assistance facility	**-**	**243,033**
Investment Manager incentive bonus *	**87,706**	**48,607**
FX compensation allocated to C Shares	38,181	-
Target dividend on Class C Shares	2,735,616	2,594,393
Complementary dividends on Class C Shares	359,283	146,793
Capital gain / (loss) specific to Class C Shares	(14,269,329)	1,992,736
Total allocated to Class C Shares	**(11,136,249)**	**4,733,922**
Profit before performance allocation	**(7,333,466)**	**7,040,921**

* Investment Manager incentive bonus is composed of USD 24,303 related to year 2022 (decided after the closing of the fiscal year and posted in 2023) and of USD 63,403 being the allocation for the year ended 31 December 2023.

As a result, for the year ended 31 December 2023, a total amount of USD 1,274,431 is payable to the holders of Class A Shares (year ended 31 December 2022: USD 703,004), a total amount of USD 2,440,646 is payable to the holders of Class B Shares (year ended 31 December 2022: USD 1,312,355), and a total amount of USD 3,094,899 (year ended 31 December 2022: USD 2,741,186) has been capitalized to the Class C Shares, pro rata to the NAV and the subscription date of each Series of Class C Shares.

In line with the Issue Document, the Fund calculated for each NAV calculation date a FX compensation amount ("the FX Compensation Amount"), as below detailed :

The foreign exchange compensation amount ("FX Compensation Amount") protects the Class C Shares against expected FX depreciation on unhedged investments. This is calculated by multiplying the outstanding unhedged PLI investments, including principal but excluding interest, in local currency in each country at the beginning of each period by the expected depreciation rate of each local currency towards the USD. The expected depreciation rate and the FX Compensation amount is approved by the Board of Directors annually and quarterly respectively. For more information please refer to the Issue Document of the Fund.

Notes to the Financial Statements (continued)
As at 31 December 2023
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Note 14 – Financial 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 its holds.

The tables below present the Fund's financial instruments by category.

As at 31 December 2023	Assets/ Liabilities at amortised cost	Assets/ Liabilities at fair value through profit or loss	Cash	Loans and receivables	Other financial liabilities	Total
ASSETS						
Net loans to Partner Lending Institutions	155,077,482	-	-	-	-	155,077,482
Net interest receivable on loans to Partner Lending Institutions	-	-	-	3,087,806	-	3,087,806
Equity shares at fair value through profit or loss	-	-	-	-	-	-
Derivative financial instruments	-	5,893,748	-	-	-	5,893,748
Interest receivable on derivative financial instruments	-	-	-	1,338,607	-	1,338,607
Receivables on loans to Partner Lending Institutions	-	-	-	668,925	-	668,925
Other receivables	-	-	-	715,619	-	715,619
Cash collateral with brokers	-	-	2,193,699	-	-	2,193,699
Cash and cash equivalents	-	-	17,487,755	-	-	17,487,755
Total assets	**155,077,482**	**5,893,748**	**19,681,454**	**5,810,957**	**-**	**186,463,641**
LIABILITIES						
Derivative financial instruments	-	3,977,550	-	-	-	3,977,550
Interest payable on derivative financial instruments	-	-	-	-	1,422,529	1,422,529
Accrued expenses	-	-	-	-	1,015,412	1,015,412
Payables on redemption of shares	-	-	-	-	7,000,000	7,000,000
Other payables	-	-	-	-	341,913	341,913
Contribution payable to the technical assistance facility	-	-	-	-	438,435	438,435
Notes issued	52,031,590	-	-	-	-	52,031,590
Net assets attributable to Class A and B Shares	-	-	-	-	37,889,800	37,889,800
Distribution payable to holders of redeemable shares	-	-	-	-	3,715,077	3,715,077
Total liabilities	**52,031,590**	**3,977,550**	**-**	**-**	**51,823,166**	**107,832,306**

Notes to the Financial Statements (continued)

As at 31 December 2023
(expressed in USD)

Note 14 – Financial risk management (continued)

As at 31 December 2022	Assets/ Liabilities at amortised cost	Assets/ Liabilities at fair value through profit or loss	Cash	Loans and receivables	Other financial liabilities	Total
ASSETS						
Net loans to Partner Lending Institutions	155,082,595	-	-	-	-	155,082,595
Net interest receivable on loans to Partner Lending Institutions	-	-	-	2,930,460	-	2,930,460
Equity shares at fair value through profit or loss	-	-	-	-	-	-
Derivative financial instruments	-	7,754,244	-	-	-	7,754,244
Interest receivable on derivative financial instruments	-	-	-	800,120	-	800,120
Receivables on loans to Partner Lending Institutions	-	-	-	1,868,110	-	1,868,110
Other receivables	-	-	-	209,991	-	209,991
Cash collateral with brokers	-	-	2,430,000	-	-	2,430,000
Cash and cash equivalents	-	-	35,330,792	-	-	35,330,792
Total assets	**155,082,595**	**7,754,244**	**37,760,792**	**5,808,681**	**-**	**206,406,312**
LIABILITIES						
Cash collateral with brokers	-	-	1,866,964	-	-	1,866,964
Derivative financial instruments	-	4,067,309	-	-	-	4,067,309
Interest payable on derivative financial instruments	-	-	-	-	991,900	991,900
Accrued expenses	-	-	-	-	986,263	986,263
Other payables	-	-	-	-	446,628	446,628
Contribution payable to the technical assistance facility	-	-	-	-	441,304	441,304
Notes issued	56,074,887	-	-	-	-	56,074,887
Net assets attributable to Class A and B Shares	-	-	-	-	49,889,800	49,889,800
Distribution payable to holders of redeemable shares	-	-	-	-	2,015,359	2,015,359
Total liabilities	**56,074,887**	**4,067,309**	**1,866,964**	**-**	**54,771,254**	**116,780,414**

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 14 – Financial risk management (continued)

14.1. 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.

As described in Note 2.5.7, the Fund has dedicated standards, policies, and procedures to control and monitor these credit risks. The Fund mitigates its overall credit risk by actively monitoring its portfolio of investments and the underlying credit quality of its holdings.

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 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 an 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, but not limited to the 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.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 14 – Financial risk management (continued)

14.1. Credit risk (continued)

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 lender. 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. The team supervises and assists throughout the payment collection process.

14.1.1. Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk of the Fund. The maximum exposure is shown gross, before the effect of mitigation through the use of collaterals and loans loss allowance.

	31 December 2023	31 December 2022
Statement of financial position		
Loans to PLIs	176,232,106	163,453,872
Interest receivable on loans to PLIs	6,230,535	4,810,262
Derivative financial instruments*	5,893,748	7,754,244
Interest receivable on derivative financial instruments	1,338,607	800,120
Receivables on loans to PLIs	668,925	1,868,110
Other receivables	715,619	209,991
Cash collateral with brokers	2,193,699	2,430,000
Cash and cash equivalents	17,487,755	35,330,792
Total	**210,760,994**	**216,657,391**
Off-balance sheet		
Committed undisbursed amounts on loans to PLIs	-	-
Total	**-**	**-**
Total gross maximum exposure	**210,760,994**	**216,657,391**

* See Note 6 for further details

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 14 – Financial risk management (continued)

14.1. Credit risk (continued)

14.1.2. Risk concentration 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 loans portfolio by PLI as of 31 December 2023 and 31 December 2022 is as follows:

	31 December 2023		31 December 2022	
	Amounts in USD	**%**	**Amounts in USD**	**%**
Top 1	9,950,040	5.65%	10,150,371	6.21%
Top 3	29,065,191	16.49%	30,014,283	18.36%
Top 5	44,849,025	25.45%	46,215,176	28.27%
Top 10	72,095,865	40.91%	74,532,734	45.60%
Top 20	115,034,516	65.27%	113,517,898	69.45%
Top 30	144,322,812	81.89%	136,770,560	83.68%
Top 40	163,830,117	92.96%	152,261,810	93.15%
Top 50	174,160,798	98.82%	161,591,478	98.86%
Total	**176,232,106**	**100.00%**	**163,453,872**	**100.00%**

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 14 – Financial risk management (continued)

14.1. Credit risk (continued)

14.1.2. Risk concentration of loan portfolio to credit risk (continued)

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 2023 and 31 December 2022:

	31 December 2023		**31 December 2022**	
	Amounts in USD	**%**	**Amounts in USD**	**%**
Nigeria	34,037,175	19.32%	27,438,021	16.79%
Kenya	27,839,270	15.80%	28,494,805	17.44%
South Africa	17,489,452	9.92%	15,807,159	9.67%
Ivory Coast	14,583,347	8.28%	7,109,684	4.35%
Senegal	13,602,642	7.72%	15,190,649	9.29%
Burkina Faso	12,869,286	7.30%	12,359,006	7.56%
Mauritius	7,557,952	4.29%	4,959,472	3.03%
Mali	7,025,033	3.99%	4,404,112	2.69%
Uganda	6,576,635	3.73%	6,878,969	4.21%
Benin	6,306,857	3.58%	4,068,703	2.49%
United States*	6,073,326	3.45%	6,056,399	3.71%
United Arab Emirates*	4,220,700	2.39%	7,029,834	4.30%
Cameroon	3,503,329	1.99%	4,229,380	2.59%
Madagascar	3,402,214	1.93%	5,602,567	3.43%
Ghana	2,985,192	1.69%	3,621,898	2.22%
Zambia	2,090,685	1.19%	350,698	0.21%
Democratic Republic of Congo	1,785,000	1.01%	2,975,064	1.82%
Botswana	1,628,795	0.92%	1,747,196	1.07%
Tanzania	989,649	0.56%	488,569	0.30%
Malawi	665,200	0.38%	1,086,474	0.66%
Sierra Leone	497,585	0.28%	1,292,329	0.79%
Rwanda	407,859	0.23%	473,444	0.29%
Angola	94,923	0.05%	1,789,440	1.09%
Total	**176,232,106**	**100.00%**	**163,453,872**	**100.00%**

* The Fund invested in institutions headquartered outside of Sub-Saharan Africa but the funding is fully utilized to support their operations in Sub-Saharan Africa. In the case of United Arab Emirates, the countries of relevance for the investment are Ivory Coast, Ghana, Mozambique, Nigeria, and Togo. For the exposure in the United States, the relevant countries are: Kenya, Nigeria, Tanzania and Uganda.

The above risk concentrations reflect the Fund's exposures by market and PLI. The portfolio value in the risk concentration tables differs from the portfolio value in the statement of financial position by USD 21,154,624, which consists of the loans loss allowance as of 31 December 2023 (31 December 2022: USD 8,371,277).

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 14 – Financial risk management (continued)

14.1. Credit risk (continued)

14.1.3. 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

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 14 – Financial risk management (continued)

14.1. Credit risk (continued)

14.1.3. Credit quality (continued)

The table below is a credit rating analysis of the Fund’s loan portfolio as of 31 December 2023 and 31 December 2022 based on the Fund’s credit rating system:

	31 December 2023		**31 December 2022**	
	Amounts in USD	**%**	**Amounts in USD**	**%**
A	27,299,829	15.49%	30,132,049	18.43%
BBB	73,055,064	41.46%	76,322,915	46.70%
BB	46,859,284	26.59%	48,814,638	29.86%
B	18,791,795	10.66%	3,432,467	2.10%
C	-	-	3,024,321	1.85%
D	7,882,344	4.47%	1,727,482	1.06%
Unrated	2,343,790	1.33%	-	-
Total	**176,232,106**	**100.00%**	**163,453,872**	**100.00%**

Credit risk exposure to counterparties from cash deposits

As at 31 December 2023, the Fund holds cash in current accounts of USD 17,487,755 and is mainly exposed to the credit risk with Citibank, whose rating is P-1 according to Moody’s and A-1 according to Standard & Poor’s. As at 31 December 2023, cash for a total amount of USD 2,193,699 has been pledged as collateral with ICBC Standard Bank rated Baa1 according to Moody's and with TCX acting as a hedge counterparty with the Fund rated A-1 according to Moody's.

As at 31 December 2022, the Fund holds cash in current accounts of USD 35,330,792 and is mainly exposed to the credit risk with Citibank, whose rating is P-1 according to Moody’s and A-1 according to Standard & Poor’s. As at 31 December 2022, cash for a total amount of USD 2,430,000 has been pledged as collateral with ICBC Standard Bank rated BBB+ according to Standard & Poor’s and collateral had been posted with TCX acting as a hedge counterparty with the Fund for USD (1,866,964) rated A-1 according to Standard & Poor’s.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 14 – Financial risk management (continued)

14.1. Credit risk (continued)

14.1.3. Credit quality (continued)

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 Audit and Risk Committee of the Fund 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 Audit and Risk Committee of the Fund for the next quarterly NAV calculation if the carrying amount of the relevant loan exceeds its recoverable amount.

The Fund recognizes expected credit losses on loans to PLIs based on its own probability of default model. As at 31 December 2023, loans loss allowance on principal amounts to USD 21,154,624 (31 December 2022: USD 8,371,277), which represents 12.00% (31 December 2022: 5.12%) of the gross portfolio.

IFRS 9 impairment methodology is forward looking, factoring in all future principal and interest cash flows. The loans loss allowance is applied to the entire portfolio (including non-workout institutions). Partner lending institutions are separated into Stage 1, 2 and 3 loans depending on changes to credit quality at year-end relative to credit quality at loan’s disbursement. As of 31 December 2023, Stage 1 loans, having a loans loss allowance of USD 1,776,531 (31 December 2022: USD 2,767,588) determined at a 12 month ECL, reflect the stable credit quality. Stage 2 loans, having a loans loss allowance of USD 6,909,987 (31 December 2022: USD 901,888) determined at a lifetime ECL, reflect a deterioration of credit quality, as a result of country risk and institutional risk increase. Stage 3 loans, having a loans loss allowance of USD 12,468,106 (31 December 2022: USD 4,701,801) determined at a lifetime ECL, indicate a default situation.

The ECL model is sensitive to the determined staging of each PLI and to long tenor exposures. Should all PLIs be reallocated from Stage 1 to Stage 2, the negative impact on credit loss allowance would amount to USD 3.6 million (2022: USD 5.5 million). The top two exposures of the Fund as of 31 December 2023, which have long tenor, represent around 50% of the increase on credit loss allowance when they are reallocated to Stage 2.

As regards cash and cash equivalents and collateral with brokers, the policy of the Fund is to book allowance for expected credit loss if the counterparty concerned has a long-term issue credit rating from Standard & Poor’s below A and the amount at stake is deemed significant.

Notes to the Financial Statements (continued)

As at 31 December 2023
(expressed in USD)

Note 14 – Financial risk management (continued)

14.2. Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

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.
- When there is excess cash in the Fund, as a reference when cash is above 10% of GAV, the Fund can invest in term deposits with financial institutions based in Sub-Saharan Africa, under pre-defined criteria approved by the Board of Directors. As of the end of December 2023, the Fund has invested USD 5 million in a Kenyan bank that is a subsidiary of the Fund's Custodian Bank and provides the Fund with daily liquidity.
- 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 the Investment Committee immediately.
- In addition, the Fund may at any time draw down from existing commitments on Class A Shares and Class B Shares or Notes and on a quarterly basis on Class C Shares. There were no existing uncalled commitments from Shareholders to the Fund as at 31 December 2023 (31 December 2022: none).

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 14 – Financial risk management (continued)

14.2. Liquidity risk (continued)

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

31 December 2023	Less than 3 months (in USD)	3 months to 1 year (in USD)	1 year to 5 years (in USD)	More than 5 years (in USD)	Undefined maturity (in USD)	Total (in USD)
Loans to PLIs*	24,413,335	51,838,833	120,628,254	12,042,375	-	208,922,797
Receivables on loans to PLIs	668,925	3,087,806	-	-	-	3,756,731
Other receivables	715,619	-	-	-	-	715,619
Cash collateral with brokers	2,193,699	-	-	-	-	2,193,699
Cash and cash equivalents	17,487,755	-	-	-	-	17,487,755
Total financial assets	**45,479,333**	**54,926,639**	**120,628,254**	**12,042,375**	**-**	**233,076,601**
Undrawn capital commitments	-	-	-	-	-	-
Total financial assets and undrawn capital commitments	**45,479,333**	**54,926,639**	**120,628,254**	**12,042,375**	**-**	**233,076,601**
Derivative financial instruments**	1,523,972	72,636	2,593,122	-	-	4,189,730
Accrued expenses	1,015,412	-	-	-	-	1,015,412
Other payables	341,913	-	-	-	-	341,913
Contribution payable to the technical assistance facility	-	438,435	-	-	-	438,435
Notes issued**	1,416,711	10,968,616	46,280,046	-	-	58,665,373
Net assets attributable to Class A and B Shares	1,489,800	6,000,000	30,400,000	-	-	37,889,800
Distribution payable to holders of redeemable shares	-	3,715,077	-	-	-	3,715,077
Total financial liabilities	**5,787,808**	**21,194,764**	**79,273,168**	**-**	**-**	**106,255,740**
Committed undisbursed amounts on loans to PLIs	-	-	-	-	-	-
Total financial liabilities and committed undisbursed amounts on loans to PLIs	**5,787,808**	**21,194,764**	**79,273,168**	**-**	**-**	**106,255,740**

* Based on principal amounts at historical cost, considering hedging with derivative financial instruments, and including future interest income
** Including future interest income/expenses

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 14 – Financial risk management (continued)

14.2. Liquidity risk (continued)

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

31 December 2022	Less than 3 months (in USD)	3 months to 1 year (in USD)	1 year to 5 years (in USD)	More than 5 years (in USD)	Undefined maturity (in USD)	Total (in USD)
Loans to PLIs*	7,932,541	53,003,179	113,685,232	23,098,615	-	197,719,567
Receivables on loans to PLIs	1,868,110	2,930,460	-	-	-	4,798,570
Other receivables	209,991	-	-	-	-	209,991
Cash collateral with brokers	2,430,000	-	-	-	-	2,430,000
Cash and cash equivalents	35,330,792	-	-	-	-	35,330,792
Total financial assets	**47,771,434**	**55,933,639**	**113,685,232**	**23,098,615**	**-**	**240,488,920**
Undrawn capital commitments	-	-	-	-	-	-
Total financial assets and undrawn capital commitments	**47,771,434**	**55,933,639**	**113,685,232**	**23,098,615**	**-**	**240,488,920**
Cash collateral with brokers	1,866,964	-	-	-	-	1,866,964
Derivative financial instruments**	5,057,235	(1,345,966)	2,041,577	(122,856)	-	5,629,990
Accrued expenses	986,263	-	-	-	-	986,263
Other payables	446,628	-	-	-	-	446,628
Contribution payable to the technical assistance facility	-	441,304	-	-	-	441,304
Notes issued**	973,700	13,888,708	53,966,239	-	-	68,828,647
Net assets attributable to Class A and B Shares	-	13,689,800	16,000,000	20,200,000	-	49,889,800
Distribution payable to holders of redeemable shares	-	2,015,359	-	-	-	2,015,359
Total financial liabilities	**9,330,790**	**28,689,205**	**72,007,816**	**20,077,144**	**-**	**130,104,955**
Committed undisbursed amounts on loans to PLIs	-	-	-	-	-	-
Total financial liabilities and committed undisbursed amounts on loans to PLIs	**9,330,790**	**28,689,205**	**72,007,816**	**20,077,144**	**-**	**130,104,955**

* Based on principal amounts at historical cost, considering hedging with derivative financial instruments, and including future interest income
** Including future interest income/expenses

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 14 – Financial risk management (continued)

14.3. Market risk

14.3.1. 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 that 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 2023, 69.3% (31 December 2022: 64.9%) of the portfolio yields floating interest rates with USD 6-month LIBOR, daily SOFR, or 6-month CME Term SOFR as the rate basis (local currency denominated loans hedged for both currency and interest rate risk). 47.5% of the portfolio is denominated in USD (31 December 2022: 49.5%), the functional currency of the Fund and 26.5% (31 December 2022: 30.7%) of the portfolio denominated in USD yield a fixed USD rate.

LIBOR transition

The UK Financial Conduct Authority (FCA) made an announcement in March 2021 about the future cessation and loss of representativeness of the LIBOR benchmarks published by the ICE Benchmark Administration (IBA) with the expectation to be discontinued after 30 June 2023. The Federal Reserve announced in November 2020 the phasing out and replacement of USD LIBOR and instructed banks to suspend the use of LIBOR in contracts by the end of 2021. In November 2022, after the IBA received feedback from the panel banks and sector bodies, they informed the market that the publication of all the USD LIBOR ICE rates would be fully discontinued after 30 June 2023. To support the transition, no new contracts should be signed using the USD LIBOR benchmark starting in 2022. The Fund has complied with this request and since 2022 all new assets and liabilities acquired based on a floating benchmark in USD have used the daily-compounded SOFR or Term SOFR, corresponding to the availability in the market and preference of partners of the Fund.

The Fund has informed all investors that have legacy contracts based on USD LIBOR as the benchmark that an amendment to the subscription forms will be negotiated before the deadline for the cessation of the USD LIBOR. The last payments using USD LIBOR as a benchmark happened as of 31 December 2023, and starting on 1 January 2024, all contracts of the Fund that are linked to a USD floating benchmark will be based on SOFR (daily or term). Hence, during 2023, the Fund had a mix of exposure to diverse benchmarks (LIBOR and SOFR), and starting 2024, all exposures will be using SOFR.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 14 – Financial risk management (continued)

14.3. Market risk (continued)

14.3.1. Interest rate risk (continued)

As of 31 December 2023, the Fund has not transitioned any asset, liability or derivatives to a USD Risk-Free-Rate (RFRs). The transition of USD 6-month LIBOR rates was completed end of June 2023. Although the Fund currently has exposure to other interest rate benchmarks, the Fund shall evaluate and follow a similar approach to LIBOR transition in the future, if any of those benchmarks are set to be discontinued and mandated by the relevant regulators. This will be subject to necessary approvals from the Board of Directors.

Investor returns for Notes and redeemable shares are based on floating interest rates with USD 6-month LIBOR and 6m CME Term SOFR 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 economies 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 also arises from the possibility that changes in interest rates will affect future cash flows of financial instruments as well as the Fund's profitability.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 14 – Financial risk management (continued)

14.3. Market risk (continued)

14.3.1. Interest rate risk (continued)

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).

	31 December 2023		31 December 2022	
Increase (in bps)	**Effect on profit before tax (in USD)**	**Effect on profit before tax (in %)**	**Effect on profit before tax (in USD)**	**Effect on profit before tax (in %)**
100	237,705	6.56%	198,324	7.33%
250	594,264	16.41%	495,809	18.33%
750	1,782,791	32.82%	1,487,426	54.99%

14.3.2. 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 2023, all of the Fund's redeemable shares are denominated in the functional currency of the Fund (31 December 2022: 100%). As at 31 December 2023, 86.07% of the Fund's Notes are denominated in EUR and the remaining 13.93% are denominated in USD which is the functional currency of the Fund (31 December 2022: 67.06%% in EUR and 32.94% in USD). 47.5% of the Fund's PLI investments are denominated in USD (31 December 2022: 49.5%), 43.0% are denominated in local currency and hedged for both currency and interest rate risk (31 December 2022: 50.1%), and 9.5% are denominated in other currencies and unhedged.

As at 31 December 2023, the Fund's total unhedged open currency exposure amounts to USD 16,778,395 (31 December 2022: USD 748,434).

The table below indicates the currencies to which the Fund had significant exposure at 31 December 2023 and 31 December 2022 on its PLIs investments. The analysis calculates the effect of a reasonably possible movement of the currency rates against the USD on the net assets attributable to holders of redeemable shares, with all other variables held constant.

An equivalent increase would have resulted in an equivalent but opposite impact.
The possible 5% and 10% shift in currency rates represent management's best estimate, having regards to historical volatility.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 14 – Financial risk management (continued)

14.3. Market risk (continued)

14.3.2. Currency risk (continued)

	31 December 2023		31 December 2022	
Currency	Change in currency rate	Effect on the net assets attributable to holders of redeemable shares	Change in currency rate	Effect on the net assets attributable to holders of redeemable shares
EUR	10%	(37,104)	10%	(18,636)
EUR	5%	(18,552)	5%	(9,318)
UGX	10%	(74,734)	10%	-
UGX	5%	(149,468)	5%	-
XOF*	10%	(684,798)	10%	-
XOF*	5%	(1,369,595)	5%	-
ZAR	10%	(40,470)	10%	(14,667)
ZAR	5%	(20,235)	5%	(7,333)

* For the XOF exposure part of the Open Currency Exposure of the Fund, which is only partially unhedged against EUR, only the effect of the XOF depreciation vs. EUR is considered.

As at 31 December 2023 and 31 December 2022, the split of the loan portfolio by currency is as follows:

	31 December 2023			31 December 2022		
Currency	Number of loans	Total amount* (in USD)	% of net assets	Number of loans	Total amount* (in USD)	% of net assets
USD	38	83,728,648	67.56%	37	80,852,703	57.72%
XOF	32	46,120,637	37.21%	27	34,842,556	24.87%
ZAR	9	19,118,247	15.43%	10	17,568,709	12.54%
EUR	8	10,361,045	8.36%	4	10,462,570	7.47%
UGX	5	6,576,635	5.31%	1	6,878,969	4.91%
XAF	1	3,503,329	2.83%	7	4,229,380	3.02%
ZMW	3	2,090,685	1.69%	1	350,698	0.25%
KES	4	1,362,475	1.10%	9	2,142,748	1.53%
MGA	1	1,307,697	1.06%	2	3,429,596	2.45%
TZS	1	989,649	0.80%	1	488,569	0.35%
MWK	1	665,200	0.54%	1	1,086,474	0.78%
RWF	1	407,859	0.33%	1	473,444	0.34%
GHS	-	-	0.00%	1	647,456	0.46%
Total	**104**	**176,232,106**	**142.19%**	**102**	**163,453,872**	**116.69%**

* net of the effect of the forward exchange transactions as of 31 December 2023 and 31 December 2022.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 14 – Financial risk management (continued)

14.3. Market risk (continued)

14.3.3. 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 15 – Capital management

Except the minimum capital requirement of EUR 1.25 million applicable as per the law of 13 February 2007 on Specialised Investment Funds (SIF), 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 prospectus.
- 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 fulfill all financial obligations.
- To maintain sufficient size to make the operation of the Fund cost efficient.

Note 16 – 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 2023, an amount of USD 34,773 of travel expenses was reimbursed to the Directors (year ended 31 December 2022: USD 19,784). Directors', IC and FX Committees remuneration fees for the year ended 31 December 2023 amounted to USD 119,267 (year ended 31 December 2022: USD 115,838). The listing of the members of the Board of Directors is shown on page 3 of this annual report.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 16 – Related party transactions (continued)

Investment Manager

Management fee and Incentive Bonus

Symbiotics Asset Management S.A. serves as the Investment Manager of the Fund. The Investment Manager is entitled to a management fee. In addition, depending on the performance of the Fund, the Investment Manager might be entitled to additional performance-based remuneration. See Notes 11.1, 11.2, 12 and 13 for further details.

Placement fees

During the year ended 31 December 2023, there were a recognition of placement fees of USD 153,862 (year ended 31 December 2022: USD 142,438).

Note 17 – Commitments and contingencies

On 26 April 2022, REGMIFA subscribed an amount of EUR 5 million for the investment to a Fintech investee (Borrower) through the Micro, Small & Medium Enterprises Bonds SA (SPV). The investment is a debt syndication in which the Fund is participating as a Note Holder and for which participation of EUR 5 million was disbursed to the SPV. The Borrower has not drawn the Funds as of 31 December 2022. On 7 July 2022, a notification was sent to all Noteholders of a partial early redemption, equal to EUR 0.0409765 for each Note. The outstanding committed amount of the Fund was EUR 4,795,118 (equivalent to USD 5,117,589 as of 30 December 2022), and the investment was subject to the risk of non-disbursement as the Borrower is not contractually or legally required to make a drawdown of the loan. As the window for the Borrower to request a drawdown expiration date was on 27 June 2023, the Borrower requested to draw down 50% of the outstanding notional amount ahead of that date, corresponding to EUR 2,397,799. On 26 June 2023, a notification notice of early redemption of the other 50%, equal to EUR 0.479559721 for each Note, was sent to the Noteholders. Hence, EUR 2,397,799 were returned to the Fund a few days following this notification. On 27 June 2023, the EUR 2,397,799 were disbursed to the investee with an interest commencement date corresponding to the disbursement date (equivalent to USD 2,646,139 as of 29 December 2023).

On 13 December 2022, REGMIFA subscribed an amount of USD 4 million for the investment in a Kenyan Bank (Borrower) through the Micro, Small & Medium Enterprises Bonds SA (SPV). The investment is a subordinated debt syndication in which the Fund is participating as a Note Holder and for which participation of USD 4 million was disbursed to the SPV. The investment was subject to the risk of non-disbursement as the Borrower is not contractually or legally required to make a drawdown of the loan and might only draw a portion of the amount committed. The drawdown expiration date of the was 14 December 2023. The Borrower requested the withdrawal of the full notional amount of USD 4 million, which was disbursed to the Borrower on 12 April 2023. On 21 April 2023, the Fund received a notification sent to all the Noteholders informing of the Interest Commencement Date, which corresponded to the disbursement date, 12 April 2023.

There are no other commitments and contingencies to report as of 31 December 2023.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 18 – Reclassification of comparative figures

As part of the objective to improve the transparency and comparability of financial statements, certain comparatives from the statement of cash flows for the year ended 31 December 2022 have been reclassified to conform to the current period's presentation. These amendments have no impact on the previously reported Fund's financial position or performance.

The reclassifications are summarized as follows:

USD	Year ended 31 December 2022 (as per audited financial statements)	Reclassification	Year ended 31 December 2022 (as reclassified)
Net (increase)/decrease in loans to Partner Lending Institutions	(20,075,174)	20,075,174	-
Upfront fees to be amortised	-	69,795	69,795
Payments of loans disbursed	-	(74,255,985)	(74,255,985)
Proceeds from matured/repaid loans	-	54,111,016	54,111,016
Total of reclassified comparative figures	**(20,075,174)**	**-**	**(20,075,174)**

Note 19 – Approval of the financial statements

On 7 May 2024, the Board of Directors resolved to authorize the issuance of the financial statements of the Fund for the year ended 31 December 2023 and decided to submit them to the Annual General Meeting of Shareholders for approval.

Note 20 – Important events

Assessment of the Israel-Hamas war

On 7 October 2023, Gaza-based Hamas initiated a surprise offensive on Israel, killing over 700 Israelis and abducting at least 130. Immediately, Israel declared war and conducted massive airstrikes with ground fighting still ongoing focused on northern Gaza. More than 10,000 Palestinians have been killed in 31 days of relentless Israeli attacks on the Gaza Strip.

Thus far, the Israel–Hamas war have not had an impact on the SSA region or the Fund's investees. However, it is too early to assess future implications in the global economy, diplomatic relations or refugee flows. The consequences will depend on the duration and intensity of the conflict and regional dynamics.

Notes to the Financial Statements (continued)
As at 31 December 2023
(expressed in USD)

Note 20 – Important events (continued)

Assessment of the Russia-Ukraine conflict

In February 2022, Russia invaded Ukraine, escalating the conflict that originated in 2014 with Russia's annexation of Crimea. This unprovoked invasion prompted the European Union to impose a series of sanctions against Russia, augmenting the measures imposed in 2014. These sanctions encompass economic measures, diplomatic actions, and individual sanctions targeting individuals supporting or benefiting from the Ukrainian conflict.

The likelihood of a negotiated settlement to the Russia-Ukraine war remains low due to their respective territorial claims. Combined with the current military stalemate, this suggests a prolonged conflict.

The impact on Sub-Saharan African countries has been diverse, but generally, the region has experienced slower economic growth due to spillover effects from the Russia-Ukraine war. Moreover, disruptions in global trade have elevated food and energy prices, thus contributing to inflation and prompting central banks to raise interest rates. Additionally, investor preference for safer assets and reliance on stronger currencies have exerted pressure on local currencies, posing challenges for countries and institutions with liabilities denominated in hard currencies.

Note 21 – Subsequent events

No significant subsequent event occurred after the reporting date.

Note 22 – SFDR disclosure

The information on the environmental and/or social characteristics for the Fund disclosing under article 8(1) of SFDR as required by the article 50 (2) of SFDR RTS and/or the information on sustainable investments for the Fund disclosing under article 9(1), 9(2) and 9(3) of SFDR as required by article 58 of the SFDR RTS are disclosed in the unaudited Annex I and V.

Supplementary Information (unaudited)
As at 31 December 2023

Number of Shares Outstanding	31 December 2023	31 December 2022
Number of shares outstanding at the beginning of the year:		
Class A	194.898	269.898
Class B	1,216.000	1,216.000
Class C	1,605.377	1,605.377
Number of shares issued during the year:		
Class A	-	-
Class B	8.000	-
Class C	-	-
Number of shares redeemed/matured during the year:		
Class A	(120.000)	(75.000)
Class B	(8.000)	-
Class C	-	-
Number of shares outstanding at the end of the year:		
Class A	**74.898**	**194.898**
Class B	**1,216.000**	**1,216.000**
Class C	**1,605.377**	**1,605.377**

Net Asset Value per Share	31 December 2023	31 December 2022	31 December 2021
Class of shares			
Class A	100,000.00	100,000.00	100,000.00
Class B	25,000.00	25,000.00	25,000.00
Class C1 to C4	49,429.96	56,393.56	53,433.00
Class C5	48,805.73	55,681.38	52,759.00

ANNEX V

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Regional MSME Investment Fund for Sub-Saharan Africa SA, SICAV-SIF
Legal entity identifier: 52990062YZ83Q83T6540

Sustainable investment objective

Did this financial product have a sustainable investment objective?

☒ **Yes**	☐ **No**
☒ It made **sustainable investments with an environmental objective: 6.6%**	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☒ It made **sustainable investments with a social objective: 71.9%**	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

Despite having a social objective, investments in two companies were made that reached an environmental objective. These were also equally reaching the social intent of the Fund, as described in section "To what extent was the sustainable investment objective of this financial product met?".

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

To what extent was the sustainable investment objective of this financial product met?

The social Sustainable Investment Objective of Regional MSME Investment Fund for Sub-Saharan Africa SA, SICAV- (the "Fund") is defined by its mission to build a unique public-private partnership between donors, development finance 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 partner lending institutions (PLIs) servicing MSMEs and low income households.

The Fund pursues its Sustainable Investment Objective by actively contributing to United Nations Sustainable Development Goals 1, 5 and 8, as described below. For more information on the sustainable investment objectives of the Fund, please refer to the Fund's Annex III. The share of investments contributing to these SDGs is reported in the following section.

SUSTAINABLE DEVELOPMENT GOALS	**How did the Fund contribute to the main SDGs targeted?**
1 NO POVERTY	Ensuring that low-income individuals have access to financial services, including microfinance and savings products, while investing in investees whose loan portfolio mostly serves the needs of low-income households through microcredits and small loans for household needs, housing or education. This contributed to SDG **Target 1.4**: "By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance."
5 GENDER EQUALITY	Providing women with equal access to economic resources and opportunities, while investing in investees whose loans are mostly allocated to a portfolio of women borrowers (i.e., showing that the investee is making significant efforts to ensure women are not discriminated against). This contributed to SDG **Target 5.1**: "End all forms of discrimination against all women and girls everywhere."
8 DECENT WORK AND ECONOMIC GROWTH	Strengthening the capacity of domestic financial institutions to expand access to banking and financial services for all and encouraging the growth of SMEs, while investing in investees whose loans are mostly allocated to a loan portfolio of SME. This contributed to **Target 8.3**: "Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services."

In 2023, additional SDGs not specifically targeted by the Fund were addressed through a small share of the investments, still in line with the overall mission of the Fund, as shown in the table below:

SUSTAINABLE DEVELOPMENT GOALS	**How did the Fund contribute to the other SDGs reached?**
2 ZERO HUNGER	Providing small-scale food producers access to productive resources through financial services and products, while investing in Investees whose loans are mostly allocated to a small-scale agriculture loan portfolio, or to a non-financial investee active mainly in small-scale agriculture. This contributed to SDG **Target 2.3**: "By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment."
7 AFFORDABLE AND CLEAN ENERGY	Ensuring universal access to affordable, reliable and modern energy service while investing in Investees whose funds mostly finance access to clean energy to low-income households. This contributed to **Target 7.1**: "By 2030, ensure universal access to affordable, reliable and modern energy services."
10 REDUCED INEQUALITIES	Contributing to the reduction of remittances costs while investing in companies that enable remittance transaction at approximately 4% (vs. global average of 7% in Dec-20). This contributed to **Target 10.c:** "By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent".
11 SUSTAINABLE CITIES AND COMMUNITIES	Ensuring access to safe, affordable and sustainable transport systems for all, while investing, usually through Green, Social and Sustainability bonds, in a majority of assets that are either green buildings, affordable housing, public transportation systems, green vehicles or while directly financing a company that is active in one of these sectors. **Target 11.2:** "By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons."

More specifically, the Fund invested in six institutions that support SDG 2 (Zero Hunger) by providing financial assistance to rural borrowers and smallholder farmers. These institutions offer various financial products such as loans to acquire productive assets and insurance products. Additionally, they also provide targeted trainings to help clients improve their agricultural output.

One institution in the Fund's portfolio contributes to SDG 7 (Affordable and clean energy). The institution offers solar-energy products, and its mission is to enable access to affordable energy for off-grid families in Sub-Saharan Africa.

Three institutions are working towards achieving SDG 10 by focusing on cross-border remittance payments. Their mission is to establish a strong payment ecosystem that caters to different payment types and instruments, making financial transactions across borders seamless. By providing a secure platform for sending remittances, they are contributing to SDG 10 (Reduced Inequalities).

An investment in a South African institution specialized in serving the minibus taxi industry can help facilitate affordable and safe public transport for commuters in South Africa. The institution's support of the minibus taxi industry is essential as it serves as a vital mode of transportation for many South Africans. This support directly contributes to achieving SDG 11 (Sustainable cities and communities).

How did the sustainability indicators perform?

The Fund monitors the evolution of outreach indicators to specific segments of the low- and middle-income population to measure its contribution to its Sustainable Investment Objectives (SIOs; in blue in the table below). Three metrics are provided:

- Total outreach of the investees financed by the Fund: this indicator represents the number of end-borrowers reached by the investee for each category of product that is considered as contributing to the SIOs of the Fund, and/or more broadly to the mission of the Fund.

- Outreach per 1 M USD invested in the Fund: this indicator measures the investors' contribution to the activity of the Fund's investees while investing 1M USD into it. It approximates the contribution of each million USD on each of the categories of products offered by the investees of the Fund.

- Fund contribution: this indicator estimates the contribution of the Fund to the outreach of its investees. It represents the number of end-borrowers of this category divided by the total gross loan portfolio of the investee and multiplied by the amount of the loan.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

These three metrics are calculated as the weighted average of each specific indicator based on the portfolio composition at the end of each quarter of the reporting period. The reporting period comprises from the 31st of December 2022 to the 31st of December 2023. For this reporting, the latest data available from the investees at the end of the reporting period are used.

The indicators below are collected for a share of the portfolio of Sustainable Investments of the Fund that is indicated at the bottom of the following table. The numbers below are thus slightly underestimated. Notably, a few investments realized through Green, Social and Sustainable Bonds or Green Loans did not receive yet the annual use-of-proceeds and impacts reports due for such instruments. A few investees sent outreach indicators that are not standard and which cannot be aggregated at the total portfolio level. As such, those are not yet included in the outreach of the Fund.

In 2023, the Investment Manager conducted a comprehensive review of the reporting template. As a result, new indicators were added to the template. The data for these indicators will be systematically collected throughout 2024 and will be included in the reporting for 2025. These recent additions include gender indicators such as the number of active borrowers whose legal entities are over 51% owned by women and the count of female full-time equivalent senior management employees.

Additionally, a breakdown of the Gross Loan Portfolio (GLP) has been added in the reporting template for new green products. This breakdown will be completed based on the use of proceeds of the loans. The indicators associated with the Sustainable Development Goals (SDGs) achieved by the Fund are outlined below, with new additions marked with an asterisk (*). The reported data for newly added indicators is sourced from the Green, Social, and Sustainability (GSS) Bonds, as companies report through the use of proceeds templates.

When available, the outreach of the total Bond issued is listed under the Sustainability Indicator “Reached by Investees”, and the outreach of the bond note subscribed by the Fund is listed under the Sustainability Indicator “Reached by Fund”.

The outreach indicators related to gender, agriculture and renewable energy loans are treated separately as those borrowers can be reached with types of loans already counted as contributing to other SDGs (e.g. microloans, SME loans, etc.).

Sustainability Indicators – Outreach		**Reached by Investees**	**Reached with 1 M USD Investment in the Fund**	**Reached by Fund**
SDG	**Total number of end-borrowers reached**	**3,336,944**	**746**	**146,073**
1.4	Number of end-borrowers reached with micro loans	2,833,414	437	85,479
4.6	Number of end borrowers reached with education loans	19,639	4	797
8.3	Number of end-borrowers reached with SME loans	63,616	16	3,093
11.1	Number of end-borrowers reached with housing loans	30,315	5	1,041
n.a.	Number of end-borrowers reached with other loans	389,959	283	55,664

	OF WHICH:			
2.3	Number of end-borrowers reached with a loan for agricultural activity	361,077	114	22,440
5.1	Number of women end-borrowers reached	936,719	293	57,268
7.1	Number of end-borrowers reached with renewable energy supply loans	306,864	270	53,092
Other indicators collected from investments				
10	Number of remittances users per year*	11,968,569	1,125	222,090
Coverage rate (in % of the portfolio of Sustainable Investments of the Fund, in NAV)				**80.2%**

A few complementary indicators are reported here to provide a more complete picture of the impact generated, i.e., measuring to what extent the Fund delivered its overall mission to create inclusive growth for the benefit of low and middle-income households and micro-, small, and medium enterprises in emerging markets.

Other indicators collected	
Number of investees	54
Number of countries served	23[1]
Gender balance	
% of women borrowers among borrowers reached by the Fund	39%
Average % women borrowers served by investees	36%
Outreach to LMIH	
Portfolio in low- and lower-middle-income countries (% of sustainable investments)	78%
Median average credit per borrower (USD)	1,408
Average % of rural borrowers served by investees	23%

To monitor the achievement of its Sustainable Investment Objectives, the Fund also determines for each investment which SDG it mostly contributes to, based on the economic

[1] In 2023, the Fund made direct investments in 23 countries, with some of the proceeds being utilized outside their respective domiciled countries, notably in the case of investments made in United States and United Arab Emirates. Consequently, the Fund expanded its outreach to a total of 24 countries through indirect investments, including Namibia, Zimbabwe, Mozambique, and Togo.

activities financed and/or target clientele served by the investee as described in the table above.

Sustainability Indicators –Portfolio Allocation to main SDG reached	**% total of assets (NAV)**[2] **Reporting period:** 31st of December 2022 to 31st of December 2023.
1 (No poverty)	24.4%
2 (Zero hunger)	5.1%
5 (Gender equality)	5.4%
7 (Affordable and clean energy)	3.0%
8 (Decent work and economic growth)	31.6%
10 (Reduced inequalities)	5.3%
11 (Sustainable cities and communities)	3.6%
Total Sustainable Investments	78.5%
Minimum Sustainable Investments	**70%**

…and compared to previous periods?

Sustainability Indicators – Outreach[3]		**Outreach of the investees financed**		**Outreach per 1 M USD invested**		**Fund's contribution to the Outreach**	
		2022	2023	2022	2023	2022	2023
SDG1.4	Number of end-borrowers reached with micro loans	3'439'715	2,833,414	511	437	98'097	85,479
SDG4.6	Number of end-borrowers reached with education loans	11'123	19,639	2	4	395	797
SDG8.3	Number of end-borrowers reached with SME loans	60'020	63,616	13	16	2'543	3,093

[2] Calculated as the weighted average portfolio composition at the end of each quarter of the reporting period, using the latest data available from the investees at the end of the reporting period.

[3] Data expressed as a weighted average of portfolio composition at end of each quarter, using latest data available from the investees at end of the reporting period.

SDG11.1	Number of end-borrowers reached with housing loans	22’831	30,315	4	5	836	1,041
n.a.	Number of end-borrowers reached with other loans	2’247’502	389,959	168	283	32’264	55,664
	TOTAL number of end-borrowers reached	6’064’308	3,336,944	1’112	746	213’109	146,073
	OF WHICH:						
SDG2.3	Number of end borrowers reached with a loan for agricultural activity	345’217	361,077	113	114	21’682	22,440
SDG5.1	Number of women end-borrowers reached	2’451’179	936,719	399	293	76’442	57,268
SDG7.1	Number of end-borrowers reached with renewable energy supply loans	2’655’712	306,864	584	270	111’812	53,092
Other indicators collected							
10	Number of remittances users per year*	n.c	11,968,569	n.c	1,125	n.c	222,090

The reduction in the number of reported end borrowers is mainly due to changes in data availability and the Fund's exposure, particularly relating to investments made through Green and Social bonds. In 2022, data from the Green, Social and Sustainable bonds were incomplete. Therefore, the Fund estimated the number of end borrowers based on its exposure and the total outreach reported by the investee, regardless of whether it was related to the bonds. However, in 2023, the Fund received and processed more detailed information about the use of the bond’s proceeds. This allowed for a more accurate estimation of the borrower count. The proportion of end borrowers is calculated based on the number of borrowers reached by the bond and the Fund's exposure to the bond note. Moreover, in the Fund's portfolio, three institutions provide remittance services. This year, the beneficiaries of these investees are reported under a new indicator: “Number of remittance users per year”. In 2022, a number of these beneficiaries were misclassified as end-borrowers. However, witht the new reporting, the data provided by remittances services are now consolidated, resulting in a more accurate reflection of the types of clients and services provided by the investees.

Complementary indicators[4]	**FY 2022**	**FY 2023**
Number of investees	53	54
Number of countries served	20	23

[4] Data expressed as a weighted average of portfolio composition at end of each quarter.

Gender balance		
% of women borrowers among borrowers reached by the Fund	36%	39%
Average % women borrowers served by investees	35%	36%
Outreach to LMIH		
Portfolio in low- and lower-middle-income countries (% of sustainable investments)	76%	78%
Median average credit per borrower	1,700	1,408
Average % of rural borrowers served by investees	25%	23%

Principal adverse impacts (PAI) are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Sustainability Indicators – Portfolio Allocation to SDG, in % of total assets	**FY 2022**	**FY 2023**
1 (No poverty)	24.6%	24.4%
2 (Zero hunger)	6.7%	5.1%
5 (Gender equality)	6.3%	5.4%
7 (Affordable and clean energy)	3.2%	3.0%
8 (Decent work and economic growth)	27.8%	31.6%
10 (Reduced inequalities)	1.4%	5.3%
11 (Sustainable cities and communities)	4.3%	3.6%
Total Sustainable Investments	**74.2%**	**78.5%**
Minimum Sustainable Investments	**70%**	**70%**

How did the sustainable investments not cause significant harm to any sustainable investment objective?

To be eligible, an Investee must avoid causing significant harm to any of the sustainable investment objectives of the Fund while focusing on generating positive impact. For that purpose, the Investment Manager uses two tools to filter out investments:

· Exclusion list. For private debt instruments, the Investment Manager ensures that the Target Investees do not finance activities included in the Exclusion list of the Fund. The Exclusion list is broadly in line with international standards set forth by development finance institutions like the IFC. For primary issuance debt instruments, the Investment Manager ensures that the Exclusion list is included in the loan agreements or promissory notes agreed with the Target Investees. Specifically, Investees are prohibited to perform themselves or finance any borrower involved in the activities listed in the Exclusion list.

· ESG assessment. The Investment Manager takes into account an ESG assessment of the Target Investee in its investment decision-making process. For private debt instruments, the Deal Originator is usually in charge of providing the Investment Manager with the required level of information. The Investment Manager agrees with each Deal Originator on the minimum level of information required to make sure it remains in compliance with the Do no significant harm (DNSH) principle. The ESG assessment used by the Investment Manager evaluates the risk of doing harm of a rated company from an environmental, social, and governance (ESG) risk perspective. The tool evaluates the company's exposure to E&S risks as well as the systems in place to mitigate such risks. It ranks companies according to their direct and indirect ESG footprint, where the indirect impact can be related to the company's borrowers, clients or suppliers.

When an investment is done through a syndication or third-party origination, the Fund Manager ensures that the assessment performed by the Third Party Originator or Syndication Agent is aligned with its standards.

How were the indicators for adverse impacts on sustainability factors taken into account?

In 2022, the Fund began monitoring mandatory indicators for principal adverse impacts on sustainability factors. Additionally, two of the optional indicators were being tracked - investments in companies without carbon emission reduction initiatives and lack of grievance/complaints handling mechanism related to employee matters. In 2023, the coverage rate has increased, and this positive trend is expected to continue over time. Some of the indicators are also estimated through the use of proxies. The PAI indicators statement is available at the end of this Annex.

Since 2021, the Investment Manager has been working with other professionals in the industry to align their approaches to measure PAI indicators. This includes determining the best methods for data collection and calculation at the investee and/or end-borrower levels. Collecting data from non-EU investees is particularly challenging, and coordination is essential to ensure that investors have access to meaningful data.

The way the Fund is considering principal adverse impacts on sustainability factors all along the investment value chain is described in the question "How did this financial product consider principal adverse impacts on sustainability factors?" of this Annex.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The ESG Assessment implemented during Investee Due Diligence is partly based on the International Finance Corporation Performance Standards (IFC PS), which are broadly based on other international standards such as the United Nations Guiding Principles on Business and Human Rights, International Bill of Human Rights, International Labour Organization Standards, and Equator Principles. It is, however, not based on the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises as the Fund invests mostly in small to mid-size companies in emerging and frontier economies thus not applicable.

UN Guiding Principles on Business and Human Rights	Broadly considered and adapted to the companies targeted
OECD Guidelines for Multinational Enterprises and Key Considerations for Banks Implementing the OECD Guidelines for Multinational Enterprises	Guidelines are not applicable as the Fund invests mostly in small to mid-size companies in emerging markets. All transversal standards framing these Guidelines, such as human rights, employment, environment, bribery, consumer interests, competition, and taxation, are broadly considered and adapted to the companies targeted. Science and technology fall out of scope. The key considerations that apply to the Fund are the ones defined for banks given that the Investees of the Fund are mostly microfinance institutions, SME banks and leasing companies. These six key considerations for banks are broadly covered by the Investment Manager's methodology or are planned to be: Measure 1: Embed responsible business conduct into policies and management systems Measure 2: Identify and assess actual and potential adverse impact Measure 3: Cease, prevent and mitigate adverse impacts Measure 4: Track implementation and results Measure 5: Communicate how impacts are addressed Measure 6: Provide for or cooperate in remediation when appropriate

How did this financial product consider principal adverse impacts on sustainability factors?

The Investment Manager integrates the risk of occurrence of Principal Adverse Impacts into the core investment process of the Fund through its research, analysis, and decision-making processes, as part of its Sustainability Policy. It does so principally via:

- An exclusion of any investments that significantly harm sustainable investment objectives, via an exclusion list defining what will be excluded from any investments, such as production or trade in weapons, commercial logging operations for use in primary tropical moist forest, and production or activities involving harmful or exploitative forms of forced labor, among others; and

- An ESG Assessment of the Target Investees, which focuses on the assessment of an Investee's risk of doing harm, provides an evaluation of the Principal Adverse Impacts that an Investee could cause on Sustainability Factors. It includes all PAI indicators (or the topics underlying the Principal Adverse Impact Indicators) weighted depending on their level of relevance for the Target Investees. It allows the Fund to filter investments to be exposed only to Target Investees evaluated to not harm significantly the Sustainability Factors. For now, no target objective was set up to reduce Principal Adverse Impacts at the Fund level.

The ESG Assessment is partly based on the International Finance Corporation Performance Standards, which are broadly based on other international standards such as the United Nations Guiding Principles on Business and Human Rights, International Bill of Human Rights, International Labour Organization Standards, and Equator Principles. It is however not based on the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises as the Fund invests mostly in small to mid-size companies in emerging and frontier economies (see the above question).

The assessment tool is also inspired by the Alinus Social Performance Management tool developed and promoted by CERISE + SPTF, dealing notably with customer protection issues. All indicators are collected through meetings with the Target Investees, answers to specific questionnaires, periodic data monitoring, and, when applicable and practicable, on-site visits.

When an investment is done through a syndication or third-party origination, the Fund Advisor ensures that the assessment performed by the Third-Party Originator or Syndication Agent is aligned with its processes and standards.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 31st December 2022 to 31st of December 2023

What were the top investments of this financial product?

Largest investments[5]	Sector (NACE Code)	%Assets	Country
KCB	K64.19	5.1%	Kenya
Equity Bank	K64.19	4.6%	Kenya
Access Bank Plc	K64.19	4.5%	Nigeria
SA Taxi DF	K64.91	3.6%	South Africa
Baobab Nigeria	K64.19	3.2%	Nigeria
Greenlight Planet Group	N77.29	3.0%	United States
PAMECAS	K64.19	2.8%	Senegal
ACF (UAE)	G46.11	2.5%	United Arab Emirates
ACEP Burkina	K64.19	2.5%	Burkina Faso

[5] Portfolio composition (% NAV) (excluding cash and money markets instruments) at end of the reference period.

CAC	K64.19	2.3%	Cote d'Ivoire
Lulalend	K66.19	2.2%	South Africa
TradeDepot	G46.39	2.1%	Nigeria
CCA Bank	K64.19	2.0%	Cameroon
Co-op Bank	K64.19	2.0%	Kenya
Baobab Mali	K64.19	2.0%	Mali

NACE CODE	Brief Description
K64.19	Other monetary intermediation
K64.91	Financial leasing
N77.29	Renting and leasing of other personal and household goods
G46.11	Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished goods
K66.19	Other activities auxiliary to financial services, except insurance and pension funding
G46.39	Non-specialized wholesale of food, beverages and tobacco

Asset allocation describes the share of investments in specific assets.

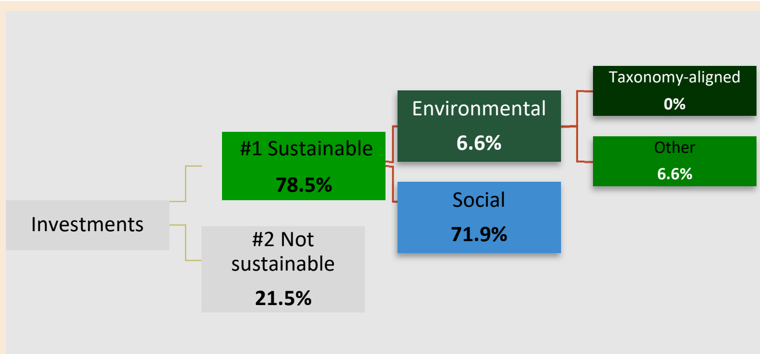
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

What was the proportion of sustainability-related investments?

What was the asset allocation?



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

The asset allocation is calculated as the weighted average portfolio composition at the end of each quarter of the reporting period, using the latest data available from the investees at the end of the reporting period). The reporting period comprises from the 31st of December 2022 to the 31st of December 2023.

In the fiscal year of 2023, both Sustainable Investment and Social Investment exceeded the minimum objective of 70%. Although the Fund did not have a minimum threshold requirement for environmental investments in the same fiscal year, investments with an environmental objective accounted for 6.6%. This was accomplished through opportunities that not only contributed to environmental targets but also aligned with social objectives in accordance with the overall mission of the Fund.

These investments include:

An investment in a South African institution specialized in serving the minibus taxi industry helped facilitate affordable and safe public transport for commuters in South Africa. This institution provides financial support to entrepreneurs operating minibus taxis who may struggle to access credit from mainstream banks. The institution also offers insurance services and customized financial products tailored to the needs of the taxi industry. The institution's support of the minibus taxi industry is essential as it is a vital mode of transportation for many South Africans. This support contributes to achieving Sustainable Development Goal (SDG) 11.2, which aims to provide access to safe, affordable, accessible, and sustainable transport systems for all by 2030. The institution's efforts enable the provision of affordable and safe public transport, making it easier for people to commute to work, school, and other essential services.

An investment was made in a United States-headquartered institution that focuses on ensuring access to affordable, reliable, sustainable, and modern energy for all. The institution provides solar-energy products to over 60 million consumers residing in rural areas across more than 65 countries in South Asia and Sub-Saharan Africa. Their primary mission is to enable access to affordable energy for off-grid families, with products specifically designed to meet their daily energy requirements. The institution designs, distributes and finances solar home energy products that target under-served populations, thereby significantly contributing to the advancement of SDG 7's objectives.

In which economic sectors were the investments made?

NACE code	NACE Brief Description	FY 2023
K64.19	Other monetary intermediation	48.7%
K66.19	Other activities auxiliary to financial services, except insurance and pension funding	9.1%
K64.91	Financial leasing	7.2%
K64.92	Other credit granting	3.3%
N77.29	Renting and leasing of other personal and household goods	3.0%
G46.11	Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished goods	2.5%
G46.39	Non-specialised wholesale of food, beverages and tobacco	2.1%
G46.21	Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	1.7%

K64.30	Trusts, funds and similar financial entities	0.8%

As shown in the table above, the Fund mostly invests in financial institutions and gathers information on the business activities in which these institutions invest. The breakdown per business activity of this underlying portfolio is:

Business activity (number of final borrowers weighted by Fund volumes)[6]	**FY 2023**
Trade	42.7%
Other services	14.0%
Agriculture	10.1%
Transport	9.7%
Financial services	7.6%
Non productive loans[7]	5.2%
Renewable energy	2.9%
Energy supply	2.7%
Manufacturing	1.8%
Construction	1.6%
Real estate	0.9%
Health	0.4%
Garages	0.3%
Mining	0.1%
Laundry	0.0%
Water & Waste	0.0%

To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

Sustainable investments with environmental objective are made in economic activities that are not aligned with the EU Taxonomy. Further information is provided in answer to "What

[6] Expressed in % of Investments per main economic sectors in which investees are investing. Weighted average of portfolio composition at end of each quarter.

[7] The Non-productive loans classification includes loans that do not fall under the sectors of agriculture, production, trade, or services and specifically pertains to personal loans, education, and housing.

was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy".

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

Did the financial product invest in fossil gas and/or nuclear energy-related activities complying with the EU Taxonomy[8]?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

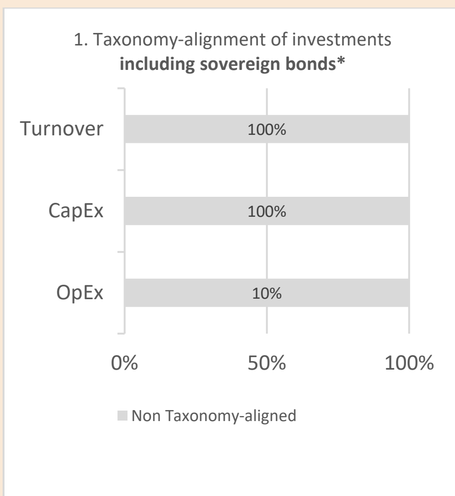
☒ No

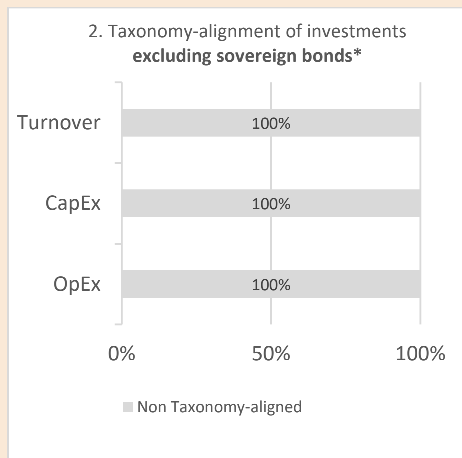
What was the share of investments made in transitional and enabling activities?

Not applicable.

[Non applicable]
Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





This graph represents 100% of the total investments.

* *For the purpose of these graphs, sovereign bonds, consist of all sovereign exposures.*

How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?

Not applicable.

[8] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

The Fund made a limited number of sustainable investments with an environmental objective. Despite being eligible for the climate change mitigation objective of the EU Taxonomy, all these sustainable investments are in economic activities that do not align with the Taxonomy. The Fund primarily invests in emerging markets where participants are not obligated to report against European regulations, and the technical standards required by European regulations are not adapted to these markets.

Nevertheless, investments contributing to one of the social objectives of the Fund undergo a comprehensive assessment for environmental quality. Additionally, for green and sustainability bonds, the assessment is conducted according to the ICMA Standards.

What was the share of socially sustainable investments?

Share of socially sustainable investments (% of total assets, calculated as the weighted average portfolio composition at the end of each quarter of the reporting period). The reporting period comprises the 1st of January 2023 to 31st of December 2023.	**71.9%**

What investments were included under "not sustainable", what was their purpose and were there any minimum environmental or social safeguards?

For FY 2023, the Non-Sustainable Investments of the Fund were composed of the categories detailed in the table below (all expressed in % of total assets).

Composition of the Fund as a weighted average of end of each quarter (in % of total NAV)	
Cash	11.9%
Hedging Instruments	4.1%
Other assets	3.6%
Other Investments (money market instruments)	1.9%
Total Non-Sustainable Investments	**21.5%**

Non-Sustainable Investments include cash, and hedging instruments, as well as other assets. The assets that are not invested in "Sustainable Investments" are either cash used for liquidity management purposes or cash that is not yet invested. The percentage of cash in the total assets reflects the nature and pace of the investment decisions made by a Fund investing in illiquid markets. Derivative financial instruments are used, when judged necessary, to ensure that the Fund extends financing in local currency to its Investees while reducing the foreign exchange currency risk for its investors. Providing financing in local currency is seen as part of the mission of the Fund to ensure that Investees can also extend local currency loans to their borrowers and as such protect them from foreign exchange risk.

To better represent the positive impact generated by investments, the provisioning of workout cases was directly allocated to the investments to avoid overestimating their outreach. This approach led to a residual accounting adjustment.

What actions have been taken to attain the sustainable investment objective during the reference period?

In 2021 and 2022, the Fund enhanced its Environmental and Social (E&S) risk management approach. This update aimed to intensify scrutiny of environmental and social risks as the Fund expanded and diversified its investment scope. The latter was in line with the Fund's strategic development of a pipeline of new investment types, specifically targeting financing for SMEs, low- and middle-income households, and microenterprises. In 2023, the roll-out of the updated E&S risk management approach continued and the number of investments assessed using this methodology continued to increase by an average of 15 percent points.

Also, the Fund reinforced its Environmental and Social Management System to make it commensurate with its exposure to E&S risk and be aligned with the stronger sustainability requirements from investors and the applicable regulation. This will ensure that the Fund continues achieving its mission and reaching its sustainable investment objective while aiming at generating low negative impact.

How did this financial product perform compared to the reference sustainable benchmark?

No index has been designated as a Reference Benchmark as existing indexes are not appropriate considering the type of Investments made by the Fund. To be able to position the proposed Investments in terms of their contribution to the Sustainable Investment Objectives of the Fund, an internal benchmark is used, and compares the ESG rating scores of the potential investees with the scores of its peers (of the same country or region). Sustainability Indicators of the Target Investees are also compared. The evolution of these indicators over time is also checked for repeat investees.

To cover the absence of a relevant benchmark, the Investment Manager also actively participates in professional associations of Impact Investors such as the Investor Working Group of the Social Performance Task Force or the GIIN and shares practices, results and performance with other market players.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.

- ***How did the reference benchmark differ from a broad market index?***

Not applicable.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?***

Not applicable.

- ***How did this financial product perform compared with the reference benchmark?***

Not applicable.

How did this financial product perform compared with the broad market index?

Not applicable.

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ANNEX 1

ANNEX

to the

Commission Delegated Regulation (EU) .../...

supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

ANNEX I

Principal adverse sustainability impacts statement

For the purposes of this Annex, the following definitions shall apply:

(1) ‘scope 1, 2 and 3 GHG emissions’ means the scope of greenhouse gas emissions referred to in points (1)(e)(i) to (iii) of Annex III to Regulation (EU) 2016/1011 of the European Parliament and of the Council[1];

(2) ‘greenhouse gas (GHG) emissions’ means greenhouse gas emissions as defined in Article 3, point (1), of Regulation (EU) 2018/842 of the European Parliament and of the Council[2];

(3) ‘weighted average’ means a ratio of the weight of the investment by the financial market participant in an investee company in relation to the enterprise value of the investee company;

(4) ‘enterprise value’ means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;

(5) ‘companies active in the fossil fuel sector’ means companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council[3];

(6) ‘renewable energy sources’ means renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;

(7) ‘non-renewable energy sources’ means energy sources other than those referred to in point (6);

(8) ‘energy consumption intensity’ means the ratio of energy consumption per unit of activity, output or any other metric of the investee company to the total energy consumption of that investee company;

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[1] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

[2] Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

[3] Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

(9) ‘high impact climate sectors’ means the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council[4];

(10) ‘protected area’ means designated areas in the European Environment Agency’s Common Database on Designated Areas (CDDA);

(11) ‘area of high biodiversity value outside protected areas’ means land with high biodiversity value as referred to in Article 7b(3) of Directive 98/70/EC of the European Parliament and of the Council[5];

(12) ‘emissions to water’ means direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council[6] and direct emissions of nitrates, phosphates and pesticides ;

(13) ‘areas of high water stress’ means regions where the percentage of total water withdrawn is high (40-80%) or extremely high (greater than 80%) in the World Resources Institute’s (WRI) Water Risk Atlas tool “Aqueduct”;

(14) ‘hazardous waste and radioactive waste’ means hazardous waste and radioactive waste;

(15) ‘hazardous waste’ means hazardous waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council[7] ;

(16) ‘radioactive waste’ means radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom[8];

(17) ‘non-recycled waste’ means any waste not recycled within the meaning of ‘recycling’ in Article 3(17) of Directive 2008/98/EC;

(18) ‘activities negatively affecting biodiversity-sensitive areas’ means activities that are characterised by all of the following:

(a) those activities lead to the deterioration of natural habitats and the habitats of species and disturb the species for which a protected area has been designated;

(b) for those activities, none of the conclusions, mitigation measures or impact assessments adopted pursuant to any of the following Directives or national provisions or international standards that are equivalent to those Directives have been implemented:

(i) Directive 2009/147/EC of the European Parliament and of the Council[9];

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4 Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains Text with EEA relevance (OJ L 393, 30.12.2006, p. 1–39).

5 Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC (OJ L 350, 28.12.1998, p. 58).

6 Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).

7 Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives (OJ L 312, 22.11.2008, p. 3).

8 Council Directive 2011/70/Euratom of 19 July 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste (OJ L 199, 2.8.2011, p. 48).

9 Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7).

(ii) Council Directive 92/43/EEC[10];

(iii) an Environmental Impact Assessment (EIA) as defined in Article 1(2), point (g), of Directive 2011/92/EU of the European Parliament and of the Council[11];

(iv) for activities located in third countries, conclusions, mitigation measures or impact assessments adopted in accordance with national provisions or international standards that are equivalent to the Directives and impact assessments listed in points (i), (ii) and (iii);

(19) ‘biodiversity-sensitive areas’ means Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas (‘KBAs’), as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139[12];

(20) ‘threatened species’ means endangered species, including flora and fauna, listed in the European Red List or the IUCN Red List, as referred to in Section 7 of Annex II to Delegated Regulation (EU) 2021/2139;

(21) ‘deforestation’ means the temporary or permanent human-induced conversion of forested land to non-forested land;

(22) ‘UN Global Compact principles’ means the ten Principles of the United Nations Global Compact;

(23) ‘unadjusted gender pay gap’ means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees;

(24) ‘board’ means the administrative, management or supervisory body of a company;

(25) ‘human rights policy’ means a policy commitment approved at board level on human rights that the economic activities of the investee company shall be in line with the UN Guiding Principles on Business and Human Rights;

(26) ‘whistleblower’ means ‘reporting person’ as defined in Article 5(7) of Directive (EU) 2019/1937 of the European Parliament and of the Council[13];

(27) ‘inorganic pollutants’ means emissions within or lower than the emission levels associated with the best available techniques (BAT-AEL) as defined in Article 3, point (13) of Directive 2010/75/EU of the European Parliament and of the Council[14], for the Large Volume Inorganic Chemicals- Solids and Others industry;

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[10] Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

[11] Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 026, 28.1.2012, p. 1).

[12] Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (OJ L 442, 9.12.2021, p. 1).

[13] Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L305, 26.11.2019, p. 17).

[14] Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).

(28) 'air pollutants' means direct emissions of sulphur dioxides (SO_2), nitrogen oxides (NO_x), non-methane volatile organic compounds (NMVOC), and fine particulate matter ($PM_{2,5}$) as defined in Article 3, points (5) to (8), of Directive (EU) 2016/2284 of the European Parliament and of the Council[15], ammonia (NH_3) as referred to in that Directive and heavy metals (HM) as referred to in Annex I to that Directive;

(29) 'ozone depletion substances' mean substances listed in the Montreal Protocol on Substances that Deplete the Ozone Layer.

For the purposes of this Annex, the following formulas shall apply:

(1) 'GHG emissions' shall be calculated in accordance with the following formula**:

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{investee\ company's\ enterprise\ value_i} \times investee\ company's\ Scope(x)\ GHG\ emissions_i\right)$$

(2) 'carbon footprint' shall be calculated in accordance with the following formula**:

$$\frac{\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{investee\ company's\ enterprise\ value_i} \times investee\ company's\ Scope\ 1, 2\ and\ 3\ GHG\ emissions_i\right)}{current\ value\ of\ all\ investments\ (€M)\ *}$$

(3) 'GHG intensity of investee companies' shall be calculated in accordance with the following formula**:

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{current\ value\ of\ all\ investments\ (€M)\ *} \times \frac{investee\ company's\ Scope\ 1, 2\ and\ 3\ GHG\ emissions_i}{investee\ company's\ €M\ revenue_i\ *}\right)$$

(4) 'GHG intensity of sovereigns' shall be calculated in accordance with the following formula:

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{current\ value\ of\ all\ investments\ (€M)\ *} \times \frac{The\ country's\ Scope\ 1, 2\ and\ 3\ GHG\ emissions_i}{Gross\ Domestic\ Product_i(€M)}\right)$$

$$\frac{((Value\ of\ real\ estate\ assets\ built\ before\ 31/12/2020\ with\ EPC\ of\ C\ or\ below) + (Value\ of\ real\ estate\ assets\ built\ after\ 31/12/2020\ with\ PED\ below\ NZEB\ in\ Directive\ 2010/31/EU))}{Value\ of\ real\ estate\ assets\ required\ to\ abide\ by\ EPC\ and\ NZEB\ rules}$$

15 Directive (EU) 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC (Text with EEA relevance), *OJ L 344, 17.12.2016, p. 1–31*

For the purposes of the formulas, the following definitions shall apply:

(1) ‘current value of investment’ means the value in EUR of the investment by the financial market participant in the investee company;

(2) ‘enterprise value’ means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;

(3) ‘current value of all investments’ means the value in EUR of all investments by the financial market participant;

(4) ‘nearly zero-energy building (NZEB)’, ‘primary energy demand (PED)’ and ‘energy performance certificate (EPC)’ shall have the meanings given to them in paragraphs 2, 5 and 12 of Article 2 of Directive 2010/31/EU of the European Parliament and of the Council[16].

Additional notes to the definitions and formulas for this reporting:

* Note that all references to the Euro currency are also converted into the currency of the Fund for which the report is prepared. In cases where values are not already in EUR, they undergo conversion. Conversely, if the values are in EUR, they remain unchanged and are not subject to conversion. The conversion rate utilized from the currency of the Fund to Euro is based on the ECB 2023 average exchange rate.

**Given the Fund’s type of investments (loans and bonds), calculation of the GHG emissions, Carbon Footprint and GHG Intensity were done based on the investee companies’ total assets to replace the investee companies’ enterprise value, and on their gross interest income to replace the investee companies’ revenues.

Table 1

Statement on principal adverse impacts of investment decisions on sustainability factors

Product name: Regional MSME Investment Fund for Sub-Saharan Africa SA, SICAV-SIF Legal entity identifier: 52990062YZ83Q83T6540
Summary The Fund considers the principal adverse impacts of its investment decisions on sustainability factors. The present statement is the statement on principal adverse impacts on sustainability factors of the Fund and covers the reference period from 1st of January 2023 to 31st of December 2023.

[16] Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (recast) (OJ L 153, 18.6.2010, p. 13)

Description of the principal adverse impacts on sustainability factors

The Investment Manager notes that PAIs are challenging to collect from non-EU Financial Institutions ("FIs"), which are currently representing most of the Fund investments. Since the regulatory and industry standards around the methodologies and tools used to perform PAI assessments are evolving, and in order to serve the spirit of the regulation in determining the impact of FIs, efforts are being made to work with the FIs and/or data providers, as the case may be, to calculate or estimate the PAIs of the FI's underlying portfolio and for a few PAIs the only information that can be collected is the amount of the exposure to risks and not the actual principal adverse impact (PAI 6,8,9).

	Indicators applicable to investments in investee companies						
Adverse sustainability indicator		**Metric**	**Impact 2023**	**Impact 2022**	**Coverage rate (was added to this table) See Note 1**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
	CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	68	752	61%	See Note 3	See Note 2
		Scope 2 GHG emissions	302	256	61%	See Note 3	See Note 2
		Scope 3 GHG emissions	30,664	88,466	61%	See Note 3	See Note 2
		Total GHG emissions	31,034	89,474	61%	See Note 3	See Note 2
	2. Carbon footprint	Carbon footprint in tCO2e/M USD and MEUR invested	330.1 (USD) 355.6 (EUR)	1,024 (USD) 972 (EUR)	61%	See Note 3	See Note 2

	3. GHG intensity of investee companies	GHG intensity of investee companies	0.0026 (USD) 0.0028 (EUR)	0.01 (USD) 0.009 (EUR)	61%	See Note 3	See Note 2
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	1.3%	2.1%	76%	See Note 4	See Note 2
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	61.2%	605%	100%	See Note 5	See Note 2
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million USD/EUR of revenue of investee companies, per high impact climate sector	n.a.	n.a.	n.a.	Complementary indicator reported in next table. See Note 6.	See Note 2
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	n.a.	n.a.	n.a.	See Note 7	See Note 2
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million USD/EUR invested, expressed as a weighted average	n.a.	n.a.	n.a.	Complementary indicator reported in next table. See Note 8	See Note 2

Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million USD/EUR invested, expressed as a weighted average	n.a.	n.a.	n.a.	Complementary indicator reported in next table. See Note 9	See Note 2
	INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	68%	See Note 10	See Note 2
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	13.5%	5.3%	68%	See Note 11	See Note 2
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	18.6%	13.2%	41%	See Note 12	See Note 2
	13. Board gender diversity	Average ratio of female to male board members in	23.1%	23.5%	81%	See Note 13	See Note 2

		investee companies, expressed as a percentage of all board members					
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	100%	See Note 14	See Note 2
Other indicators for principal adverse impacts on sustainability factors: **COMPLEMENTARY INDICATORS REPORTED BY THE FUND**							
Adverse sustainability impact	**Adverse impact on sustainability factors** **(qualitative or quantitative)**	**Metric**	**Impact 2023**	**Impact 2022**	**Coverage rate** **(was added to this table)** **See Note 1**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Refers to PAI 6	Indirect exposure to high impact climate sectors	Share of the investee's portfolio in high impact climate sectors	12.8%	13.8%	68%	See Note 6	See Note 2
Refers to PAI 8	Indirect exposure to sectors with intensive emissions to water	Share of the investee's portfolio in sectors with intensive emissions to water	6.1%	4.3%	68%	See Note 8	See Note 2
Refers to PAI 9	Indirect exposure to sectors which generate significant amounts of hazardous waste	Share of the investee's portfolio in sectors which generate significant amounts of hazardous waste and/or	3.3%	1.6%	71%	See Note 9	See Note 2

	and/or with high risk of site contamination	with high risk of site contamination					

Description of policies to identify and prioritise principal adverse impacts on sustainability factors Refer to Annex V
Engagement policies No engagement policy
References to international standards Refer to Annex V
Historical comparison Second year of report, comparison with 2022 report.

Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2023	Impact 2022	Coverage rate (was added to this table) See Note 1	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies							
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							

Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	94.4%	100%	68%	See Note 15	See Note 2

Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Adverse sustainability impact	**Adverse impact on sustainability factors (qualitative or quantitative)**	**Metric**	**Impact 2023**	**Impact 2022**	**Coverage rate (was added to this table) See Note 1**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Indicators applicable to investments in investee companies							
Social and employee matters	5. Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters	0.82%	0%	68%	See Note 16	See Note 2

Note 1 - Perimeter:

The coverage rate of each indicator is reported in the table, in share of the Sustainable Investments[17] (as a weighted average of quarterly NAV). The rate indicates the share of investments for which data is available. Non-sustainable investments[18] are not considered, given data does not apply to their nature (e.g. cash, money market instruments). The coverage rate refers to data reported for 2023.

All ratios are averaged only on the value of investments for which the indicator is available. For the sake of clarity, indicators that are not ratios are not scaled to the portion of the portfolio for which data is available (see Note 3).

For Bonds and Loans that have a specific use of proceeds, the PAIs are likely to overestimate the actual impact of the investments as they are calculated based on the average composition of the portfolio of the Investee financed and not on the specific use of proceeds financed by the Fund which are often, in such cases, proceeds selected for these relatively lower PAIs. The low coverage rate of some indicators is however partly because no information was received by some of the investees emitting such specific Bonds and Loans.

Note that following the RTS, all indicators are calculated as a weighted average of the Fund's portfolio composition at the end of each quarter, using the latest data available from the investees at the end of the reporting period.

Note 2 - Actions taken:

Although the Fund has not established quantified improvement targets for the PAIs, it may choose to do so in the future. During the initial year of data collection in 2022, only a small number of investees provided information on certain PAIs with the average coverage ratio being 61%. However, in the subsequent year of data collection, in 2023, the coverage rate has increased by an average of 8 percentage points. Notably, PAIs 10 and 11, and additional indicators 4 and 5 saw the highest increase in coverage rate in 2023, with an increase of 20 percentage points. It is expected that this rate will continue to gradually improve over the coming years.

Specifically, for PAIs 8 and 9, the Investment Manager has recently updated the risk-weighting for Clean Energy (previously known as Renewable Energy) to better reflect the potential risks associated with Emissions to water and waste. These changes may cause some variations in the results, especially for investees who have significant exposure to Clean Energy.

Note 3:

The Investment Manager uses the proxy provided by the Joint Impact Model to estimate the GHG emissions of its investments. The inputs provided by the Investment Manager to the proxy provider have followed the recommendations issued by the Proxy Provider for Financial Inclusion investments.

As shown in the coverage rate, a few investments were not considered in the estimations: these are mostly Bonds with specific use of proceeds for which a calculation methodology is under reflexion for the specific case of the GHG emissions.

[17] as defined in SFDR and its Annex V of AFS for the Fund.
[18] as defined in SFDR and its Annex V of AFS for the Fund.

Most of its investees being FIs and considering that most of the GHG emissions of an FI stem from its portfolio of investments, the estimates for the Scope 3 emissions also consider the emissions generated by the economic activities financed by the FIs (category 15 as per PCAF) financed by the Fund.

When available, the breakdown of the gross loan portfolio of the investees by economic sectors is used to generate the proxy GHG emissions for the Scope 3. For the few cases when that detail is not available, the investee's emissions were not estimated. The model selected uses the best available databases and was developed by industry experts, but estimating GHG emissions still includes a considerable amount of assumptions which limit their precision.

Given the Fund's type of investments (debt) and investees (financial institutions in their majority), calculation of the GHG emissions, Carbon Footprint and GHG Intensity were done based on the investee companies' total assets to replace the investee companies' enterprise value, and on their gross interest income to replace the investee companies' revenues.

The GHG Intensity of investee companies and the Carbon Footprint are calculated based on the Sustainable Investments for which data is available, to avoid underestimating these ratios.

For non-productive loans (personal loans), a zero estimation was chosen in order not to overestimate their emissions, as no accurate proxy for those was found for now.

It is worth noting that any differences in data between years may be due to updates made in the JIM tool. For the year 2023, the most recent version of the tool, Global Trade Analysis Project (GTAP) 11, was used. This version has a base year of 2017 and incorporates updated country and sector statistics as compared to the previous version, GTAP 10, which used 2014 as the reference year. Moreover, GTAP 11 has introduced an outlier management mechanism.

It is, therefore, not possible to compare GHG emissions results between the years 2022 and 2023 because these calculations were performed using different versions of the JIM tool. Specifically, the previous version, GTAP 10, was used for the 2022 calculations. This difference in tool versions makes it difficult to differentiate changes in emissions solely due to the tool update from alterations in the underlying portfolio composition of investees.

Results show significant scope 3 emissions, leading to a high carbon footprint. This is largely associated with the Fund's investments in financial intermediaries reaching a large number of end-beneficiaries in emerging and frontier markets with the mission of financing economic development. However, most of the countries in which the Fund invests have significantly lower per capita carbon emissions than countries in the EU. Fostering development to improve socioeconomic conditions and achieve the Sustainable Development Goals leads to increasing emissions. Through its Exclusion list, the Fund ensures that it has minimal investments in activities or sectors that have the most negative impacts on the environment and through its ESG assessment, the Investment Manager ensures that the Investees of the Fund are aware of the environmental and social risks in their portfolio, and are adequately tooled to mitigate the potential negative impacts of the activities of their end-borrowers.

A significant share of the emissions is stemming from 15 investees, either due to their activity or due to the energy mix of the country where they operate. Notably, one investee in South Africa finances SMEs operating in public transportation, heavily relying on petroleum. Two investees in Madagascar finance the retail and trade sector, which are indirectly coal intensive given the energy mix of the country. Six investees are located in countries where coal and oil represent a high share of the country's energy mix (ranging from 70% to 80% of the countries' total energy supply). These include South Africa and Senegal (representing 11% of sustainable investments). Additionally, one of those investees is a Nigerian Bank, the bank's investment in a prominent financial player in a fossil fuel-dependent country inevitably exposes the Fund.

For non-productive loans (personal loans), a zero estimation was chosen in order not to overestimate their emissions, as no accurate proxy for those was found for now.

Note 4:

The Fund does not directly invest in companies active in the fossil fuel sector. Most of the investees operate in the financial sector and as such do not directly derive revenues from activities such as the exploration, mining, extraction, production, processing, storage, refining or distribution in the fossil fuel sector.

The Fund however reports here its indirect exposure to the fossil fuel sector through investments in FIs that themselves have exposure to fossil fuel sectors. The approach chosen is a weighted one: for a USD 1M Invested in a Financial Institution that has a 10% exposure to the Fossil Fuel Sector in its portfolio, only USD 0.1M will be counted in the "share of investments in companies active in the fossil fuel sector".

In 2022, the reporting scope was focused solely on the extraction and manufacturing of fossil fuels, omitting other segments of the fossil fuel value chain like transport and trade. Thus, there might have been a minor oversight regarding coal data, which was rectified in 2023. Additionally, exposure to fossil fuels might have been underestimated in 2022 due to not requiring a breakdown of the manufacturing portfolio if it represented less than 5% of the total investees' portfolio. This issue was addressed in 2023, leading to an increase in the number of institutions showing exposure to this sector, which is now 9%. Despite an anticipated increase in the reported percentage, the actual proportion of exposure to fossil fuels remained consistent. This could happen due to various reasons, such as changes in portfolio composition, adjustments in reporting methodologies, or shifts in investees' activities.

The residual exposure in the fossil fuel sector for FY 2023 is mostly explained by one investment in a Nigerian Bank, reflecting the economy of the country and the rest by 3 investees which have small exposures in the fossil fuel sector, ranging from 0.090% to 0.623% of their portfolio, mostly through SMEs active in the fossil fuel supply chain and not in extraction and refining activities. In the case of the Nigerian Bank, investing in one of the major financial actors in a country heavily relying on the fossil fuel industry, inevitably exposes the Fund. However, the investment came with a specific engagement action with the Investee and its contractual commitment to reduce its exposure to two major actors in the sector below a defined threshold within a defined timeframe.

Note 5:

The vast majority of the Fund's investees draw energy from the national grid. Data was gathered on the energy composition from each country's national energy mix, which is sourced through the International Energy Agency. This method does not value the few initiatives from some investees towards renewable energy which are however still limited. To be fully aligned and conservative, the SFDR definition of renewable energy is used (thus excluding nuclear and natural gas, two energy sources that are now included in the updated definition of "renewable energy" of the EU Taxonomy).

The calculation represents the share of non-renewable electricity consumption – excluding production - of investee companies from non-renewable energy sources compared to the total share of electricity consumption from all energy sources. Data on energy consumption and production were found to have a low coverage for now.

The variation between the data reported in 2022 and 2023 is attributed to a shift in the definition of this indicator. In 2022, the calculation involved estimating the ratio of non-renewable energy to renewable energy, resulting in proportions exceeding 100%. However, as clarified earlier, this year's calculation involves non-renewable energy over total energy, ensuring proportions do not surpass 100%. This regulatory change took effect in January 2023.

Note 6:

The specific energy consumption in GWh being difficult to collect from non-EU investee, the Investment Manager opted to report its exposure to high impact climate sectors rather than the energy consumption of its portfolio in these sectors.

Most of the investees of the Fund operate in the financial sector and do not classify as part of a high impact climate sector. As such, the Fund does not have direct exposure to companies active in high impact climate sectors.

The Fund however reports in the table “Complementary indicators reported by the Fund” its indirect exposure to high impact climate sectors through investments in FIs that themselves have exposure to high impact climate sectors. The approach chosen is a weighted one: for a USD 1M Invested in a Financial Institution that has a 10% exposure to High Impact Climate sectors in its portfolio, only USD 0.1M will be counted in the “share of investments in high impact climate sectors”.

The Fund uses the list of high impact sectors defined by the regulation (agriculture, forestry and fishing, mining and quarrying, manufacturing, electricity, gas, steam and air conditioning supply, water supply; sewerage, waste management, and remediation activities, construction, wholesale and retail trade; repair of motor vehicles and motorcycles transportation and storage real estate activities).

The Fund’s relatively high share of indirect exposure to high-impact climate sectors is notably explained by the fact that 9% of investees’ GLP is in the agricultural sector. However, most of investees’ end-borrowers are smallholder farmers, whose adverse impact on climate can be more limited than large-scale farming.

Note 7:

Most of the investees operate in the financial sector and their direct impact on biodiversity-sensitive areas is negligible. As such, the Fund does not have direct exposure to companies that negatively affect biodiversity-sensitive areas.

However, the Investment Manager is doing its best effort to calculate or estimate the impacts of the FI's underlying portfolio to activities located near or in biodiversity-sensitive areas which could negatively affect these areas. Research is taking place on the best tools to map and match national biodiversity-sensitive areas to portfolio activity locations. Efforts are made to raise awareness of the investees on the biodiversity-sensitive areas and the environmental and social risk management system that needs to be put in place when investees work with companies active in or near these areas. In parallel, a specific pre-assessment, based on proxy indicators, was done on 68% of the portfolio of investments. In this segment, the Investment Manager concluded that the Investees of the Fund do not have activities that could negatively affect biodiversity-sensitive areas.

Note 8:

The specific tons of emissions to water being difficult to collect from non-EU investee, the Fund opted to report its exposure to sectors likely to generate high emissions to water.

Most of the investees operate in the financial sector and generate a negligible amount of emissions to water through their direct activities.

To demonstrate its best effort, the Fund however reports in the table “Complementary indicators reported by the Fund” its indirect exposure to sectors with intensive emissions to water according to the IFC. It applies coefficients to this exposure depending on the size of companies active in those sectors in its investee's portfolio given that micro, small or medium-sized enterprises are likely to produce much lower emissions than large enterprises even when they are active in the same economic sector.

Note 9:

The specific tons of hazardous waste being difficult to collect from non-EU investees, the Fund opted to report its exposure to sectors likely to generate significant amounts of hazardous waste or to imply site contamination.

Most of the investees operate in the financial sector and generate a negligible amount of hazardous waste through their direct activities.

To demonstrate its best effort, the Fund however reports in the table “Complementary indicators reported by the Fund” its indirect exposure to sectors which generate significant amounts of hazardous waste and/or with high risk of site contamination according to the IFC. It applies coefficients of exposure depending on the size of companies active in those sectors in the investee's portfolio given that micro, small or medium sized enterprises are likely to produce much lower emissions than large enterprises even when they are active in the same economic sector.

Note 10:

As further described in its sustainability disclosures, the ESG assessment tool used is based on the relevant fundamental pillars of the UNGC principles and OECD guidelines. As such, the assessment of whether investees can comply with these principles is fully embedded in the investment decision.

As part of the assessment, the Investment Manager collects one key result indicator of such violations: "the investee has received fines due to non-compliance with environmental and social regulations". Any investee that received fines is counted as being part of the "share of investments in investee companies that have been involved in such violations".

The Investment Manager is also monitoring its investees for any lawsuits and allegations reported by World-check screening results, on topics related to human rights, employment, bribery, consumer interests, competition, and taxation, and to environment to the extent such regulations exist in the countries of location of the investees.

Further developments are foreseen to report on this indicator. The Investment Manager in collaboration with peers notably investigates the interest of using a controversies’ watchlist provider.

Note 11:

As further described in the Investment Manager’s sustainability disclosures, the ESG assessment tool is based on the relevant fundamental pillars of the UNGC principles and OECD guidelines. This assessment notably provides an opinion on the following three procedures: “Grievance mechanism for employees"; "Customer complaints and insurance claims"; and for investees involved in project finance "Complaints' mechanism in place for people living in places where the company operates".
Any investee where at least one of these procedures is lacking is counted in the share of investments in investee companies without policies to monitor compliance with UNGC principles or OECD guidelines.

Note 12:

The Fund provides this indicator for the average of all employees, using the average annual compensation rather than the hourly compensation asked by the Regulation. This information is directly collected through investees.

During the initial year of data collection in 2022, the coverage ratio for this indicator was 33%. However, in the subsequent year of data collection, in 2023, the coverage rate increased to 41% leading to an increase in the average gender pay gap.

Note 13:

The Fund provides this indicator expressed as a percentage of all board of directors (i.e. number of female board members / total number of board members) as the regulatory definition is unclear. This information is directly collected through investees.

Note 14:

The Fund reports no exposure to the manufacture and selling of controversial weapons as it is part of the Exclusion list included in all contracts with its investees. The capacity of investees to properly implement the exclusion list is assessed during due diligence of each investee.

Note 15:

The Fund assesses the good quality of its investees' carbon credit collection or carbon off-setting programs. It reports here on the share of investments in investees with no such quality measures in place.

Note 16:

Investees' Grievance mechanisms related to employee matters are assessed through the ESG assessment tool.

One investee company did not have a grievance mechanism system in place in 2023.