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

R.C.S. Luxembourg : B 150.766

Financial statements as at 31 December 2014,
and Independent auditor's report

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General information

Board of Directors	Mr. Wolfgang Kroh (Member of the board of directors until 31.01.2015, Chairman until 18.11.2014) Dr. Marcel Gérard Gounot Mr. Hanns Martin Hagen (until 13.02.2015) Mr. Ulf Linders (until 19.11.2014) Mr. Philippe Serres Mr. Ruurd Brouwer (Chairman since 19.11.2014) Mr. Juan Ignacio Izuzquiza Rueda Mr. Stefan Hirche (since 13.02.2015) Mr Karl-Heinz Fleischhacker (since 13.02.2015) Mr. Arthur Sletteberg (since 14.02.2015)
Registered Office	5, rue Jean Monnet L-2180 Luxembourg Grand-Duchy of Luxembourg
Investment Manager and Placing Agent	Symbiotics S.A. 31, rue de la Synagogue CH-1204 Geneva, Switzerland
Custodian	Credit Suisse (Luxembourg) S.A. 5, rue Jean Monnet L-2180 Luxembourg Grand-Duchy of Luxembourg
Administrative Agent	Credit Suisse Fund Services (Luxembourg) S.A. 5, rue Jean Monnet L-2180 Luxembourg Grand-Duchy of Luxembourg
Independent Auditor	Ernst & Young S.A. 7, rue Gabriel Lippmann Parc d'Activité Syrdall 2 L-5365 Munsbach Grand-Duchy of Luxembourg
Legal Advisers	Linklaters LLP 35, Avenue John F. Kennedy B.P. 1107 L-1011 Luxembourg Grand-Duchy of Luxembourg

Report of the Board of Directors

We are pleased to submit the annual report for the year ended 31 December 2014 and the Independent Auditor's Report for the Regional MSME Investment Fund for sub-Saharan Africa S.A., SICAV-SIF ("REGMIFA" or the "Fund").

REGMIFA successfully demonstrated its capacity for continued expansion and the achievement of its dual objective of financial sustainability and developmental impact during its fourth year of operations. The Fund continued to focus on Tier 2 and Tier 3 institutions and despite the high credit risk profile of this target group continued to keep a strong portfolio quality through pro-actively engaging with clients.

In the year under review, the Fund's portfolio historical cost increased net by USD 12.4 million while the carrying value increased net by USD 4.1 million[1].

REGMIFA's financial support is estimated to have reached out to more than 192'820 end borrowers in 18 countries, contributing to employment and income creation in the region. Geographic outreach was strengthened through a first-time investment in Mali, increasing the number of countries represented in the Fund's portfolio to eighteen. Most notably, during 2014, REGMIFA recorded the addition of eighteen new Partner Lending Institutions ("PLIs") to its portfolio to end the year with 53 financed institutions across its target region. As the Fund is becoming more consolidated in terms of size and operational maturity, 2014 has witnessed a clear deepening of the Fund's stated developmental objective of increasing its outreach to smaller and less developed PLIs not commonly served by existing microfinance funders, enhancing the Fund's additionality in the market. Among the Fund's eighteen new partners, ten are categorized as Tier 3, five as Tier 2 and three as Tier 1 institutions (defined in terms of their total asset size)[2]. Reflecting this strengthened focus on reaching out to less served PLIs and their stage of institutional consolidation and absorption capacity, the average investment amount per institution decreased to USD 2.2m (2013: 2.8m), illustrating a continued focus on risk mitigation and management. The portfolio quality of investees, measured through Portfolio at Risk > 30 days, remained in 2014 largely stable at 4.9% (2013: 4.8%).

REGMIFA's emphasis on high-quality, professional risk mitigation and management is embodied in the Fund's systematic due diligence process, including onsite visits. Credit risk shadow ratings are granted to each PLI and updated on a yearly basis. In addition to these credit risk assessments, the Fund relies on strict policies and procedures to manage and monitor investee and country concentrations, country risk, currency risk, interest rate risk and liquidity risk. Transactions not conducted in the Fund currency are generally hedged using cross-currency swaps or foreign-exchange forwards with the result that no significant foreign exchange risk remains to the Fund (0.4% open currency exposure as of 31 December 2014). Two PLIs have been placed under increased monitoring by the Investment Manager. The total outstanding loan amounts with the latter represent 2.5% of the portfolio, while the level of loan loss provisions allocated at year's end stands at 0.5%. At the same time, it is worth noting that the Fund, completing its fourth year of operations, has to date not realized any losses on its lending portfolio.

[1] It has to be noted that the historical cost as of 31 December 2014 amounts to USD 116.9m while the carrying value is reported at USD 108.3m due to a negative FX impact of USD 8.1m and a provision for impairment of USD 0.5m. Given that the Fund's portfolio is close to fully hedged for exchange rate and interest rate fluctuations, the decline in the value of the loan portfolio from FX revaluation effects is offset by the increase in value of the corresponding hedging instruments.

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

Report of the Board of Directors (continued)

In parallel to REGMIFA's investment activities, the Technical Assistance Facility ("TAF"), a key element of the Fund's value proposition, delivered excellent results in 2014. Twenty-two projects were approved, twenty-seven projects were contracted and nineteen were completed in a range of diverse topics responding to PLIs' specific needs, including in areas such as mobile banking, savings mobilization, strengthening staff technical and soft skills, financial education, financial and operational management, agent network, credit scoring, process reengineering and trainings. In an effort to independently assess the social and financial impact of REGMIFA's funding and Technical Assistance ("TA") interventions at the institutional level of PLIs, the TAF commissioned an Impact Assessment Study, which was completed in 2014. The study found that REGMIFA's activities demonstrate a clear additionality in bringing a comprehensive package, including funding and TA, to PLIs.

Based on the study's findings, an action plan was developed to improve the social impact of REGMIFA's interventions. Specifically, a new technical assistance package was contracted focusing on enhancing Social Performance Management and Client Protection Principles of sixteen selected PLIs. Through this new TA intervention, REGMIFA aims to support and strengthen the PLIs' planning, monitoring and institutionalization capacity as well as respect for and promotion of social and environmental aspects in their lending activities.

Looking ahead, REGMIFA will continue to expand its outreach while consolidating existing relationships, accompanying institutions in the process of facilitating stable and effective access to credit for the borrowers the Fund ultimately serves. According to forecasts from the International Monetary Fund, the economic outlook for sub-Saharan Africa is expected to remain favorable for the lion's share of the region's countries, with average real GDP growth projected close to 5% for the region, with the microfinance sector expected to grow accordingly. However, sub-Saharan Africa remains a risky environment. The recent Ebola outbreak has exerted a heavy economic toll on Guinea, Liberia and Sierra Leone. The security situation in several parts of sub-Saharan Africa remains fragile. Lower oil prices may hamper the growth and macroeconomic outlook of some key countries in sub-Saharan Africa, notably oil exporters such as Nigeria. Sustaining high growth to achieve employment creation and foster inclusion while preserving macroeconomic stability will remain a key consideration for the continent in 2015.

Status

REGMIFA was established on 1 December 2009 as a société anonyme, qualifying as a société d'investissement à capital variable-fonds d'investissement spécialisé (SICAV-SIF) under the Luxembourg Law of 13 February 2007 ("SIF-Law"). The Fund was registered with the Registre de Commerce et des Sociétés, Luxembourg, section B, under number B 150.766. The articles of incorporation of the Fund ("Articles") were published in Mémorial C, Recueil des Sociétés et Associations.

Results

The performance of the Fund during the year is disclosed in the Statement of Comprehensive Income.

Dividends and other contributions

As per the 2014 financial exercise, the Fund generated a total distributable income of USD 4,404,541. Based on this income, all target dividends will be paid to the Class A and Class B shareholders and capitalized to the Class C shareholders: USD 446,300 to Class A Shares, USD 1,253,698 to Class B Shares, and USD 1,603,422 to Class C Shares. Furthermore, the Board resolved to allocate the remaining amount of distributable income as follows: an allocation of USD 326,333 as FX compensation amount to Class C Shares; a USD 50,000 contribution to the TAF; an incentive bonus of USD 123,119 to the Investment Manager; and a USD 601,669 complementary dividend of which USD 56,257 is allocated to Class A Shares, USD 174,014 to Class B Shares and USD 371,398 to Class C Shares.

Report of the Board of Directors (continued)

Directors

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

Director	Directorship
Mr. Wolfgang Kroh	(Member of the Board of Directors until 31.01.2015, Chairman until 18.11.2014)
Mr. Ruurd Brouwer	(Chairman since 19.11.2014)
Dr. Marcel Gérard Gounot	
Mr. Juan Ignacio Izuzquiza Rueda	
Mr. Philippe Serres	
Mr. Hanns Martin Hagen	(until 13.02.2015)
Mr. Ulf Linders	(until 19.11.2014)
Mr. Karl-Heinz Fleischhacker	(since 13.02.2015)
Mr. Stefan Hirche	(since 13.02.2015)
Mr. Arthur Sletteberg	(since 14.02.2015)

During 2014, the Board of Directors has held three meetings and executed one circular resolution in exercise of its governance duties.

Investment Committee

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

Mr. Karl-Heinz Fleischhacker (Chairman)	
Mr. Edvardas Bumsteinas	(until 13.11.2013)
Ms. Guadalupe De La Mata	(since 13.11.2013)
Mr. Juan Ignacio Izuzquiza Rueda	(until 13.02.2014)
Ms. Barbara Quesada	(from 13.02.2014)
Mr. Njord Andrewes	
Mr. Mariano Larena	

During 2014, the Investment Committee has held ten meetings.

FX Committee

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

Dr. Giuseppe Ballocchi, CFA	
Mr. Helie d’Hautefort	
Dr. Michael Schulze	(until 19.11.2014)
Mr. Markus Schmidtchen	(since 19.11.2014)

During 2014, the FX Committee has been consulted on an ad hoc basis. No meetings were held.

TA Facility Committee

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

Ms. Karin-Hoensch Walter (Chairperson)
Mr. Juan Ignacio Izuzquiza Rueda
Mr. Stefan Kerpen

During 2014, the TAF Committee has held two meetings.

Report of the Board of Directors (continued)

Statement of Directors' responsibilities

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

We hereby authorize the Fund's financial statements as at 31 December 2014 for issue.

20 May 2015

Board of Directors

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Ernst & Young
Société anonyme

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Independent auditor's report

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

We have audited the accompanying financial statements of Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF, which comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2014, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the financial statements

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

Responsibility of the "réviseur d'entreprises agréé"

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

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

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

Building a better working world

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other matter

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

Ernst & Young
Société Anonyme
Cabinet de révision agréé

Alain Kinsch

Luxembourg, 20 May 2015

Statement of Financial Position
As at 31 December 2014
(expressed in USD)

Assets	**Notes**	**31 December 2014**	**31 December 2013**
Gross Loans to Partner Lending Institutions		108,789,876	104,147,826
Loan loss allowance		(500,000)	-
Net Loans to Partner Lending Institutions	3	108,289,876	104,147,826
Derivative financial instruments (net)	4	8,714,467	-
Interest accruals on loans	3	3,209,632	3,139,750
Other receivables		27,729	657,131
Prepaid expenses		15,520	17,649
Cash and cash equivalents		24,082,928	20,891,879
Total Assets		**144,340,152**	**128,854,235**
Liabilities			
Derivative financial instruments (net)	4	-	1,817,263
Accrued expenses	9.5	913,963	836,720
Other payables		92,832	76,052
Subscription received in advance	7	-	3,000,000
Contribution to the technical assistance facility	11	470,076	420,076
Dividends payable to holders of redeemable ordinary shares	11	1,930,269	1,483,050
Net assets attributable to holders of redeemable Class A Shares	6	23,954,908	23,954,908
Net assets attributable to holders of redeemable Class B Shares	6	39,950,000	36,950,000
Notes	5	13,121,470	13,121,470
Total Liabilities		**80,433,518**	**81,659,539**
Equity			
Share capital		57,379,281	44,379,281
Retained earnings		6,527,353	2,815,415
Total Equity	6	**63,906,634**	**47,194,696**
Total Liabilities and Equity		**144,340,152**	**128,854,235**

Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF

Statement of Comprehensive Income

For the year ended 31 December 2014
(expressed in USD)

Income	Notes	2014	2013
Interest income on loans	8.1	14,545,647	12,759,553
Bank interest		5,772	3,310
Other income		-	389,621
Realized gain on derivative financial instruments		3,253,685	1,292,361
Change in unrealized gain on derivative financial instruments	4	12,776,311	1,904,030
Realized foreign exchange gain on loans to Partner Lending Institutions		448,048	101,407
Change in unrealized foreign exchange gain on loans to Partner Lending Institutions		1,958,591	2,815,847
Realized gain and change in unrealized gain on foreign exchange (non investment related)		211,524	140,565
Total Income		**33,199,578**	**19,406,694**
Expenses			
Management fees	9.1	(2,200,375)	(1,891,275)
Secretary fees	9.3	(130,278)	(82,507)
Legal and audit fees		(185,434)	(121,531)
Administration, custodian and domiciliation fees	9.4	(193,941)	(171,574)
Other administrative expenses		(55,798)	(67,343)
Marketing and promotion expenses		(36,681)	(26,819)
Interest expense on Notes	8.2	(177,935)	(194,995)
Bank charges		(673)	(3,370)
Realized loss on derivative financial instruments		(7,629,446)	(6,634,327)
Change in unrealized loss on derivative financial instruments	4	(2,244,581)	(4,023,107)
Realized foreign exchange loss on loans to Partner Lending Institutions		(3,375,814)	(1,311,724)
Change in unrealized foreign exchange loss on loans to Partner Lending Institutions		(9,762,222)	(2,123,669)
Realized loss and change in unrealized loss on foreign exchange (non investment related)		(891,074)	(90,961)
Loan loss allowance	3	(500,000)	-
Total Operating Expenses		**(27,384,252)**	**(16,743,202)**
Operating profit before tax		**5,815,326**	**2,663,492**
Distribution to holders of redeemable ordinary shares	11	(1,930,269)	(1,483,050)
Contribution to the technical assistance facility	11	(50,000)	(370,121)
Incentive bonus	9.2	(123,119)	(90,521)
Profit for the year		**3,711,938**	**719,800**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		**3,711,938**	**719,800**

Regional MSME Investment Fund for Sub-Saharan
Africa S.A. SICAV-SIF

Statement of Cash Flows
For the year ended 31 December 2014
(expressed in USD)

	2014	2013
Cash flows from operating activities		
Operating profit before tax	5,815,326	2,663,492
Adjustments for non-cash items:		
Net change in unrealized loss/ (gain) on loans to Partner Lending Institutions	7,803,631	(692,178)
Net change in unrealized loss / (gain) on derivatives financial instruments	(10,531,730)	2,119,077
Loan loss allowance	500,000	-
Operating profit after adjustments for non-cash-items	**3,587,227**	**4,090,391**
Net (increase) in interest accruals on loans	(69,882)	(897,321)
Net decrease in other receivable and prepaid expenses	631,531	727,992
Net increase/ (decrease) in accrued expenses and other payables (incl. incentive bonus)	(29,096)	271,384
Cash-flows from operating activities	**4,119,780**	**4,192,446**
Cash flows from investing activities		
Net (increase) in gross loans to Partner Lending Institutions	(12,445,681)	(26,454,735)
Cash-flows from investing activities	**(12,445,681)**	**(26,454,735)**
Cash flows from financing activities		
Cash received on Shares issued	13,000,000	33,919,067
Cash received on subscriptions received in advance	-	3,000,000
Distribution paid to holders of redeemable ordinary shares	(1,483,050)	(744,172)
Cash-flows from financing activities	**11,516,950**	**36,174,895**
Net increase in cash and cash equivalents	**3,191,049**	**13,912,606**
Opening cash and cash equivalents	**20,891,879**	**6,979,273**
Closing cash and cash equivalents	**24,082,928**	**20,891,879**

Statement of Changes in Equity and Earnings per Class A and Class B Redeemable Ordinary Shares and Class C Shares
For the year ended 31 December 2014
(expressed in USD)

Statement of Changes in Equity

	For the year ended 31 December 2014		For the year ended 31 December 2013	
	Net Equity	**Number of shares**	**Net Equity**	**Number of shares**
Balance at beginning of the year	**47,194,696**	**813.898**	**38,045,615**	**665.777**
Issue of equity	13,000,000	225.730	8,429,281	148.121
Redemption of equity	-	-	-	-
Total comprehensive income	3,711,938		719,800	
Balance at end of the year	**63,906,634**	**1,039.628**	**47,194,696**	**813.898**

Earnings per Class A and Class B Redeemable Ordinary Shares and Class C Shares for the years 2014 and 2013

Class of shares	**2014**	**2013**
Class A - Series 1	2,097.92	2,172.14
Class A - Series 2	2,097.92	2,172.14
Class B - Series 1	963.40	964.88
Class B - Series 2	963.40	964.88
Class B - Series 3	963.40	964.88
Class C - Series 1	4,081.33	998.38
Class C - Series 2	4,081.33	998.38
Class C - Series 3	4,081.33	998.38
Class C - Series 4	4,081.33	998.38

Regional MSME Investment Fund for Sub-Saharan
Africa S.A., SICAV-SIF

Supplementary Information
As at 31 December 2013
(expressed in USD)

Statement of Changes in Equity and Net Assets Attributable to Holders of Redeemable Ordinary Shares

	Class A		Class B		Class C		Combined
	Net assets attributable to shareholders	Number of shares	Net assets attributable to shareholders	Number of shares	Net assets attributable to shareholders	Number of shares	Net assets attributable to shareholders
As at 31 December 2013	**23,954,908**	**239.549**	**36,950,000**	**1,478.000**	**47,194,696**	**813.898**	**108,099,604**
Issue of redeemable ordinary shares	-	-	3,000,000	120.000	-	-	**3,000,000**
Redemption of redeemable ordinary shares	-	-	-	-	-	-	**-**
Issue of equity	-	-	-	-	13,000,000	225.730	**13,000,000**
Redemption of equity	-	-	-	-	-	-	**-**
Allocation of operating profit	502,557	-	1,427,712	-	3,711,938	-	**5,642,207**
Distribution payable to holders of Class A and Class B shares	(502,557)	-	(1,427,712)	-	-	-	**(1,930,269)**
As at 31 December 2014	**23,954,908**	**239.549**	**39,950,000**	**1,598.000**	**63,906,634**	**1,039.628**	**127,811,542**

	Class A		Class B		Class C		Combined
	Net assets attributable to shareholders	Number of shares	Net assets attributable to shareholders	Number of shares	Net assets attributable to shareholders	Number of shares	Net assets attributable to shareholders
As at 31 December 2012	**22,465,122**	**224.651**	**12,950,000**	**518.000**	**38,045,615**	**665.777**	**73,460,737**
Issue of redeemable ordinary shares	1,489,786	14.898	24,000,000	960.000	-	-	**25,489,786**
Redemption of redeemable ordinary shares	-	-	-	-	-	-	**-**
Issue of equity	-	-	-	-	8,429,281	148.121	**8,429,281**
Redemption of equity	-	-	-	-	-	-	**-**
Allocation of operating profit	488,060	-	994,990	-	719,800	-	**2,202,850**
Distribution payable to holders of Class A and Class B shares	(488,060)	-	(994,990)	-	-	-	**(1,483,050)**
As at 31 December 2013	**23,954,908**	**239.549**	**36,950,000**	**1,478.000**	**47,194,696**	**813.898**	**108,099,604**

Supplementary Information
As at 31 December 2013
(expressed in USD)

Net Asset Values per Share

Class of shares	31 December 2014	31 December 2013	31 December 2012
Class A	100,000.00	100,000.00	100,000.00
Class B	25,000.00	25,000.00	25,000.00
Class C	61,470.67	57,986.02	57,144.68

Note 1 – Description

1.1. Corporate information

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

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

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

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

1.2. Investment objectives

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

Note 1 – Description (continued)

1.3. Share capital and Notes

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

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

- The mezzanine Class B Shares (“Class B Shares“), which may be issued in successive series, bear unrealized/realized capital losses of the Fund only if the NAV of the Class C Shares has been reduced to zero. Write backs on unrealized investments and any realized or unrealized capital gains shall be allocated to the Class B Shares in the order of priority as detailed in Note 10. The Class B Shareholders’ dividend entitlements rank senior to the dividend entitlements of the Class C Shareholders but junior to the dividend entitlements of the Class A Shareholders as per the waterfall model detailed in Note 10. The sum of the NAVs of the C Shares and the B Shares must represent at least 50 % of the total assets of the Fund at all times.

- The senior Class A Shares (“Class A Shares”), which may be issued in successive series, 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 10. The Class A Shareholders’ dividend entitlements rank senior to the dividend entitlements of the Class B and Class C Shareholders as per the waterfall model detailed in Note 10.

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

The Fund may issue Notes 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.

Note 2 – Significant accounting policies

2.1. Statement of compliance

The Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF's financial statements (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the European Union ("IFRS").

2.2. Basis of preparation

The Financial Statements have been prepared on a historical cost basis, except derivative financial instruments that have been measured at fair value.

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

Certain amounts shown under "Realized gain/loss on derivative financial instruments" and "Realized gain/loss and change in unrealized gain/loss on foreign exchange" in the comparative information have been reclassified compared to the financial statements as of 31 December 2013 to ensure consistency with the current year's presentation.

The preparation of Financial Statements in conformity with International Financial Reporting Standards 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.

(a) Significant accounting judgments and estimates

In the process of applying the Fund's accounting policies, the Board of Directors has used its judgments and made estimates in determining the amounts recognized in the Financial Statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The most significant use of judgments and estimates are as follows:

Fair value of financial instruments

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

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

Note 2 – Significant accounting policies (continued)

2.2. Basis of preparation (continued)

(a) Significant accounting judgments and estimates (continued)

Debt instruments not listed or dealt in on any securities exchange or any other regulated market will be initially valued at their fair value, normally the transaction price to originate or acquire the asset through contribution or otherwise, then valued subsequently at amortised cost less an impairment provision, if any. This impairment provision is defined as a write down of a current exposure to a PLI. The Board of Directors will use its best endeavours to continually assess the method of calculating any impairment provision and recommend changes, where necessary, to ensure that such provision will be valued appropriately as determined in good faith by the Board of Directors.

As at 31 December 2014 and 2013, the Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Impairment losses on loans

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

(b) New and revised IFRS applied with no material effect on the Financial Statements

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 2014 (for the avoidance of doubt, only the new standards, amendments to standards and IFRIC which may have an effect on the Fund's financial statements are mentioned below):

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Fund's financial position or performance.

Note 2 – Significant accounting policies (continued)

2.2. Basis of preparation (continued)

(b) New and revised IFRS applied with no material effect on the Financial Statements (continued)

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Fund's financial position or performance.

Annual Improvements 2010-2012 Cycle
In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Fund.

(c) 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 to the Fund for the year ended 31 December 2014. The Fund will adopt these standards on the date of their effective application and when they will be approved by the European Union.

This basically concerns the following publications (only the standards, amendments to standards and IFRIC which may have an effect on the Fund's financial position or performance are mentioned below):

IFRIC 21 Levies
IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Fund as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years.

Note 2 – Significant accounting policies (continued)

2.2. Basis of preparation (continued)

(c) Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 is expected to have an effect on the classification and measurement of the Fund's financial assets, but not on the classification and measurement of the Fund's financial liabilities.

Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11
The amendments require an entity acquiring an interest in a joint operation in which the activity of the joint operation constitutes a business to apply, to the extent of its share, all of the principles in IFRS 3, and other IFRSs, that do not conflict with the requirements of IFRS 11. Furthermore, entities are required to disclose the information required in those IFRSs in relation to business combinations. The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by the entity to the joint operation on its formation. Furthermore, the amendments clarify that for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in the joint operation must not be remeasured if the joint operator retains joint control.

Disclosure Initiative - Amendments to IAS 1
The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- the materiality requirements in IAS 1.
- that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated.
- that entities have flexibility as to the order in which they present the notes to financial statements.
- that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.
- the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.

Note 2 – Significant accounting policies (continued)

2.2. Basis of preparation (continued)

(c) Standards issued but not yet effective (continued)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3 Business Combinations, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28
The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption (in IFRS 10.4) from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

Equity Method in Separate Financial Statements - Amendments to IAS 27
The amendments to IAS 27 Separate Financial Statements allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, an entity must account for these investments either at-cost, in accordance with IFRS 9 (or IAS 39) or using the equity method. The entity must apply the same accounting for each category of investments.

Note 2 – Significant accounting policies (continued)

2.2. Basis of preparation (continued)

(c) Standards issued but not yet effective (continued)

Annual improvements 2010-2012 Cycle
These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Fund. They include:

IFRS 3 Business Combinations – Accounting for contingent consideration in a business combination
The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IAS 24 Related Party Disclosures – Key Management personnel
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual improvements 2011-2013 Cycle
These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Fund. They include:

IFRS 3 Business Combinations – Scope exceptions for joint ventures
The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

IFRS 13 Fair Value Measurement – Scope of paragraph 52 (portfolio exception)
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

Note 2 – Significant accounting policies (continued)

2.3. Summary of significant accounting policies

2.3.1. Foreign currency translation

2.3.1.1 Functional currency translation

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

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

2.3.1.2 Transactions and balances

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

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

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

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

2.3.2. Loans

2.3.2.1 Classification

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

Note 2 – Significant accounting policies (continued)

2.3. Summary of significant accounting policies (continued)

2.3.2. Loans (continued)

2.3.2.2 Initial measurement

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

2.3.2.3 Subsequent measurement

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

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

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

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

Note 2 – Significant accounting policies (continued)

2.3. Summary of significant accounting policies (continued)

2.3.2. Loans (continued)

2.3.2.4 Derecognition

The Fund derecognizes a loan when the contractual rights to the cash flows from the loan expire or when it transfers the loan and the transfer qualifies for derecognition in accordance with IAS 39.

2.3.3. Derivative financial instruments

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

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

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

2.3.4. Notes

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

2.3.5. Cash and cash equivalent

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

Note 2 – Significant accounting policies (continued)

2.3. Summary of significant accounting policies (continued)

2.3.6. Redeemable shares

The A and 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 IFRS.

The C Shares are classified as equity instruments for the following reasons:

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

2.3.7. Interest income and expenses

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

2.3.8. Expenses

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

Note 2 – Significant accounting policies (continued)

2.3. Summary of significant accounting policies (continued)

2.3.9. Taxation

The Fund is not subject to any tax except to the tax on Luxembourg undertakings for collective investment ("Subscription tax").

The annual subscription tax ("taxe d'abonnement") is generally levied at the rate of 0.01% per annum on the Fund's Net Asset Value calculated on the last valuation day of each quarter and is payable in quarterly installments.

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.

2.3.10. Transfer between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

Note 3 – Loans portfolio

As at 31 December 2014, the Loans to PLIs have a carrying value amounting to USD 108,289,876 (2013: USD 104,147,826) and a fair value amounting to USD 106,071,785 (2013: USD 104,452,846).

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 7 fair value hierarchy. The estimated fair value of loans is based on a discounted cash flow model taking into account the impact from the evolution of (1) foreign exchange rates, (2) changes in local risk-free yield curves (i.e. T-bills and T-bonds) and (3) changes in the internal credit rating on each loan since disbursement date as well as (4) any impairment allowances accounted for by the Fund as of 31 December 2014. 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.

Note 3 – Loans portfolio (continued)

As at 31 December 2014, the exposure to one PLI is subject to partial impairment for an amount of USD 500,000 (2013: nil).

During the year ended 31 December 2014, there were no transfers into and out of level 3 fair value measurement.

As at 31 December 2014, the accrued interest to be received on loans to PLIs amounts to USD 3,209,632 (2013: USD 3,139,750).

Note 4 – Derivative financial instruments

Derivative financial instruments

The notional amounts of certain types of derivative financial instrument (e.g. futures, swaps and forward contracts) provide a basis for comparison with instruments recognized on the Statement of Financial Position, but they do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and therefore do not indicate the Fund's exposure to credit or market price risk. These derivative instruments become favourable (assets) or unfavourable (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 favourable or unfavourable, and thus the aggregate fair value of derivative financial assets and liabilities can fluctuate significantly from time to time.

Swap contracts

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

As per 31 December 2014, the Fund holds 93 cross currency swaps (2013: 81) and no interest rate swap (2013: 1) with notional amount of USD 119,221,121 (2013: USD 117,536,562), which have a positive fair value of USD 8,552,824 as at 31 December 2014 (2013: a negative fair value of USD (1,750,871)). The nominal value of the derivative financial instruments is higher than the nominal value of the loan portfolio to PLIs as most loans denominated in XOF/XAF are first hedged from XOF/XAF to EUR and then from EUR to USD.

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

Note 4 – Derivative financial instruments (continued)

Forward foreign exchange contracts

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

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

As at 31 December 2013, the Fund had the following forward foreign exchange contracts entered into by the Fund were outstanding:

Currency purchased	Currency sold	Amount purchased	Amount sold	Maturity date	Unrealised gain/ (loss)
USD	EUR	22,154	16,115	17/06/2014	(58)
USD	EUR	22,281	16,203	17/12/2014	(62)
USD	EUR	346,016	255,623	31/07/2014	(6,372)
USD	EUR	353,067	260,878	30/04/2014	(6,442)
USD	EUR	357,656	264,300	31/01/2014	(6,522)
USD	KES	50,030	4,722,824	16/06/2014	(2,599)
USD	EUR	523,288	380,490	17/02/2015	(1,350)
USD	KES	655,831	64,992,824	15/12/2014	(42,987)
					(66,392)

Note 4 – Derivative financial instruments (continued)

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

During the year ended 31 December 2014 and 2013, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

Note 5 – Notes

As at 31 December 2014, the outstanding Notes issued by the Fund amount to USD 13,121,470 (2013: USD 13,121,470) and are fully drawn.

The Subordinated Notes receive a semi-annual coupon payment of USD 6 months Libor + 1%. The general level of interest rates, including the 6 month Libor rate, has decreased since the issuance of the floating rate Subordinated Notes, with a corresponding impact on the semi-annual coupon payments. However, the premium of 1% is estimated to continue to reflect market conditions and as such has not changed since the issuance of the Subordinated Notes. The Investment Manager considers that the amortized cost of USD 13,121,470 is the best estimate of fair value.

Note 6 – Share Capital and Net Assets Attributable to Holders of Redeemable Shares

As at 31 December 2014, the issued capital and net assets attributable to holders of redeemable shares are as follows:

	Senior Class A Shares	**Mezzanine Class B Shares**	**First Loss Class C Shares**
As at 31 December 2014			
Initial commitment (USD)	10,000,000	47,743,750	-
Initial commitment (EUR)	10,000,000	13,000,000	54,000,000
Amount called (USD)	(10,000,000)	(31,450,000)	-
Amount called (EUR)	(10,000,000)	(6,605,353)	(43,439,819)
Uncalled commitment (USD)	-	16,293,750	-
Uncalled commitment (EUR)	-	6,394,647	10,560,181
Total amount subscribed (USD)	23,954,908	39,950,000	57,379,281
Allocation of operating profit (USD)	502,557	1,427,712	3,711,938
Distribution payable to holders of redeemable shares (USD)	(502,557)	(1,427,712)	-
Prior earnings / (losses) (USD)	-	-	2,815,415
Net Asset Value (USD)	**23,954,908**	**39,950,000**	**63,906,634**

As at 31 December 2013, the issued capital and net assets attributable to holders of redeemable shares were as follows:

	Senior Class A Shares	**Mezzanine Class B Shares**	**First Loss Class C Shares**
As at 31 December 2013			
Initial commitment (USD)	10,000,000	47,743,750	-
Initial commitment (EUR)	10,000,000	13,000,000	54,000,000
Amount called (USD)	(10,000,000)	(31,450,000)	-
Amount called (EUR)	(10,000,000)	(4,163,802)	(35,516,041)
Uncalled commitment (USD)	-	16,293,750	-
Uncalled commitment (EUR)	-	8,836,198	18,483,959
Total amount subscribed (USD)	23,954,908	36,950,000	44,379,281
Allocation of operating profit (USD)	488,060	994,990	719,800
Distribution payable to holders of redeemable shares (USD)	(488,060)	(994,990)	-
Prior earnings / (losses) (USD)	-	-	2,095,615
Net Asset Value (USD)	**23,954,908**	**36,950,000**	**47,194,696**

Note 7 – Subscription received in advance

As at 31 December 2013, a subscription for Class C Share for an amount of USD 3,000,000 has been received by the Fund. The subscription price of these shares is based on the net asset value of the related class of shares as of 31 December 2013. These shares have been issued on 1 January 2014 and had no impact on the total equity of the Fund as of 31 December 2013. As at 31 December 2014 no subscriptions have been received in advance.

Note 8 – Interest income and expense

8.1. Interest income on loans

For the year ended 31 December 2014, the interest income is composed of interest on loans and upfront fees amounting to respectively USD 14,048,389 (2012: USD 12,238,294) and USD 497,258 (2013: USD 521,259).

8.2. Interest expense on Notes

For the year ended 31 December 2014, the interest on Notes expensed by the Fund amounts to USD 177,935 (2013: USD 194,995).

Note 9 – Expenses

9.1. Fund management fee

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:

- (a) 2 % per annum for the first USD 50 million of Invested Capital invested in PLI Investments at the end of such calendar month; plus
- (b) 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
- (c) 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
- (d) 1.25 % per annum for the amount of Invested Capital invested in PLI Investments at the end of such calendar month exceeding USD 200 million; and

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

For the year ended 31 December 2014, the Fund management fee amounts to USD 2,200,375 (2013: USD 1,891,275).

Note 9 – Expenses (continued)

9.2. Investment manager incentive bonus

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

For the year ended 31 December 2014, an Investment Manager Incentive Bonus of USD 123,119 has been accrued (2013: USD 90,521).

9.3. Secretary fees

The secretary fees are paid on a monthly basis upon receipt of the invoice.
For the year ended 31 December 2014, the secretary fees amount to USD 130,278 (2013: USD 82,507).

9.4. Administration, custodian and domiciliation fees

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

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

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

For the year ended 31 December 2014, the administration fee amounts to USD 123,793 (2013: USD 106,099).

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

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

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

Note 9 – Expenses (continued)

9.4. Administration, custodian and domiciliation fees (continued)

For the year ended 31 December 2014, the custodian fee amount to USD 40,148 (2013: USD 35,475).

The Fund pays an annual lump sum domiciliation fee to Credit Suisse Fund Services (Luxembourg) S.A. For the year ended 31 December 2014, the domiciliation fee amounts to USD 15,000 (2013: USD 15,000).

As at 31 December 2014, the registrar and the compliance monitoring fees amount to USD 15,000 (2013: USD 15,000).

9.5. Accrued expenses

As at 31 December 2014, the accrued expenses relate to Fund management fees, Investment manager incentive bonus and direct operating expenses and amount to USD 913,963 (2013: USD 836,720).

Note 10 – Allocation and distribution waterfalls

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

Note 10 – Allocation and distribution waterfalls (continued)

At each NAV Calculation Date, the year-to-date positive Net Income of the Fund is allocated according to the Fund waterfall mechanism as set forth in the Issue Document, which is designed to compensate investors based on their respective investment risk and provide the necessary funding for the Fund's ongoing operations. The amount of dividend distributable to Classes A, 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 9.2, included to align the interests of the Investment Manager with those of the Fund's investors.

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

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

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

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

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

Note 10 – Allocation and distribution waterfalls (continued)

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.

Note 11 – Calculation of distributable income and capital gains and losses

Calculation of Distributable Income (income waterfall)

	2014 in USD	**2013** in USD
Interest income on loans	14,545,647	12,759,553
Bank interest	5,772	3,310
Other income	-	389,621
Management fees	(2,200,375)	(1,891,275)
Secretary fees	(130,278)	(82,507)
Legal and audit fees	(185,434)	(121,531)
Administration, custodian and domiciliation fees	(193,941)	(171,574)
Other administrative expenses	(55,798)	(67,343)
Marketing and promotion expenses	(36,681)	(26,819)
Interest on Notes	(177,935)	(194,995)
Debit interest	(673)	(3,370)
Realized losses on derivative financial instruments (interest portion)	(7,230,999)	(6,499,362)
Change in unrealized gain/ (loss) on derivative financial instruments (interest portion)	65,236	(434,466)
Total	**4,404,541**	**3,659,242**

Note 11 – Calculation of distributable income and capital gains and losses (continued)

The distributable income is allocated as follows:

	2014 in USD	**2013 in USD**
Target dividend on A-shares	446,300	446,882
Target dividend on B-shares	1,253,698	900,537
FX compensation amount	326,333	235,919
Target dividend on C-shares	1,603,422	1,253,178
Contribution to the TA Facility	50,000	370,121
Investment manager incentive bonus	123,119	90,521
Complementary dividends on A-, B- and C-shares	601,669	362,084
	4,404,541	3,659,242

As a result of the above-mentioned allocation, the total allocations per share class are as follows:

	2014 in USD	**2013 in USD**
Class A dividend	502,557	488,060
Class B dividend	1,427,712	994,990
Amount capitalized for Class C - Including FX Compensation	2,301,153	1,715,550
	4,231,422	3,198,600

In addition to the FX Compensation amount, an additional amount is allocated to Class C Shares, pro rata to the NAV of each Series of Class C Share, the computation of which is provided in the table below:

	2014 in USD	**2013 in USD**
Realized and change in unrealized loss on foreign exchange (only portion related to PLIs)	(10,731,398)	(518,140)
Realized and change in unrealized gain/(loss) on foreign exchange (other than portion related to PLIs)	(679,550)	49,604
Realized and change in unrealized gain/(loss) on derivative financial instruments (notional portion)	13,321,733	(527,214)
Loan loss allowance	(500,000)	-
	1,410,785	(995,750)

Note 11 – Calculation of distributable income and capital gains and losses (continued)

As a result, for the year ended 31 December 2014, a total amount of USD 3,711,938 has been capitalized to the Class C Shares, pro rata to the NAV of each Series of Class C Shares (2013: 719,800).

Note 12 – Risk management

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

12.1. Credit Risk

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

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

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

Prior to submitting a PLI Investment to the Fund's Investment Committee, the Investment Manager, through its Sub Saharan Africa-based team, performs a detailed country analysis, a PLI credit risk assessment, a PLI social responsibility evaluation, a PLI monthly monitoring report and 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.

Note 12 – Risk management (continued)

12.1. Credit Risk (continued)

On the monitoring side, the Investment Manager reviews on a monthly basis the credit quality and financial reporting of each PLI based on the monthly financial data that is reported by the PLI directly in the Investment Manager's information system at the end of each month. In addition, the Investment Analysis team of the Investment Manager performs an in-depth and on-site review of each PLI on an annual basis (or more frequently in case of material change). Each analyst remains in constant interaction with the PLI through its monthly processes and signals any material change to the Investment Services team which could affect any given transaction with such PLI, similarly at the country level. Portfolio valuation and covenant monitoring is performed on an ongoing basis. This close monitoring of the financial performance of investees enables the team to detect as early as possible any negative trend that would negatively impact the PLI's ability to reimburse a loan or enter into a breach of covenants. In addition, the Investment Manager performs the legal risk management process, reviewing each loan covenant of each given transaction on a monthly basis.

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

- Legal and financial covenants monitoring: The Investment Services team reviews all legal covenants and obligations related to each transaction for material events on a monthly basis, validating their compliance and reporting to the client. Any material event triggers a risk management process for the underlying obligation which involves challenging and questioning by the Investment Analysis team over and beyond the monthly and annual monitoring.

- Quarterly Investment valuation: Pursuant to the legal covenant review and risk management process, the Investment Services team proposes quarterly valuation guidance for each transaction to the Investment Manager based on predefined rules and criteria.

- Payment collection: On each payment date, the Investment Services team sends out reminders and confirmation receipts to the PLI and custodian bank. The team supervises and assists throughout the payment collection process.

Note 12 – Risk management (continued)

12.1. Credit Risk (continued)

12.1.1. Maximum exposure to credit risk

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

	As at 31 December 2014 in USD	**As at 31 December 2013 in USD**
Statement of financial position		
Loans to PLIs	108,789,876	104,147,826
Interest accruals on loans	3,209,632	3,139,750
Derivative financial instruments	8,714,467	-
Cash at bank	24,082,928	20,891,879
Other receivables	27,729	657,131
Total	**144,824,632**	**128,836,586**
Off balance sheet		
Committed undisbursed amounts on loans to PLIs	-	-
Total	**-**	**-**
Total gross maximum exposure	**144,824,632**	**128,836,586**

Note 12 – Risk management (continued)

12.1. Credit Risk (continued)

12.1.2. Risk concentrations of loan portfolio to credit risk

In the context of the credit risk analysis, the concentration risk analysis of the Fund's gross loans portfolios by PLI as of 31 December 2014 and 2013 is as follows:

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

31 December 2013	**Amounts in USD**	**%**
Top 1	10,059,035	9.66%
Top 3	25,049,407	24.05%
Top 5	34,599,431	33.22%
Top 10	55,236,442	53.04%
Top 20	82,998,477	79.69%
Top 30	99,336,622	95.38%
Top 37	104,147,826	100.00%

Note 12 – Risk management (continued)

12.1. Credit Risk (continued)

12.1.2. Risk concentrations of loan portfolio to credit risk (continued)

Risk concentrations 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 2014 and 2013:

	As at 31 December 2014		**As at 31 December 2013**	
	Amounts in USD	**%**	**Amounts in USD**	**%**
Nigeria	24,097,432	22.15%	21,961,394	21.09%
Senegal	14,758,349	13.57%	20,170,374	19.37%
Tanzania	12,063,791	11.09%	11,936,103	11.46%
Congo	9,500,000	8.73%	4,000,000	3.84%
Zambia	7,708,211	7.09%	3,284,157	3.15%
Kenya	7,531,943	6.92%	5,782,223	5.55%
Ivory Coast	6,050,250	5.56%	1,377,950	1.32%
Uganda	5,244,610	4.82%	9,493,065	9.11%
Cameroon	4,603,443	4.23%	5,485,804	5.27%
Ghana	4,312,671	3.96%	8,865,964	8.51%
Benin	3,569,648	3.28%	4,409,441	4.23%
Angola	2,000,000	1.84%	2,000,000	1.92%
Zimbabwe	2,000,000	1.84%	2,000,000	1.92%
Mozambique	1,746,172	1.61%	957,014	0.92%
Mali	1,536,764	1.41%	-	0.00%
Rwanda	977,549	0.90%	495,207	0.48%
Togo	605,024	0.56%	1,377,949	1.32%
Tchad	484,020	0.44%	551,180	0.53%
Total	**108,789,876**	**100.00%**	**104,147,826**	**100.00%**

Note 12 – Risk management (continued)

12.1. Credit Risk (continued)

12.1.3. Credit Quality

12.1.3.1. 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 nonpayment	CCC
37% - 43%	High vulnerable to nonpayment	CC
31% - 37%	Very high vulnerable to nonpayment	C
0% - 31%	Payment default	D

Note 12 – Risk management (continued)

12.1. Credit Risk (continued)

12.1.3. Credit Quality (continued)

12.1.3.1. Credit risk exposure for each internal risk rating (continued)

The table below is a credit rating analysis of the Fund's loan portfolio as of 31 December 2014 and 2013 based on the Fund's credit rating system:

	As at 31 December 2014		**As at 31 December 2013**	
	Amounts in USD	**%**	**Amounts in USD**	**%**
AAA			-	-
AA			-	-
A			-	-
BBB	51,530,024	47.37%	79,456,166	76.29%
BB	55,828,113	51.32%	24,691,660	23.71%
B	1,431,739	1.31%	-	-
CCC			-	-
CC			-	-
C			-	-
D			-	-
Total	**108,789,876**	**100.00%**	**104,147,826**	**100.00%**

12.1.3.2. Credit risk exposure to counterparties from cash deposits

As at 31 December 2014, the Fund holds cash in current accounts of USD 24,662,796 (2013: USD 18,511,841) and is therefore – with regards to these deposits – mainly exposed to the credit risk with Credit Suisse, whose rating is P-1 according to Moody's and A-1 according to Standard & Poor's.

Collateral has been posted with Standard Bank, rated Baa1 according to Moody's and BBB according to Fitch, for a total of USD 360,132. Collateral has been posted by hedge counterparties with REGMIFA for a total of USD 2,250,000, of which USD 940,000 by Standard Chartered Bank, rated A2 according to Moody's and A+ according to Standard & Poor's, and USD 1,310,000 by TCX, rated A- according to Standard & Poor's.

Note 12 – Risk management (continued)

12.1. Credit Risk (continued)

12.1.3. Credit Quality (continued)

12.1.3.3. Impairment assessment

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

As at 31 December 2014 and 2013, loan loss allowance amounts to USD 500,000 (2013: nil), which represents 0.46% of the gross portfolio.

12.2. Liquidity risk

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

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

- Excess cash liquidity is temporarily deposited with international investment grade banks or invested in money-market instruments.

- The Investment Manager shall strive to maintain cash on hand that represents the greater of 5% of the Fund Total Assets or a 120% of the Fund's projected 30-day liabilities. As soon as liquidity falls below this percentage, the Investment Manager shall notify the Board and Investment Committee immediately.

- In addition, the Fund may at any time draw down from existing commitments on A and B Shares or Notes and on a quarterly basis on C Shares. The existing undrawn commitments from both Noteholders and Shareholders to the Fund exceed USD 16 million and EUR 16 million as at 31 December 2014 (2013: USD 16 million and EUR 27 million).

Note 12 – Risk management (continued)

12.2. Liquidity risk (continued)

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

As at 31 December 2014	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Undefined Maturity	Total
Loans to Partner Lending Institutions (*)	8,148,419	54,395,467	79,940,196	-	-	142,484,082
Cash	24,082,928	-	-	-	-	24,082,928
Other receivables	27,729	-	-	-	-	27,729
Total Assets	**32,259,076**	**54,395,467**	**79,940,196**	**-**	**-**	**166,594,739**
Notes (*)	-	181,303	8,307,910	5,275,808	-	13,765,021
Derivative financial instruments	2,088,683	6,631,985	6,654,258	-	-	15,374,926
Accrued expenses	913,767	-	-	-	-	913,767
Other payables	92,832	-	-	-	-	92,832
Subscription received in advance	-	-	-	-	-	-
Classes A and B Shares	3,250,000	12,665,122	36,000,000	11,989,786	-	63,904,908
Total Liabilities	**6,345,282**	**19,478,410**	**50,962,168**	**17,265,594**	**-**	**94,051,454**
Class C Shares	-	-	-	-	63,906,634	63,906,634
Total Equity	**-**	**-**	**-**	**-**	**63,906,634**	**63,906,634**

(*) Including interest payment

As at 31 December 2013	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Undefined Maturity	Total
Loans to Partner Lending Institutions (*)	6,802,207	43,221,536	79,488,739	-	-	129,512,482
Cash	20,891,879	-	-	-	-	20,891,879
Other receivables	657,131	-	-	-	-	657,131
Total Assets	**28,351,217**	**43,221,536**	**79,488,739**	**-**	**-**	**151,061,492**
Notes (*)	-	203,547	8,503,933	5,340,045	-	14,047,525
Derivative financial instruments	1,826,132	6,403,844	6,988,818	-	-	15,218,794
Accrued expenses	836,720	-	-	-	-	836,720
Other payables	76,052					76,052
Subscription received in advance	3,000,000	-	-	-	-	3,000,000
Classes A and B Shares	-	5,250,000	47,654,908	8,000,000	-	60,904,908
Total Liabilities	**5,738,904**	**11,857,391**	**63,147,659**	**13,340,045**	**-**	**94,083,999**
Class C Shares	-	-	-	-	47,194,696	47,194,696
Total Equity	**-**	**-**	**-**	**-**	**47,194,696**	**47,194,696**

(*) Including interest payment

Note 12 – Risk management (continued)

12.3. Market risk

12.3.1. Interest rate risk

The Fund may be exposed to interest rate risks to the extent the rate basis for its assets and liabilities do not fully match. The Fund seeks to reduce this risk and to match the rate basis on its assets and liabilities. As of 31 December 2014, 81.2% (2013: 83%) of the portfolio yields floating interest rates with USD 6-month Libor as the rate basis (local currency denominated loans hedged for both currency and interest rate risk). 19.8% of the portfolio are denominated in USD (2013: 12%), the functional currency of the Fund, yielding a fixed USD rate. 0.4% of the portfolio are denominated in local currency and not hedged for currency and interest rate risk (2013: 5%).

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

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

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

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

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

		2014		**2013**
Increase (in basis points)	**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 %)**
10	25,396	1.50%	17,978	1.20%
50	126,979	7.40%	89,891	6.20%
100	253,959	14.90%	179,783	12.40%

Note 12 – Risk management (continued)

12.3. Market risk (continued)

12.3.2. Currency risk

Currency risk is the risk that the value of financial instruments fluctuates due to changes in foreign exchange rates. As at 31 December 2014 and 2013, all the Fund's financing instruments (notes and redeemable shares) are denominated in the functional currency of the Fund (2013: 100%). 19.8% of the Fund's PLI investments are denominated in USD (2013: 12%), 79.8% are denominated in local currency and hedged for both currency and interest rate risk (2013: 83%), and 0.4% are denominated in local currency and unhedged (2013: 5%).

As at 31 December 2014, the Fund's total unhedged open currency exposure amounts to USD 424,679 (exchange rate as of disbursement) (2013: USD 4,750,940) representing 0.4% of the PLI loan portfolio (2013: 5%). As at 31 December 2014, it was composed of one currency, the CFA Franc/XAF. Currency risk exposure in CFA Franc is only from XOF to EUR as loans remain fully hedged between EUR to USD (i.e., de-pegging risk only).
As at 31 December 2013, the Fund's total unhedged open currency exposure was composed of three currencies: the Ghanaian Cedi (USD 1,750,000 equivalent), the Ugandan Shilling (USD 500,000 equivalent), and the CFA Franc/ XOF (USD 2,500,940 equivalent).

12.3.3. Operational risk

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

Note 13 – Capital Management

The Fund is not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase and resale of ordinary 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 14 – Related Party transactions

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

Board of Directors
During the year ended 31 December 2014, an amount of USD 18,535 of travel expenses was reimbursed to Directors (2013: USD 13,990). The listing of the members of the Board of Directors is shown on page 1 of the annual report.

Investment Manager
Management fee
Symbiotics Asset Management S.A. serves as the Investment Manager of the Fund. For details of ratings see note 9. Depending on the performance of the Fund, the Investment Manager might be entitled to additional performance based remuneration.

Note 15 – Approval of the Financial Statements

The Board of Directors reviewed the Financial Statements as of 20 May 2015 and decided to submit them to the Annual General Meeting of Shareholders for approval to be held on 29 May 2015.