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

R.C.S. Luxembourg : B 150.766

Annual Report and Independent Auditor’s Report
as at 31 December 2021

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General information

Board of Directors	Mrs. Laure Wessemius-Chibrac (Chairwoman) Mr. Stefan Hirche Dr. Giuseppe Ballocchi Mrs. Claudia Huber Mrs. Saumya Kailasapathy (until 03.03.2022) Mrs. Edwige Ayighnane Woewdama Takassi Kikpa (since 04.03.2022)
Registered Office	*Until 28 February 2022:* 5, rue Jean Monnet L-2180 Luxembourg Grand-Duchy of Luxembourg *Since 1 March 2022:* 31 z.a, Bourmicht L-8070 Bertrange Grand-Duchy of Luxembourg
Investment Manager and Placing Agent	Symbiotics S.A. 31, rue de la Synagogue CH-1204 Geneva Switzerland
Custodian	*Until 28 February 2022:* Credit Suisse (Luxembourg) S.A. 5, rue Jean Monnet L-2180 Luxembourg Grand-Duchy of Luxembourg *Since 1 March 2022:* Citibank Europe plc, Luxembourg Branch 31 z.a, Bourmicht L-8070 Bertrange Grand-Duchy of Luxembourg
Administrative Agent	*Until 28 February 2022* Credit Suisse Fund Services (Luxembourg) S.A. 5, rue Jean Monnet L-2180 Luxembourg Grand-Duchy of Luxembourg *Since 1 March 2022:* Citibank Europe plc, Luxembourg Branch 31 z.a, Bourmicht L-8070 Bertrange Grand-Duchy of Luxembourg
Independent Auditor	Ernst & Young S.A. 35E, avenue John F. Kennedy L-1855 Luxembourg Grand-Duchy of Luxembourg
Legal Adviser	Linklaters LLP 35, avenue John F. Kennedy B.P.1107 L-1855 Luxembourg Grand-Duchy of Luxembourg

Report of the Board of Directors

We are pleased to submit the Annual Report for the year ending on 31 December 2021 and the related Independent Auditor's Report for the Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF ("REGMIFA" or the "Fund").

Learning to cope with Covid-19 in 2021

2021 proved to be a year of recovery and continued resilience in Sub-Saharan Africa ("SSA"), as the region had an estimated real GDP growth of 3.7% in 2021, a rebound from the economic contraction in 2020 (-2.01%). It was still a slower pace than the overall growth of emerging and developing economies in 2021 (6.3%) and the global growth of 5.9%[1], as the growth was hindered by the Covid-19 context and other political and social factors[2], including the limited capacity of the African governments to provide economic support during the pandemic, especially when comparing it to developed economies. The pandemic lingered into 2021 with the second and third waves of Covid-19 that once again restricted mobility, trade and imposed limitations to business activities. Also, by October 2021 only 2.5% of the population in SSA was fully vaccinated (compared to rates of 35% in other emerging markets and developing economies). High inflation levels have been the result of rising food prices and supply chain disruptions, which will remain a continuous risk in the region. The social unrest and conflict experienced across the region (i.e. South Africa, Burkina Faso, DRC, Ethiopia, and Mali) due to diverse political situations in 2021 affected investment flows, the economic activity in the countries, displaced populations, and had an impact on household dynamics, a trend that is expected to continue into 2022. On the bright side, some external factors have been improving, with stronger global trade, higher commodity prices supporting export countries (metals, oil, and food), and the restoration of portfolio flows into emerging markets.

REGMIFA's loan portfolio closed 2021 at a historical high

The expectations for 2021 were ambitious after the Fund recorded the historical highest level of annual disbursements in 2020. The upward portfolio growth trend continued, and the loan portfolio reached a maximum historical level of USD 143.4 million at the end of 2021. A total of USD 65.3 million were disbursed during the year across 38 transactions (12% less in amount than in 2020). The Fund once again was instrumental in supporting its investees during difficult times, reflected in the number of loans renewed (15) and top-ups (15). 21% of the loans (8) were disbursed to seven new partners and one returning investee. The largest investment in the year was a subordinated loan to Equity Bank, an SME bank in Kenya that is also supporting renewable energy projects for USD 9.3 million. The portfolio registered a growth of about 5% compared to 2020 and Benin was added back to the country portfolio in 2021. Contrary to expectation, the Fund was unable to expand its reach to Ethiopia, due to the political situation in the country. The investment opportunity will be revised again in 2022, should the political situation improve. The new strategy of the Fund made it possible for REGMIFA to invest in partners located outside of Sub-Saharan Africa with investment proceeds directed towards their SSA operations. Through that mechanism, the Fund indirectly added Togo and Mozambique to the portfolio closing the year with 21 countries of direct and indirect investments on the continent.

[1] https://data.imf.org/?sk=5778f645-51fb-4f37-a775-b8fecd6bc69b
[2] https://data.imf.org/?sk=5778f645-51fb-4f37-a775-b8fecd6bc69b

New strategy of the fund in full motion

The new strategy of the Fund to support access to financial services for low- and middle-income households (LMIH) in addition to micro and SME finance proved instrumental in 2021, as the Fund invested in partners working in the agricultural finance sector (Agri Commodities and Finance - ACF) and the off-grid electric sector (Greenlight Planet - GLP). The total amount invested of USD 12.6 million (USD 8.5 million to ACF and USD 4.1 million to GLP) represents 19% of total disbursements in 2021. The Fund will continue implementing the new strategy and adding new partners that work in sectors that promote financial inclusion and serve both MSMEs and LMIHs in 2022. We expect to see a higher share of the portfolio invested in sectors such as agricultural finance, fintech companies, and other types of embedded finance in 2022.

Highlight of 2021: the Fund launches its Environmental and Social Management Framework

Conscious that the focus of the Fund on SME finance, which is expected to reach about 50% of the portfolio by 2023, comes with new challenges from an environmental and social risk perspective, the Fund updated its Environmental and Social (E&S) risk management approach, developing an E&S Risk Management Framework. This effort was supported by KfW on behalf of the German Ministry of Economic Cooperation and Development (BMZ) as part of its commitment of additional C Shares and technical assistance funding in December 2020. REGMIFA used part of these funds to update its E&S management capacity to align with the 2019 KfW Sustainability Guidelines requirements. The new E&S Risk Management Framework was approved by the Board at the end of 2021 and the implementation started in 2022. It addresses the E&S risks of the transactions: the Fund works with its partner institutions to assess potential negative environmental and social effects of their lending operations as well as if their environmental and social risk management practices are commensurate to their risk level. The Fund will support partner institutions in the development of Environmental and Social Management Systems according to their level of E&S risks, for which KfW provided additional funding for institutions located in countries that are part of the G20 Compact with Africa (CwA) countries.

A year of recovery for the Fund

Even though the portfolio grew slower than projected, the results in 2021 were positive, and strong enough to allow the Fund to serve the full target dividends for all Share Classes. The A and B Share Classes have received the full target dividends consecutively for eleven years. The Fund closed 2021 with positive income supported mainly by the decrease of the loan loss allowance (USD 2.0 million), because of the repayments of loans in workout (notional of workouts went down by USD 4.8 million) along with the repayment of Stage 2 loans (USD 18.5 million) and the reclassification of some loans to a lower risk level. The number of cases in workout decreased from 11 in 2020 to 9 at the end of 2021, but the Fund has been receiving repayments from 4 active workout cases. The Fund wrote off USD 0.5 million during the year, of which 0.4 million represented principal of a partner institution, in an effort to support it. The dividends capitalized for the C Shares (USD 2.5 million) as well as the capital gains linked to the improved credit risk (USD 1.5 million) and revaluation of the value of the hedging instruments (USD 0.4 million) reduced the level of the retained loses that decreased from USD 5.8 million in 2020 to USD 1.3 million at the end of 2021 and the Net Asset Value (NAV) of the C Shares increased from USD 81.0 million in 2020 to USD 85.5 million.

New private investments leverage the capital structure

After securing a significant amount of new C Shares in 2020 (NAV of 50.3% of the Fund's GAV at the end of 2020), the 2021 objective was to increase its leverage and reach more private investors. The Fund received subscriptions to B Shares and private Notes. A total of USD 15.1 million of B Shares were subscribed in the year and USD 5.1 million extended while two new private investors invested USD 23.5 million in Notes. At the end of 2021, C Shares represent 46.3% of the GAV. The plan is to continue this strategy during 2022.

Social Impact in 2021

The Covid-19 pandemic again played a role affecting the activities of the Investment Manager that faced travel restrictions and lockdowns imposed in different countries. However, in the second part of the year, traveling was allowed and due diligence with new potential partners resumed. While the restrictions opened up the opportunity to work on larger syndications with other partners, investments in Tier 2 and 3 PLIs[3] still made up 32% of the disbursements in 2021, a number that is planned to increase in 2022 thanks to lifted travel restrictions and given the objective of supporting PLIs from Cameroon, Guinea, and DRC. The Fund is invested directly or indirectly in 16 of the least developed countries (LDCs, as defined by the UN) with a total amount invested of USD 54.5 million (compared to USD 57.8 million in 2020).

In 2021, the REGMIFA Technical Assistance Facility (TAF) continued the 2020 efforts to strengthen PLIs' response to the Covid-19 pandemic through the Technical Assistance Package on Crisis Impact Mitigation (TAP-CIM), which supported 6 PLIs across 5 countries and has a focus on Digital Financial Services. It also launched the tender process for the 2nd edition of the TAP-CIM to support a further 6 PLIs in 4 other countries to utilize digital innovations to better serve their clients in challenging and crisis environments. In 2021, the TAF also expanded its activities to contribute to the Fund's target of supporting SMEs by launching the first annual edition of the Technical Assistance Package on SME finance (TAP-SME), which will benefit 6 PLIs to enhance their capabilities and serve SMEs in countries that are part of the G20 CwA. Funding is also available to support the development of the ESMS of partner institutions located in CwA countries. In addition to the TA packages, the TAF funded 15 training scholarships to 9 PLIs from 6 countries to courses offered by the Boulder Microfinance programme and the Digital Frontier Institute. The total value of projects being implemented and launched in 2021 (TAPs and training scholarships) amounts to EUR 0.8 million, bringing the cumulative value of approved projects since the TAF's inception to EUR 8.6 million with 123 projects completed.

[3] REGMIFA defines small (Tier 3) institutions as those with total assets below USD 10 million, medium (Tier 2) institutions as those with total assets between USD 10 and USD 30 million, and large (Tier 1) institutions as those with total assets in excess of USD 30 million.

Report of the Board of Directors (continued)

Outlook for 2022

The high levels of fiscal debt in the region along with the limited external financing will contain the growth potential of the region in 2022. The growth in the SSA region for 2022 (3.8% growth) is also forecasted to be below the global GDP growth forecast of 4.9%, but the recovery in the region is on the way, and we believe this will present opportunities for the Fund. At the beginning of 2022, it was expected that inflation could start receding for the region but the conflict in Ukraine that started with the invasion of Russia on 24 February will create a disruption of supply of food commodities at a global level that includes wheat, soybeans, and barley; products imported by African countries. This will result in the increase of commodity prices and possibly aggravate food insecurity in the region. Among the positive factors that could support the economic activity in the region in 2022 is the benefits of oil-producing African countries from rising oil prices and the expectation that exchange rate pressures in the region might subdue after some economies have been adjusting their exchange rate regimes to allow for more flexibility (i.e. Nigeria), or supported the currencies (i.e. Kenya). Also, the international support, such as the credit facilities provided by the IMF and other emergency initiatives provided by multilateral development banks in 2021, will prove crucial for the region to continue growing and to be able to face any challenges posed by the haunting Covid-19 pandemic. The Investment Manager will continue working with existing partners and add new institutions to the portfolio as the aim remains to grow the scope and reach more countries. As the Investment Manager resumed traveling to some countries in 2021, it is anticipated that this trend keeps up and more in-person due diligence can be performed in 2022.

Concluding remarks

We started 2021 feeling optimistic after a very strong flow of investments and the growth of the portfolio in Q4 2020. While the world was taken by surprise by the different new waves of Covid-19, the Fund’s partner institutions have been able to adapt to the changing circumstances and use the situation to better position themselves and solidify their operations. This comes in very challenging conditions, as some SSA countries had several restrictions imposed and lockdowns affecting the daily activities and constraining their capacity to generate income. The slow vaccine rollout in the region has made the context more somber. Nevertheless, the achievements in terms of portfolio growth, the drop in workout cases, and the positive financial outcome make us feel hopeful for 2022.

2021 has marked a second year of challenges for the beneficiaries of REGMIFA. We keep witnessing the incredible level of resilience of our partner lending institutions and of their clients: the women and men of Sub-Saharan Africa. The Board would like to thank REGMIFA’s investors, donors and service providers for their continued support and commitment to the Fund’s mission and especially the Investment Manager for their management of this second year in crisis and continued improvements of the Fund’s processes and growth of its impact. We now look forward to 2022 with REGMIFA further increasing the achievement of its mission and remaining a reliable funder to its partner institutions.

The Board of Directors

17 May 2022

Building a better
working world

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Independent auditor's report

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

Opinion

We have audited the financial statements of Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF (the "Fund"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, the statement of changes in net assets attributable to holders of redeemable shares and in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for Opinion

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

Other information

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.
- Conclude on the appropriateness of Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d’entreprises agréé” to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “réviseur d’entreprises agréé”. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Ernst & Young
Société anonyme
Cabinet de révision agréé

Aïssata Coulibaly

Luxembourg, 17 May 2022

Statement of Financial Position

As at 31 December 2021
(expressed in USD)

	Notes	31/12/2021	31/12/2020
Assets			
Loans to Partner Lending Institutions	4	134,547,198	125,699,380
Interest receivable on loans	4	2,396,105	2,663,818
Derivative financial instruments	5	3,168,251	2,424,283
Other receivables		561,464	1,033,984
Prepaid expenses		586,967	219,419
Cash and cash equivalents		43,508,424	29,100,595
Total Assets		**184,768,409**	**161,141,479**
Liabilities			
Bank overdraft		-	104,419
Derivative financial instruments	5	2,860,559	5,954,317
Accrued expenses	9.5	334,911	674,558
Other payables		496,806	404,554
Contribution to the technical assistance facility	11.3	198,271	599,017
Notes issued	6	36,793,956	16,000,000
Distribution payable to holders of redeemable shares	11	1,242,772	1,892,079
Net assets attributable to:			
- holders of redeemable Class A shares	7	26,989,808	34,989,808
- holders of redeemable Class B shares	7	30,400,073	19,540,873
Total Liabilities		**99,317,156**	**80,159,625**
Equity			
Share capital	7	86,729,110	86,729,110
Retained earnings		(1,277,857)	(5,747,256)
Total Equity attributable to holders of Class C shares		**85,451,253**	**80,981,854**
Total Liabilities and Equity		**184,768,409**	**161,141,479**

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2021
(expressed in USD)

Income	**Notes**	**2021**	**2020**
Interest income on loans		13,322,090	12,018,521
Interest income on bank deposits		227,956	255,035
Net realised loss on derivative financial instruments		(4,486,554)	(947,950)
Net change in unrealised gain/(loss) on derivative financial instruments		3,837,726	(6,557,744)
Net realised loss on loans to Partner Lending Institutions		(1,282,667)	(4,711,664)
Net change in unrealised foreign exchange gain/(loss) on loans to Partner Lending Institutions		(3,984,231)	5,776,272
Net change in loan loss allowance	4	1,993,963	(458,535)
Other income		66,570	51,748
Total net investment income		**9,694,853**	**5,425,683**
Expenses			
Management fees	9.1	(2,676,786)	(2,042,833)
Secretary fees	9.3	(253,174)	(235,774)
Legal and audit fees		(163,040)	(119,783)
Administration, custodian and domiciliation fees	9.4	(225,844)	(216,120)
Amortization of placement fees	14	(63,868)	(443,746)
Other administrative expenses		(258,869)	(85,264)
Director and IC member fees		(139,209)	(123,890)
Marketing and promotion expenses		(127,568)	(29,004)
Total operating expenses		**(3,908,358)**	**(3,296,414)**
Operating profit		**5,786,495**	**2,129,269**
Other net foreign exchange gain/(loss)		476,378	285,800
Interest expense on notes		(342,200)	(654,071)
Bank charges		(13,270)	(6,788)
Profit before performance allocation		**5,907,403**	**1,754,210**
Distribution to holders of redeemable shares	11.3	(1,242,772)	(1,892,079)
Contribution to the technical assistance facility	11.3	(195,232)	-
Reversal of the Investment Manager incentive bonus 2019	9.2, 11.3	-	21,895
Profit/(loss) before tax		**4,469,399**	**(115,974)**
Taxation		-	-
Profit/(loss) for the year		**4,469,399**	**(115,974)**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**4,469,399**	**(115,974)**

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2021
(expressed in USD)

	Notes	2021	2020
Operating activities			
Profit/(loss) before tax		4,469,399	(115,974)
Adjustments to reconcile profit/(loss) before tax to net cash flows:			
Interest income on loans to Partner Lending Institutions		(13,322,090)	(12,018,521)
Interest expense on notes		342,200	654,071
Distribution to holders of redeemable shares	11.3	1,242,772	1,892,079
Contribution to the technical assistance facility	11.3	195,232	-
Reversal of the Investment Manager incentive bonus 2019	9.2, 11.3	-	(21,895)
Net change in unrealised foreign exchange loss on loans to Partner Lending Institutions		3,984,231	(5,776,272)
Net change in unrealised (gain)/loss on derivative financial instruments		(3,837,726)	6,557,744
Net change in loans loss allowance	4	(1,993,963)	458,535
		(8,919,945)	**(8,370,233)**
Working capital adjustments:			
Net decrease/(increase) in other receivables and prepaid expenses		104,972	2,970,565
Net increase/(decrease) in accrued expenses and other payables		(247,395)	473,672
Net cash flows used in operating activities		**(9,062,368)**	**(4,925,996)**
Investing activities			
Net (increase)/decrease in loans to Partner Lending Institutions		(10,838,086)	(12,106,702)
Interest received on loans to Partner Lending Institutions		13,589,803	12,300,668
Cash flows from investing activities		**2,751,717**	**193,966**
Financing activities			
Proceeds from issue of shares	7, 8	15,091,750	24,414,320
Payments on redemption of shares	8	(12,232,550)	(8,715,100)
Proceeds from issue of notes	8	23,493,956	1,500,000
Payments on redemption of notes	8	(2,700,000)	(5,324,294)
Distribution paid to holders of redeemable shares	8	(1,892,079)	(3,016,183)
Contribution paid from the technical assistance facility	8	(595,978)	(480,825)
Interest paid on notes	6	(342,200)	(667,089)
Cash flows from financing activities		**20,822,899**	**7,710,829**
Net (decrease)/increase in cash and cash equivalents		**14,512,248**	**2,978,799**
Cash and cash equivalents at the beginning of the year		**28,996,176**	**26,017,377**
Cash and cash equivalents at the end of the year		**43,508,424**	**28,996,176**

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares (Class A and Class B) and in Equity (Class C)

For the year ended 31 December 2021
(expressed in USD)

	Notes	Class A	Class B	Class C
As at 31 December 2019		**43,704,908**	**19,540,873**	**56,683,511**
Issuance of shares	7	-	-	24,414,320
Redemption of shares	7	(8,715,100)	-	-
Allocation of net income and capital gains and losses	11.3	1,168,641	723,438	(115,977)
Distribution payable to holders of redeemable Class A and Class B shares	11	(1,168,641)	(723,438)	-
As at 31 December 2020		**34,989,808**	**19,540,873**	**80,981,854**
Issuance of shares	7	-	15,091,750	-
Redemption of shares	7	(8,000,000)	(4,232,550)	-
Allocation of net income and capital gains and losses	11.3	556,096	686,676	4,469,399
Distribution payable to holders of redeemable Class A and Class B shares	11	(556,096)	(686,676)	-
As at 31 December 2021		**26,989,808**	**30,400,073**	**85,451,253**

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

As at 31 December 2021
(expressed in USD)

Note 1 - Description

1.1. Corporate information

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

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

The Fund was set up for an unlimited duration.

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

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

The registered office of the Fund is established in Luxembourg, Grand Duchy of Luxembourg and its address is set at 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 Partner Lending Institutions (“PLIs”) serving micro, small and medium sized enterprises (“MSMEs”) and low and middle income households ("LMIHs").

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

1.2. Investment objectives

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

Note 2 - Significant accounting policies

2.1. Statement of compliance

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

2.2. Basis of preparation

The financial statements have been prepared on a going concern basis, applying the historical cost convention, except for the derivative financial instruments that have been measured at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the Board of Directors to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Board of Directors believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates and the differences may be material to the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

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

Except as described below, the accounting policies used to prepare these financial statements are consistent with those applied for the year ended 31 December 2020.

2.3. New IFRS standards or amendments and potential impacts

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

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective for the Fund as of 1 January 2021. For the avoidance of doubt, only the new standards, amendments to standards and IFRIC which may have an effect on the Fund's financial statements are mentioned below:

- Amendments to IFRS 9, IFRS 7, IFRS 4, IFRS 16 and IAS 39: Interest Rate Benchmark Reform – Phase 2

  These amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates.

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

Note 2 - Significant accounting policies (continued)

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

2.3.2. Standards issued but not yet effective

The Fund has also decided not to early adopt the standards, amendments to standards and interpretations of the IFRIC which have been published but are not applicable for the year ending 31 December 2021. The Fund will adopt these standards on the date of their effective application and when they will be approved by the European Union. For the avoidance of doubt, only the standards, amendments to standards and IFRIC which may have an effect on the Fund's financial statements are mentioned below:

- Annual improvements to IFRSs 2018-2020 Cycle

  These improvements are effective from 1 January 2022 and are not expected to have material impact on the Fund's financial position or performance.
    - Amendments to IFRS 3 Business Combinations
    - Amendments to IAS 16 Property, Plant and Equipment
    - Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

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

  This amendment provides a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. It only affects the presentation of liabilities in the statement of financial position, is effective for periods beginning on or after 1 January 2023 and is not expected to have impact on the Fund's financial position or performance.

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

  These amendments change the requirements in IAS 1 with regard to disclosure of accounting policies: an entity is required to disclose its material accounting policies, instead of its significant accounting policies. It also explains how an entity can identify a material accounting policy, gives examples of when an accounting policy is likely to be material and provides guidance to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. It is effective for periods beginning on or after 1 January 2023 and is not expected to have impact on the Fund's financial position or performance.

- Amendments to IAS 8: Definition of Accounting Estimates

  These amendments help entities to distinguish between accounting policies and accounting estimates, introduce a new definition of accounting estimates and clarify the impacts of changes in accounting estimates. It is effective for periods beginning on or after 1 January 2023 and is not expected to have impact on the Fund's financial position or performance.

- IFRS 17: Insurance Contracts

  This standard establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts. The objective is to ensure that an entity provides relevant information that faithfully represents those contracts. It is effective for periods beginning on or after 1 January 2023 and is not expected to have impact on the Fund's financial position or performance.

Notes to the Financial Statements (continued)
As at 31 December 2021
(expressed in USD)

Note 2 - Significant accounting policies (continued)

2.4. Foreign currency translation

2.4.1. Functional currency

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

The Fund’s presentation currency is the USD.

2.4.2. Transactions and balances

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

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

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

2.5. Financial instruments

2.5.1. Classification of financial assets

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

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

Note 2 - Significant accounting policies (continued)

2.5. Financial instruments (continued)

2.5.1. Classification of financial assets (continued)

Financial assets measured at amortized cost

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

Financial assets measured at FVPL

A financial asset is measured at FVPL if:

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

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

2.5.2. Classification of financial liabilities

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

Financial liabilities measured at FVPL

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

Financial liabilities measured at amortized cost

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

Note 2 - Significant accounting policies (continued)

2.5. Financial instruments (continued)

2.5.3. Recognition

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

2.5.4. Initial measurement

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

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

Loans to PLIs are measured initially at the net disbursed amount which is the fair value of the cash given to originate the loan, including any transaction costs that are directly attributable to the acquisition or issue.

2.5.5. Subsequent measurement

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

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

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

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

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

Notes to the Financial Statements (continued)
As at 31 December 2021
(expressed in USD)

Note 2 - Significant accounting policies (continued)

2.5. Financial instruments (continued)

2.5.5. Subsequent measurement (continued)

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

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

2.5.6. De-recognition

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

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

2.5.7. Impairment of financial assets measured at amortized cost

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

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

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

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

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

Note 2 - Significant accounting policies (continued)

2.5. Financial instruments (continued)

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

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

2.6. Cash and cash equivalents

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

2.7. 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.

2.8. Notes issued

Notes issued are recognized initially at fair value including any transaction costs that are directly attributable to their acquisition or issue. Subsequently, they are measured at amortized cost using the effective interest rate method. If redemption is expected in one year or less, notes issued are considered as current liabilities.

2.9. Shares issued

2.9.1. Class A and Class B shares

The Class A and Class B shares are redeemable at the maturity of the relevant tranches of classes of shares and are classified as financial liabilities. The liabilities arising from these shares are carried at the redemption amount being the net asset value calculated in accordance with the Issue Document.

Note 2 - Significant accounting policies (continued)

2.9. Shares issued (continued)

2.9.2. Class C shares

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

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

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

2.10. Interest income and expenses

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

2.11. Expenses

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

2.12. Taxation

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

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

Notes to the Financial Statements (continued)
As at 31 December 2021
(expressed in USD)

Note 3 - Significant accounting judgements, estimates and assumptions

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

3.1. Classification of debt instruments

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

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

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

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

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

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

Note 3 - Significant accounting judgements, estimates and assumptions (continued)

3.2. Impairment losses on debt instruments

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

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

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

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

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

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

3.3. Fair value of financial instruments

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

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

Where the fair values of financial instruments cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models.

Notes to the Financial Statements (continued)
As at 31 December 2021
(expressed in USD)

Note 3 - Significant accounting judgements, estimates and assumptions (continued)

3.3. Fair value of financial instruments (continued)

The input to these models is taken from observable market data where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The determination of the adequate valuation method and of underlying assumptions requires significant estimation.

Note 4 - Loans to Partner Lending Institutions

	31/12/2021	**31/12/2020**
Gross loans to PLIs	143,378,698	136,524,843
Cumulated loan loss allowance	(8,831,500)	(10,825,463)
Carrying value of loans to PLIs (excluding interests)	**134,547,198**	**125,699,380**
Accrued interests	1,783,881	2,224,918
Interests receivable	612,224	438,899
Carrying value of of loans to PLIs (including interests)	**136,943,303**	**128,363,197**
Fair value of loans to PLIs	**143,617,733**	**131,935,976**

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

	31/12/2021	**31/12/2020**
Cumulated loan loss allowance as at opening	**10,825,463**	**10,366,928**
Additional/(reversal) of impairment losses recognised during the year	(1,488,273)	601,395
Amount written off during the year as uncollectible	(505,690)	(142,860)
Cumulated loan loss allowance as at closing	**8,831,500**	**10,825,463**

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

Notes to the Financial Statements (continued)

As at 31 December 2021
(expressed in USD)

Note 4 – Loans to Partner Lending Institutions (continued)

As at 31 December 2021, the portion of gross loans to PLIs falling due within one year amounts to USD 48,345,648 (2020: USD 39,371,867).

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

Credit Rating	Stage 1	Stage 2	Stage 3	Carrying Value 31/12/2021
A+	9,911,256	-	-	9,911,256
A	17,580,461	-	-	17,580,461
BBB+	9,935,433	8,252,843	-	18,188,276
BBB	5,326,697	-	-	5,326,697
BBB-	24,622,736	388,786	-	25,011,522
BB+	21,410,940	4,057,813	-	25,468,753
BB	14,883,940	5,966,073	-	20,850,013
BB-	7,604,600	3,385,467	-	10,990,067
B+	-	837,226	201,955	1,039,181
B-	-	-	2,096,532	2,096,532
C	-	-	4,477,476	4,477,476
D	-	-	2,438,464	2,438,464
Grand Total	**111,276,063**	**22,888,208**	**9,214,427**	**143,378,698**

Credit Rating	Stage 1	Stage 2	Stage 3	Carrying Value 31/12/2020
A	9,901,356	-	-	9,901,356
BBB+	2,679,706	8,948,314	-	11,628,020
BBB	15,725,496	-	-	15,725,496
BBB-	18,025,949	5,562,436	-	23,588,385
BB+	9,652,978	9,327,888	-	18,980,866
BB	20,403,430	10,514,353	-	30,917,783
BB-	3,301,927	6,775,597	-	10,077,524
B+	-	1,759,002	-	1,759,002
B	-	-	10,148,995	10,148,995
C	-	-	2,122,157	2,122,157
D	-	-	1,675,259	1,675,259
Grand Total	**79,690,842**	**42,887,590**	**13,946,411**	**136,524,843**

Notes to the Financial Statements (continued)

As at 31 December 2021
(expressed in USD)

Note 4 – Loans to Partner Lending Institutions (continued)

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

Gross carrying amount	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
As at 1 January 2021	79,690,842	42,887,590	13,946,411	136,524,843
New assets purchased	56,726,690	5,089,331	-	61,816,021
Assets derecognized or matured*	(27,388,894)	(22,841,288)	(4,226,294)	(54,456,476)
Transfers to Stage 1	5,441,522	(5,441,522)	-	-
Transfers to Stage 2	(3,194,095)	3,194,095	-	-
Amounts written off	-	-	(505,690)	(505,690)
At 31 December 2021	**111,276,065**	**22,888,206**	**9,214,427**	**143,378,698**

Gross carrying amount	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
As at 1 January 2020	74,525,393	36,507,466	7,609,010	118,641,869
New assets purchased	49,346,582	22,648,612	865,568	72,860,762
Assets derecognized or matured*	(30,869,101)	(22,698,517)	(1,410,170)	(54,977,788)
Transfers to Stage 1	4,147,474	(4,147,474)	-	-
Transfers to Stage 2	(16,765,915)	16,765,915	-	-
Transfers to Stage 3	(693,591)	(6,188,412)	6,882,003	-
At 31 December 2020	**79,690,842**	**42,887,590**	**13,946,411**	**136,524,843**

* excluding write-offs

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

ECLs	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
As at 1 January 2021	1,372,805	1,685,104	7,767,554	10,825,463
New assets purchased	695,802	345,632	652,949	1,694,383
Assets derecognized or matured*	(345,696)	(584,799)	(1,572,125)	(2,502,620)
Transfers to Stage 1	371,020	(371,020)	-	-
Transfers to Stage 2	(189,910)	189,910	-	-
Transfers to Stage 3	-	(13,048)	13,048	-
Changes in credit risk on assets transferred between stages during the year	(242,414)	32,952	4,320	(205,142)
Other changes in credit risk, not triggering a transfer between stages	(62,143)	(321,442)	(91,309)	(474,894)
Amounts written off	-	-	(505,690)	(505,690)
At 31 December 2021	**1,599,464**	**963,289**	**6,268,747**	**8,831,500**

ECLs	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
As at 1 January 2020	2,886,789	2,456,425	5,023,714	10,366,928
New assets purchased	832,823	1,031,899	127,845	1,992,567
Assets derecognized or matured*	(1,169,447)	(893,556)	-	(2,063,003)
Transfers to Stage 1	402,435	(402,435)	-	-
Transfers to Stage 2	(462,623)	462,623	-	-
Transfers to Stage 3	(23,507)	(397,591)	421,098	-
Changes in credit risk on assets transferred between stages during the year	(338,759)	(90,139)	2,165,839	1,736,941
Other changes in credit risk, not triggering a transfer between stages	(754,906)	(482,121)	(113,803)	(1,350,830)
Amounts written off	-	-	142,860	142,860
At 31 December 2020	**1,372,805**	**1,685,105**	**7,767,553**	**10,825,463**

* excluding write-offs

Note 5 - Derivative financial instruments

As part of its asset and liability management, the Fund uses forward foreign exchange contracts and 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 foreign exchange risk.

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

The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable, and thus the aggregate fair value of derivative financial assets and liabilities can fluctuate significantly from time to time.

The fair values of forward foreign exchange contracts and cross currency swaps are calculated by reference to current exchange rates for contracts with similar maturity and risk profiles and so involved valuation techniques where all the model inputs are observable (either directly or indirectly) in the market. It corresponds to level 2 of the IFRS 13 fair value hierarchy. The Fund does not apply hedge accounting and therefore the fair value of such derivative financial instruments might result in a mismatch with the value of the related financial assets recognized at amortized cost. This effect is unrealized and temporary.

During the year ended 31 December 2021 and 2020, there were no transfers between level 1 and level 2 fair value measurements.

5.1. Swap contracts

As at 31 December 2021, the Fund holds 72 cross currency swaps (2020: 78) with notional amount of USD 103,194,540 (2020: USD 91,293,081), which have a positive fair value of USD 3,164,689 and a negative fair value of USD 2,858,144 as at 31 December 2021 (2020: a positive fair value of USD 2,368,950 and a negative fair value of USD 5,810,474).

Notes to the Financial Statements (continued)

As at 31 December 2021
(expressed in USD)

Note 5 - Derivative financial instruments (continued)

5.2. Forward foreign exchange contracts

As at 31 December 2021, the Fund has the following forward foreign exchange contracts outstanding:

Currency purchased	Currency sold	Amount purchased	Amount sold	Maturity date	Unrealised gain/(loss)
USD	EUR	162,452	141,140	15/06/2022	2,187
USD	EUR	159,234	137,270	15/06/2023	1,317
USD	EUR	4,549	3,932	15/12/2022	58
USD	RWF	47,195	51,249,350	30/12/2022	(610)
USD	RWF	87,404	93,426,086	30/09/2022	(1,022)
USD	RWF	89,011	93,426,086	30/06/2022	(783)
					1,147

As at 31 December 2020, the Fund has the following forward foreign exchange contracts outstanding:

Currency purchased	Currency sold	Amount purchased	Amount sold	Maturity date	Unrealised gain/(loss)
USD	RWF	1,210,205	1,215,204,100	28/09/2021	55,333
USD	EUR	162,452	141,140	15/06/2022	(12,891)
USD	EUR	159,234	137,270	15/06/2023	(12,810)
USD	EUR	4,549	3,932	15/12/2022	(356)
USD	EUR	165,718	145,049	15/06/2021	(12,952)
USD	KES	1,778,518	198,438,139	04/01/2021	(41,426)
USD	XOF	184,572	109,104,159	10/01/2021	(18,672)
USD	UGX	82,552	324,271,500	06/05/2021	(3,391)
USD	ZMW	370,486	8,536,000	10/05/2021	(9,698)
USD	EUR	9,011	7,863	15/12/2021	(715)
USD	UGX	121,259	464,422,500	24/06/2021	(192)
USD	XOF	574,947	327,978,500	31/05/2021	(30,740)
					(88,510)

Note 6 - Notes issued

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

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

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

Note 6 - Notes issued (continued)

As at 31 December 2021, the Notes issued by the Fund amount to USD 36,793,956 (2020: USD 16,000,000) and are fully drawn. The portion of Notes issued having a maturity within one year amounts to USD 3,700,000 as of 31 December 2021 (2020: USD 2,700,000). The notes generated interest for an amount of USD 342,200 (2020: USD 654,070).

Note 7 - Share capital and net assets attributable to holders of redeemable Class A and Class B shares

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

- The first loss Class C shares (“Class C Shares”), which may be issued in successive series, bear all unrealized/realized capital losses of the Fund (e.g. foreign exchange loss, deterioration in credit quality or defaults with respect to the investments of the Fund) until the Net Asset Value (“NAV”) of Class C Shares has been fully depleted. Write backs on unrealized investments and any realized or unrealized capital gains shall be allocated to the Class C Shares in the order of priority as detailed in Note 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.

Notes to the Financial Statements (continued)
As at 31 December 2021
(expressed in USD)

Note 7 - Share capital and net assets attributable to holders of redeemable Class A and Class B shares (continued)

As at 31 December 2021, the outstanding and uncalled commitments are as follows:

As at 31 December 2021	Senior Class A Shares	Mezzanine Class B Shares	First Loss Class C Shares
	in USD	**in USD**	**in USD**
Total outstanding commitment (USD)	23,000,000	30,400,000	-
Total outstanding commitment (EUR)*	3,989,800	-	85,529,418
Amount called (USD)	(23,000,000)	(30,400,000)	-
Amount called (EUR)*	(3,989,800)	-	(85,529,418)
Uncalled commitment (USD)	**-**	**-**	**-**
Uncalled commitment (EUR)*	**-**	**-**	**-**

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

In 2021, a total amount of USD 15,091,750 was subscribed and USD 4,232,550 was redeemed in B-Shares.

In 2021, a total amount of USD 8,000,000 was redeemed in A-Shares.

As at 31 December 2020, the outstanding and uncalled commitments are as follows:

As at 31 December 2020	Senior Class A Shares	Mezzanine Class B Shares	First Loss Class C Shares
	in USD	**in USD**	**in USD**
Total outstanding commitment (USD)	23,000,022	19,540,873	-
Total outstanding commitment (EUR)*	11,989,786	-	86,729,110
Amount called (USD)	(23,000,022)	(19,540,873)	-
Amount called (EUR)*	(11,989,786)	-	(86,729,110)
Uncalled commitment (USD)	**-**	**-**	**-**
Uncalled commitment (EUR)*	**-**	**-**	**-**

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

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

Notes to the Financial Statements (continued)

As at 31 December 2021
(expressed in USD)

Note 8 - Reconciliation of financing liabilities

	1 January 2021	Cash flows	Non-cash flows	31 December 2021
Bank overdraft	104,419	(104,419)	-	-
Contribution from the technical assistance facility	599,017	(595,978)	195,232	198,271
Distribution payable to holders of redeemable shares	1,892,079	(1,892,079)	1,242,772	1,242,772
Notes issued	15,782,746	20,793,956	-	36,576,702
Net assets attributable to:				
- holders of redeemable Class A shares	34,989,808	(8,000,000)	-	26,989,808
- holders of redeemable Class B shares	19,540,873	10,859,200	-	30,400,073

	1 January 2020	Cash flows	Non-cash flows	31 December 2020
Bank overdraft	-	104,419 *	-	104,419
Contribution from the technical assistance facility	1,079,842	(480,825)	-	599,017
Distribution payable to holders of redeemable shares	3,016,183	(3,016,183)	1,892,079	1,892,079
Notes issued	19,824,294	(4,041,548)	-	15,782,746
Net assets attributable to:				
- holders of redeemable Class A shares	43,704,908	(8,715,100)	-	34,989,808
- holders of redeemable Class B shares	19,540,873	-	-	19,540,873

* As of 31 December 2020, the bank overdraft on the cash account in EUR is explained by a slight delay between the payment from a PLI and the settlement of the related hedge instrument.

Note 9 - Expenses

9.1. Fund management fees

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

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

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

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

The Fund management fee amounted to USD 2,676,786 for the year ended 31 December 2021 (2020: USD 2,042,833).

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 (as detailed in the waterfall allocation, Note 11.3), 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.

The Investment Manager Incentive Bonus accrued for as of 31 December 2021 amounted to USD 19,523 (2020: negative amount of USD 21,895).

The 2021 Investment Manager Incentive Bonus of USD 19,523 was reallocated to the Technical Assistance Facility, following a decision of the Board of Directors in March 2022.

9.3. Secretary fees

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

For the year ended 31 December 2021, the secretary fees amount to USD 253,174 (2020: USD 235,774).

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 2021, the administration fee amounts to USD 149,173 (2020: USD 142,528).

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

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

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

For the year ended 31 December 2021, the custodian fee amount to USD 46,671 (2020: USD 43,592).

Notes to the Financial Statements (continued)

As at 31 December 2021
(expressed in USD)

Note 9 - Expenses (continued)

9.4. Administration, custodian and domiciliation fees (continued)

The Fund pays an annual domiciliation fee to Credit Suisse Fund Services (Luxembourg) S.A. For the year ended 31 December 2021, the domiciliation fee amounts to USD 15,000 (2020: USD 15,000).

For the year ended 31 December 2021, the registrar and the compliance monitoring fees amount to USD 15,000 (2020: USD 15,000).

9.5. Accrued expenses

As at 31 December 2021, the accrued expenses mainly relate to Fund management fees and direct operating expenses and amount to USD 334,911 (2020: USD 674,558).

Note 10 - Allocation and distribution waterfalls

At each date on which a net asset value (“NAV”) calculation is made (“NAV Calculation Date”), the year-to-date cumulative net income (“Net Income”) of the Fund for the relevant calendar year is determined. The Net Income equals the sum of (i) the Fund’s cumulative year-to-date income (received and/or accrued) in the relevant calendar year less the year-to-date cumulative Fund Expenses (including, but not limited to, 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 realized and unrealized (i.e. accrued) interest owed to the Fund are included in the Fund’s Net Income (if any interest is not received by the Fund or if previously accrued interest is not paid to the Fund, such amounts come in deduction of the Fund’s Net Income) and (ii) the portion of the value of any related derivative financial instrument which is linked to the accrued interest on any loan is allocated to the Net Income of the Fund.

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

Note 10 - Allocation and distribution waterfalls (continued)

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

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

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

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

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

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

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

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

Notes to the Financial Statements (continued)

As at 31 December 2021
(expressed in USD)

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

11.1. Calculation of distributable income (income waterfall)

	31/12/2021	31/12/2020
Interest income on loans	13,322,090	12,018,521
Interest income on bank deposits	227,956	255,035
Other income	66,570	51,748
Management fees	(2,676,786)	(2,042,833)
Secretary fees	(253,174)	(235,774)
Legal and audit fees	(163,040)	(119,783)
Administration, custodian and domiciliation fees	(225,844)	(216,120)
Amortization of placement fees	(63,868)	(443,746)
Other administrative expenses	(258,869)	(85,264)
Director and IC member fees	(139,209)	(123,890)
Marketing and promotion expenses	(127,568)	(29,004)
Interest expenses on Notes	(342,200)	(654,071)
Bank charges	(13,270)	(6,788)
Net loss on derivative financial instruments (interest portion)	(5,451,582)	(5,412,699)
Reversal of the Investment Manager incentive bonus 2019	-	21,895
Total	**3,901,206**	**2,977,227**

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

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

	31/12/2021	31/12/2020
Net foreign exchange loss on loans to PLIs	(5,266,898)	1,064,608
Other net foreign exchange gain/(loss)	476,378	285,800
Net gain/(loss) on derivative financial instruments (notional portion)	4,802,754	(2,092,995)
Loan loss allowance	1,993,963	(458,535)
Total	**2,006,197**	**(1,201,122)**

Notes to the Financial Statements (continued)

As at 31 December 2021
(expressed in USD)

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

11.3. Allocation of distributable income and capital gains and losses

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

	31/12/2021	31/12/2020
Target dividend on Class A Shares	556,096	1,168,641
Complementary dividends on Class A Shares	-	-
Target dividend on Class B Shares	686,676	723,438
Complementary dividends on Class B Shares	-	-
Total dividends distributable to Class A Shares and Class B Shares	**1,242,772**	**1,892,079**
Contribution to the technical assistance facility	**195,232**	**-**
Investment Manager incentive bonus *	**-**	**-**
Reversal of the Investment Manager incentive bonus 2019	**-**	**(21,895)**
Target dividend on Class C Shares	2,463,202	1,085,149
Complementary dividends on Class C Shares **	-	-
Capital gains and losses specific to Class C Shares	2,006,197	(1,201,124)
Total allocated to Class C Shares	**4,469,399**	**(115,974)**
Profit before performance allocation	**5,907,403**	**1,754,210**

* The 2021 Investment Manager Incentive Bonus of USD 19,523 was reallocated to the Technical Assistance Facility, following a decision of the Board of Directors in March 2022.

** The 2021 total complementary dividends on Class C Shares of USD 78,093 was reallocated to the Technical Assistance Facility, following a decision of the Board of Directors in March 2022.

As a result, for the year ended 31 December 2021, a total amount of USD 556,096 is payable to the holders of Class A Shares (2020: USD 1,168,641), a total amount of USD 686,676 is payable to the holders of Class B Shares (2020: USD 723,438), and a total amount of USD 4,469,399 has been capitalized to the Class C Shares, pro rata to the NAV and the subscription date of each Series of Class C Shares (2020: negative amount of USD 115,974).

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

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

In addition, in order to be selected as suitable PLIs, financial institutions should meet a number of criteria at the time of investment by the Fund (in each case as reasonably determined by the Investment Committee upon recommendation by the Investment Manager). Such criteria relate to a wide array of PLI dimensions, but not limited to the legal, operational, social, governance, and environmental aspects.

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

(expressed in USD)

Note 12 - Risk management (continued)

12.1. Credit risk (continued)

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

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

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

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

12.1.1. Maximum exposure to credit risk

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

	31/12/2021	31/12/2020
Statement of financial position		
Loans to PLIs	143,378,698	136,524,843
Derivative financial instruments (*)	3,168,251	2,424,283
Interest receivable on loans to PLIs	3,811,876	4,380,509
Other receivables	561,464	1,033,984
Cash and cash equivalents	43,508,424	29,100,595
Total	**194,428,713**	**173,464,214**
Off-balance sheet		
Committed undisbursed amounts on loans to PLIs	-	-
Total	**-**	**-**
Total gross maximum exposure	**194,428,713**	**173,464,214**

(*) *See Note 5 for further details.*

Notes to the Financial Statements (continued)
As at 31 December 2021
(expressed in USD)

Note 12 - Risk management (continued)

12.1. Credit risk (continued)

12.1.2. Risk concentration of loan portfolio to credit risk

Risk concentration by PLI

In the context of the credit risk analysis, the concentration risk analysis of the Fund's gross loans portfolio by PLI as of 31 December 2021 and 2020 is as follows:

31 December 2021	**Amounts in USD**	**%**
Top 1	9,935,433	6.93%
Top 3	29,004,586	20.23%
Top 5	45,679,993	31.86%
Top 10	72,510,831	50.57%
Top 20	105,567,370	73.63%
Top 30	124,292,355	86.69%
Top 40	137,491,286	95.89%
Top 50	142,774,929	99.58%
Total	**143,378,698**	**100.00%**

31 December 2020	**Amounts in USD**	**%**
Top 1	9,928,110	7.27%
Top 3	28,777,780	21.08%
Top 5	40,436,211	29.62%
Top 10	61,432,595	45.00%
Top 20	91,934,471	67.34%
Top 30	113,773,353	83.34%
Top 40	127,778,465	93.59%
Top 50	135,936,094	99.57%
Total	**136,524,843**	**100.00%**

Notes to the Financial Statements (continued)

As at 31 December 2021
(expressed in USD)

Note 12 - Risk management (continued)

12.1. Credit risk (continued)

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

Risk concentration by geographical regions

The table below shows the credit risk analysis of the Fund's gross loan portfolio per geographical region as of 31 December 2021 and 2020:

	31 December 2021		31 December 2020	
	Amounts in USD	**%**	**Amounts in USD**	**%**
Kenya	27,522,081	19.21%	20,792,813	15.23%
Nigeria	23,301,461	16.25%	20,357,474	14.91%
South Africa	16,198,585	11.30%	21,012,775	15.40%
Burkina Faso	15,014,963	10.47%	11,898,835	8.72%
Senegal	11,512,627	8.03%	10,945,993	8.02%
Cote D'Ivoire (Ivory Coast)	9,076,531	6.33%	10,655,972	7.81%
United Arab Emirates*	8,422,564	5.87%	-	-
Uganda	7,327,928	5.11%	5,201,147	3.81%
Madagascar	4,468,892	3.12%	7,262,434	5.32%
United States*	4,060,294	2.83%	-	-
Ghana	3,655,922	2.55%	5,639,761	4.13%
Angola	2,096,532	1.46%	2,401,423	1.76%
Zambia	1,852,523	1.29%	4,462,084	3.27%
Tanzania	1,730,639	1.21%	2,944,339	2.16%
Benin	1,681,580	1.17%	-	-
Democratic Republic of Congo	1,661,614	1.16%	2,981,428	2.18%
Mali	1,297,546	0.90%	6,158,549	4.51%
Sierra Leone	1,290,726	0.90%	498,144	0.35%
Niger	510,571	0.36%	1,095,063	0.80%
Malawi	462,371	0.32%	971,170	0.71%
Rwanda	232,748	0.16%	1,154,690	0.85%
Cameroon	-	-	90,749	0.06%
Total	**143,378,698**	**100.00%**	**136,524,843**	**100.00%**

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

The above risk concentrations reflect the Fund's exposures by market and PLI. The portfolio value in the risk concentration tables differs from the portfolio value in the statement of financial position by USD 8,831,500, which consists of the loan loss allowance as of 31 December 2021 (2020: USD 10,825,463).

(expressed in USD)

Note 12 - Risk management (continued)

12.1. Credit risk (continued)

12.1.3. Credit quality

Credit risk exposure for each internal risk rating

The institutional risk of PLIs is closely monitored by the Investment Manager's professional, independent central and local risk experts using internal credit ratings.

The current methodology takes into account quantitative and qualitative factors, the degree of maturity of the PLI, as well as monthly monitoring and annual visits. The methodology is based both on a credit risk and performance assessment. The performance assessment reviews three years of past audited and operational quantitative information, divided into three analytical dimensions (operational efficiency, financial results and social impact), and about thirty indicators.

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

The Fund rating's categories are as follows:

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

In March 2020, additional guidelines were implemented as part of the Credit Risk Rating analysis, to reflect the new risks created by the pandemic.

In June 2020, new financial indicators (related to loans subject to payment moratorium, cash collection and cash disbursement rates) were implemented and incorporated in the Credit Risk Rating analysis.

Notes to the Financial Statements (continued)

As at 31 December 2021
(expressed in USD)

Note 12 - Risk management (continued)

12.1. Credit risk (continued)

12.1.3. Credit quality (continued)

The table below is a credit rating analysis of the Fund's loan portfolio as of 31 December 2021 and 2020 based on the Fund's credit rating system:

	31 December 2021		**31 December 2020**	
	Amounts in USD	**%**	**Amounts in USD**	**%**
AAA	-	-	-	-
AA	-	-	-	-
A	27,491,717	19.17%	9,901,356	7.25%
BBB	48,526,495	33.84%	50,941,901	37.31%
BB	57,308,833	39.97%	59,976,172	43.93%
B	3,135,713	2.20%	11,907,998	8.73%
CCC	-	-	-	-
CC	-	-	-	-
C	4,477,476	3.12%	2,122,157	1.55%
D	2,438,464	1.70%	1,675,259	1.23%
Total	**143,378,698**	**100.00%**	**136,524,843**	**100.00%**

Credit risk exposure to counterparties from cash deposits

As at 31 December 2021, the Fund holds cash in current accounts of USD 36,322,775 (2020: USD 21,845,201) and is 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. As at 31 December 2021, cash for a total amount of USD 960,000 (2020: USD 629,474) has been pledged as collateral with ICBC Standard Bank rated BBB+ according to Standard & Poor's and presented as other receivables.

As at 31 December 2021, collateral had been posted with TCX acting as a hedge counterparty with the Fund for USD 6,225,648 (2020: USD 4,890,975), rated A- according to Standard & Poor's.

Impairment assessment

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

Notes to the Financial Statements (continued)
As at 31 December 2021
(expressed in USD)

Note 12 - Risk management (continued)

12.1. Credit risk (continued)

12.1.3. Credit quality (continued)

Impairment assessment (continued)

The Fund recognizes expected credit losses on loans to PLIs based on its own probability of default model. As at 31 December 2021, loan loss allowance on principal amounts to USD 8,831,500 (2020: USD 10,825,463), which represents 6.20% (2020: 7.93%) of the gross portfolio.

IFRS 9 impairment methodology is forward looking, factoring in all future principal and interest cash flows. The loan loss allowance is applied to the entire portfolio (including non-workout institutions). Partner lending institutions are separated into Stage 1, 2 and 3 loans depending on changes to credit quality at year-end relative to credit quality at loan's disbursement. As of 31 December 2021, Stage 1 loans, having a loan loss allowance of USD 1,599,464 (2020: USD 1,372,805) determined at a 12 month ECL, reflect the stable credit quality. Stage 2 loans, having a loan loss allowance of USD 963,289 (2020: USD 1,685,105) determined at a lifetime ECL, reflect a deterioration of credit quality, as a result of country risk and institutional risk increase. Stage 3 loans, having a loan loss allowance of USD 6,268,747 (2020: USD 7,767,553) determined at a lifetime ECL, indicate a default situation.

The ECL model is sensitive to the determined staging of each PLI and to long tenor exposures. Should all PLIs be reallocated from stage 1 to stage 2, the negative impact on credit loss allowance would amount to USD 5.05 million (2020: USD 4.1 million). The top three exposures of the Fund as of 31 December 2021, which have long tenor loans, represent around 75% of the increase on credit loss allowance when they are reallocated to stage 2.

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

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.

Notes to the Financial Statements (continued)

As at 31 December 2021
(expressed in USD)

Note 12 - Risk management (continued)

12.2. Liquidity risk (continued)

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

- Excess cash liquidity is temporarily deposited with international investment grade banks or invested in money-market instruments.
- The Investment Manager shall strive to maintain cash on hand that represents the greater of 5% of the Fund Total Assets or a 120% of the Fund's projected 30-day liabilities. As soon as liquidity falls below this percentage, the Investment Manager shall notify the Board of Directors and the Investment Committee immediately.
- In addition, the Fund may at any time draw down from existing commitments on Class A Shares and Class B Shares or Notes and on a quarterly basis on Class C Shares. There were no existing uncalled commitments from Shareholders to the Fund as at 31 December 2021 (2020: none).

Notes to the Financial Statements (continued)
As at 31 December 2021
(expressed in USD)

Note 12 - Risk management (continued)

12.2. Liquidity risk (continued)

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

31 December 2021	Less than 3 months (in USD)	3 months to 1 year (in USD)	1 year to 5 years (in USD)	More than 5 years (in USD)	Undefined maturity (in USD)	Total (in USD)
Loans to PLIs (*)	13,294,340	49,828,724	86,990,430	29,017,908	-	179,131,402
Other receivables	561,464	-	-	-	-	561,464
Cash and cash equivalents	43,508,424	-	-	-	-	43,508,424
Total financial assets	**57,364,228**	**49,828,724**	**86,990,430**	**29,017,908**	**-**	**223,201,290**
Undrawn capital commitments	-	-	-	-	-	-
Total financial assets and undrawn capital commitments	**57,364,228**	**49,828,724**	**86,990,430**	**29,017,908**	**-**	**223,201,290**
Bank overdraft	-	-	-	-	-	-
Notes (**)	189,817	4,320,992	37,284,493	-	-	41,795,302
Derivative financial instruments (**)	5,210,264	2,903,417	4,960,710	-	-	13,074,391
Accrued expenses	334,911	-	-	-	-	334,911
Other payables	496,806	-	-	-	-	496,806
Distribution payable to holders of redeemable shares	-	1,242,772	-	-	-	1,242,772
Contribution to the TA Facility	-	195,232	-	-	-	195,232
Net Assets attributable to Class A and B Shares	5,000,000	2,500,000	29,689,800	20,200,033	-	57,389,833
Total financial liabilities	**11,231,798**	**11,162,413**	**71,935,003**	**20,200,033**	**-**	**114,529,247**
Committed undisbursed amounts on loans to PLIs	-	-	-	-	-	-
Total financial liabilities and committed undisbursed amounts on loans to PLIs	**11,231,798**	**11,162,413**	**71,935,003**	**20,200,033**	**-**	**114,529,247**

(*) *Based on principal amounts at historical cost, considering hedging with derivative financial instruments, and including future interest income.*

(**) *Including future interest expenses.*

Notes to the Financial Statements (continued)

As at 31 December 2021
(expressed in USD)

Note 12 - Risk management (continued)

12.2. Liquidity risk (continued)

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

31 December 2020	Less than 3 months (in USD)	3 months to 1 year (in USD)	1 year to 5 years (in USD)	More than 5 years (in USD)	Undefined maturity (in USD)	Total (in USD)
Loans to PLIs (*)	22,928,418	50,184,868	72,099,073	22,638,497	-	167,850,856
Other receivables	1,033,984	-	-	-	-	1,033,984
Cash and cash equivalents	29,100,595	-	-	-	-	29,100,595
Total financial assets	**53,062,997**	**50,184,868**	**72,099,073**	**22,638,497**	**-**	**197,985,435**
Undrawn capital commitments	-	-	-	-	-	-
Total financial assets and undrawn capital commitments	**53,062,997**	**50,184,868**	**72,099,073**	**22,638,497**	**-**	**197,985,435**
Bank overdraft	104,419	-	-	-	-	104,419
Notes (**)	76,180	2,932,773	13,885,499	-	-	16,894,452
Derivative financial instruments (**)	1,022,687	2,723,515	3,703,380	-	-	7,449,582
Accrued expenses	674,558	-	-	-	-	674,558
Other payables	404,554	-	-	-	-	404,554
Distribution payable to holders of redeemable shares	-	1,892,079	-	-	-	1,892,079
Net assets attributable to Class A and Class B Shares	-	17,340,881	27,189,800	10,000,000	-	54,530,681
Total financial liabilities	**2,282,398**	**24,889,248**	**44,778,679**	**10,000,000**	**-**	**81,950,325**
Committed undisbursed amounts on loans to PLIs	-	-	-	-	-	-
Total financial liabilities and committed undisbursed amounts on loans to PLIs	**2,282,398**	**24,889,248**	**44,778,679**	**10,000,000**	**-**	**81,950,325**

(*) *Based on principal amounts at historical cost, considering hedging with derivative financial instruments, and including future interest income.*

(**) *Including future interest expenses.*

Note 12 - Risk management (continued)

12.3. Market risk

12.3.1. Interest rate risk

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

The Fund may be exposed to interest rate risks to the extent that the rate basis for its assets and liabilities do not fully match. The Fund seeks to reduce this risk and to match the rate basis on its assets and liabilities. As of 31 December 2021, 72.1% (2020: 79.4%) of the portfolio yields floating interest rates with USD 6-month Libor as the rate basis (local currency denominated loans hedged for both currency and interest rate risk). 19.2% of the portfolio is denominated in USD (2020: 14.6%), the functional currency of the Fund, yielding a fixed USD rate.

As of December 31, 2021, the Fund has not transitioned any asset, liability, or derivatives to a USD Risk-Free-Rate (RFRs). The transition of USD 6-month Libor rates will be completed by June 2023. Although the Fund currently has exposure to other interest rate benchmarks, the Fund shall evaluate and follow a similar approach to LIBOR transition in the future, if any of those benchmarks are set to be discontinued and mandated by the relevant regulators. This will be subject to necessary approvals from the Board of Directors.

As of December 31, 2021 the Fund has not transitioned any asset, liability, or derivative to a USD Risk-Free-Rate (RFRs) and this will be completed by June 2023. The Fund's exposure to Libor that could be affected by the transition includes USD in 27.5 M in assets, USD 66.4 M in liabilities and USD 94.8 M in derivatives.

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 economies of the target countries and any applicable markets outside of the target countries, and, in turn, the value of the Fund's investments.

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

Notes to the Financial Statements (continued)
As at 31 December 2021
(expressed in USD)

Note 12 - Risk management (continued)

12.3. Market risk (continued)

12.3.1. Interest rate risk (continued)

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

	31 December 2021		31 December 2020	
Increase (in bps)	**Effect on profit before tax (in USD)**	**Effect on profit before tax (in %)**	**Effect on profit before tax (in USD)**	**Effect on profit before tax (in %)**
10	19,309	1.26%	18,789	1.19%
50	96,543	6.32%	93,946	5.95%
100	193,087	12.63%	187,892	11.90%

12.3.2. Currency risk

Currency risk is the risk that the value of financial instruments fluctuates due to changes in foreign exchange rates. As at 31 December 2021, all of the Fund's financing instruments (notes and redeemable shares) are denominated in the functional currency of the Fund (2020: 100%). 45.6% of the Fund's PLI investments are denominated in USD (2020: 29.5%), 53.1% are denominated in local currency and hedged for both currency and interest rate risk (2020: 70.5%), and nil are denominated in EUR and unhedged.

As at 31 December 2021, the Fund's total unhedged open currency exposure amounts to USD 1,860,495 (2020: nil).

The table below indicates the currencies to which the Fund had significant exposure at 31 December 2021 and 2020 on its PLIs investments. The analysis calculates the effect of a reasonably possible movement of the currency rates against the USD on the net assets and the net equity, with all other variables held constant.

	31 December 2021		31 December 2020	
Currency	**Change in currency rate**	**Effect on the net assets/ net equity**	**Change in currency rate**	**Effect on the net assets/ net equity**
EUR	10%	(4,430)	10%	(52,506)
EUR	5%	(2,215)	5%	(26,253)
ZAR	10%	(37)	10%	(83,347)
ZAR	5%	(18)	5%	(41,673)

An equivalent increase would have resulted in an equivalent but opposite impact.

The possible 5% and 10% shift in currency rates represent management's best estimate, having regards to historical volatility.

Notes to the Financial Statements (continued)

As at 31 December 2021
(expressed in USD)

Note 12 - Risk management (continued)

12.3. Market risk (continued)

12.3.2. Currency risk (continued)

As at 31 December 2021 and 2020, the split of the loan portfolio by currency is as follows:

	As at 31 December 2021				As at 31 December 2020		
	Number of loans	**Total amount (*) USD**	**% of net assets**		**Number of loans**	**Total amount (*) USD**	**% of net assets**
USD	32	64,623,821	45.22%	USD	27	42,748,439	31.55%
XOF	31	35,712,293	24.99%	XOF	29	40,754,412	30.07%
ZAR	12	16,198,585	11.33%	ZAR	13	21,012,775	15.51%
UGX	6	7,327,928	5.13%	KES	5	5,922,765	4.37%
EUR	6	6,159,078	4.31%	GHS	3	5,639,762	4.16%
KES	3	3,731,452	2.61%	UGX	10	5,201,147	3.84%
GHS	3	3,655,922	2.56%	MGA	2	3,743,118	2.76%
ZMW	2	1,852,523	1.30%	EUR	5	3,610,065	2.66%
TZS	2	1,730,639	1.21%	TZS	2	2,944,339	2.17%
MGA	1	1,691,338	1.18%	ZMW	5	2,822,161	2.08%
MWK	1	462,371	0.32%	RWF	1	1,154,690	0.85%
RWF	1	232,748	0.16%	MWK	2	971,170	0.72%
	100	**143,378,698**	**100.32%**		**104**	**136,524,843**	**100.74%**

(*) net of the effect of the forward exchange transactions as of 31 December 2021 and 2020.

Note 12 - Risk management (continued)

12.3. Market risk (continued)

12.3.3. Operational risk

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

Note 13 - Capital management

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

The Fund's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in its 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 2021, an amount of USD 13,355 of travel expenses was reimbursed to the Directors (2020: USD 7,968). Directors' and IC member fees for the year ended 31 December 2021 amounted to USD 139,209 (2020: USD 123,890). The listing of the members of the Board of Directors is shown on page 3 of the annual report.

Notes to the Financial Statements (continued)
As at 31 December 2021
(expressed in USD)

Note 14 - Related party transactions (continued)

Investment Manager

Management fee and Incentive Bonus

Symbiotics S.A. serves as the Investment Manager of the Fund. The Investment Manager is entitled to a management fee. In addition, depending on the performance of the Fund, the Investment Manager might be entitled to additional performance-based remuneration. See Note 9.1, 9.2, 10 and 11 for further details.

Placement fees

During the year ended 31 December 2021, there were a recognition of placement fees of USD 63,868 (2020: USD 443,746).

Note 15 - Approval of the financial statements

On 17 May 2022, the Board of Directors resolved to authorize the issuance of the financial statements of the Fund for the year ended 31 December 2021 and decided to submit them to the Annual General Meeting of Shareholders for approval.

Note 16 - Coronavirus COVID-19

Sub-Saharan Africa went through moderate growth in 2021, following the recession that the region experienced in 2020 caused by the COVID-19 pandemic. The rebound in 2021 was supported by an improvement in global trade and commodity prices, but the recovery was stalled by new waves of COVID-19, to which some countries reacted by imposing lockdown measures (i.e. South Africa, Kenya, and Uganda) and the very low vaccination rates in the region, the lowest worldwide. In addition, the governments did not have the capacity to react and provide economic support to weather the effects of the pandemic.

On average, the investees of the Fund experienced some improvements, reflected in the portfolio at risk and return on assets. The average PAR30 of the portfolio improved from levels around 12% to 10.5% and the average return on assets increased from 0.5% to levels close to 3% in the period from December 2020 to December 2021. However, 45% of the investees had a higher PAR30 in December 21 compared to the year before and for 50% of the investees, the capital adequacy ratio deteriorated during this time span.

In general, the credit risk of the Fund improved throughout the year with a decrease in the number of investees in workout (from 11 in December 2020 to 9 in December 2021), and the principal amount in workout (USD 16.9 million to 9.1 million). Three workout cases left the portfolio in 2021 and a new one entered, but this case is not related to the COVID-19 pandemic and the amount owed to the Fund is only the interest portion of the loan already repaid.

Out of the 6 PLIs that were moved to Stage 3 in 2020 due to the consequences of the pandemic, 2 fully repaid their obligations to the Fund (USD 2.3 million), 1 repaid its obligations according to the agreed schedule (USD 2.85 million) and is expected to make its final payment to the Fund on time in 2022 (USD 0.25 million). 4 restructuring agreements were signed in 2021 with 2 of the other PLIs that were affected by the pandemic one more is expected to be signed in 2022.

Note 16 - Coronavirus COVID-19 (continued)

The lockdowns imposed in South Africa, Uganda, and Kenya changed the risk perception of the countries, increasing the exposure of the Fund to Stage 2 PLIs, as the investees were moved from Stage 1 to Stage 2. However, Kenya's risk profile improved by the end of 2021 and for Kenyan investees the move from Stage 1 to Stage 2 was reversed, leading to a significant drop in the provisions as a percentage of GLP (from 8% in December 2020 to 6% in December 2021).

The outlook is uncertain for 2022, as the region is vulnerable to new COVID-19 shocks, social unrest and conflicts, and will also be affected by the consequences of the war in Ukraine. It is expected increasing oil prices, food prices, and transport costs will worsen food insecurity in the region. The current provisioning model is forward looking and conservative which ensures that the Fund has built sufficient reserves to cover for potential downturns, which was demonstrated during the COVID-19 pandemic.

Note 17 - Subsequent events

(i) Change of bank and administrative agent

On 1 March 2022, Citibank Europe PLC (Luxembourg Branch) replaced Credit Suisse (Luxembourg) S.A. and Credit Suisse Fund Services (Luxembourg) S.A. in its role of custodian bank and administrative agent. As a consequence, the registry office of the Fund changed on 1 March 2022, as stated in the Issue Document of the Fund released on 24 March 2022.

(ii) Assessment of the Russia-Ukraine conflict

In February 2022, a number of countries (including the US, UK and EU) imposed sanctions against certain entities and individuals in Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Announcements of potential additional sanctions have been made following military operations initiated by Russia against the Ukraine on 24 February 2022.

The situation, together with growing turmoil from fluctuations in commodity prices and foreign exchange rates, and the potential to adversely impact global economies, has driven a sharp increase in volatility across markets. The Board of Directors regards these events for the Fund as non-adjusting events after the reporting period.

Although neither the Fund's performance and going concern nor operations, at the date of this report, have been significantly impacted by the above, the Board of Directors continues to monitor the evolving situation and its impact on the financial position of the Fund.

Supplementary Information (unaudited)

As at 31 December 2021

Number of Shares Outstanding	**31/12/2021**	**31/12/2020**
Number of shares outstanding at the beginning of the year:		
Class A	349.898	437.049
Class B	781.632	781.632
Class C	1,605.377	1,117.091
Number of shares issued during the year:		
Class A	-	-
Class B	603.670	-
Class C	-	488.286
Number of shares redeemed during the year:		
Class A	(80.000)	(87.151)
Class B	(169.302)	-
Class C	-	-
Number of shares outstanding at the end of the year:		
Class A	**269.898**	**349.898**
Class B	**1,216.000**	**781.632**
Class C	**1,605.377**	**1,605.377**

Net Asset Value per Share

Class of shares	**31 December 2021**	**31 December 2020**	**31 December 2019**
Class A	100,000.00	100,000.00	100,000.00
Class B	25,000.00	25,000.00	25,000.00
Class C1 to C4	53,433.00	50,638.69	50,742.13
Class C5	52,759.00	49,999.04	-

Annex V referring to Article 9(1), (2) and (3) of Regulation (EU) 2019/2088 AND Article 5 of Regulation (EU) 2020/852

Product name: Regional MSME Investment Fund for Sub-Saharan Africa SA, SICAV-SIF
Legal entity identifier: 52990062YZ83Q83T6540 - RCS B150.766
Regional MSME Investment Fund for Sub-Saharan Africa SA, SICAV-SIF is classified as an Article 9 Fund in accordance with the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).

Sustainable Investment Objective

1. Did this financial product have a sustainable investment objective?

Yes. As indicated in the Appendix II of the Issue Document, the Sustainable Investment Objective of the Fund is defined by its mission to build a unique public-private partnership between donors, development finance and international finance institutions, private investors and African stakeholders to foster economic development and prosperity in Sub-Saharan Africa, through the provision of demand-oriented financing to qualified and, to the extent necessary, technically supported partner lending institutions servicing MSMEs.
The Fund pursues its Sustainable Investment Objective by actively contributing to United Nations Sustainable Development Goals 1, 5 and 8 by:

- providing low-income individuals with access to financial services, including microfinance and savings products,
- providing women with equal access to economic resources and opportunities through fostering their access to financial service, and
- promoting job creation by financing micro, small and medium enterprises, and expanding access to financial services.

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

2.1 How did the sustainability indicators perform?

To monitor the achievement of its sustainable investment objective, the Fund determines for each investment which Sustainable Development Goal it mostly contributes to, based on the economic activities financed and/or target clientele served by the investee: 90% of its investments were directed towards the SDGs that are the main target of the Fund: SDG 1, SDG 5 and SDG 8. 10% was invested in deals that contribute to two additional SDGs: SDG 2 through financial intermediaries that are serving smallholder farmers; and SDG 7 through a company that improves access to clean energy for low-income individuals.

2. To what extent was the sustainable investment objective of this financial product met? (continued)

2.1. How did the sustainability indicators perform? (continued)

The detail of the investment portfolio breakdown by SDG is found below:

SUSTAINABLE DEVELOPMENT GOALS	How does the Fund contribute?	% Portfolio outstanding as of Dec. 2021
1 NO POVERTY	Ensuring that low-income individuals have access to financial services, including microfinance (savings and loan products) by investing in partner lending institutions (PLIs) which are mostly offering small loans for microenterprises needs, households needs, housing or education. This contributes to SDG Target 1.4: "By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance."	37%
2 ZERO HUNGER	Providing small-scale food producers access to productive resources through financial services and products, while investing in PLIs whose funds go in majority to a small-scale agriculture loan portfolio, or to a non-financial investee active mainly in small-scale agriculture. This contributes to SDG Target 2.3: "By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment."	7%
5 GENDER EQUALITY	Providing women with equal access to economic resources and opportunities, by investing in PLIs which have a large majority of women in their borrowers. This contributes to SDG Target 5.1: "End all forms of discrimination against all women and girls everywhere."	7%
7 AFFORDABLE AND CLEAN ENERGY	Ensuring universal access to affordable, reliable and modern energy service while investing in PLIs whose funds in majority finance access to clean energy to low-income households or in companies active in the sustainable energy space in emerging markets. This contributes to Target 7.1: "By 2030, ensure universal access to affordable, reliable and modern energy services."	3%
8 DECENT WORK AND ECONOMIC GROWTH	Strengthening the capacity of domestic financial institutions to expand access to financial services for all and Encouraging the growth of SMEs, while investing in PLIs whose funds go in majority to a loan portfolio of SME loans. This contributes to Target 8.3: "Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services." and Target 8.10: "Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all".	46%

2. To what extent was the sustainable investment objective of this financial product met? (continued)

2.1 How did the sustainability indicators perform? (continued)

In addition, the Fund assesses the evolution of non-financial key performance indicators (KPIs) to measure the attainment of its Sustainable Investment Objective:

KPIs	31.Dec.2021
Number of end borrowers reached	115,665
Average loan amount per end borrower	11,301
% women borrowers	40.3%
% rural borrowers	17%

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

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

In 2021, the indicators for principal adverse impacts on sustainability factors were not monitored yet. However, the Fund is considering principal adverse impacts on sustainability factors all along the investment value chain, as described in Section 3 of this Annex.

Furthermore, in 2021, the Fund fine-tuned its tools to measure adverse impacts which will be launched in 2022. Further information is provided on Section 6 of this Annex.

Recognizing that these PAI indicators are especially difficult to collect from non-EU investees, the Investment Manager (IM) also started coordinating with peers in 2021 to align approaches, notably in terms of data collection and calculation at investee and/or end-borrower levels, with the goal to maximize the chances that the Fund's investees will be able to provide relevant data.

2.2.2 Were sustainable investments aligned with the OECD Guidelines for MNEs and the UN Guiding Principles on Business and Human Rights?

The assessment tool used to assess the target PLIs is based on different international standards, as detailed in Section 3.2 of this Annex.

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

3.1 Exclusion list and ESG Rating Tool

The Fund Manager integrates the risk of occurrence of Principal Adverse Impacts into the core investment process of the Fund through its research, analysis and decision-making processes, as part of its ESG risk framework or Sustainable Finance approach. It does so principally via:

- An exclusion of any investments that significantly harm sustainable investment objectives, using the International Finance Corporation exclusion list defining what will be excluded from any investments, such as production or trade in weapons, commercial logging operations for use in primary tropical moist forest, and production or activities involving harmful or exploitative forms of forced labor; and
- A negative screening of Target Investees based on the Fund Manager's ESG rating which assesses the risk of occurrence of the Principal Adverse Impacts a Target Investee can cause on Sustainability Factors.

More specific information on sustainability-related disclosure can be found on the website: www.symbioticsgroup.com. Principal Adverse Impact Indicators will be available on the Annual Report of the Fund.

3. How did this financial product consider principal adverse impacts on sustainability factors? (continued)

3.2 Underlying standards

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

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

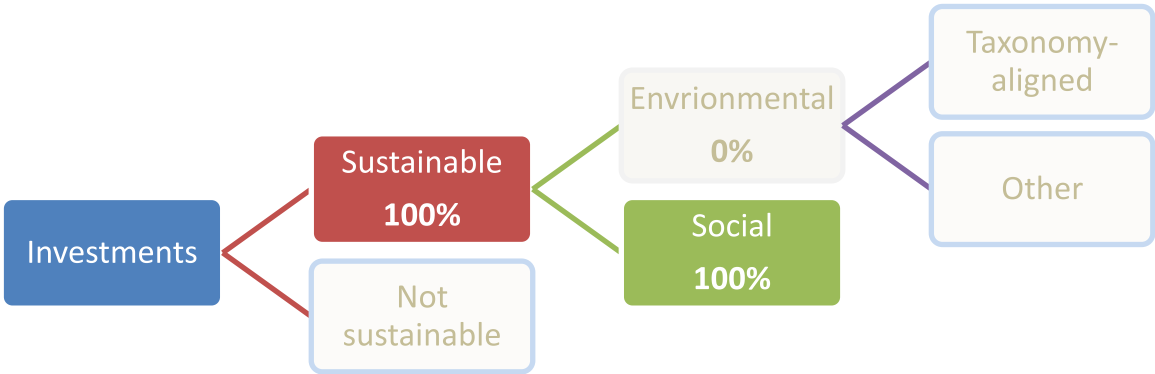
The IM’s assessment tool is also inspired from the Alinus Social Performance Management tool developed and promoted by CERISE/SPTF, dealing notably with customer protection issues. All indicators are collected through meetings with the target investees, answers to specific questionnaires, and periodic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

4. What were the top investments of this financial product?

Largest investments	Sector (NACE)	% of GAV	Country
KCB	Financial service activities (K64)	5.4	Kenya
Access Bank Nigeria	Financial service activities (K64)	5.4	Nigeria
Equity Bank	Financial service activities (K64)	5	Kenya
SA Taxi DF	Financial service activities (K64)	4.7	South Africa
ACF (UAE)	Financial service activities (K64)	4.6	Ivory Coast Ghana Mozambique Nigeria Togo through the United Arab Emirates

5. What was the proportion of sustainability-related investments?

5.1 What was the asset allocation?



5.2 In which economic sectors were the investments made?

The Fund mostly invests in financial institutions and gathers information on the economic sectors in which these institutions invest.
The breakdown per economic sectors of this underlying portfolio is:

Economic Sectors (final borrowers)	% Total
Agriculture	5.2%
Production	3.7%
Trade	56.0%
Service	27.5%
Other	7.6%

5. What was the proportion of sustainability-related investments? (continued)

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

The Fund mainly has a Social investment objective and did not make investments with an environmental objective. The investments of the portfolio that contribute to the achievement of SDG 7 are also considered to contribute to the social objective of the Fund (access to a clean source of energy for low income individuals) rather than to an environmental objective.

5.4 What was the share of socially sustainable investments?

100% of the investments of the Fund (total assets net of cash, hedging instruments and other receivables) have been directed to Social investments. See table in Section 5.6 of this Annex.

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

The Fund did not make any "not sustainable" investment. Note that as of December 2021, the total assets of the Fund were composed of the following categories:

Fund composition	31.Dec.2021	31.Dec.2020
Cash	23.5%	18.1%
Hedging Instruments	1.7%	1.6%
Investments	74.3%	80.4%
Other receivables	0.5%	0.0%
Total Assets	100%	100%

The Fund employs techniques and instruments such as derivative instruments only for efficient management and hedging purposes. Investment in financial derivative instrument is not the aim of the Fund, and thus does not seek to achieve any sustainable objective.

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

In 2021, the IM, upon request of the shareholders of the Fund, expanded and diversified its scope of investment by building a pipeline of new types of investments targeted at financing SMEs and low- and middle-income households, in addition to microenterprises.
This updated strategy called for an update of the Fund's Environmental and Social ("E&S") risk management approach to add more scrutiny on environmental and social risks. The Fund thus reinforced its Environmental and Social Management System to make it commensurate with its exposure to E&S risk and match the stronger sustainability requirements from investors and from the regulation.
This will ensure that the Fund keeps achieving its mission and reaching its sustainable investment objective while not generating negative impact.