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 2022

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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	*Since 1 March 2022:* 31 z.a, Bourmicht L-8070 Bertrange Grand-Duchy of Luxembourg *Until 28 February 2022:* 5, rue Jean Monnet L-2180 Luxembourg Grand-Duchy of Luxembourg
Investment Manager and Placing Agent	*Since 1 July 2022:* Symbiotics Asset Management S.A. 31, rue de la Synagogue CH-1204 Geneva Switzerland *Until 30 June 2022:* Symbiotics S.A. 31, rue de la Synagogue CH-1204 Geneva Switzerland
Custodian	*Since 1 March 2022:* Citibank Europe plc, Luxembourg Branch 31 z.a, Bourmicht L-8070 Bertrange Grand-Duchy of Luxembourg *Until 28 February 2022:* Credit Suisse (Luxembourg) S.A. 5, rue Jean Monnet L-2180 Luxembourg Grand-Duchy of Luxembourg
Administrative Agent	*Since 1 March 2022:* Citibank Europe plc, Luxembourg Branch 31 z.a, Bourmicht L-8070 Bertrange Grand-Duchy of Luxembourg *Until 28 February 2022* Credit Suisse Fund Services (Luxembourg) S.A. 5, rue Jean Monnet L-2180 Luxembourg Grand-Duchy of Luxembourg

General information

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 2022 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").

New Challenges in 2022

2022 started relatively slow as new variants of COVID-19 threatened to continue disrupting operations in Sub-Saharan Africa ('SSA') early in the year given that the region's vaccination rates remained significantly behind global averages[1]. However, the outlook on the pandemic risks rapidly improved. In February, the invasion of Ukraine by Russia increased the macroeconomic risks and exacerbated some of the problems that the pandemic had triggered since 2020, including the global trade disturbances reflected in supply chain vulnerabilities and the increase of commodity prices such as food products and oil and gas. The war in Ukraine affected the global outlook for 2022, and after the GDP growth had resumed globally in 2021, the region experienced slower growth in 2022 compared to 2021 (4.1% estimated for 2022 vs. 4.7% growth in 2021).

The impact of high inflation in 2022 pushed most economies to increase interest rates and sacrifice economic growth, which along with worldwide tighter global financial conditions, resulted in a lower-than-expected global growth for 2022 with an expectation of 3.2% by the World Bank (from 5.9% GDP growth in 2021). In particular for SSA, supply chain interruptions caused high inflation, with 40% of countries in the region recording double-digit levels in 2022[2] and populations suffering due to the price raises in essential food items and energy. Limited capital flows, an increase in risk aversion, and the improved returns offered by developed economies resulted in some large currency depreciations (i.e. Malawian Kwacha, Ghanaian Cedi, and Sierra Leonean Leone) in the SSA region. Also, as the pandemic years put pressure on governments to support the population and reactivate the economy through public spending, public debt has been pushed to high levels and positioned 19 of the 49 countries in the SSA region at debt distress levels or at the brink of debt distress. The mix of vulnerabilities caused social unrest in certain countries (e.g. Sierra Leone) with a dull outlook for 2023.

Strong year for the Fund

Still, the Fund was successful in a number of aspects during 2022. It was another year of satisfactory growth with 37 loans disbursed for a total amount of USD 60 million plus two committed amounts of USD 9 million. These investments took the loan portfolio at market value (LP) to USD 163.5 million, an increase from USD 143.4 million in 2021, despite the currency depreciations that decreased the value of some of the existing investments. 13 new partner lending institutions (PLIs) were added to the portfolio. In addition, two PLIs rejoined the loan portfolio. Moreover, the Fund continued supporting existing investees with 13 loans renewed in the year and 11 top-ups, reflecting growth in operations of some PLIs regardless of the challenging situation.

[1] Vaccination rates reached about 20% of the population in SSA in Q3-22 vs. world rates above 60%.
[2] https://www.imf.org/en/Publications/REO/SSA/Issues/2022/10/14/regional-economic-outlook-for-sub-saharan-africa-october-2022

Report of the Board of Directors (continued)

The Fund continued diversifying its outreach and impact according to its new strategy, and added PLIs operating in agriculture, renewable energy, and fintech. These sectors make up a quarter of the amount disbursed and committed in 2022. Further, the Fund continues working with small Tier 2 and Tier 3 institutions providing funding to nine of such PLIs in 2022. Last, new countries were added to the exposure of the Fund: 1) an SME bank in Cameroon, 2) Botswana, with a PLI supporting SMEs mainly in southern Africa, and 3) Mauritius, with the investment in a fintech with pan African operations, currently in Ghana, Nigeria, South Africa, Tanzania, Uganda, and Rwanda.

Successful implementation of the Environmental and Social Management Framework
After the launch of the E&S Risk Management Framework at the end of 2021, the Fund started its implementation in 2022. All PLIs that were assessed for funding opportunities were categorized according to their E&S risk profile, which shows the exposure that the investees have to E&S risks through their end clients. It is positive that 91% of PLIs assessed in the year had minimal exposure to high-risk activities. Also, an Environmental, Social, and Governance risk rating to assess the risk of a potentially negative social and environmental impact was introduced for all PLIs presented to the Investment Committee of the Fund starting in May-22, which notably includes an assessment of the capacity of the PLIs to manage these environmental and social risks (ESMS). Should the analysis indicate that the E&S risk management practices need to be improved, an E&S action plan (ESAP) is added to the Fund's loan conditions. ESAPs were deemed necessary for 10 of the 37 PLIs assessed during the period and the ESAPs were agreed with the PLIs. The PLIs positively participated in the discussions of the ESAPs with the Investment Manager, and the latter will be tracking their implementation as defined timelines were set for each case.

Development and Implementation of Client Protection Framework
As part of the update of the Impact Policy and the ESMS, the Fund updated the Client Protection (CP) Framework to align it to the most recent evolution in the market in terms of consumer protection. The Fund, at minimum, requires PLIs to comply with the legal and regulatory consumer protection norms in place in the country of operations but also applies the Client Protection Standards promoted by the Social Performance Task Force. The CP Framework was implemented in June 2022. Since then, all PLIs analyzed have obtained a Client Protection score and a CP risk level based on this updated standard. Seven PLIs had deficient client protection practices and the Fund developed a Client Protection Action Plan linked to the investment. The Fund supports the adoption of client protection standards in the industry and can provide Technical Assistance to support PLIs in building the capacity needed to comply with the Fund's requirements.

A positive performance: C-Shares recovering their initial value

The positive financial results in 2022 allowed the Fund to serve target dividends for all Share Classes, which notably allowed to cure the C-Share deficiency that the Fund had been carrying since 2018 due to the implementation of IFRS9. In addition, the Fund generated enough income to pay complementary dividends for all Share Classes. 2022 also marks the 12th consecutive year the Fund pays target dividends to A and B Share Class investors in full. The good financial outcome is a result of 1) higher USD interest rates that impacted the interest income on derivative financial instruments that the Fund uses to hedge loans denominated in local currency, and 2) the unrealized FX gains on investments and derivatives. The Fund's profit was strong at USD 4.7 million and the Fund is now recording retained profits of USD 3.5 million vs. the retained losses it reported at the end of 2021 of USD 1.3 million. The Net Asset Value (NAV) of the C Shares increased from USD 85.5 million in 2021 to USD 90.2 million at the end of 2022.

The number of cases in workout has been decreasing with only six workout cases remaining as of December 2022, down from nine cases at the end of 2021. Only one new workout was generated in 2022 but for a very small amount equivalent to USD 14,000. The Fund decided to write off an amount equivalent to USD 17,000 of interest overdue outstanding since May-21. The loan loss allowance of the loan portfolio improved in the year by USD 0.5 million, supported by the repayments of PLIs in workout, which took down the notional amount owed by PLIs in workout from USD 9.1 million in Q4-21 to USD 6.9 million in Q4-22. One restructuring agreement was signed in 2022 to support the turnaround of a PLI.

Private investors led the growth of the Fund

The Fund was able to attract private investors to leverage on the C and B Share junior tranches, which stood at USD 120.6 million at the end of 2022: the Fund issued USD 8 million and EUR 15 million of Notes to three different private investors, two existing and one new. The capital structure of the Fund remains strong with C Shares representing 43.6% of the GAV at the end of 2022, leaving capacity for the Fund to attract more private investments in 2023.

Technical Assistance provided in 2022

In 2022, the REGMIFA Technical Assistance Facility (TAF) focused on launching the SME finance Technical Assistance (TA) program supported by the German Financial Cooperation funding while continuing to strengthen the PLI's response to the crisis by leveraging digital finance. The TA Package on SME finance is benefiting 6 PLIs to enhance their capabilities to finance SMEs in countries that are part of the G20 Compact with Africa. Under a continued TA package on Crisis Impact Mitigation, a further 6 PLIs across 6 countries are receiving support in implementing digital financial services. In 2022, the TAF also launched a TA package designed to support 10 PLIs across 8 countries with the strengthening of Environmental Social Performance Management through the adoption of the Universal Standards for Social and Environmental Performance Management (USSEPM) promoted by the Social Performance Task Force. This activity is independent from the individual analysis of E&S risks performed on each PLI and the E&S action plans. Under the TAF's annual scholarship program, in 2022, 16 training scholarships were provided to 8 PLIs from 6 countries to participate in courses offered by the Boulder Microfinance Program, Frankfurt School, and the Digital Frontier institute. The total value of projects being implemented and launched in 2022 amounted to EUR 0.7 million, bringing the cumulative value of approved projects since the TAF's inception to EUR 9.2 million with 127 projects completed.

Concluding remarks

The Fund had another successful year of portfolio and asset growth as well as profit generation that allowed it to pay all target dividends, pay complementary dividends, and retain earnings. The Fund continues to be classified as an SFDR Article 9 Fund. With its expanded outreach, the Fund also continued to further its impact and contribution to economic development in SSA. In an environment that has changed drastically in the past year in the midst of the recovery from the pandemic, global inflationary pressures, and geopolitical risks led by the war in Ukraine, it is fair to say that the outlook for 2023 remains highly uncertain. In 2022, it became challenging for the Fund to continue funding PLIs in local currency as increasing currency volatility, depreciation risks, and higher interest rates translated into high hedging costs; a trend expected to remain in 2023. Regardless of this, the Fund remains committed to supporting PLIs, adding new partners, and providing them with funding in local currency at competitive rates. We expect that the higher interest rates in USD and higher hedging costs of currencies in SSA will affect the Fund’s income in the upcoming years as spreads charged on loans are tightening. However, we remain optimistic that the Fund is well-positioned to continue its growth path in 2023 and has an adequate structure to bear the decreasing spreads.

In 2023 we plan to issue the ESR report 2022 in a new format to better illustrate the impact of the Fund. The Fund co-financed the data collection of four African PLIs for the 60Decibels Financial Inclusion Index 2022-2023, which will be published in 2023. The report measures the impact of microfinance on borrowers and includes a module on client protection. Finally, the TAF has developed a new strategy for 2023 to improve its operational efficiency while increasing the outreach of assistance programs to PLIs.

The Board is grateful for the support from investors, donors, and service providers and their commitment to expanding the mission of the Fund. The Board specifically recognizes the contribution of the Investment Manager Symbiotics Asset Management SA to successfully adjust, adapt and improve in terms of processes, impact reporting, and new frameworks that advance the social mission of the Fund. We expect to have another positive year in 2023, achieving higher growth, more impact, strengthening partnerships with investees, and establishing new relationships.

The Board of Directors

08 May 2023

Ernst & Young
Société anonyme

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Independent auditor's report

To the Shareholders of
Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF
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 at 31 December 2022, and the statement of comprehensive income, the statement of changes in equity and 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 2022, 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 and those charged with governance 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 of the Fund 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Aïssata Coulibaly

Luxembourg, 10 May 2023

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

USD	Notes	31 December 2022	31 December 2021 [1]
ASSETS			
Loans to Partner Lending Institutions [2]	4, 17	163,453,872	143,378,698
Loan loss allowance	4	(8,371,277)	(8,831,500)
Net loans to Partner Lending Institutions [2]	4, 17	155,082,595	134,547,198
Interest receivable on loans to Partner Lending Institutions	4	4,810,262	3,811,876
Interest loss allowance	4	(1,879,802)	(1,415,771)
Net interest receivable on loans to Partner Lending Institutions	4	2,930,460	2,396,105
Equity shares at fair value through profit or loss	5, 6	-	-
Derivative financial instruments	6	7,754,244	3,168,251
Interest receivable on derivative financial instruments		800,120	-
Receivables on loans to Partner Lending Institutions	7	1,868,110	-
Other receivables		209,991	561,464
Prepaid expenses		559,277	586,967
Cash collateral with brokers		2,430,000	7,185,649
Cash and cash equivalents		35,330,792	36,322,775
Total assets		**206,965,589**	**184,768,409**
LIABILITIES			
Cash collateral with brokers		1,866,964	-
Derivative financial instruments	6	4,067,309	2,860,559
Interest payable on derivative financial instruments		991,900	-
Accrued expenses	11.4	986,263	334,911
Other payables		446,628	496,806
Contribution payable to the technical assistance facility		441,304	198,271
Notes issued	8	56,074,887	36,793,956
Net assets attributable to holders of redeemable shares:			
- Class A shares	9	19,489,800	26,989,808
- Class B shares	9	30,400,000	30,400,073
Distribution payable to holders of redeemable shares	13	2,015,359	1,242,772
Total liabilities		**116,780,414**	**99,317,156**
EQUITY (Class C shares)			
Share capital	9	86,729,110	86,729,110
Profit / (loss) for the year		4,733,922	4,469,399
Retained earnings		(1,277,857)	(5,747,256)
Total equity attributable to holders of Class C shares		**90,185,175**	**85,451,253**
Total liabilities and equity		**206,965,589**	**184,768,409**

[1] some comparative figures have been reclassified (refer to note 18)
[2] include upfront fees amortisation

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

USD	Notes	Year ended 31 December 2022	Year ended 31 December 2021 [1]
INCOME			
Interest income on loans to Partner Lending Institutions		12,735,933	12,800,780
Interest income on term deposit		36,500	-
Upfront fees on loans to Partner Lending Institutions		522,522	521,310
Interest income on derivative financial instruments [2]		5,139,927	-
Other income		149,385	294,526
Net change in unrealised gain on derivative financial instruments	2.5.5, 6	2,795,835	3,586,678
Net realised gain on derivative financial instruments		3,738,667	1,216,076
Net realised gain on foreign exchange		-	476,378
Net change in unrealised gain on loans to Partner Lending Institutions		78,662	-
Net reversal of loans loss allowance	4	-	1,993,963
Total investment income		**25,197,431**	**20,889,711**
EXPENSES			
Interest expenses on notes	8	977,521	342,200
Interest expenses on derivative financial instruments		8,157,808	5,451,582
Management fees	11.1	2,894,545	2,676,786
Administration, custodian and domiciliation fees	11.3	227,479	225,844
Direct operating expenses	11.3	665,930	941,860
Amortisation of placement fees		142,438	63,868
Other expenses		6,331	13,270
Net change in unrealised loss on foreign exchange		1,318,429	3,984,231
Net realised loss on foreign exchange		3,759,491	1,282,667
Net realised loss on loans to Partner Lending Institutions		2,731	-
Net contribution to loans loss allowance	4	3,807	-
Total operating expenses		**18,156,510**	**14,982,308**
Operating gain before tax	13	**7,040,921**	**5,907,403**
Distribution to holders of redeemable Class A and Class B shares	13	(2,015,359)	(1,242,772)
Contribution to the technical assistance facility		(243,033)	(195,232)
Investment Manager incentive bonus	11.2	(48,607)	-
Profit before tax		**4,733,922**	**4,469,399**
Taxation		**-**	**-**
Profit for the year		**4,733,922**	**4,469,399**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year	9	**4,733,922**	**4,469,399**

[1] some comparative figures have been reclassified (refer to note 18)

[2] include interest income on swaps, comparative was not available in the former annual report (year ended 31-Dec-21)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

USD	Notes	Year ended 31 December 2022	Year ended 31 December 2021 (1)
OPERATING ACTIVITES			
Profit/(loss) before tax		4,733,922	4,469,399
Adjustments to reconcile profit/(loss) before tax to net cash flows:			
Interest income on loans to Partner Lending Institutions		(12,735,933)	(13,322,090)
Interest expense on notes		977,521	342,200
Distribution to holders of redeemable shares	13	2,015,359	1,242,772
Contribution to the technical assistance facility		243,033	195,232
Investment Manager incentive bonus		48,607	-
Net change in unrealised (gain)/loss on foreign exchange		(1,399,080)	3,984,231
Net change in unrealised (gain)/loss on derivative financial instruments		-	(3,837,726)
Net change in loans loss allowance	4	3,807	(1,993,963)
Derivative financial instruments	6	(3,379,243)	-
Operating gain/(loss) before working capital changes		**(9,492,007)**	**(8,919,945)**
Working capital changes:			
Net (increase)/decrease in other receivables and prepaid expenses		379,163	104,972
Net (increase)/decrease in cash collateral with brokers		6,622,613	(7,185,649)
Net (increase)/decrease in interest receivable on derivative financial instruments		(800,120)	-
Net increase/(decrease) in accrued expenses and other payables		552,567	(247,395)
Net increase/(decrease) in interest payable on derivative financial instruments		991,900	-
Net cash flows used in operating activities		**(1,745,884)**	**(16,248,017)**
INVESTING ACTIVITES			
Net (increase)/decrease in loans to Partner Lending Institutions		(20,075,174)	(10,838,086)
Interest received on loans to Partner Lending Institutions		11,737,547	13,589,803
Net (increase)/decrease in receivables on loans to Partner Lending Institutions		(1,868,110)	-
Net cash flows from / (used in) investing activities		**(10,205,737)**	**2,751,717**
FINANCING ACTIVITIES			
Proceeds from issue of shares	9	-	15,091,750
Payments on redemption of shares	9	(7,500,000)	(12,232,550)
Proceeds from issue of notes	8	23,379,931	23,493,956
Payments on redemption of notes	8	(2,700,000)	(2,700,000)
Distribution paid to holders of redeemable shares	13	(1,242,772)	(1,892,079)
Contribution paid to the technical assistance facility		-	(595,978)
Interest paid on notes	8	(977,521)	(342,200)
Net cash flows from financing activities		**10,959,638**	**20,822,899**
Net increase/(decrease) in cash and cash equivalents		**(991,983)**	**7,326,599**
Cash and cash equivalents at the beginning of the year	2.6	**36,322,775**	**28,996,176**
Cash and cash equivalents at the end of the year	2.6	**35,330,792**	**36,322,775**

(1) some comparative figures have been reclassified (refer to note 18)

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 2022

USD	Class A	Class B	Class C
Balance as of 31 December 2020	**34,989,808**	**19,540,873**	**80,981,854**
Issuance of shares	-	15,091,750	-
Redemption of shares	(8,000,000)	(4,232,550)	-
Allocation of net income and capital gains and losses	556,096	686,676	4,469,399
Distribution to holders of redeemable Class A and Class B shares	(556,096)	(686,676)	-
Balance as of 31 December 2021	**26,989,808**	**30,400,073**	**85,451,253**
Opening balance as of 31 December 2021 (1)	**26,989,800**	**30,400,000**	**85,451,253**
Issuance of shares	-	-	-
Redemption of shares	(7,500,000)	-	-
Allocation of net income and capital gains and losses	703,004	1,312,355	4,733,922
Distribution to holders of redeemable Class A and Class B shares	(703,004)	(1,312,355)	-
Balance as of 31 December 2022	**19,489,800**	**30,400,000**	**90,185,175**

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

Notes to the Financial Statements
As at 31 December 2022
(expressed in USD)

Note 1 – Description

1.1. Corporate information

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

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

The Fund was set up for an unlimited duration.

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

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

The registered office of the Fund is established in Luxembourg, Grand Duchy of Luxembourg and its address is set at 31 z.a. Bourmicht, L-8070 Bertrange.

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

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

1.2. Investment objectives

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

Notes to the Financial Statements (continued)
As at 31 December 2022
(expressed in USD)

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 14.

Except as described below, the accounting policies used to prepare these financial statements are consistent with those applied for the year ended 31 December 2021.

In the context of this Financial Statements, the Net Asset Value was calculated as of 30 December 2022, the last business day of the year, in line with the Issue Document.

2.3. New IFRS standards or amendments and potential impacts

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

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective for the Fund as of 1 January 2022. 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 3 Business Combinations
- Amendments to IAS 16 Property, Plant and Equipment
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards
- Amendments to IFRS 9 Financial Instruments
- Amendments to IAS 41 Agriculture

These improvements 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 2022. The Fund will adopt these standards on the date of their effective application and when they will be approved by the European Union. For the avoidance of doubt, only the standards, amendments to standards and IFRIC which may have an effect on the Fund's financial statements are mentioned below:

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

  This amendment provides a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. It only affects the presentation of liabilities in the statement of financial position, is effective for periods beginning on or after 1 January 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.

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

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

Notes to the Financial Statements (continued)
As at 31 December 2022
(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.

2.1.2. Transactions and balances

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

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.

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.

Note 2 – Significant accounting policies (continued)

2.5. Financial instruments (continued)

2.5.1. Classification of financial assets (continued)

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 and equity instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

2.5.2. Classification of financial liabilities

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

Financial liabilities measured at FVPL

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

Financial liabilities measured at amortized cost

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

Notes to the Financial Statements (continued)
As at 31 December 2022
(expressed in USD)

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 change in unrealised gain/(loss) on derivative financial instruments' in the statement of comprehensive income.

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

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

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

Notes to the Financial Statements (continued)
As at 31 December 2022
(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 amortized cost, including loans to PLIs.

The impairment model applies to all financial assets measured at amortized 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 amortized cost at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses.

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

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

Notes to the Financial Statements (continued)
As at 31 December 2022
(expressed in USD)

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

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

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.

Notes to the Financial Statements (continued)
As at 31 December 2022
(expressed in USD)

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

2.12. Taxation

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

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

Notes to the Financial Statements (continued)
As at 31 December 2022
(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.

Notes to the Financial Statements (continued)
As at 31 December 2022
(expressed in USD)

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.

The ECL calculations of the Fund for Q4 2022 incorporate a fine-tuning applied to the methodology which consist of removing the trigger to classify loans into Stage 2 from Stage 1 when the Country WatchList status of the investee is moved to "Medium risk" from "none" or "Low". This modification was introduced to reduce ECL volatility as many times the change of the Country of operations to "Medium" is a temporary situation, it usually does not constitute a significant increase of credit risk of the PLIs, and this will unlikely affect their repayment capacity. Due to this adjustment, 17 loans with value of USD 40.4 million were classified as Stage 1 instead of Stage 2 in Q4 2022.

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

Notes to the Financial Statements (continued)
As at 31 December 2022
(expressed in USD)

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

3.3. Fair value of financial instruments (continued)

- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

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

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

Note 4 – Loans to Partner Lending Institutions

As at 31 December 2022 and 31 December 2021, the gross value, the carrying value and the details of interests on loans to Partner Lending Institutions is as follow:

	31 December 2022	31 December 2021
Loans to PLIs	163,453,872	143,378,698
Loan loss allowance	(8,371,277)	(8,831,500)
Carrying value of loans to PLIs (excluding interests)	**155,082,595**	**134,547,198**
Accrued interests	2,193,140	3,199,652
Interests receivable	2,617,122	612,224
Interest loss allowance	(1,879,802)	(1,415,771)
Carrying value of loans to PLIs (including interests)	**158,013,055**	**136,943,303**
Fair value of loans to PLIs	**162,108,891**	**143,617,733**

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

	31 December 2022	31 December 2021
Cumulated loan loss allowance as at opening	**8,831,500**	**10,825,463**
Additional/(reversal) of impairment losses recognised during the year	(442,855)	(1,488,273)
Amount written off during the year as uncollectible	(17,368)	(505,690)
Cumulated loan loss allowance as at closing	**8,371,277**	**8,831,500**

Notes to the Financial Statements (continued)

As at 31 December 2022
(expressed in USD)

Note 4 – Loans to Partner Lending Institutions (continued)

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

As at 31 December 2022, the portion of gross loans to PLIs falling due within one year amounts to USD 48.9 million (31 December 2021: USD 48.3 million).

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

Notes to the Financial Statements (continued)

As at 31 December 2022
(expressed in USD)

Note 4 – Loans to Partner Lending Institutions (continued)

Credit Rating	Stage 1	Stage 2	Stage 3	Carrying Value 31 December 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**

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

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	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	(505,690)	(505,690)
At 31 December 2021	**111,276,065**	**22,888,206**	**9,214,427**	**143,378,698**

* excluding write-offs

Notes to the Financial Statements (continued)

As at 31 December 2022
(expressed in USD)

Note 4 – Loans to Partner Lending Institutions (continued)

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

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

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**

* excluding write-offs

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

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

Notes to the Financial Statements (continued)
As at 31 December 2022
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Note 5 – Equity shares at fair value through profit or loss (continued)

Below are the details on the valuation of the different investments of the Fund with this Kenyan investee as of December 2022:

1. Two senior loans: one denominated in local currency (KES) with maturity in September 2023 and one denominated in USD with maturity in September 2024 (restructuring signed in 2022), both loans are valued at amortized cost.

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

   There is a particularity on these "Preference Shares" which is that on the redemption date set on 30 June 2027, if the equity value of the Borrower exceeds KES 833 million, the "Preference Shares" will carry an additional coupon equal to one-third of the equity of the Borrower in excess of KES 833 million. This potential additional coupon was given a nil value as of December 2022. Indeed, the equity value of the institution as of 30 September 2022 was KES 401 million and the institution is still making losses. Hence, the loan is valued only considering the initial value of the loan and not the equity participation as it is uncertain this will have a value above the KES 833 million threshold in the future, and for now the outlook of the institution is dim.

3. Ordinary shares (1,301,597) with null value. Two different methodologies were used to determine the nil valuation of the equity position considering the challenging situation of the institution.
   1) Cost of investment: The issued equity was ceded to the Fund at no cost (as a result of other lenders accepting a haircut on their loans to the institution in exchange for repayment of their exposure).
   2) Discounted cashflows: the company remains in the first stages of a turnaround, it is loss-making, and had to restructure the outstanding loans due in 2022, hence the outlook is that it will not be paying any dividends for at least the coming 5 years.

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

Note 6 – Financial assets and liabilities

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 2022 and 2021, there were no transfers between level 1 and level 2 fair value measurements.

As at 31 December 2022, financial assets and liabilities at fair value through profit or loss are composed as follows:

- the fair value of forward foreign exchange contracts amounted to a net asset value of USD 57,341 composed of USD 117,841 of positive fair value and USD 60,500 of negative fair value, respectively booked in "Derivative financial instruments" on assets side and liabilities side (31 December 2021 : positive fair value of USD 3,562 and negative fair value of USD 2,415);
- the fair value of swaps amounted to a net asset value of USD 3,629,594 composed of USD 7,636,403 of positive fair value and USD 4,006,809 of negative fair value, respectively booked in "Derivative financial instruments" on assets side and liabilities side (31 December 2021 : positive fair value of USD 3,164,689 and negative fair value of USD 2,858,144). As at 31 December 2022, the Fund holds 62 cross currency swaps (31 December 2021: 72) with notional amount of USD 118.5 million (31 December 2021: USD 103.2 million).

Please also refer to note 5, regarding the impacts of the restructuring agreement of a Kenyan investee, signed in December 2021.

Notes to the Financial Statements (continued)
As at 31 December 2022
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Note 7 – Receivables on loans

Receivables on loans of USD 1,868,110 correspond to the total amount of four loans that matured in December 2022 but for which cash payment was only received in 2023.

Note 8 – Notes issued

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

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

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

As at 31 December 2022, the Notes issued by the Fund amount to USD 56.1 million (31 December 2021: USD 36.8 million) and are fully drawn. The portion of Notes issued having a maturity within one year is considered as current liabilities and amounts to USD 11.2 million (31 December 2021: USD 3.7 million).

For the year ended 31 December 2022, the notes generated interest for a total amount of USD 977,521 (For the year ended 31 December 2021: USD 342,200). Interests due have a maturity of less than one year.

Notes to the Financial Statements (continued)
As at 31 December 2022
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Note 9 – Share capital and net assets attributable to holders of redeemable Class A and Class B shares

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

- The first loss Class C shares ("Class C Shares"), which may be issued in successive series, bear all unrealized/realized capital losses of the Fund (e.g. foreign exchange loss, deterioration in credit quality or defaults with respect to the investments of the Fund) until the Net Asset Value ("NAV") of Class C Shares has been fully depleted. Write backs on unrealized investments and any realized or unrealized capital gains shall be allocated to the Class C Shares in the order of priority as detailed in Note 12. The Class C Shareholders' dividend entitlements rank junior to the dividend entitlements of the Class A and Class B Shareholders as per the waterfall model detailed in Note 12. The NAV of all C Shares must represent at least 33% of the total assets of the Fund at all times.

- The mezzanine Class B shares ("Class B Shares"), which may be issued in successive series, bear unrealized/realized capital losses of the Fund only if the NAV of the Class C Shares has been reduced to zero. Write backs on unrealized investments and any realized or unrealized capital gains shall be allocated to the Class B Shares in the order of priority as detailed in Note 12. The Class B Shareholders' dividend entitlements rank senior to the dividend entitlements of the Class C Shareholders but junior to the dividend entitlements of the Class A Shareholders as per the waterfall model detailed in Note 12. The sum of the NAVs of the C Shares and the B Shares must represent at least 50% of the total assets of the Fund at all times.

- The senior Class A shares ("Class A Shares"), which may be issued in successive series, are insulated against unrealized/realized capital losses of the Fund, bearing such losses only if the NAV of both the Class C Shares and the Class B Shares has been reduced to zero. Write backs on unrealized investments and any realized or unrealized capital gains shall be allocated to the Class A Shares in the order of priority as detailed in Note 12. The Class A Shareholders' dividend entitlements rank senior to the dividend entitlements of the Class B and Class C Shareholders as per the waterfall model detailed in Note 12.

Notes to the Financial Statements (continued)

As at 31 December 2022
(expressed in USD)

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

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

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

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

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

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

As at 31 December 2021	Senior Class A Shares in USD	Mezzanine Class B Shares in USD	First Loss Class C Shares 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.

For the year ended 31 December 2021, total amounts of USD 15,091,750 and USD 4,232,550 was respectively subscribed and redeemed in B-Shares and a total amount of USD 8,000,000 was redeemed in A-Shares.

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

Notes to the Financial Statements (continued)
As at 31 December 2022
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Note 10 – Reconciliation of financial liabilities

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

	1 January 2021	Cash flows	Non-cash flows	31 December 2021
Bank overdraft	104,419	(104,419)	-	-
Contribution payable to 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	16,000,000	20,793,956	-	36,793,956
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

Note 11 – Expenses

11.1. Fund management fees

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

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

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

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

The Fund management fee amounted to USD 2,894,545 for the year ended 31 December 2022 (year ended 31 December 2021: USD 2,676,786).

Notes to the Financial Statements (continued)
As at 31 December 2022
(expressed in USD)

Note 11 – Expenses (continued)

11.2. Investment Manager Incentive Bonus

Depending on the performance of the Fund and the attainment of certain performance targets by each Class of Shares determined by the Board of Directors (as detailed in the waterfall allocation, Note 13.3), the Investment Manager might be entitled to additional performance-based remuneration ("Investment Manager Incentive Bonus"), calculated as a percentage of the year-to-date amount remaining available for allocation of the Income Waterfall, as defined in Note 12.

An Investment Manager Incentive Bonus amounting to USD 48,607 was recorded for the year ended 31 December 2022. Following a decision of the Board of Directors in March 2023, an additional one-off Investment Manager incentive bonus of USD 24,303 was granted, which resulted in a total Investment Manager incentive bonus of USD 72,910. The additional allocated amount of USD 24,303 was decided after the closing of the Fund's fiscal year. It will be booked in the accounts of fiscal year 2023.

11.3. Direct operating expenses

The direct operating expenses are as follows:

	For the year ended	**For the year ended**
AML fees	29,199	12,759
Audit fees	99,022	126,453
BoD and IC travel and ad-hoc costs	19,784	13,355
Clearing and hedging fees	7,801	-
Counsel and other professional advisors fees	25,361	8,291
Directors and commitees members fees	115,838	139,209
General secretary fees	172,578	253,174
Insurance fees	17,330	22,428
Legal fees	14,035	36,587
Marketing and promotion expenses	34,750	127,568
Other operating expenses	78,504	197,228
Regulatory fees	4,972	4,808
Research fees*	37,112	-
Workout cases fees**	9,644	-
Total	**665,930**	**941,860**

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

Secretary fees

The secretary fees are paid on a monthly basis upon receipt of the invoice.
For the year ended 31 December 2022, the secretary fees amount to USD 172,578 (year ended 31 December 2021: USD 253,174).

Notes to the Financial Statements (continued)
As at 31 December 2022
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Note 11 – Expenses (continued)

11.3. Direct operating expenses (continued)

Administration, custodian and domiciliation fees

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

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

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

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

Administration, custodian and domiciliation fees for the year ended 31 December 2022 amount to USD 227,479.

For the year ended 31 December 2021, a total amount of USD 225,844 has been paid to Credit Suisse Fund Services (Luxembourg) S.A. as previous administrative, custodian and domicilation agent.

11.4. Accrued expenses

As at 31 December 2022, the accrued expenses mainly relate to Fund management fees and direct operating expenses and amount to USD 986,263 (31 December 2021: USD 334,911).

Notes to the Financial Statements (continued)
As at 31 December 2022
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Note 12 – Allocation and distribution waterfalls

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

At each NAV Calculation Date, the year-to-date positive Net Income of the Fund is allocated according to the Fund waterfall mechanism as set forth in the Issue Document, which is designed to compensate investors based on their respective investment risk and provide the necessary funding for the Fund's ongoing operations. The amount of dividend distributable to Class A, B and C Shares at each NAV Calculation Date is limited to a level of target dividend whose determination is defined in the relevant subscription agreements. Operational aspects of the Fund compensated through the waterfall structure include i) the Foreign Exchange Currency ("FX") reserve payment, which is allocated annually to the Class C Shares to protect against an erosion of value due to FX losses; ii) a component of the overall funding for a technical assistance facility ("TA Facility") established in parallel with the Fund to provide technical assistance to PLIs in their development and growth as well as to prepare and to support PLI Investments; and iii) the Investment Manager Incentive Bonus, as described in Note 11.2, included to align the interests of the Investment Manager with those of the Fund's investors.

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

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

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As at 31 December 2022
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Note 12 – Allocation and distribution waterfalls (continued)

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

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

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

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

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

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

Notes to the Financial Statements (continued)

As at 31 December 2022
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Note 13 – Calculation of distributable income and capital gains and losses

13.1. Calculation of distributable income (income waterfall)

	Year ended 31 December 2022	Year ended 31 December 2021
Interest income on loans to PLIs	12,735,933	12,800,780
Interest income on term deposit	36,500	-
Upfront fees loans to PLIs	522,522	521,310
Interest income on derivative financial instruments	5,139,927	-
Other income	149,385	294,526
Interest expenses on notes	(977,521)	(342,200)
Interest expenses on derivative financial instruments	(8,157,808)	(5,451,582)
Management fees	(2,894,545)	(2,676,786)
Administration, custodian and domiciliation fees	(227,479)	(225,844)
Direct operating expenses	(665,930)	(941,860)
Amortisation of placement fees	(142,438)	(63,868)
Other expenses	(6,331)	(13,270)
Net reversal of / (contribution to) loans loss allowance (interest portion)	(464,030)	-
Total	**5,048,185**	**3,901,206**

Direct operating expenses mainly include general secretary fees, director fees, consultant fees, audit fees, legal fees, insurance fees and monitoring fees.

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

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

	Year ended 31 December 2022	Year ended 31 December 2021
Net change in unrealised gain / (loss) on foreign exchange	(1,318,429)	(3,984,231)
Net realised gain / (loss) on foreign exchange	(3,759,491)	(806,289)
Net change in unrealised gain / (loss) on derivative financial instruments	2,795,835	3,586,678
Net realised gain / (loss) on derivative financial instruments	3,738,667	1,216,076
Net change in unrealised gain/(loss) on loans to Partner Lending Institutions	78,662	-
Net realised gain/(loss) on loans to Partner Lending Institutions	(2,731)	-
Net reversal of / (contribution to) loans loss allowance (principal portion)	460,223	1,993,963
Total	**1,992,736**	**2,006,197**

Notes to the Financial Statements (continued)

As at 31 December 2022
(expressed in USD)

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

13.3 Allocation of distributable income and capital gains and losses

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

	Year ended 31 December 2022	**Year ended 31 December 2021**
Target dividend on Class A Shares	690,153	556,096
Complementary dividends on Class A Shares	12,851	-
Target dividend on Class B Shares	1,277,572	686,676
Complementary dividends on Class B Shares	34,783	-
Total dividends distributable to Class A and Class B	**2,015,359**	**1,242,772**
Contribution to the technical assistance facility	**243,033**	**195,232**
Investment Manager incentive bonus *	**48,607**	**-**
Target dividend on Class C Shares	2,594,393	2,463,202
Complementary dividends on Class C Shares **	146,793	-
Capital gain / (loss) specific to Class C Shares	1,992,736	2,006,197
Total allocated to Class C Shares	**4,733,922**	**4,469,399**
Profit before performance allocation	**7,040,921**	**5,907,403**

* 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. Please refer to the note 11.2 for further details on the 2022 Investment Manager Bonus.

** 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 2022, a total amount of USD 703,004 is payable to the holders of Class A Shares (year ended 31 December 2021: USD 556,096), a total amount of USD 1,312,355 is payable to the holders of Class B Shares (year ended 31 December 2021: USD 686,676), and a total amount of USD 2,741,186 (year ended 31 December 2021: 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.

Notes to the Financial Statements (continued)

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Note 14 – 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.

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

The insolvency or other business failure of any one or more of the PLIs in which the Fund has invested could have a material and adverse effect on the Fund's performance and ability to achieve its objectives. The Fund runs the risk of any one or more of the PLIs defaulting on their borrowings from the Fund. Such PLIs may default on their interest and/or on their principal repayment. The Fund mitigates this risk by carefully selecting the PLIs and then by closely monitoring them on a quarterly basis.

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

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

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

Notes to the Financial Statements (continued)

As at 31 December 2022
(expressed in USD)

Note 14 – Risk management (continued)

14.1. Credit risk (continued)

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

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

14.1.1. Maximum exposure to credit risk

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

	31 December 2022	31 December 2021
Statement of financial position		
Loans to PLIs	163,453,872	143,378,698
Interest receivable on loans to PLIs	4,810,262	3,811,876
Derivative financial instruments*	7,754,244	3,168,251
Interest receivable on derivative financial instruments	800,120	-
Receivables on loans to PLIs	1,868,110	-
Other receivables	209,991	561,464
Prepaid expenses	559,277	-
Cash collateral with brokers	2,430,000	7,185,649
Cash and cash equivalents	35,330,792	36,322,775
Total	**217,216,668**	**194,428,713**
Off-balance sheet		
Committed undisbursed amounts on loans to PLIs	-	-
Total	**-**	**-**
Total gross maximum exposure	**217,216,668**	**194,428,713**

* See Note 6 for further details

Notes to the Financial Statements (continued)

As at 31 December 2022
(expressed in USD)

Note 14 – Risk management (continued)

14.1. Credit risk (continued)

14.1.2. Risk concentration of loan portfolio to credit risk

Risk concentration by PLI

In the context of the credit risk analysis, the concentration risk analysis of the Fund's gross loans portfolio by PLI as of 31 December 2022 and 31 December 2021 is as follows:

	31 December 2022		31 December 2021	
	Amounts in	**%**	**Amounts in**	**%**
Top 1	10,150,371	6.21%	9,935,433	6.93%
Top 3	30,014,283	18.36%	29,004,586	20.23%
Top 5	46,215,176	28.27%	45,679,993	31.86%
Top 10	74,532,734	45.60%	72,510,831	50.57%
Top 20	113,517,898	69.45%	105,567,370	73.63%
Top 30	136,770,560	83.68%	124,292,355	86.69%
Top 40	152,261,810	93.15%	137,491,286	95.89%
Top 50	161,591,478	98.86%	142,774,929	99.58%
Total	**163,453,872**	**100.00%**	**143,378,698**	**100.00%**

Notes to the Financial Statements (continued)

As at 31 December 2022
(expressed in USD)

Note 14 – Risk management (continued)

14.1. Credit risk (continued)

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

Risk concentration by geographical regions

The table below shows the credit risk analysis of the Fund's gross loan portfolio per geographical region as of 31 December 2022 and 31 December 2021:

	31 December 2022		31 December 2021	
	Amounts in	**%**	**Amounts in**	**%**
Kenya	28,494,805	17.44%	27,522,081	19.21%
Nigeria	27,438,021	16.79%	23,301,461	16.25%
South Africa	15,807,159	9.67%	16,198,585	11.30%
Senegal	15,190,649	9.29%	11,512,627	8.03%
Burkina Faso	12,359,006	7.56%	15,014,963	10.47%
Ivory Coast	7,109,684	4.35%	9,076,531	6.33%
United Arab Emirates*	7,029,834	4.30%	8,422,564	5.87%
Uganda	6,878,969	4.21%	7,327,928	5.11%
United States*	6,056,399	3.71%	4,060,294	2.83%
Madagascar	5,602,567	3.43%	4,468,892	3.12%
Mauritius	4,959,472	3.03%	-	-
Mali	4,404,112	2.69%	1,297,546	0.90%
Cameroon	4,229,380	2.59%	-	-
Benin	4,068,703	2.49%	1,681,580	1.17%
Ghana	3,621,898	2.22%	3,655,922	2.55%
Democratic Republic of Congo	2,975,064	1.82%	1,661,614	1.16%
Angola	1,789,440	1.09%	2,096,532	1.46%
Botswana	1,747,196	1.07%	-	-
Sierra Leone	1,292,329	0.79%	1,290,726	0.90%
Malawi	1,086,474	0.66%	462,371	0.32%
Tanzania	488,569	0.30%	1,730,639	1.21%
Rwanda	473,444	0.29%	232,748	0.16%
Zambia	350,698	0.21%	1,852,523	1.29%
Niger	-	-	510,571	0.36%
Total	**163,453,872**	**100.00%**	**143,378,698**	**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 8,371,277, which consists of the loan loss allowance as of 31 December 2022 (31 December 2021: USD 8,831,500).

Notes to the Financial Statements (continued)
As at 31 December 2022
(expressed in USD)

Note 14 – Risk management (continued)

14.1. Credit risk (continued)

14.1.3. Credit quality

Credit risk exposure for each internal risk rating

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

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

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

The Fund rating's categories are as follows:

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

Notes to the Financial Statements (continued)

As at 31 December 2022
(expressed in USD)

Note 14 – Risk management (continued)

14.1. Credit risk (continued)

14.1.3. Credit quality (continued)

The table below is a credit rating analysis of the Fund's loan portfolio as of 31 December 2022 and 31 December 2021 based on the Fund's credit rating system:

	31 December 2022		31 December 2021	
	Amounts in	**%**	**Amounts in**	**%**
A	30,132,049	18.43%	27,491,717	19.17%
BBB	76,322,915	46.70%	48,526,495	33.84%
BB	48,814,638	29.86%	57,308,833	39.97%
B	3,432,467	2.10%	3,135,713	2.20%
C	3,024,321	1.85%	4,477,476	3.12%
D	1,727,482	1.06%	2,438,464	1.70%
Total	**163,453,872**	**100.00%**	**143,378,698**	**100.00%**

Credit risk exposure to counterparties from cash deposits

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

As at 31 December 2021, the Fund held cash in current accounts of USD 36,322,775 and was mainly exposed to the credit risk with Credit Suisse, whose rating was 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 has been pledged as collateral with ICBC Standard Bank rated BBB+ according to Standard & Poor's and collateral had been posted with TCX acting as a hedge counterparty with the Fund for USD 6,225,648, rated A- according to Standard & Poor's.

Notes to the Financial Statements (continued)
As at 31 December 2022
(expressed in USD)

Note 14 – Risk management (continued)

14.1. Credit risk (continued)

14.1.3. Credit quality (continued)

Impairment assessment

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

The Fund recognizes expected credit losses on loans to PLIs based on its own probability of default model. As at 31 December 2022, loan loss allowance on principal amounts to USD 8,371,277 (31 December 2021: USD 8,831,500), which represents 5.12% (31 December 2021: 6.20%) 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 2022, Stage 1 loans, having a loan loss allowance of USD 2,767,588 (31 December 2021: USD 1,599,464) determined at a 12 month ECL, reflect the stable credit quality. Stage 2 loans, having a loan loss allowance of USD 901,888 (31 December 2021: USD 963,290) 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 4,701,801 (31 December 2021: USD 6,268,747) 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 5.5 million (2021: USD 5.05 million). The top three exposures of the Fund as of 31 December 2022, of which two have long tenor loans, represent around 53% 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.

Notes to the Financial Statements (continued)
As at 31 December 2022
(expressed in USD)

Note 14 – Risk management (continued)

14.2. Liquidity risk

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

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

- Excess cash liquidity is temporarily deposited with international investment grade banks or invested in money-market instruments.
- When there is excess cash in the Fund, as a reference when cash is above 10% of GAV, the Fund can invest in term deposits with financial institutions based in Sub-Saharan Africa, under pre-defined criteria approved by the Board of Directors. As of the end of December 2022, the Fund has invested USD 7.05 million in a Kenyan bank that is a subsidiary of the Fund's Custodian Bank and provides the Fund with daily liquidity.
- The Investment Manager shall strive to maintain cash on hand that represents the greater of 5% of the Fund Total Assets or a 120% of the Fund's projected 30-day liabilities. As soon as liquidity falls below this percentage, the Investment Manager shall notify the Board of Directors and the Investment Committee immediately.
- In addition, the Fund may at any time draw down from existing commitments on Class A Shares and Class B Shares or Notes and on a quarterly basis on Class C Shares. There were no existing uncalled commitments from Shareholders to the Fund as at 31 December 2022 (31 December 2021: none).

Notes to the Financial Statements (continued)
As at 31 December 2022
(expressed in USD)

Note 14 – Risk management (continued)

14.2. Liquidity risk (continued)

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

31 December 2022	Less than 3 months (in USD)	3 months to 1 year (in USD)	1 year to 5 years (in USD)	More than 5 years (in USD)	Undefined maturity (in USD)	Total (in USD)
Loans to PLIs*	7,932,541	53,003,179	113,685,232	23,098,615	-	197,719,567
Receivables on loans to PLIs	1,868,110	2,930,460	-	-	-	4,798,570
Other receivables	209,991	-	-	-	-	209,991
Prepaid expenses	-	112,450	446,827	-	-	559,277
Cash collateral with brokers	2,430,000	-	-	-	-	2,430,000
Cash and cash equivalents	35,330,792	-	-	-	-	35,330,792
Total financial assets	**47,771,434**	**56,046,089**	**114,132,059**	**23,098,615**	**-**	**241,048,197**
Undrawn capital commitments	-	-	-	-	-	-
Total financial assets and undrawn capital commitments	**47,771,434**	**56,046,089**	**114,132,059**	**23,098,615**	**-**	**241,048,197**
Cash collateral with brokers	1,866,964	-	-	-	-	1,866,964
Derivative financial instruments**	5,057,235	(1,345,966)	2,041,577	(122,856)	-	5,629,990
Accrued expenses	986,263	-	-	-	-	986,263
Other payables	446,628	-	-	-	-	446,628
Contribution payable to the technical assistance facility	-	441,304	-	-	-	441,304
Notes issued**	973,700	13,888,708	53,966,239	-	-	68,828,647
Net assets attributable to Class A and B Shares	-	13,689,800	16,000,000	20,200,000	-	49,889,800
Distribution payable to holders of redeemable shares	-	2,015,359	-	-	-	2,015,359
Total financial liabilities	**9,330,790**	**28,689,205**	**72,007,816**	**20,077,144**	**-**	**130,104,955**
Committed undisbursed amounts on loans to PLIs	-	-	-	-	-	-
Total financial liabilities and committed undisbursed amounts on loans to PLIs	**9,330,790**	**28,689,205**	**72,007,816**	**20,077,144**	**-**	**130,104,955**

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

** Including future interest income/expenses

Notes to the Financial Statements (continued)

As at 31 December 2022
(expressed in USD)

Note 14 – Risk management (continued)

14.2. 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 collateral with brokers	7,185,649	-	-	-	-	7,185,649
Cash and cash equivalents	36,322,775	-	-	-	-	36,322,775
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**
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
Contribution payable to the technical assistance facility	-	195,232	-	-	-	195,232
Notes issued**	189,817	4,320,992	37,284,493	-	-	41,795,302
Net assets attributable to Class A and B Shares	5,000,000	2,500,000	29,689,800	20,200,033	-	57,389,833
Distribution payable to holders of redeemable shares	-	1,242,772	-	-	-	1,242,772
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 2022
(expressed in USD)

Note 14 – Risk management (continued)

14.3. Market risk

14.3.1. Interest rate risk

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

The Fund may be exposed to interest rate risks to the extent that the rate basis for its assets and liabilities do not fully match. The Fund seeks to reduce this risk and to match the rate basis on its assets and liabilities. As of 31 December 2022, 64.9% (31 December 2021: 72.1% based on USD 6-month Libor) of the portfolio yields floating interest rates with USD 6-month Libor, daily SOFR, or 6-month CME Term SOFR as the rate basis (local currency denominated loans hedged for both currency and interest rate risk). 49.5% of the portfolio is denominated in USD (31 December 2021: 45.6%), the functional currency of the Fund and 30.7% (31 December 2021: 26.4%) of the portfolio denominated in USD yield a fixed USD rate.

LIBOR transition

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

The Fund has informed all investors that have legacy contracts based on USD LIBOR as the benchmark that an amendment to the subscription forms will be negotiated before the deadline for the cessation of the USD Libor. The last payment using USD Libor as a benchmark will happen as of 31 December 2023 and starting on 1 January 2024 all contracts of the Fund that are linked to a USD floating benchmark will be based on SOFR (daily or term). Hence, during 2023, the Fund will have a mix of exposure to diverse benchmarks (LIBOR and SOFR), and starting in 2024 all the exposure will be to SOFR. There are no major implications expected for the switch given that the Fund has both assets and liabilities denominated in both benchmarks and LIBOR and SOFR move in the same direction, even if not exactly the same magnitude.

Notes to the Financial Statements (continued)
As at 31 December 2022
(expressed in USD)

Note 14 – Risk management (continued)

14.3. Market risk (continued)

14.3.1. Interest rate risk (continued)

As of December 31, 2022, 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. The Fund's exposure to Libor that could be affected by the transition includes USD 26.3 million in assets, USD 43.4 million in liabilities and USD 51.1 million in derivatives.

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

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

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

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

Notes to the Financial Statements (continued)

As at 31 December 2022
(expressed in USD)

Note 14 – Risk management (continued)

14.3. Market risk (continued)

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

	31 December 2022		31 December 2021	
Increase (in bps)	Effect on profit before tax (in USD)	Effect on profit before tax (in %)	Effect on profit before tax (in USD)	Effect on profit before tax (in %)
100	198,324	7.33%	193,087	12.63%
250	495,809	18.33%	482,717	31.58%
750	1,487,426	54.99%	1,448,150	94.74%

14.3.2. Currency risk
Currency risk is the risk that the value of financial instruments fluctuates due to changes in foreign exchange rates. As at 31 December 2022, all of the Fund's redeemable shares are denominated in the functional currency of the Fund (31 December 2021: 100%). As at 31 December 2022, 67.06% of the Fund's notes are denominated in EUR and the remaining 32.94% are denominated in USD which is the functional currency of the Fund (31 December 2021: 100% in USD). 49.5% of the Fund's PLI investments are denominated in USD (31 December 2021: 45.6%), 50.1% are denominated in local currency and hedged for both currency and interest rate risk (31 December 2021: 53.1%), and nil are denominated in EUR and unhedged.

As at 31 December 2022, the Fund's total unhedged open currency exposure amounts to USD 748,434 (31 December 2021: USD 1,860,495).

The table below indicates the currencies to which the Fund had significant exposure at 31 December 2022 and 31 December 2021 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 2022		31 December 2021	
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%	(18,636)	10%	(4,430)
EUR	5%	(9,318)	5%	(2,215)
ZAR	10%	(14,667)	10%	(37)
ZAR	5%	(7,333)	5%	(18)

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 2022
(expressed in USD)

Note 14 – Risk management (continued)

14.3. Market risk (continued)

14.3.2. Currency risk (continued)

As at 31 December 2022 and 31 December 2021, the split of the loan portfolio by currency is as follows:

	31 December 2022			31 December 2021		
Currency	**Number of loans**	**Total amount* (in USD)**	**% of net assets**	**Number of loans**	**Total amount* (in USD)**	**% of net assets**
USD	37	80,852,703	57.72%	32	64,623,821	45.22%
XOF	27	34,842,556	24.87%	31	35,712,293	24.99%
ZAR	10	17,568,709	12.54%	12	16,198,585	11.33%
EUR	4	10,462,570	7.47%	6	6,159,078	4.31%
UGX	1	6,878,969	4.91%	6	7,327,928	5.13%
XAF	7	4,229,380	3.02%	-	-	-
MGA	2	3,429,596	2.45%	1	1,691,338	1.18%
KES	9	2,142,748	1.53%	3	3,731,452	2.61%
MWK	1	1,086,474	0.78%	1	462,371	0.32%
GHS	1	647,456	0.46%	3	3,655,922	2.56%
TZS	1	488,569	0.35%	2	1,730,639	1.21%
RWF	1	473,444	0.34%	1	232,748	0.16%
ZMW	1	350,698	0.25%	2	1,852,523	1.30%
Total	**102**	**163,453,872**	**116.69%**	**100**	**143,378,698**	**100.32%**

* net of the effect of the forward exchange transactions as of 31 December 2022 and 31 December 2021.

Notes to the Financial Statements (continued)
As at 31 December 2022
(expressed in USD)

Note 14 – Risk management (continued)

14.3. Market risk (continued)

14.3.3. Operational risk

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

Note 15 – Capital management

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

The Fund's objectives for managing capital are:

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

Note 16 – Related party transactions

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

Board of Directors

During the year ended 31 December 2022, an amount of USD 19,784 of travel expenses was reimbursed to the Directors (year ended 31 December 2021: USD 13,355). Directors', IC and FX member fees for the year ended 31 December 2022 amounted to USD 115,838 (year ended 31 December 2021: USD 139,209). The listing of the members of the Board of Directors is shown on page 3 of this annual report.

Notes to the Financial Statements (continued)
As at 31 December 2022
(expressed in USD)

Note 16 – Related party transactions (continued)

Investment Manager

Management fee and Incentive Bonus

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

Placement fees

During the year ended 31 December 2022, there were a recognition of placement fees of USD 142,438 (year ended 31 December 2021: USD 63,868).

Note 17 – Commitments and contingencies

On 26 April 2022, REGMIFA subscribed an amount of EUR 5 million for the investment to a Fintech investee (Borrower) through the Micro, Small & Medium Enterprises Bonds SA (SPV). The investment is a debt syndication in which the Fund is participating as a Note Holder and for which participation of EUR 5 million was disbursed to the SPV. The Borrower has not drawn the Funds as of 31 December 2022. On 7 July 2022, a notification was sent to all Noteholders of a partial early redemption, equal to EUR 0.0409765 for each Note. The outstanding committed amount of the Fund is EUR 4,795,118 (equivalent to USD 5,117,589 as of 30 December 2022), and the investment is subject to the risk of non-disbursement as the Borrower is not contractually or legally required to make a drawdown of the loan. The window for the Borrower to request a drawdown expires on 27 June 2023 and if the amount is not drawn by then, it will be returned to the Fund. The Fund will be receiving a fee for the amount committed until the Borrower draws the Fund or until the expiration date of the participation (27 June 2023).

On 13 December 2022, REGMIFA subscribed an amount of USD 4 million for the investment in a Kenyan Bank (Borrower) through the Micro, Small & Medium Enterprises Bonds SA (SPV). The investment is a subordinated debt syndication in which the Fund is participating as a Note Holder and for which participation of USD 4 million was disbursed to the SPV. The investment is subject to the risk of non-disbursement as the Borrower is not contractually or legally required to make a drawdown of the loan and might only draw a portion of the amount committed. The Borrower has not drawn the Funds as of 31 December 2022 and the window for the Borrower to request a drawdown expires on 14 December 2023; if the amount is not drawn by then, it will be returned to the Fund. The Fund receives a fee for the amount committed until the Borrower draws the Fund or until the expiration date of the participation.

There are no other commitments and contingencies to report as of 31 December 2022.

Notes to the Financial Statements (continued)
As at 31 December 2022
(expressed in USD)

Note 18 – Reclassification of comparative figures

As part of the objective to improve the transparency and comparability of financial statements, certain comparatives from the statement of financial position as at 31 December 2021, the statement of comprehensive income and the statement of cash flows for the year ended 31 December 2021 have been reclassified by the new Administrative Agent to conform to the current period’s presentation. These amendments have no impact on the previously reported Fund’s financial position or performance.

The reclassifications are summarized as follows:

Notes to the Financial Statements (continued)

As at 31 December 2022
(expressed in USD)

Note 18 – Reclassification of comparative figures (continued)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

USD	31 December 2021 (as per audited financial statements)	Reclassification	31 December 2021 (as reclassified)
ASSETS			
Loans to Partner Lending Institutions [1]	143,378,698	-	143,378,698
Loan loss allowance	(8,831,500)	-	(8,831,500)
Net loans to Partner Lending Institutions [1]	134,547,198	-	134,547,198
Interest receivable on loans to Partner Lending Institutions	2,396,105	1,415,771	3,811,876
Interest loss allowance	-	(1,415,771)	(1,415,771)
Net interest receivable on loans to Partner Lending Institutions	2,396,105	-	2,396,105
Derivative financial instruments	3,168,251	-	3,168,251
Other receivables	561,464	-	561,464
Prepaid expenses	586,967	-	586,967
Cash collateral with brokers	-	7,185,649	7,185,649
Cash and cash equivalents	43,508,424	(7,185,649)	36,322,775
Total assets	**184,768,409**	**-**	**184,768,409**
LIABILITIES			
Derivative financial instruments	2,860,559	-	2,860,559
Accrued expenses	334,911	-	334,911
Other payables	496,806	-	496,806
Contribution payable to the technical assistance facility	198,271	-	198,271
Notes issued	36,793,956	-	36,793,956
Net assets attributable to holders of redeemable shares:			
- Class A shares	26,989,808	-	26,989,808
- Class B shares	30,400,073	-	30,400,073
Distribution payable to holders of redeemable shares	1,242,772	-	1,242,772
Total liabilities	**99,317,156**	**-**	**99,317,156**
EQUITY (Class C shares)			
Share capital	86,729,110	-	86,729,110
Profit / (loss) for the year	-	4,469,399	4,469,399
Retained earnings	(1,277,857)	(4,469,399)	(5,747,256)
Total equity attributable to holders of Class C shares	**85,451,253**	**-**	**85,451,253**
Total liabilities and equity	**184,768,409**	**-**	**184,768,409**

[1] include upfront fees amortisation

Notes to the Financial Statements (continued)

As at 31 December 2022
(expressed in USD)

Note 18 – Reclassification of comparative figures (continued)

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

USD	Year ended 31 December 2021 (as per audited financial statements)	Reclassification	Year ended 31 December 2021 (as reclassified)
INCOME			
Interest income on loans to Partner Lending Institutions	13,322,090	(521,310)	12,800,780
Upfront fees on loans to Partner Lending Institutions	-	521,310	521,310
Other income	66,570	227,956	294,526
Net realised loss on loans to Partner Lending Institutions	(1,282,667)	1,282,667	-
Net change in unrealised foreign exchange loss on loans to Partner Lending Institutions	(3,984,231)	3,984,231	-
Net realised loss on on derivative financial instruments [(1)]	(4,486,554)	5,702,630	1,216,076
Net change in unrealised gain on derivative financial instruments	3,837,726	(251,048)	3,586,678
Net realised gain on foreign exchange	-	476,378	476,378
Net reversal of loans loss allowance	1,993,963	-	1,993,963
Interest income on bank deposits	227,956	(227,956)	-
Total investment income	**9,694,853**	**11,194,858**	**20,889,711**
EXPENSES			
Interest expenses on derivative financial instruments [(1)]	-	5,451,582	5,451,582
Management fees	2,676,786	-	2,676,786
Administration, custodian and domiciliation fees	225,844	-	225,844
Direct operating expenses	-	941,860	941,860
Amortisation of placement fees	63,868	-	63,868
Other expenses	-	13,270	13,270
Net change in unrealised loss on foreign exchange	-	3,984,231	3,984,231
Net realised loss on foreign exchange	-	1,282,667	1,282,667
Secretary fees	253,174	(253,174)	-
Legal and audit	163,040	(163,040)	-
Other administrative expenses	258,869	(258,869)	-
Director and IC member fees	139,209	(139,209)	-
Marketing and promotion expenses	127,568	(127,568)	-
Total operating expenses	**3,908,358**	**10,731,750**	**14,640,108**
Operating profit	**5,786,495**	**463,108**	**6,249,603**
Other net foreign exchange gain/(loss)	(476,378)	476,378	-
Interest expenses on notes	342,200	-	342,200
Bank charges	13,270	(13,270)	-
Profit before performance allocation	**5,907,403**	**-**	**5,907,403**
Distribution to holders of redeemable Class A and Class B shares	(1,242,772)	-	(1,242,772)
Contribution to the technical assistance facility	(195,232)	-	(195,232)
Investment Manager incentive bonus	-	-	-
Profit before tax	**4,469,399**	**-**	**4,469,399**
Taxation	-	-	-
Profit for the year	**4,469,399**	**-**	**4,469,399**
Other comprehensive income	-	-	-
Total comprehensive income for the year	**4,469,399**	**-**	**4,469,399**

[(1)] interest expenses on derivative financial instruments were included in the realised and unrealised gain/loss on derivatives financial instruments in 2021 annual report

Notes to the Financial Statements (continued)

As at 31 December 2022
(expressed in USD)

Note 18 – Reclassification of comparative figures (continued)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

USD	Year ended 31 December 2021 (as per audited financial statements)	Reclassification	Year ended 31 December 2021 (as reclassified)
OPERATING ACTIVITES			
Profit/(loss) before tax	4,469,399	-	4,469,399
Adjustments to reconcile profit/(loss) before tax to net cash flows:			-
Interest income on loans to Partner Lending Institutions	(13,322,090)	-	(13,322,090)
Interest expense on notes	342,200	-	342,200
Distribution to holders of redeemable Class A and Class B shares	1,242,772	-	1,242,772
Contribution to the technical assistance facility	195,232	-	195,232
Net change in unrealised (gain)/loss on foreign exchange	3,984,231	-	3,984,231
Net change in unrealised (gain)/loss on derivative financial instruments	(3,837,726)	-	(3,837,726)
Net change in loans loss allowance	(1,993,963)	-	(1,993,963)
Operating gain/(loss) before working capital changes	**(8,919,945)**	**-**	**(8,919,945)**
Working capital changes:			
Net (increase)/decrease in other receivables and prepaid expenses	104,972	-	104,972
Net (increase)/decrease in cash collateral with brokers	-	(7,185,649)	(7,185,649)
Net increase/(decrease) in accrued expenses and other payables	(247,395)	-	(247,395)
Net cash flows used in operating activities	**(9,062,368)**	**(7,185,649)**	**(16,248,017)**
INVESTING ACTIVITES			
Net (increase)/decrease in loans to Partner Lending Institutions	(10,838,086)	-	(10,838,086)
Interest received on loans to Partner Lending Institutions	13,589,803	-	13,589,803
Net cash flows from investing activities	**2,751,717**	**-**	**2,751,717**
FINANCING ACTIVITIES			
Proceeds from issue of shares	15,091,750	-	15,091,750
Payments on redemption of shares	(12,232,550)	-	(12,232,550)
Proceeds from issue of notes	23,493,956	-	23,493,956
Payments on redemption of notes	(2,700,000)	-	(2,700,000)
Distribution paid to holders of redeemable Class A and Class B shares	(1,892,079)	-	(1,892,079)
Contribution paid to the technical assistance facility	(595,978)	-	(595,978)
Interest paid on notes	(342,200)	-	(342,200)
Net cash flows from financing activities	**20,822,899**	**-**	**20,822,899**
Net increase/(decrease) in cash and cash equivalents	**14,512,248**	**(7,185,649)**	**7,326,599**
Cash and cash equivalents at the beginning of the year	**28,996,176**	**-**	**28,996,176**
Cash and cash equivalents at the end of the year	**43,508,424**	**(7,185,649)**	**36,322,775**

Notes to the Financial Statements (continued)
As at 31 December 2022
(expressed in USD)

Note 19 – Approval of the financial statements

On 8 May 2023, the Board of Directors resolved to authorize the issuance of the financial statements of the Fund for the year ended 31 December 2022 and decided to submit them to the Annual General Meeting of Shareholders for approval.

Note 20 – Important events

Change of Custodian 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 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.

Assessment of the Russia-Ukraine conflict

In February 2022, Russia invaded Ukraine triggering an escalation of the conflict that started in 2014 with Russia's annexation of Crimea. Due to this unprovoked invasion, the EU imposed a series of sanctions against Russia, on top of the existing measures imposed in 2014. These sanctions include economic measures, diplomatic actions, and individual sanctions that target people supporting or benefiting from the Ukrainian conflict.

The situation has created diverse global consequences such as disruption of global trade, turmoil in energy markets, and high volatility across markets. The recent rise in fuel costs and food prices has resulted in inflationary pressures across countries in SSA. Climate events along with high transportation costs and higher fertilizer prices are affecting crop yields and income from agricultural activities. Governments are facing rising debt levels and lower inflows from international investors as a consequence of low confidence, currency depreciations or devaluations, and higher interest rates in USD and EUR. The Board of Directors regards these events for the Fund as non-adjusting events after the reporting period.

The impact on SSA countries is difficult to assess and the implications for the Fund's investees are uncertain. For now, the Fund's performance and operations have not been significantly impacted by the above, given the full hedged strategy of the Fund and the positive performance of the investees, which have proven to be resilient and to adapt to challenging conditions. However, the Investment Manager and Board of Directors continue to monitor the evolving situation and its potential impact on the Fund's financial position.

Notes to the Financial Statements (continued)
As at 31 December 2022
(expressed in USD)

Note 21 – Subsequent events

No significant subsequent event occurred after the reporting date.

Supplementary Information (unaudited)
As at 31 December 2022

Number of Shares Outstanding	**31 December 2022**	**31 December 2021**
Number of shares outstanding at the beginning of the year:		
Class A	269.898	349.898
Class B	1,216.000	781.632
Class C	1,605.377	1,605.377
Number of shares issued during the year:		
Class A	-	-
Class B	-	603.670
Class C	-	-
Number of shares redeemed/matured during the year:		
Class A	(75.000)	(80.000)
Class B	-	(169.302)
Class C	-	-
Number of shares outstanding at the end of the year:		
Class A	**194.898**	**269.898**
Class B	**1,216.000**	**1,216.000**
Class C	**1,605.377**	**1,605.377**

Net Asset Value per Share	**31 December 2022**	**31 December 2021**	**31 December 2020**
Class of shares			
Class A	100,000.00	100,000.00	100,000.00
Class B	25,000.00	25,000.00	25,000.00
Class C1 to C4	56,393.56	53,433.00	50,638.69
Class C5	55,681.38	52,759.00	49,999.04

EUROPEAN
COMMISSION

Brussels, 6.4.2022
C(2022) 1931 final

ANNEX 5

ANNEX

to the

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

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

ANNEX V

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

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

Product name: Regional MSME Investment Fund for Sub-Saharan Africa SA, SICAV-SIF

Legal entity identifier: 52990062YZ83Q83T6540

Sustainable investment objective

Did this financial product have a sustainable investment objective?

☒ **Yes**	☐ **No**
☒ It made **sustainable investments with an environmental objective:** 7.6%	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☒ It made **sustainable investments with a social objective:** 66.6%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

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

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

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

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

The social 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 and low income households.

In 2022, the Fund pursued 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.

The share of investments that contributed to these SDGs are reported in the following section.

SUSTAINABLE DEVELOPMENT GOALS	**How did the Fund contribute to the main SDGs targeted?**
1 NO POVERTY	The Fund contributed to SDG **Target 1.4**: "By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.", while investing in Investees whose loans are mostly serving small households' needs, housing or education.
5 GENDER EQUALITY	The Fund contributed to SDG **Target 5.1**: "End all forms of discrimination against all women and girls everywhere.", while investing in Investees whose loans go in their vast majority to a portfolio of women borrowers.
8 DECENT WORK AND ECONOMIC GROWTH	The Fund contributed to **Target 8.3**: "Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.", while investing in Investees whose loans go in majority to a portfolio of SMEs.

In 2022, additional SDGs not specifically targeted by the Fund were addressed through a small share of the investments, still in line with the overall mission of the Fund, as shown in the table below:

SUSTAINABLE DEVELOPMENT GOALS	**How did the Fund contribute to the other SDGs reached?**
2 ZERO HUNGER	The fund contributed to SDG **Target 2.3**: “By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment." and **Target 2.4**: “By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.”, while: • investing in Investees whose loans go in majority to a small-scale agriculture portfolio, or to a non-financial investee active mainly in small-scale agriculture. • investing in Financial Institutions or companies specialized in agriculture production, and whose loans are mostly financing larger farming/food producing organizations using sustainable practices.
7 AFFORDABLE AND CLEAN ENERGY	The Fund contributed to **Target 7.1**: "By 2030, ensure universal access to affordable, reliable and modern energy services.", while investing in Investees whose loans finance in majority access to clean energy to low-income households or in companies active in the sustainable energy space in emerging markets.
10 REDUCED INEQUALITIES	The Fund contributed to **Target 10.c**: “By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent”, while investing in companies that are allowing for remittances transaction costs of approximately 4% (vs. global average of 7% in Dec-20).
11 SUSTAINABLE CITIES AND COMMUNITIES	The Fund contributed to **Target 11.2**: "By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.", while investing, usually through Green, Social and Sustainability Bonds, in a majority of assets that are either green buildings, affordable housing, public transportation systems, green vehicles or while directly financing a company that is active in one of these sectors.

As described in the table, some investments mostly contributed to environmental SDG targets but equally contribution to the social mission of the Fund:

- One investment was made in a company providing solar panels adapted to the needs of low-income households qualifying for SDG Target 7.1. Providing low-income households with access to primary goods is also part of the social mission of the Fund.

- One investment contributed to the financing of safe, affordable and sustainable public transportation, thus contributing to SDG 11.2. The transporation companies financed are SMEs, which is part of the social mission of the Fund.

- One investment financed a group of agricultural cooperatives which practices were assessed as sustainable, thus contributing to SDG 2.4. The financing goes to smallholder farmers, i.e. MSMEs which is part of the social mission of the Fund.

How did the sustainability indicators perform?

The Fund observes the evolution of outreach indicators to specific segments of the low and middle income population to measure its contribution to its Sustainable Investment Objectives (in blue in the table below), completed with additional sustainability indicators for measuring the achievement of the other SDGs reached or the other SDGs reached by an investment (see SDG allocation methodology defined by the Fund Advisor (described in "How did the sustainability indicators perform?").

Three metrics are provided. They are all calculated as the weighted average of each specific indicator based on the portfolio composition at end of each quarter of the reporting period. The four quarterly figures are then averaged to calculate the annual figure. For this reporting, the latest data available from the investees at end of the reporting period are used:

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

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

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

The indicators below are collected for a share of the portfolio of Sustainable Investments of the Fund that is indicated at the bottom of the following table. The numbers below are thus slightly underestimated. Notably, a few investments realized through Green, Social and Sustainable Bonds or Green Loans did not receive yet the annual use-of-proceeds and impacts reports due for such instruments. A few of them received data on which standardization work is ongoing. As such, those are not yet included in the reporting reached by the Fund. When available, the outreach of the total Bond issued is listed under

SIs “Reached by Investees”, and the outreach of the bondnote subsribed by the Fund is listed under SIs “Reached by Fund”.

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

Sustainability Indicators – Outreach		**Reached by Investees**	**Reached with 1 M USD Investment in the Fund**	**Reached by Fund**
SDG	**Total number of end borrowers reached**	**6’064’308**	**1’112**	**213’109**
1.4	Number of end borrowers reached with micro loans	3’439’715	511	98’097
4.6	Number of end borrowers reached with education loans	11’123	2	395
8.3	Number of end borrowers reached with SME loans	60’020	13	2’543
11.1	Number of end borrowers reached with Housing Loans	22’831	4	836
n.a.	Number of end borrowers reached with other loans	2’247’502	168	32’264
	OF WHICH:			
2.3	*Number of end borrowers reached with a loan for agricultural activity*	*345’217*	*113*	*21’682*
5.1	*Number of women end borrowers reached*	*2’451’179*	*399*	*76’442*
7.1	*Number of end borrowers reached with renewable energy supply loans*	*2’655’712*	*584*	*111’812*
7.2	*Renewable energy capacity installed (KWp)*	*n.c.*	*n.c.*	*n.c.*
2.4	*Indicator to be developed*[1]	*n.a.*	*n.a.*	*n.a.*
10.c	*Indicator to be developed*[2]	*n.a.*	*n.a.*	*n.a.*

[1] Ongoing developments are undertaken to collect one indicator for this new type of investment. The Fund made one investment in this category during the reference period.

[2] Ongoing developments are undertaken to collect one indicator for this new type of investment. The Fund made investments in two companies in this category during the reference period.

11.2	*Indicator to be developed*[3]	*n.a.*	*n.a.*	*n.a.*
Coverage rate (in % of the portfolio of Sustainable Investments of the Fund, in NAV)				76%

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

Complementary indicators[4]	**FY 2022**
Number of investees	53
Number of countries served	21
Gender balance	
% of women borrowers among borrowers reached by the Fund	36%
Average % women borrowers served by institutions financed	35%
Outreach to LMIH	
Portfolio in low and lower middle income countries (% NAV)	76%
Median average credit per borrower	1’700
Average % of rural borrowers served by financed institutions	25%

To monitor the achievement of its Sustainable Investment Objectives, the Fund also determines for each investment which SDG it mostly contributes to, based on the economic activities financed and/or target clientele served by the investee as described in the table above.

Sustainability Indicators –Portfolio Allocation to main SDG reached	**% total of assets (NAV) (Calculated as the weighted average portfolio composition at end of each quarter of the reporting period, using latest data available from the investees at end of the reporting period.)**
1	24.6%
2	6.7%
5	6.3%

[3] Ongoing developments are undertaken to collect one indicator for this new type of investment. The Fund made investments in one company in this category during the reference period.

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

7	3.2%
8	27.8%
10	1.4%
11	4.3%
Total Sustainable Investments	74.2%

See section "and compared to previous periods" for the tables including 2021 data.

…and compared to previous periods?

The sustainability outreach indicators were not presented in the financial statement 2021. Thus, please refer to the 2022 tables above for 2022 results (*):

Sustainability Indicators – Outreach[5]		**Outreach of the Investees financed**		**Outreach per 1 M USD invested**		**Funds' contribution to the Outreach**	
		2021	**2022**	**2021**	**2022**	**2021**	**2022**
SDG1.4	Number of end borrowers reached with micro loans	n.a.	*	n.a.	*	n.a.	*
SDG4.6	Number of end borrowers reached with education loans	n.a.	*	n.a.	*	n.a.	*
SDG8.3	Number of end borrowers reached with SME loans	n.a.	*	n.a.	*	n.a.	*
SDG11.1	Number of end borrowers reached with housing loans	n.a.	*	n.a.	*	n.a.	*
n.a.	Number of end borrowers reached with other loans	n.a.	*	n.a.	*	n.a.	*
	TOTAL number of end borrowers reached	n.a.	*	n.a.	*	n.a.	*
	OF WHICH:						
SDG2.3	*Number of end borrowers of reached with a loan for agricultural activity*	*n.a.*	*	*n.a.*	*	*n.a.*	*
SDG5.1	*Number of women end borrowers reached*	*n.a.*	*	*n.a.*	*	*n.a.*	*

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

SDG7.1	*Number of end borrowers reached with renewable energy supply loans*	*n.a.*	*	*n.a.*	*	*n.a.*	*
SDG7.2	*Renewable energy capacity installed (KWp)*	*n.c.*	*	*n.c.*	*	*n.c.*	*
SDG2.4	*Indicator to be developed*	*n.a.*	*	*n.a.*	*	*n.a.*	*
SDG10.c	*Indicator to be developed*	*n.a.*	*	*n.a.*	*	*n.a.*	*
SDG 11.2	*Indicator to be developed*	*n.a.*	*	*n.a.*	*	*n.a.*	*

The complementary indicators are comparable to the indicators reported in the financial statement 2021, as follows. Please note that "n.a." in the table below does not mean that the indicators are not available (they can be found in the annual ESR Report published on the Funds Website) but that they were not included in the financial statements 2021:

Complementary indicators[6]	**End 2021**	**FY 2022**
Number of investees	n.a.	53
Number of countries served	n.a.	21
Gender balance		
% of women borrowers among borrowers reached by the Fund	40%	36%
Average % women borrowers served by institutions financed	n.a.	35%
Outreach to LMIH		
Portfolio in low and lower middle income countries (% NAV)	n.a.	76%
Median average credit per borrower	n.a.	1'700
Average % of rural borrowers served by financed institutions	17%	25%

In Annex V of the 2021 Financial Statements, the split of investments attributed to the SDGs were represented in shares of the outstanding portfolio at end of the period.

For fiscal year 2022, to align to the regulatory technical standards set by the SFDR, the figures are now provided in share of the total assets of the Fund, thus including in the denominator cash and cash-related instruments. The 2021 figures shown below have been restated to align to this new standard but corresponding only to the end of reporting year figures and not to the quarterly weighted average.

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

Sustainability Indicators –Portfolio Allocation to SDG, in % of total assets	End 2021	FY 2022
1	26.9%	24.6%
2	5.1%	6.7%
5	5.1%	6.3%
7	2.2%	3.2%
8	33.5%	27.8%
10	0%*	1.4%
11	0%**	4.3%

*In 2022 the Fund invested in two businesses in the remittances market, contributing to SDG 10.c as explained in the section "To what extent was the sustainable investment objective of this financial product met?".

**One investment in sustainable transportation was reallocated from SDG 8.3 to SDG 11.2.

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

As further described in the sub-sections of this question and on next question, the Fund Manager designed complementary tools to ensure that an investment:

- will generate positive impact,
- while not causing signficant harm to any other of the sustainable investment objectives of the Fund and not generating adverse impact on any sustainability factors – including factors linked to sustainable investment objectives – once the investment is made.

It does so through pre-investment assessments, application of exclusions, and ongoing monitoring of key indicators of positive and adverse impact. All steps are further described below.

Note that in 2022, the Fund also contributed to the Financial Inclusion Index of 60Decibels. Mostly focused on microfinance and hence on SDG1, 5 and 8, it measures end-borrowers' view on the impact that was generated for them from the loans they received (indirectly) from the Fund.

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

In 2022, the Fund started to monitor the mandatory and two of the additional indicators (Investments in companies without carbon emission reduction initiatives

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

and Lack of grievance/complaints handling mechanism related to employee matters) for principal adverse impacts on sustainability factors. Part of the investees provided information. Though the coverage rate is still relatively low at the time of publication of this annual report, it will evolve positively over time. Part of them are also estimated through the use of proxies. The PAI indicators statement is available at the end of this Annex.

Since 2021, Symbiotics also coordinated with peers to align their approaches to measure PAI indicators, notably in terms of means of data collection or calculation at investee and/or end-borrower levels. They are indeed especially difficult to collect from non-EU investees, and coordination is key to ensure meaningful data to be made available to investors.

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

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

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

UN Guiding Principles on Business and Human Rights	Broadly considered and adapted to the companies targeted
OECD Guidelines for Multinational Enterprises and Key considerations for banks implementing the OECD Guidelines for Multinational Enterprises	Guidelines not applicable as the Fund invests mostly in small to mid-size companies in emerging markets. All transversal standards framing these Guidelines, such as human rights, employment, environment, bribery, consumer interests, competition and taxation, are broadly considered and adapted to the companies targeted. Science and technology fall out of scope. The key considerations that 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

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

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

- The use of an ESG Assessment on the Target Investees assesses the risk of occurrence of the Principal Adverse Impacts a target investee can cause on Sustainability Factors. It allows the Fund to filter investments in order to be exposed only to Target Investees evaluated to not harm significantly the sustainability factors. The ESG Assessment focuses on the assessment of a Company's risk of doing harm.

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

The 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.

When an investment is done through a syndication or third-party origination, the Fund advisor ensures that the assessment is aligned with its processes and standards.

What were the top investments of this financial product?

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

Largest investments[7]	Sector (NACE Code)	%Assets	Country
KCB	64190	4.8%	Kenya

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

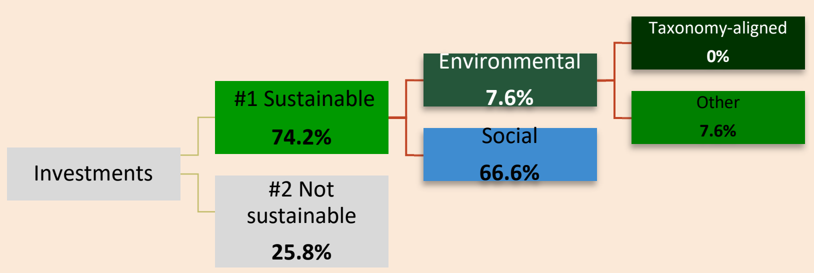
Access Bank Plc	64190	4.6%	Nigeria
Equity Bank	64190	4.4%	Kenya
SA Taxi DF	64910	4.9%	South Africa
ACF (UAE)	46210	3.4%	United Arab Emirates
Greenlight Planet Group	35110	2.9%	United States
Fidelis Finance	64920	2.4%	Burkina Faso
ACEP Burkina	64190	2.6%	Burkina Faso
Baobab Nigeria	64190	2.9%	Nigeria
Tugende Uganda	64910	2.0%	Uganda
PAMECAS	64190	2.5%	Senegal
PCK	64190	1.2%	Kenya
MFS Africa	66190	2.4%	Mauritius
Baobab Group	64190	1.7%	Nigeria
Baobab Plus	64190	1.0%	Cote D'Ivoire (Ivory Coast)

NACE CODE	**Brief Description**
K64.190	Other monetary intermediation
K64.910	Financial leasing
K64.920	Other credit granting
K66.190	Other activities auxiliary to financial services, except insurance and pension funding
G46.210	Wholesale of grain, unmanufactured tobacco, seeds and animal feeds
D35.110	Production of electricity

Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

What was the asset allocation?



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

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

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

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 described in the table below. In 2022, the Fund Manager started collecting sub-sector information when a certain threshold in a sector was exceeded, to improve granularity of E&S risk management. The coverage rate is for now low and the Fund expects reporting at sub-sector level within the next years.

Economic Sectors (number of final borrowers weighted by fund volumes)[8]	FY 2022
Agriculture	9.1%
Production	3.2%
Trade	47.3%
Services	28%
Others	12.4%

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

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

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

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

Non applicable.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[9]?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

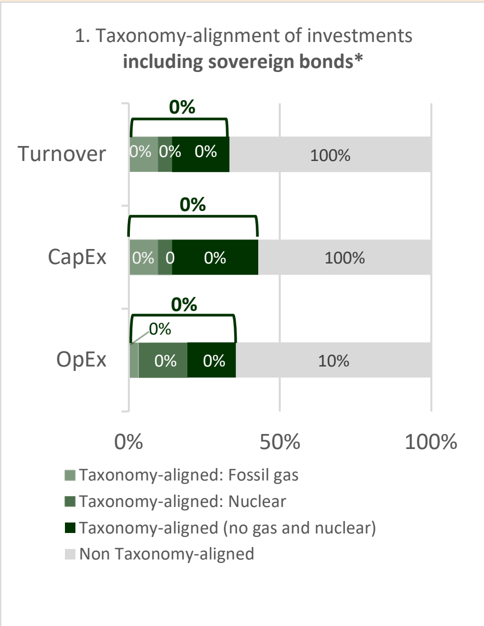
[8] Expressed in % of Investments per main economic sectors in which investees are investing. Weighted average of portfolio composition at end of each quarter.

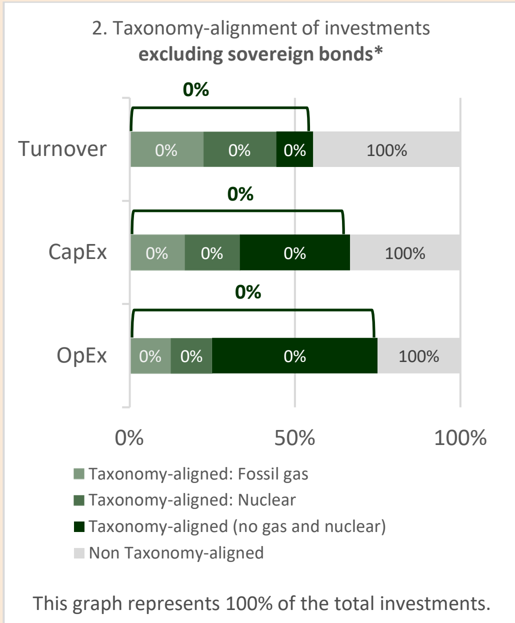
[9] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas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

☒ No

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

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





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

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

Non applicable.

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

Non applicable.

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

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

The Fund made a limited amount of sustainable investments with environmental characteristics. The sustainable investments with an environmental characteristics, are made in economic activities that are not aligned with the EU Taxonomy, though eligible to the climate change mitigation objective of the Taxonomy. Indeed, the Fund invests in emerging markets where the technical standards required by the European regulation are not adapted to these markets, and whose market participants are not subject to report against European Regulations. The investments that are contributing to achieve one of the social objectives of the Fund are nevertheless assessed in terms of environmental quality through a comprehensive assessment tool and, for green and sustainability bonds, through the ICMA Standards.

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

What was the share of socially sustainable investments?

Share of socially sustainable investments (% of total assets, calculated as the weighted average portfolio composition at end of each quarter of the reporting period)	**66.6%**

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

In 2022, the Non Sustainable Investments of the Fund was composed of the categories detailed in the table below (all expressed in % of total assets).

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

Composition of the Fund as a weighted average of end of each quarter (in % of total NAV)	
Cash	14%
Hedging Instruments	7.7%
Other assets (Accrued Interest, other receivables such as payables)	4%
Other Investments (money market instruments, investments with no SDG reach)	0%
Total Non -Sustainable Investments	**25.8%**

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

The Fund's Environmental and Social ("E&S") risk management approach was updated in 2021 and 2022 to add more scrutiny on environmental and social risks as the Fund expanded and diversified its scope of investment by building a pipeline of new types of investments targeting at financing SMEs and low- and middle-income households in addition to microenterprises.

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 aiming at generating low negative impact.

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

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

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

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

Non applicable.

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

Non applicable.

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

Non applicable.

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

Non applicable.

EUROPEAN
COMMISSION

Brussels, 6.4.2022
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ANNEX 1

ANNEX

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

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

ANNEX I

Template principal adverse sustainability impacts statement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) ‘inefficient real estate assets’ shall be calculated in accordance with the following formula:

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

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

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

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

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

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

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

Additional notes to the definitions and formulas for this reporting:

* Note that all references to the Euro currency are also converted in the currency of the Fund for which the report is done. Conversion rate used from the currency of the Fund to Euro is ECB 2022 average exchange rate.

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

Table 1

Statement on principal adverse impacts of investment decisions on sustainability factors

Product Name : Regional MSME Investment Fund for Sub-Saharan Africa SA, SICAV-SIF, Legal entity identifier: 52990062YZ83Q83T6540
Summary The Fund considers the principal adverse impacts of its investment decisions on sustainability factors. The present statement is the statement on principal adverse impacts on sustainability factors of the Fund and covers the reference period from 1 January 2022 to 31 December 2022.

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

Description of the principal adverse impacts on sustainability factors

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

	Indicators applicable to investments in investee companies						
Adverse sustainability indicator		**Metric**	**Impact 2022**	**Impact 2021**	**Coverage rate** **(was added to this table)** **See Note 1**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
	CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	752	n.a.	61%	See Note 3	See Note 2
		Scope 2 GHG emissions	256	n.a.	61%	See Note 3	See Note 2
		Scope 3 GHG emissions	88'466	n.a.	61%	See Note 3	See Note 2
		Total GHG emissions	89'474	n.a.	61%	See Note 3	See Note 2
	2. Carbon footprint	Carbon footprint in $tCO2e/M$ USD and MEUR invested	1'024 (USD) 972 (EUR)	n.a.	61%	See Note 3	See Note 2

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	3. GHG intensity of investee companies	GHG intensity of investee companies	0.007 (USD) 0.007 (EUR)	n.a.	61%	See Note 3	See Note 2
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	2.1%	n.a.	62%	See Note 4	See Note 2
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	605%	n.a.	100%	See Note 5	See Note 2
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million USD/EUR of revenue of investee companies, per high impact climate sector	n.a.	n.a.	n.a.	Complementary indicator reported in next table. See Note 6.	See Note 2
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	n.a.	n.a.	n.a.	See Note 7	See Note 2
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million USD/EUR invested, expressed as a weighted average	n.a.	n.a.	n.a.	Complementary indicator reported in next table. See Note 8	See Note 2

Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million USD/EUR invested, expressed as a weighted average	n.a.	n.a.	n.a.	Complementary indicator reported in next table. See Note 9	See Note 2
	INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	n.a.	48%	See Note 10	See Note 2
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	5.3%	n.a.	48%	See Note 11	See Note 2
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	13.2%	n.a.	33%	See Note 12	See Note 2
	13. Board gender diversity	Average ratio of female to male board members in	23.5%	n.a.	69%	See Note 13	See Note 2

		investee companies, expressed as a percentage of all board members					
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	n.a.	100%	See Note 14	See Note 2
Other indicators for principal adverse impacts on sustainability factors: **COMPLEMENTARY INDICATORS REPORTED BY THE FUND**							
Adverse sustainability impact	**Adverse impact on sustainability factors** **(qualitative or quantitative)**	**Metric**	**Impact 2022**	**Impact 2021**	**Coverage rate** **(was added to this table)** **See Note 1**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Refers to PAI 6	Indirect exposure to high impact climate sectors	Share of the investee's portfolio in high impact climate sectors	13.8%	n.a.	62%	See Note 6	See Note 2
Refers to PAI 8	Indirect exposure to sectors with intensive emissions to water	Share of the investee's portfolio in sectors with intensive emissions to water	4.3%	n.a.	66%	See Note 8	See Note 2
Refers to PAI 9	Indirect exposure to sectors which generate significant amounts of hazardous waste	Share of the investee's portfolio in sectors which generate significant amounts of hazardous waste and/or	1.6%	n.a.	66%	See Note 9	See Note 2

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

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Refer to Annex V

Engagement policies

Since 2022, the Fund has put in place an engagement framework that requires Investees to commit to improve their Environmental and Social Management System if, as per the assessment done prior to investment, it is deemed not to be commensurate to their level of E&S risk taking. This requirement aims to reduce their risk of causing adverse impacts. The improvement actions required are usually focusing on the setup of policies, teams, trainings, procedures and better transparency around E&S risks. Actions are for example directly related to PAI 11, or the additional PAI5 on employees' grievance mechanism. Other are related to the E&S management systems to be put in place to mitigate adverse impacts in general. In 2022, 32 action items were required to 14 investees and specific clauses were added in the loan agreements.

References to international standards

Refer to Annex V

Historical comparison

First year of report. No historical comparison available.

Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	**Adverse impact on sustainability factors (qualitative or quantitative)**	**Metric**	**Impact 2022**	**Impact 2021**	**Coverage rate (was added to this table) See Note 1**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Indicators applicable to investments in investee companies							

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	100%	n.a.	48%	See Note 15	See Note 2

Table 3

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

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Adverse sustainability impact	**Adverse impact on sustainability factors (qualitative or quantitative)**	**Metric**	**Impact 2022**	**Impact 2021**	**Coverage rate (was added to this table) See Note 1**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Indicators applicable to investments in investee companies							
Social and employee matters	5. Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters	0%	n.a.	48%	See Note 16	See Note 2

Note 1 - Perimeter :

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

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

For Bonds and Loans which have a specific use of proceeds, the PAIs are likely to overestimate the actual impact of the investments as they are calculated based on the average composition of the portfolio of the Investee financed and not on the specific use of proceeds financed by the sub-Fund which are often, in such cases, proceeds selected for these relatively lower PAIs.

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

Note 2 - Actions taken :

The Fund has not set quantified improvement targets for the PAIs. Indeed, this report coincides with the first year of collection of data for a few PAIs and the coverage rate (share of investees that reported on each indicator) will increase progressively over the years. The Sub-Fund may decide to set quantified improvement targets in the future. For indicators related to the setup of processes, such as PAI 11, ongoing engagement is undertaken with the Investees, through informal discussion on the importance of such practices. Technical Assistance Programs and/or Environmental & Social Action Plans are also setup since 2022 to engage the Investee companies to improve notably on a few processes that are underlying the PAI Indicators, for mitigation purposes.

Note 3:

The Investment Manager uses the proxy provided by the Joint Impact Model to estimate the GHG emissions of its investments.

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

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

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

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

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

Results are showing an important amount of scope 3 emissions, leading to a high carbon footprint, which seems inherent to the mission of the Sub-Fund of financing economic development, through financial intermediaries reaching vast clienteles, thus demulitiplicating impact.

A significant share of the emissions are stemming from five investees, either due to their activity or due to the energy mix of the country where they operate. Notably, one investee in South Africa finances SMEs operating in public transportation, heavily relying on petroleum. One bank in Cameroon is investing in the manufacturing sector of the country, heavily dependent on the cattle industry. Two investees in Madagascar finance the retail and trade sector, which are indirectly coal intensive given the energy mix of the country.

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

Note 4:

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

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

In 2022, the reporting scope focuses on extraction and manufacturing of fossil fuels, and does not consider other segments of the fossil fuel value chain (notably transport and trade). A minor part of mining of coal may have been missed but will be corrected further on. Another minor part of the exposure to fossil fuel might be missed as the breakdown of the manufacturing portfolio is not requested if it represents less than 5% of the total portfolio of the investee). However, data collection has been adjusted to include exposure to all segments of the fossil fuel sector going forward. Therefore, this exposure is likely to marginally increase in 2023.

The residual exposure in the fossil fuel sector in 2022 is mostly explained by one investment in a Nigerian Bank, reflecting the economy of country.

Note 5:

The vast majority of the Fund's investees draw energy from the national grid, thus data is retrieved from the national energy mix, through the use of ourworldindata.com. This method does not value the few initiatives from some investees towards renewable energy which are however still limited. To be fully aligned and conservative, the SFDR definition of renewable energy is used (thus excluding nuclear and natural gas, two energy sources that are now included in the updated definition of “renewable energy” of the EU Taxonomy).

The calculation is representing the share of non-renewable electricity consumption – and not production - of investee companies from non-renewable energy sources compared to renewable energy sources, noting that the metric defined by the regulation presents a lack of clarity. Data on energy consumption and production were found to have a low coverage for now.

Note 6:

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

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

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

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

The results shown in the table exclude microloans inferior to 10’000 USD in such sectors, considering that the effect of microenterprises on climate is low. Including them would overestimate the exposure of the Fund to the risk of contributing to climate change.

Note 7:

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

However, the Investment Manager is doing its best effort to calculate or estimate the impacts of the FI's underlying portfolio to activities located near or in biodiversity-sensitive areas which could negatively affect these areas. Research is taking place on the best tools to map and match national biodiversity-sensitive areas to portfolio activities’ locations. Efforts are made to raise awareness of the investees on the biodiversity sensitive areas and the environmental and social risk management system that needs to be put in place when investing in companies active in or near these areas. A specific analysis was done on 48% of the portfolio of investments and on this segment, the Investment Manager concluded that the Investees of the Sub Fund do not have activities that could negatively affect biodiversity sensitive areas.

Note 8:

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

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

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

Note 9:

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

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

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

Note 10:

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

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

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

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

Note 11:

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

In 2022, 3 of the investees for which we were able to collect the data where lacking policies to monitor compliance with UNGC principles or OECD guidelines.

Note 12:

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

Note 13:

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

Note 14:

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

Note 15:

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

Note 16:

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