Stichting Medical Credit Fund

Annual Report 2021

29 April 2022 | Amsterdam

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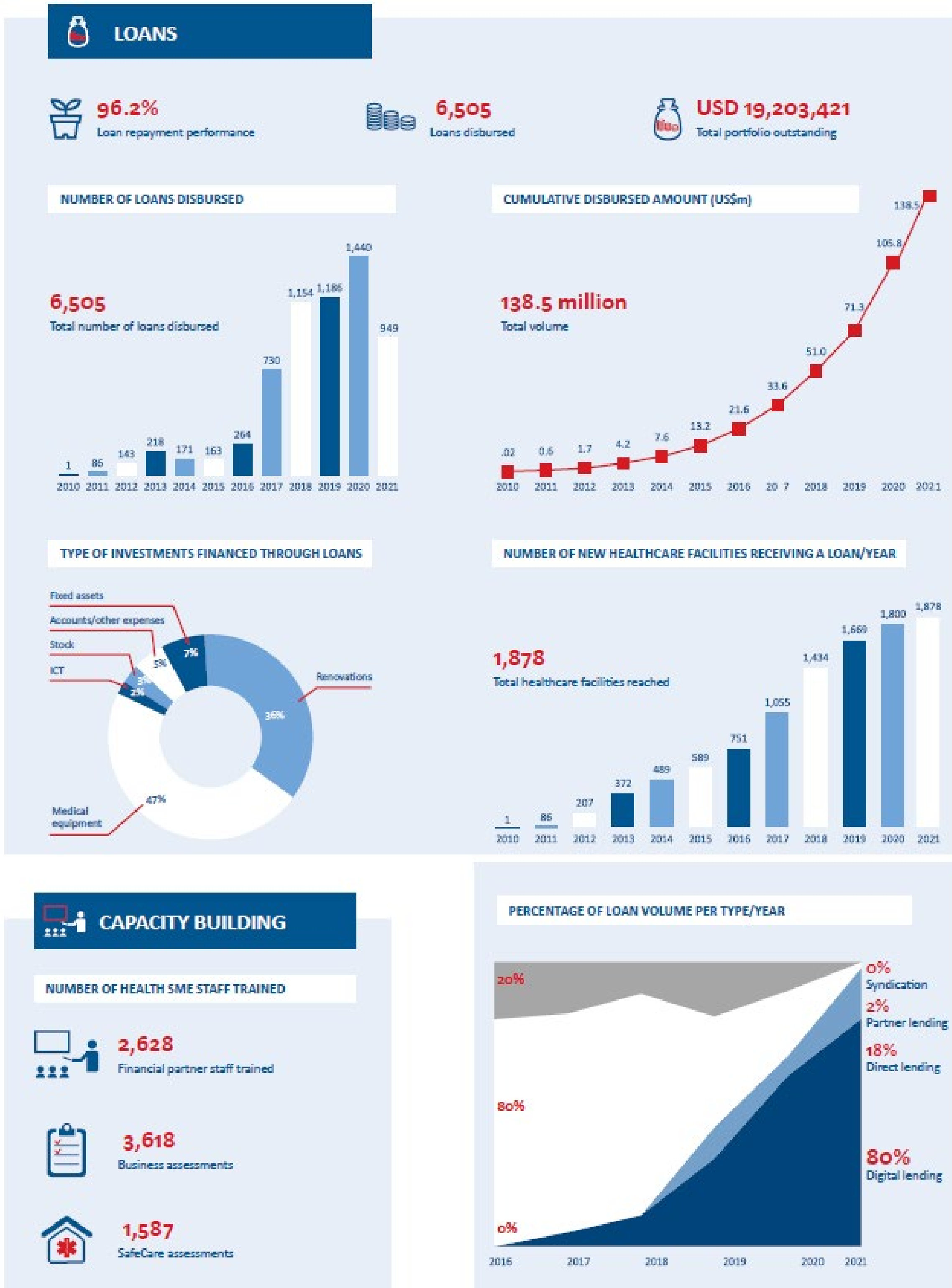
Amsterdam, 29 April 2022

Medical Credit Fund in 2021

**MCF only issued loans from January to July during 2021*



RISK SHARING

AT THE END OF 2021

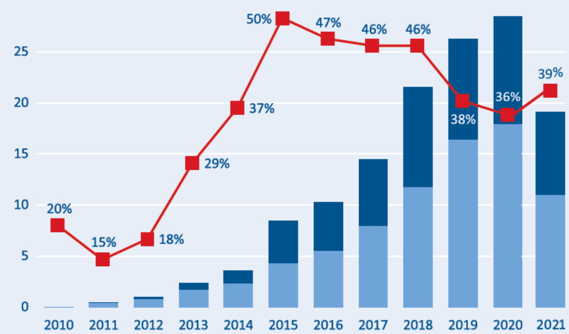
17
Financial partners

11,249,098
Risk portion Medical Credit Fund (USD)

7,954,323
Partner risk (USD)

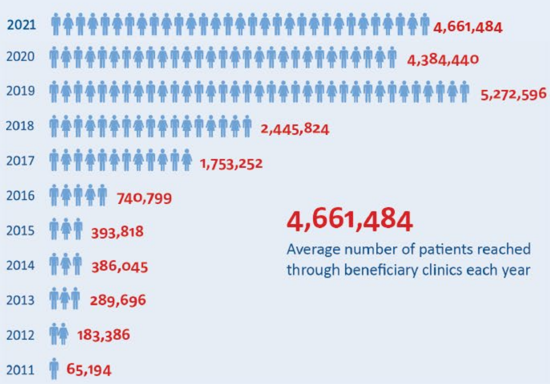
39%
Repayment risk (%)

RISK SHARING BETWEEN MCF AND FINANCIAL PARTNERS (US$m)



SOCIAL IMPACT

AVERAGE NO. OF PATIENTS REACHED VIA BENEFICIARY CLINICS/YEAR

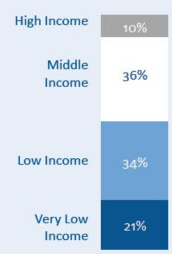


4,661,484
Average number of patients reached through beneficiary clinics each year

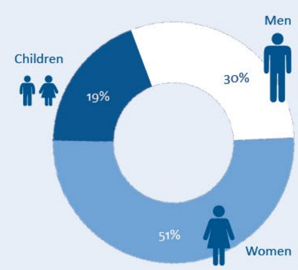
DEMOGRAPHIC INFORMATION OF POPULATION REACHED

55% of patients visiting the MCF beneficiary facilities and pharmacies come from low to very low income groups

SOCIO ECONOMIC STATUS

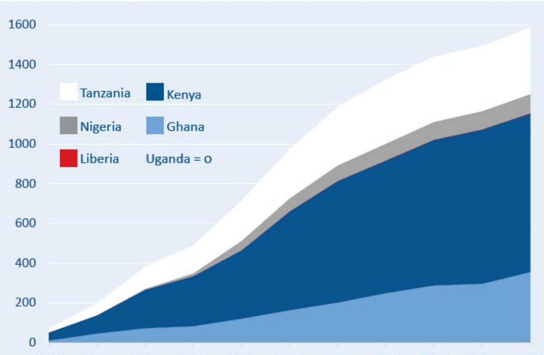


GENDER OF SMEs REACHED

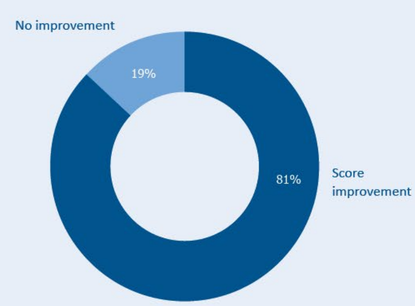


QUALITY IMPROVEMENT

TOTAL NUMBER OF APPROVED SAFECARE ASSESSMENTS (CUMULATIVE)



81% of beneficiary health SMEs improved their SafeCare score



Managing Director Update

I am very proud to present to you the Stichting Medical Credit Fund's (MCF) annual report and financial statements for 2021. Since inception, our mission has been to help small and medium-sized enterprises in the health sector in sub-Saharan Africa strengthen their businesses and improve the quality of care they provide to their communities. We do this with a small but dedicated MCF team based in Dar es Salaam, Nairobi, Lagos, Accra and Amsterdam.

In 2021, we operated under the difficult circumstances imposed by the Covid-19 pandemic. Travel restrictions and lockdowns made our work harder in a time when the health sector needed our support more than ever. Existing clients struggled to repay their loans and new clients came to us for urgent help to survive. Like in 2020, we continued to lend actively, offering flexible repayment terms to existing and new clients while combining our loans with additional support through technical assistance.

But we did more than that. In July 2021, we launched our second fund. This new fund will ensure continued loans for health MSMEs in sub-Saharan Africa for the next decade. With a ten-year track record of MCF, we have a long list of lessons learned. In the new fund we are continuing what worked well and have implemented improvements to address the challenges faced. To name a few, MCF II will focus on expanding the digital loan product offering, improve support to female entrepreneurs and enhance the support beyond the loan to improve the quality of care our clients provide to their communities. Stichting MCF is the fund manager of MCF II.

And we have successfully raised funding for the new fund, a total of 32.5 million Euro. I am proud to announce that British International Investment, FMO, Swedfund and Philips are the funders of MCF II besides the Dutch Government through the Ministry of Foreign Affairs who provided the initial investment of 7.5 million Euro.

With the start of the new fund, MCF I has ceased lending in July 2021. By end of 2021, many short-term loans were repaid, and the outstanding loan portfolio has shrunk rapidly. Other loans have longer tenures and will continue to run for several years to come. We will continue to support our MCF I clients and honor obligations towards our investors and other stakeholders.

It has truly been a tough but excellent year. I would like to thank my fellow MCF colleagues for their passionate and very effective work in difficult times.

Arjan Poels

Managing Director


Pharmacy
AmoVulin
ENTRANCE

Contents

1. Mobilizing Investments for Health

The Medical Credit Fund (MCF) is the first and only fund dedicated to increasing access to financing for small and medium sized companies in the health sector (health SMEs) in Africa. We combine loans to health SMEs with technical assistance (TA) that supports business and quality improvement — so that health SMEs can deliver better services to more customers.

1.1 INVESTING IN HEALTH SMEs IN AFRICA

With limited resources, lack of efficiency and limited capacity of governments, public health systems in Africa are not able to serve their populations adequately. This has become even more apparent during the COVID-19 pandemic. Public healthcare facilities often suffer from weak infrastructure, shortages of staff and supplies, and as a result provide poor quality services. The private sector fills this gap and complements the public sector in providing healthcare services. About half of the African population, including those in lower income groups, seek healthcare from private providers and pay for these services out of pocket. However, the private health sector is poorly regulated and highly fragmented. Most companies in the private health sector are small and medium-sized businesses. The SMEs that serve lower income groups face intense challenges like sub-standard infrastructure and equipment, a scarcity of skilled medical staff and poor-quality services. Health SMEs also have difficulty accessing capital to improve this situation because of their lack of banking history, limited collateral and the perceived high risk of the sector. During the pandemic, this situation has even worsened as patients avoided seeking healthcare and private healthcare facilities saw patient numbers and revenues decrease. Health SMEs were in need of working capital financing to cover liquidity gaps and purchase protective equipment at a time when banks were restricting their lending to SMEs.

1.2 OBJECTIVES AND APPROACH

To address these constraints, MCF was founded in 2009 by the PharmAccess Group, a group dedicated to connecting more people to better healthcare in Africa. Together with PharmAccess and its local partners, MCF works to mobilize capital for health SMEs and increase their bankability.

MCF seeks to achieve impact in three dimensions:

- Financial: Demonstrating that the private health sector is bankable and can provide a reasonable return to investors. As trust in the sector increases, local markets start financing health SMEs, and financing becomes more affordable.
- Developmental: A stronger and more efficient healthcare value chain will deliver better services to patients.
- Social: Better healthcare services will be available to more people, including those in urban slums and rural areas who are currently underserved.

The true catalyst for MCF took place in 2010, when the Fund received the G20 Financial Challenge Award from President Obama. The G20 had launched the Challenge to identify the best models for catalyzing finance for SMEs. A milestone for the development of MCF, the award kickstarted our first funding round, and helped establish and recognize the Fund for its innovative approach.

Other recognition has followed. In October 2014, the Medical Credit Fund was also selected as first runner-up for the SME Finance Innovation Award 2014 for DEG, FMO and PROPARCO. In March 2016, the Fund and SafeCare—its partner in improving clinical quality—were awarded a Finalist Award in the OECD DAC prize contest. In June 2017, MCF was nominated for the Financial Times/IFC Transformational Business Finance Award. In 2021, MCF won the Finance for the Future Awards in the 'Moving Financial Markets' category for the digital loan product in Kenya.

1.3 BLENDED CAPITAL STRUCTURE

MCF is financed through a mix of grants and debt financing from public and private parties. By using public funds to catalyze funding from private sources, MCF has been able to significantly increase its impact. The Fund's capital base of first loss is funded by grants from public and private parties and this serves as a risk cushion for investors, comprising a mix of private investors and semi-public development finance institutions.

We had our first close in 2012, following the G20 Award, with a total capital raise of 28 million in US dollars (EUR 25 million). In 2016, MCF expanded its mandate in response to the market demand for more flexible financing solutions. Since then, MCF can do larger loans (up to USD 2.5 million), provide loans in new geographic areas in sub-Saharan Africa as well as lend to a broader range of healthcare enterprises in the value chain. We partner with non-bank financial institutions (NBFIs) as well. To finance this expanded mandate, MCF raised new capital from lenders and providers of first-loss capital in three closings in 2016, 2017, and 2018. This has brought the total capital available for lending to more than USD 47.1 million including the first-loss capital which was expanded to USD 5.6m.

To date, MCF has been able to leverage its capital to disburse USD 138 million in loans to 1,878 Healthcare Facilities at a repayment rate of 96.2%.

In 2020, MCF started preparations for its further growth and launched a second fund, again in a blended structure. This new fund, MCF II, was launched in July 2021 as a Cooperative registered in the Netherlands and had its first close of USD 32.5 million completed in December. Since then, MCF loans are disbursed using MCF II funds, while the MCF I portfolio is winding down as loans are being repaid. The MCF I portfolio has come down to USD 19.2 million (from USD 27 million end of 2020).

1.4 A UNIQUE APPROACH: COMBINING LOANS WITH TECHNICAL ASSISTANCE

Loan Program

MCF helps health SMEs access capital in two ways: through partners, but also directly. The partner program of MCF I built on co-financing or guarantee arrangements with banks and non-bank financial institutions (NBFIs) in order to provide the necessary comfort to the financial partner to lend to the health SME. MCF also works with financial partners through syndication, which is a model continued for MCF II.

Moreover, the Medical Credit Fund improves or develops new loan products and services if the existing ones pose barriers to access for health SMEs. While MCF does not necessarily require partners to operate, we don't shy away from unconventional collaborations and technologies either, especially if they can contribute to developing flexible solutions that work for our clients. In this capacity, Medical Credit Fund has successfully launched a loan product with the Ghanaian National Health Insurance Agency that finances receivables on insurance claims. Cash Advance—the digital loan product in Kenya that draws on revenues from M-PESA mobile payment tills—is another example of how MCF has implemented an unconventional approach to provide innovative, flexible solutions for health SMEs.

Over the past years, MCF has seen an increase in its direct lending program driven by the success of the Cash Advance product, but also by a growth in direct term loans. Cash Advance loans have proven very valuable during the COVID-19 pandemic to support healthcare providers to bridge working capital gaps at a time when banks had further limited their SME lending. In 2021 the Cash Advance loans contributed 80% of MCF's disbursement volume. Through its direct term loans MCF was able to cater to the demand for flexible loans by clients to finance working capital or invest in infrastructure and equipment.

The loan portfolio of MCF I is segmented into partner loans, syndication, direct loans and digital loans according to the size and structure of the loan:

- **Partner Loans**: These build on the presence and capacity of our financial partners to provide health SMEs with capital for their investments. To reach more relatively small SMEs, collateral requirements for small loans are more flexible using a largely standardized loan process. For larger loans a more conventional collateral package and due diligence process is applied.
- **Syndication**: For larger loans, MCF can lend alongside a bank or a NBFI in a syndicate loan arrangement.
- **Direct lending**: These are term loans provided by MCF directly to allow more flexibility in collateral requirements and repayment schedule.
- **Digital lending**: Following the introduction of the Cash Advance product, which is mainly used for working capital, MCF has also developed the Mobile Cash Advance loan based on the same principles, but with a longer tenure to allow for equipment financing.

Overall, MCF offers various loan products to cater to the needs of Health SMEs, which can range from working capital to financing larger and more complex construction products. All loans are in local currency and at interest rates in line with prevailing market rates.

Table 1: Medical Credit Fund I loan products

LOAN PRODUCT		LOAN SIZE (USD)	TENURE	SECURITIES
Partner Lending	**Small Loans**	< 15,000	< 12 months	Chattel mortgages, personal guarantees
	Medium and Large Loans	15,000–200,000	< 60 months	Conventional collateral, such as landed property and marketable assets
	Extra Large Loans	200,000–2.5m	< 120 months	
Syndication	**Syndicate Loans**	100,000–2.5m	< 120 months	Conventional collateral, such as landed property and marketable assets
Direct Lending	**Term Loans**	50,000–2.5m		Conventional collateral, such as landed property and marketable assets
Digital Lending	**Cash Advance**	100–50,000	< 6 months	Digital revenues on M-PESA and M-TIBA[1] tills

In 2020 and 2021, PharmAccess and MCF have provided training and support to improve the COVID-19 preparedness of healthcare providers, including the introduction of the SafeCare4COVID app and various webinars and tools to assist providers in their response to the pandemic.

Over the past few years this approach has proven its added value: the repayment rates of Medical Credit Fund loans have been very high—96-97%—and among the best performing of the partner banks' SME loan portfolios.

1.5 IMPLEMENTATION PARTNERS

To achieve its objectives, Medical Credit Fund works with strong local and international partners in the financial and healthcare sectors. Banks and NBFIs are partners in MCF's lending activities, while local health organizations and NGOs provide technical assistance services to healthcare facilities. In addition,

MCF and PharmAccess have partnered with local universities to develop training programs for the sector. Table 2 provides an overview of our partners.

[1] M-TIBA is the digital payment platform for health that was established by CarePay and PharmAccess in partnership with Safaricom and M-PESA Foundation.

Table 2: MCF Partner Organizations in 2021

	Technical Partners	Financial Partners
Ghana	Marie Stopes Ghana (MSG) National Health Insurance Agency (NHIA)	Fidelity Bank Omni Bank Republic Bank
Kenya	Kisumu Medical and Education Trust (KMET) Marie Stopes Kenya (MSK) Strathmore Business School Architectural Association Kenya (AAK) CarePay Savannah Informatics	Credit Bank Sidian Bank GT Bank Kenya
Nigeria	Society for Family Health (SFH) Marie Stopes Nigeria (MSN) Enterprise Development Centre (EDC)	Access Bank Bank of Industry (BOI)
Tanzania	Association of Private Health Facilities in Tanzania (APHFTA) Christian Social Services Commission (CSSC)	BancABC NMB EFTA
Other/multiple countries	Uganda Healthcare Federation (Uganda) AMPC International Consultants PharmAccess Group	African Guarantee Fund (Kenya, Tanzania) Facts (Kenya, Uganda) Grofin (multiple countries) GT Bank Uganda TLG Capital (Liberia, Nigeria) Health Finance Coalition (Ghana, Nigeria)

Besides the above partners, MCF has partnerships with several medical equipment suppliers.

2. The Loan Program: Portfolio Performance, Disbursement and the Rise of Digital Lending

In terms of loans disbursed, 2021 was again a good year, with digital loans as a main driver, both in numbers and in volume. Despite the prolonged COVID-19 pandemic, the portfolio continued to grow, whilst portfolio quality stabilized.

MCF successfully closed its funding round for a follow-up fund, MCF II, with EUR 32.5 million in capital commitments. The last MCF I loan was disbursed in July 2021 and as a result the loan portfolio of the existing fund is becoming smaller as loans are being repaid.

2.1 FINANCIAL PARTNERS

In 2021, MCF had active partnership contracts with 17 financial partners. The main ones (in terms of the outstanding loan portfolio) are Sidian Bank, Guarantee Trust Bank, and Credit Bank (Kenya), Fidelity Bank and Republic Bank (Ghana), Guarantee Trust Bank (Uganda), Access Bank (Nigeria), and TLG Capital, Grofin and Facts (multiple countries).

However, MCF's transition to direct and digital loans meant that partner lending in 2021 decreased to 2% of total disbursement volume versus 23% in 2020. The portfolio share of partner lending has also been shrinking from 41% December 2020 to 28% in 2021.

The downward trend on partner lending is partly due to MCF's increased focus on direct lending, but also relates to partners losing appetite to lend to the healthcare sector due to COVID-19, which hit local economies in general and the health care sector specifically. In 2020, several loan applications that were approved by MCF, were not approved or not perfected by partners for this reason.

2.2 LOAN DISBURSEMENTS

The year 2021 showed again a high growth in the number and volume of loans disbursed, with disbursements until July 2021 amounting to USD 32.8 million and 949 loans. Disbursements thereafter were made from MCF II. Digital loans were the main driver, both in numbers (87% of disbursements, reaching 826) and in volume (79%, or USD 26 million). The latter being the result of several high-volume repeat borrowers and a growing average loan size, arriving at USD 31.4K per loan (+ 29%). As MCF's digital loan products only available in Kenya at this moment, most disbursements are attributed to Kenya.

Figure 1: Loans disbursed per year (number)

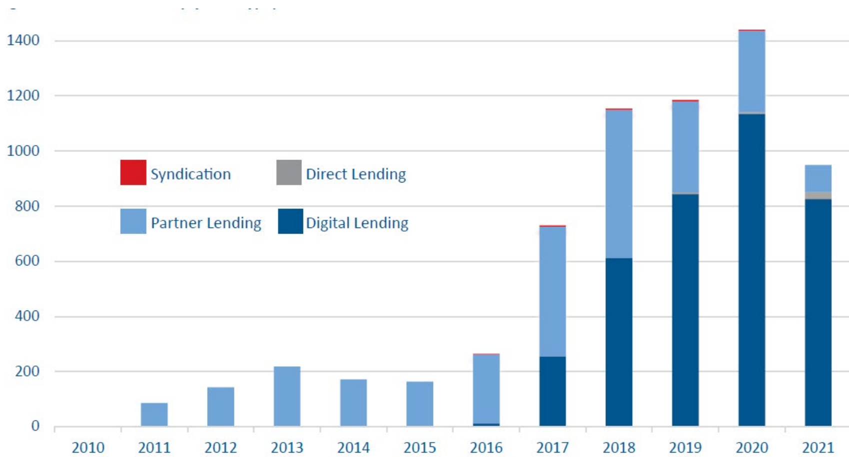
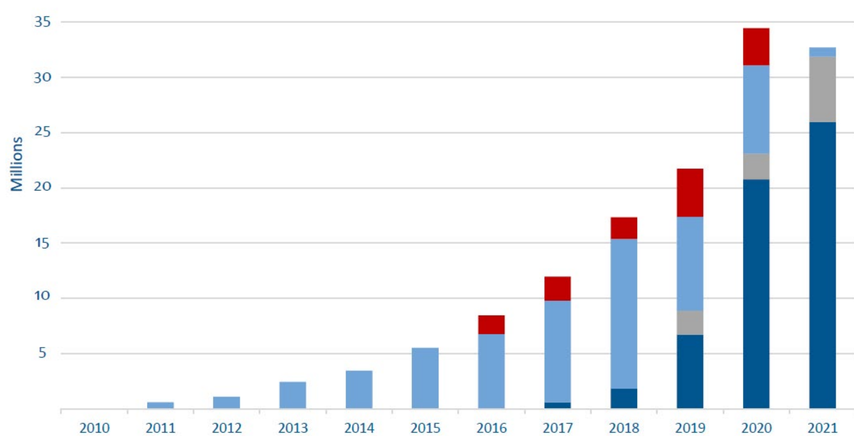


Figure 2: Disbursements per year (loan volume)



2.3 PORTFOLIO OUTSTANDING

MCF managed a smooth transition from MCF I to MCF II with loans being disbursed from the successor fund as from August 2021. As a result, the outstanding portfolio of MCF I is slowly decreasing as loans are being repaid. While the total outstanding portfolio amounted to USD 28.5 million end of 2020, it has reduced to USD 19.2 million by end of 2021. This is because most the digital loans are short-term working capital and mobile asset financing loans, which were repaid quickly resulting in the portfolio outstanding to decline from prior year.

The partner lending share of the portfolio has decreased to 28% (from 41% in 2020), while the portion of syndicated loans in the portfolio has increased as these tend to be larger, longer-term loans. As digital loans have a short tenure, their share in the portfolio by end of 2021 has decreased rapidly since new loans were transitioned to MCF II (to 2% of the outstanding portfolio).

Figure 3: MCF Portfolio Outstanding Volume (by loan type)

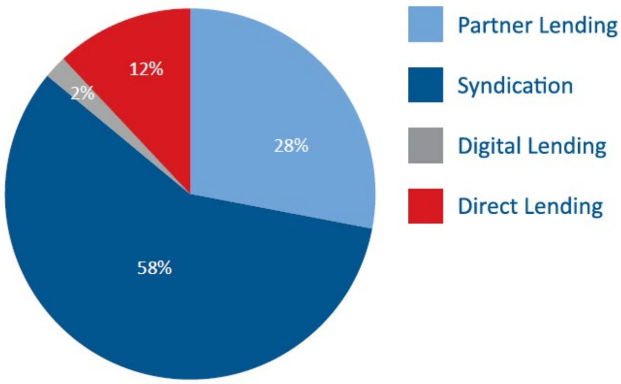
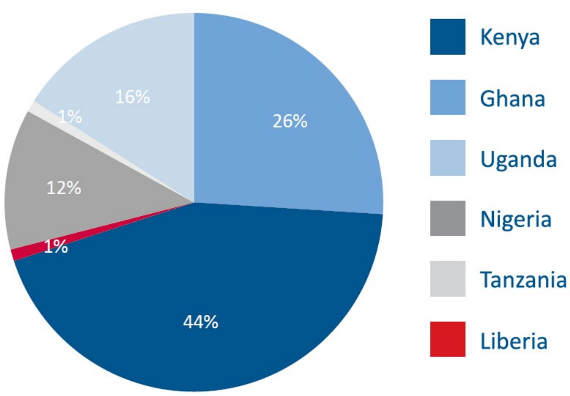


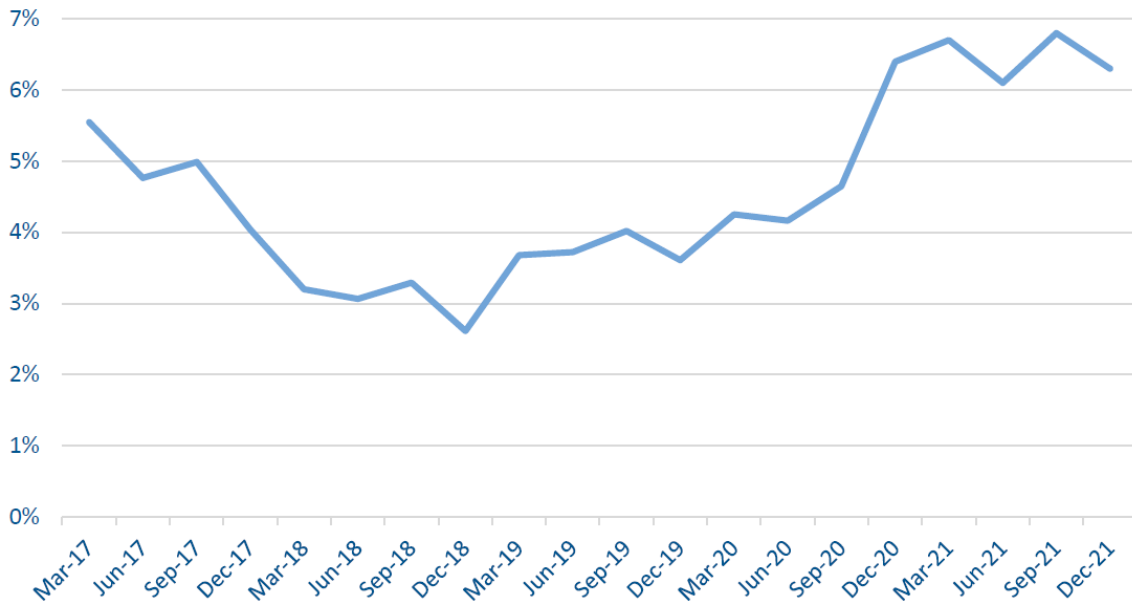
Figure 4: MCF Portfolio Outstanding Volume (by country)



2.4 PORTFOLIO QUALITY

The quality of the loan portfolio can be measured in terms of the Portfolio at Risk (PAR). PAR is a standard international metric of portfolio quality and reflects the portion of a portfolio that is deemed at risk because installments are overdue by a number of days. The portfolio quality stabilized during the year, with non-performing loans (PAR90—more than 90 days overdue) decreasing just slightly from 6.4% at December 2020 to 6.3% by the end of 2021. Many of the Funds borrowers have recovered from the impact at the height of the COVID-19 pandemic. As a result of COVID, borrowers had fewer patient visits and – as a result – lower revenues. At the same time, they suffered from higher operating expenses for medicines, Personal Protective Equipment (PPEs) and supplies.

Figure 5: NPL (PAR90)



2.5 DIGITAL LENDING

In 2021, the Cash Advance continued to be MCF's driver for growth. For many healthcare providers and pharmacies, the product was one of the few remaining borrowing options during the COVID-19 pandemic. It helped them to bridge periods of liquidity constraints. Combining MCF I and MCF II, a total of 1,343 Cash Advances were disbursed in 2021 (1,135 in 2020) at a volume of USD 32.3 million (USD 20.8 million in 2020).

A new digital loan product that has been piloted since 2020 is the Claims Advance. For this product, MCF partners with Savannah Informatics in Kenya. Savannah is in the business of digitizing health insurance claims. With the permission of healthcare providers on the Savannah platform, MCF has access to transactional data on which it can base its lending decisions. So far, the product has been piloted with 6 clients, which all turned into repeat borrowers. No loan arrears were reported. Upon a positive evaluation, the product will be scaled in 2022.

In 2020 we also started to 'export' the Cash Advance concept and other digital loan concepts to other countries. Pilot projects have been initiated in Tanzania, Uganda and Ghana and new partnerships in Nigeria are in the making. These are expected to yield results in 2022.

JAMII MEDICAL CENTRE

Jamii Medical Centre is a hospital in the East of Nairobi, deep into a slum community of about 800,000 people. Dr. Seline Ojwang and her husband Dr. Ray Ojwang are running the clinic together. Seline is responsible for the daily operations; Ray ensures staff of the clinic is properly qualified and trained.

COVID-19 has been a challenge: due to misinformation and fear, many patients decided to postpone their health visits, meaning revenues declined. Digital loans appeared to be crucial for the facility to get through the pandemic.

Seline Oiwang:
"Both during and before the pandemic, MCF helped us to make the necessary investments in our hospital. Loans repaid themself.
Our facility grew from 15 to 80 patients a day and we now also provide free immunization for children. Thanks to MCF we have been able to buy a variety of medical equipment, like a biochemistry machine and an ambulance. MCF enabled us to set up a proper laboratory and an equipped maternity.
We are especially happy with the ability to receive small digital loans within 24 hours, to fill account deficits. It is hard to get loans from Kenyan banks, and it would take months to receive them. Together with SafeCare we were able to grow and improve quality: we started at SafeCare level 1 and are now at level 4. Our next goal: an operation theater!''

3. Technical Assistance Program

Together with its strategic partner, PharmAccess Foundation, the Medical Credit Fund provides support services or technical assistance (TA) and training to its (potential) borrowers. Before the loan approval, TA focuses on assessing the SME's clinical and business risks. Following loan approval, the support services aim to help the health SME with business growth and quality improvement.

As will be further alluded to below, a key component of TA is the SafeCare standards. SafeCare is part of the PharmAccess Group and began as a formal initiative between PharmAccess, the Joint Commission International (JCI) and the Council for Health Service Accreditation of Southern Africa (COHSASA). They collaborated to develop quality standards for healthcare.

TA IN PRACTICE

The Technical Assistance process starts with the preparation of a Business Assessment by an MCF business advisor. The assessment describes the business and financial profile of the business, its strategy and investment plan, and its repayment capacity. Finally, it offers a credit risk analysis. This assessment adds value for the SME owner/manager as it includes business recommendations such as how to improve on debt collection or finetune its investment plan. It also serves as the basis for the loan application. MCF underwrites loans based on the Business Assessment and the document helps financial partners complete their credit assessment. For digital loans, which are mostly used for working capital, the appraisal process is based on a lighter business check and an analysis of historical mobile money cash flows.

Most MCF borrowers are healthcare providers. For healthcare providers applying for larger loans, the SafeCare standards play an important role in the technical assistance program, which supports them in achieving quality improvement. The SafeCare TA starts with a SafeCare Assessment, which leads to a Quality Improvement Plan (QIP) (See Annex 1 for more information on SafeCare). The QIP lists (high) risk areas that must be addressed and require funding, e.g. renovations, medical equipment or ICT hardware and software. Most activities in a QIP, however, are "no-budget activities", which means that they need no investments to be implemented, such as the implementation of Standard Operating Procedures (SOPs), the implementation of hand washing policies, the formation of quality improvement teams, and the development of job descriptions.

The QIP also helps the SMEs prioritize the improvements. In most cases, this starts with the formation of a Quality Improvement Team. This team, consisting of key staff, will meet periodically and monitor progress. Relying on the online SafeCare Library for templates of SOPs, checklists and supporting documentation, the team will begin implementing improvement activities. The library not only contains materials on clinical subjects like infection prevention and laboratory procedures, but also offers business-oriented materials such as trade receivables management and budgeting guidelines. The teams can reach out to PharmAccess or its TA partner for additional support on specific topics. Depending on the facility's location, the SafeCare Quality Advisor will monitor progress through either on-site visits or other forms of communication (phone, e-mail, WhatsApp). In the latter case, the improvement team will usually send pictures or digital documents as evidence of implemented activities. Gradually, SafeCare is transforming into a digital self-managed platform, where the client can monitor its own improvement process and get (digital) support where necessary.

For loans larger than USD 200,000, especially those involving construction, additional technical assistance and monitoring activities may be warranted, as these loans come with higher risks. If required, a tailormade technical assistance program will be offered to address specific risk or improvement areas. These clients are also closely monitored by the MCF team. Shortly after loan disbursement, the MCF business advisor contacts the client to determine if investments have been implemented as laid out in the credit proposal. If applicable, MCF will determine where and why there were deviations. After this, the client is monitored on a quarterly basis, whereby the project progress, business developments and business progress and (new) service uptake is discussed. The MCF Business Advisor will also consult the (TA partner's) Quality Advisor and the Financial Partner's credit officer to collect additional information and record all the information in a quarterly monitoring report. Also, for larger loans, external expertise may be required for specific subjects. For large construction projects, external parties may be sought to review architectural drawings or provide project management services.

To build local expertise in hospital design, MCF and PharmAccess have initiated a series of workshops for architects on hospital planning and design in partnership with the Architectural Association of Kenya. Although the workshops used to take place physically in the pre-COVID-19 era, MCF used the opportunity of organizing virtual workshops in May 2021 on lessons learned from COVID-19 on hospital design.

Together with the Architectural Association of Kenya, MCF organized a series of webinars for architects titled

'Healthcare Facility Design: What can we learn from COVID-19?'

The three-day webinar series brought a rich panel of both local and international experts to facilitate discussions on the lessons of COVID-19 and space design.

The following topics were covered:

- *What is COVID-19 (Sars-Cov-2) and how does it spread?*
- *Status of COVID-19 in Kenya and what does it mean for healthcare facilities.*
- *Planning for the COVID-19 pandemic in hospitals experience from South Africa.*
- *How have Kenyan Hospitals prepared for COVID-19?*
- *Redesigning Hospital Spaces on the Fly to Protect Healthcare Workers - experience from New York.*
- *What does infection control mean in clinical practice - what have we learned from COVID-19?*

The online format enabled 85 participants to convene – a larger number of people than would have been possible for a physical session. The workshop series was well received by all participants.

PARTNERS

From the start, Medical Credit Fund has worked with banks and other financial institutions in the disbursement of its loans to attract local capital and encourage local financial institutions to enter the health sector. Over the years, MCF has trained over 2,600 bank staff on financing health sector companies and has worked closely with these institutions during due diligence and thereafter. For its digital loans, Medical Credit Fund has entered into partnerships with technology companies (like CarePay in Kenya) and organizations handling insurance claims (Savannah Informatics, National Health Insurance Agency Ghana).

Managing TA for healthcare facilities is largely carried out by MCF's strategic partner, PharmAccess. In Kenya, Ghana, and Nigeria, PharmAccess partners with local social franchise organizations, such as KMET in Kenya, to provide TA. In Tanzania, through the HDIF partnership, PharmAccess has provided TA to 400 healthcare facilities by working with the Association of Private Health Facilities in Tanzania (APHFTA), PRINMAT and Christian Social Services Commission (CSSC). In Ghana, PharmAccess has entered a partnership with the Christian Health Association of Ghana (CHAG), which is representing a network of over 300 faith-based healthcare facilities serving low-income populations. CHAG has been granted a SafeCare license and CHAG staff has been trained to provide technical assistance.

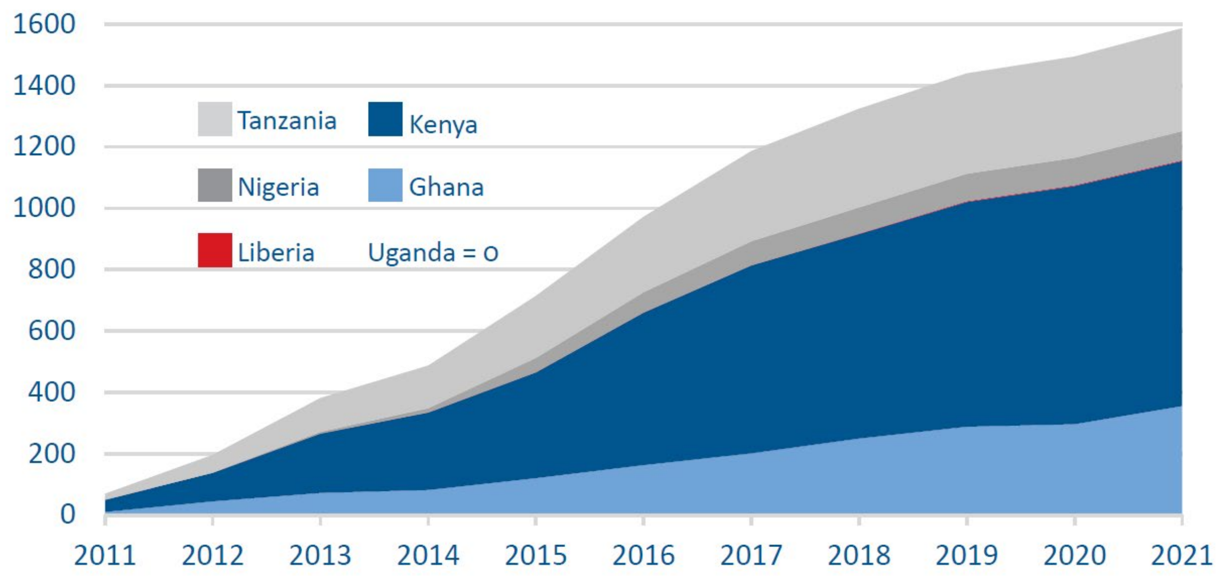
For the larger investments, MCF and PharmAccess often work with both local and international consultancy companies and training institutions to provide tailor-made assistance. For health infrastructure development, AMPC, a Dutch consultancy company, plays a role in advising large loan borrowers and training the Fund's own staff. AMPC was also involved in the FDOV program with Strathmore University and the hospital design training of local architects.

ACTIVITIES AND RESULTS

Quality

The Medical Credit Fund measures its developmental results related to quality improvement of healthcare providers using the SafeCare baseline and follow-up assessments. These assessments provide insight into the overall performance and consequently the degree of improvement of a healthcare facility after receiving the loan and technical assistance. To date, 1,587 SafeCare assessments have been approved for healthcare facilities that have received a MCF loan or are in the pipeline for a loan. In the past ten years, 80% of beneficiary health SMEs improved their SafeCare score.

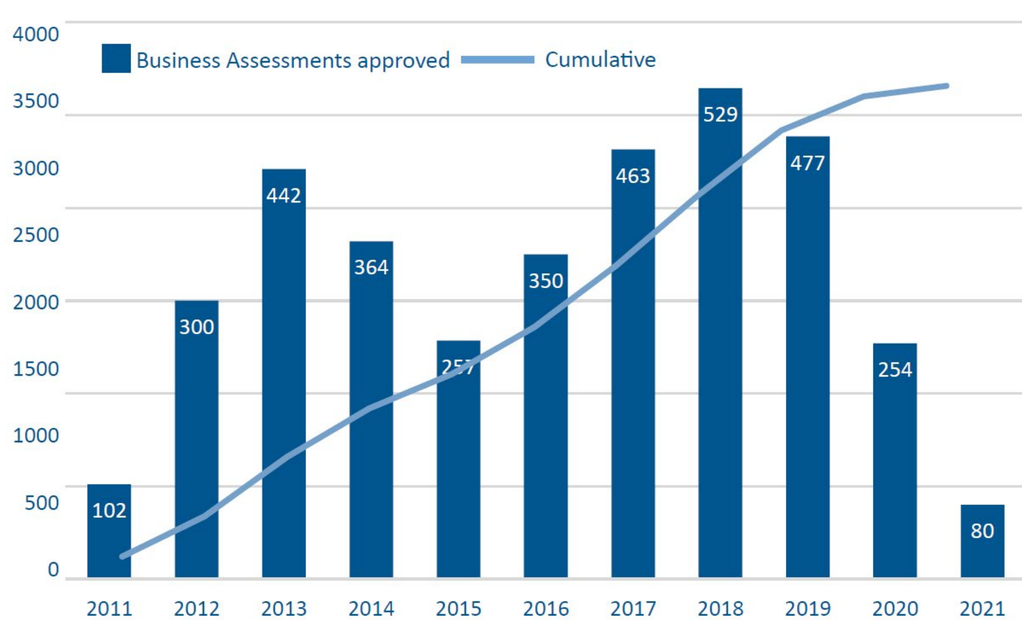
Figure 6: SafeCare assessments per country



Business Assessments

To date, 3,618 business assessments have been approved for MCF facilities.

Figure 7: Business Assessments approved

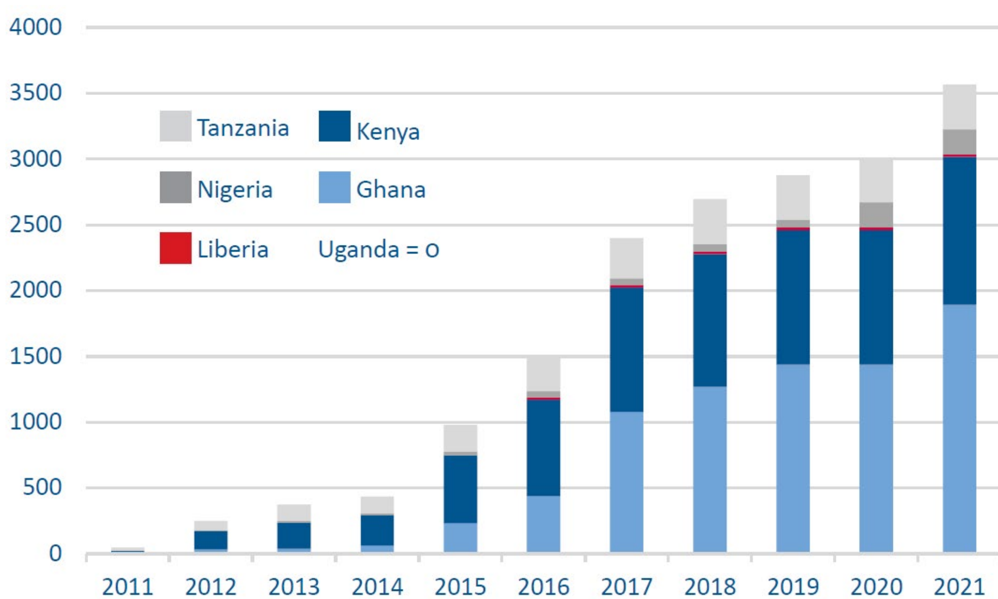


Capacity building

The TA and training activities related to Medical Credit Fund have reached significant numbers of healthcare professionals and financial partner staff. In total 2,628 financial partner staff and 3,566 health SME staff were trained.

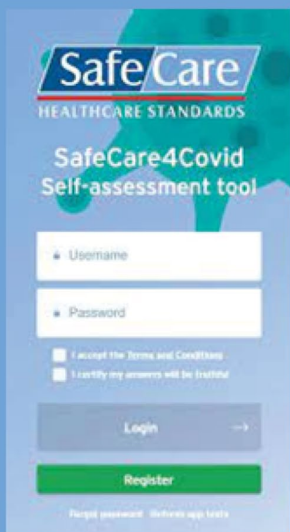
Figure 8: Financial partner staff trained to date (total 2,628)

Figure 9: Health SME staff trained



Improve COVID-19 Preparedness of MCF clinics using the SafeCare4COVID app

The pandemic has made 2020 and 2021 exceptionally difficult years for private healthcare providers in Africa. PharmAccess, SafeCare and MCF have taken numerous initiatives to support health SMEs to weather the crisis. SafeCare has developed the SafeCare4COVID app (SC4C), a self-assessment tool for healthcare providers to measure their COVID-19 preparedness and define areas for improvement.



MCF worked together with SafeCare to disseminate the app among MCF Cash Advance clients in Kenya. The aim was to increase their COVID-19 preparedness by designing and implementing a targeted support programme using the SC4C app. After a thorough needs analysis, MCF and SafeCare have offered both online and offline support to these health SMEs around three main topics:

Infection Prevention Control (IPC)
Mental Health
Finance Management

A total of 100 participants from different facilities were trained on these topics. A survey showed that approximately 90% of participants disseminated training materials to other facility staff.

In addition to the trainings, MCF and SafeCare piloted various digital interventions to support the facilities in the same three topics as mentioned above; an online training programme on finance management, an online learning tool to disseminate large chunks of information on IPC easily to facility staff and a possibility to access an online therapy session. Although some of these interventions need some adjustments, it has been useful to explore new methods to support MCF clients with digital loans.

On average, participants have shown an increase in score improvement at the end of project [analysis to be completed]. Learnings on the most efficient way to support clients with digital loans will be implemented in future MCF TA programs.

In addition to staff attending existing trainings in quality improvement and business skills, more than 300 health SME managers participated in the comprehensive capacity building programs, including executive healthcare management courses at the Strathmore Business School in Kenya and the Enterprise Development Center of the Pan-Atlantic University in Nigeria. Although these results may be less tangible in terms of numbers, this form of assistance has led to valuable results for individual health SMEs and contributes towards their longer-term clinical and business objectives.

HEALTH MANAGEMENT PROGRAMME

MCF has partnered with the Enterprise Development Centre (EDC) to set up the Healthcare Management Programme (HMP): a certificate programme designed to build the capacity of healthcare professionals in bridging the gap between medical practice and business management in the key areas of quality, business, finance and inventory management.

The programme has been designed with a robust curriculum and is delivered with a seasoned world-class faculty. The goal is to assist healthcare professionals in building their capacity to better manage their business. The programme enables participants to understand the operating environment and the opportunities for healthcare businesses in Nigeria, to develop a firm grasp of the business of healthcare, to understand how to create budgets and financial plans and to understand the basic knowledge and skills needed to manage people, processes and programmes efficiently.

In 2021, the programme completed cohort 6 and 7 in July and November respectively, with a total of 44 participants who fully paid and graduated. The course arrangement is a hybrid one, with participants scheduled to attend class physically as well as virtual sessions.

4. Country Overviews

4.1 KENYA

The Medical Credit Fund has its largest operations in Kenya thanks to the digital loan product that was launched in 2016. Between January and July 2021, 846 loans with a total value of USD 27.7 million were disbursed, from which 842 were digital loans with a total value of USD 26.5 million. Digital loans have increasingly shown to be instrumental for healthcare providers to bridge liquidity gaps.

Table 3: Overview loan portfolio in Kenya (MCF I operated between January and July 2021)

# of loans disbursed since inception	Volume of loans disbursed since inception (USD)*	Number of loans disbursed in 2021	Volume of loans disbursed in 2021 (USD)*	Outstanding portfolio per 31 December 2021(USD)	PAR90
4,331	91.2 million	846	27.7 million	8.5 million	7.9%

* Funded/guaranteed by partners and MCF together

SORI LAKESIDE HOSPITAL

In Kenya, breast cancer is the most common cancer among women of all ages and has the third highest mortality. For treatment, people often need to travel far, especially those living outside Nairobi. Sori Lakeside hospital used its loan to make cancer diagnosis and treatment better accessible for people living in the Lake Victoria region, West Kenya.

Sori Lakeside has been an MCF client since 2015. Together with SafeCare the staff accomplished significant quality improvement: it rose from SafeCare level 1 to 4. With the current loan, the hospital will purchase a mammogram machine and a CT scan, and further equip the laboratory. All are key in diagnosing breast cancer.

John Okeyo, Director Sori Lakeside: *"The nearest cancer facility is from Sori Lakeside is Eldoret which is 160 kilometers away. We have been referring patients daily due to lack of cancer equipment. This means a lot of money required for transport, fatigue along the way. Many patients lose hope and give up on treatment and appropriate follow ups. Thanks to the MCF loan, we will be able to serve patients instead of referring them to hospitals far away."*

4.2 GHANA

MCF Ghana disbursed 78 loans, with a total value of USD 4.7 million between January and July 2021. Although no digital loans have been disbursed in Ghana yet, MCF Ghana piloted a digital loan product in 2021 to expand its reach under MCF II. The roll-out of this product is planned for Q2 2022.

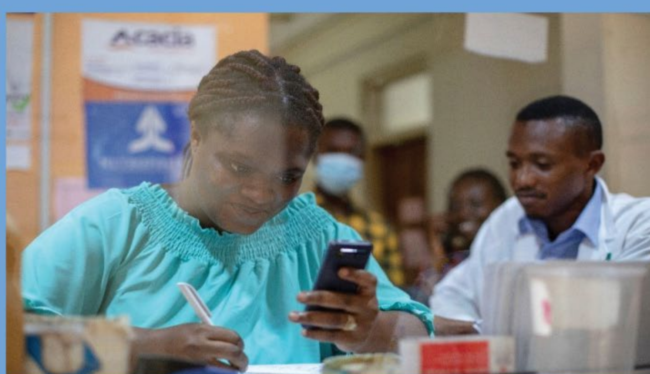
Table 4: Overview loan portfolio in Ghana (MCF I operated between January and July 2021)

# of loans disbursed since inception	Volume of loans disbursed since inception (USD)*	Number of loans disbursed in 2021	Volume of loans disbursed in 2021 (USD)*	Outstanding portfolioper 31 December 2021 (USD)	PAR90
864	23.4 million	78	4.7 million	5 million	4.7%

* Funded/guaranteed by partners and MCF together

OASIS MEDICAL CONSULT

Dr. Margaret Twum is the only radiologist in the Western Region of Ghana. In her facility, Oasis Medical Consult, she receives about 40 patients a day for services like mammograms, thoracoscopy and general X-rays. Dr. Twum received a loan from Medical Credit Fund which she used to purchase a CT scan to investigate and detect complex bone fractures and tumors.



Dr. Twum: *"I've tried to get a loan from a bank, but it implied a lot of bureaucratic procedures and eventually, I didn't receive the loan. Then I turned to Medical Credit Fund. They assessed my facility and asked me to improve the laboratory as well as some HR policy. I received the loan for the CT scan, and the assessment actually helped upgrading the facility."*

4.3 NIGERIA

29 loans have been disbursed from January to July 2021 in Nigeria, with a volume of USD 0.3 million.

Table 5: Overview loan portfolio in Nigeria (MCF I operated between January and July 2021)

# of loans disbursed since inception	Volume of loans disbursed since inception (USD)*	Number of loans disbursed in 2021	Volume of loans disbursed in 2021 (USD)*	Outstanding portfolio per 31 December 2021 (USD)	PAR90
926	10.4 million	29	0.3 million	2.3 million	8.5%

* Funded/guaranteed by partners and MCF together

D-Hub Pharmacy

Mrs. Kenny Kentimu Okojie is the founder of D-Hub Pharmacy in Ikeja, Lagos. She is a trained pharmacist, who founded D-Hub Pharmacy in 2004. In 2017, she received a first loan from MCF. At the time, she mainly used it to purchase additional medicines for her pharmacy.

When COVID-19 hit, it quickly appeared that the pharmacy alone would not generate enough revenue to survive. She received a loan which enabled her to expand her pharmacy into a health shop. She was able to purchase additional space and to stock a wide diversity of products. This enabled her to gain additional revenues, which appeared to be crucial to get through the pandemic.

"We did a whole lot of construction to bring the place to the standard that we want. We then shelved it and stocked up. The loan was very helpful. In my business, as soon as you stock and open, you are immediately selling. So I was able to start paying back the loan immediately".

4.4 TANZANIA

MCF Tanzania has not disbursed any loan under MCF I in 2021. In 2019 MCF disbursed its first syndicated loan in Tanzania of $1.1 million to K's Hospital to finance construction of a new hospital. During 2021, after construction was completed, this facility was refinanced and taken over by a local Tanzanian commercial bank.

Table 6: Overview loan portfolio in Tanzania (MCF I operated between January and July 2021)

# of loans disbursed since inception	Volume of loans disbursed since inception (USD)*	Number of loans disbursed in 2021	Volume of loans disbursed in 2021 (USD)*	Outstanding portfolio per 31 December 2021 (USD)	PAR90
364	6.2 million	0	0	0.1 million	14.6%

*Funded/guaranteed by partners and MCF together

ST. MAXIMILIANCOLBE HEALTH COLLEGE

In efforts to increase the numbers of health professionals in Sub-Saharan Africa, Medical Credit Fund also supports medical schools.

Seven years ago, Elizabeth Nkonyoka started a School in Pharmaceutical Sciences, a private institute. Public health schools work with enrollment quotas as they face shortages in staff, budget and materials. Private schools like hers fill a gap, allowing more students to start a career in health and improve access to care on a national level.

Elizabeth started raising capital for construction work, allowing the school to grow. She had an excellent business record and a huge societal need to fill: Tanzania is in dire need of more healthcare staff. But Elizabeth received rejection after rejection- banks appeared unwilling to provide loans for construction work.

Elizabeth: "Thanks to a friend I came across MCF. Now that this loan is accepted, I can introduce new courses like nursing and medical laboratory. Also, I will double the student intake from 400 to 800. The Tabora region is one of the least developed areas in Tanzania. Shortages in health workers are everywhere but especially in less developed regions like ours. The school does provide employment for the community and gives students, who come from all over Tanzania, new connections, and opportunities to work here, in Tabora. In the future I would like to allow more and more students from the lowest income groups, including orphans. Currently we have set up a system for some students to enroll for free, while they work for pharmacies that pay a share in their tuition fees. Also, my big goal is to turn the school into a university- it is what Tabora needs!"

4.5 UGANDA

Medical Credit Fund started working in Uganda in 2018. Operations are managed from the Kenya office. In 2021, no loans have been disbursed in Uganda. The portfolio outstanding is USD 3.1 million with no loans in PAR90.

Table 7: Overview loan portfolio in Uganda (MCF I operated between January and July 2021)

# of loans disbursed since inception	Volume of loans disbursed since inception (USD)*	Number of loans disbursed in 2021	Volume of loans disbursed in 2021 (USD)*	Outstanding portfolio per 31 December 2021 (USD)	PAR90
19	6.9 million	0	0	3.1 million	0%

*Funded/guaranteed by partners and MCF together

HUMAN DIAGNOSTICS LTD

Human Diagnostics Uganda Ltd. (HDU) specializes in the distribution and limited production of medical laboratory diagnostic reagents. Before the pandemic, Human Diagnostics was producing a small amount of hand sanitizing products.

To address the increasing demand of these products, Human Diagnostics made use of the TA support through MCF investor British International Investment, to buy new machinery to increase production. The new machines also allow to produce the hand sanitizer in new formats, suitable for individuals. Not only is Human Diagnostics distributing the product in bulk to its original customers (hospitals, clinics, etc.), but it has also been able to diversify its customer base.

Ronald Zakayo Watanda, CEO: *"I am thankful for the flexibility of the financing MCF has provided to support my company. It allowed me to expand my business and diversify my client base."*

5. Financial Overview: Income, Expenditure and Funding Positions

5.1 RESULT ON LOAN PORTFOLIO

During 2021, the MCF lending program transitioned from Stichting Medical Credit Fund to MCF2, with the final new loan being issued on 23rd July 2021. Looking back at the 10-year history we are proud to say that through Stichting Medical Credit Fund, $138.5 million in capital (6,505 loans) was deployed to 1,878 small and medium healthcare providers across 6 countries in Sub-Saharan Africa. Whilst the actual loan losses incurred will only be known once the last loan is repaid, the repayment rate of the portfolio has averaged at an excellent 96.2% across 10 years of lending, and the Fund has only incurred cumulative actual write-offs of $1.3 million since inception to date.

The Fund posts an annual profit on the loan portfolio of $534k for 2021, well up from the $7k posted in the previous year (2020) which was impacted by the Covid pandemic. Fund profitability has been driven by a positive result across the East African region which benefited from a more stable macro-economic environment. East Africa profits were partially offset by portfolio losses incurred in Ghana and Nigeria. Although Ghana maintained its strongest portfolio quality in many years, results were severally impacted by high hedging costs coupled with a depreciating Cedi relative to the US Dollar. Whilst Nigeria results were hampered by a weaker portfolio quality in addition to FX losses driven a depreciating Naira.

Overall, the loan portfolio generated USD 3.0 million in interest income (USD 3.1 million in 2020) and USD 653k in non-interest revenues (USD 384k in 2020) during 2021. Interest costs on borrowings of USD 0.9k were incurred in 2021 down from prior year (USD 1.1 million in 2020) as the Fund repaid USD 7.3 million of its Debt position.

Loan portfolio costs incurred during 2021 of USD 730k were also down from 2020 (USD 1.4 million). In the prior the Fund incurred significant loan loss provisioning as loan portfolio quality worsened because of the COVID pandemic, in comparison portfolio quality has stabilized in 2021 and a signification portfolio of the portfolio has also been repaid since the fund stopped issuing new loans.

5.2 FUND MANAGEMENT

Over 2021 the core expenditure to manage the fund amounted to USD 2.5 million, an increase of USD 100k from USD 2.4 million incurred in 2020. The higher cost base can also be attributed in part due to inflation, and some one-off legal costs incurred for the establishment of MCF2. Fund Management costs have been fully funded by grants and other reserves.

5.3 GRANT POSITIONS

At the end of 2021, The Medical Credit Fund has an overall grant position of USD 8.3 million of which USD 5.6 million is a first loss cushion for any future losses realized on the loan portfolio, whilst USD 2.6 million has been secured to fund our management costs for 2022, and USD 0.1 million is available to be used for specific projects related to product development. This first-loss cushion is about 50% of the Medical Credit Fund’s total credit exposure on loans.

Table 8: Grant Position 2021

	Off Balance Sheet (A)	Deferred Income (B)	Grant Position (A+B)
	USD	USD	USD
First-Loss	–	5,590,127	5,590,127
Management Costs	2,601,135	–	2,601,135
Projects	–	113,737	113,737
TOTAL	**2,601,135**	**5,703,864**	**8,304,999**

5.4 DEBT POSITION

The Medical Credit Fund has $19.7 million outstanding in debt ($27.0 million in 2020) from the lender group with USD 6.5 million becoming due in the next 12 months. The Medical Credit Fund is now fully drawn on all lender commitments, and the loan portfolio will be wound down in order to repay all debt obligations until the last loan is repaid in 2026.

6. Risk Management and Governance

6.1 CREDIT RISK MANAGEMENT

The Medical Credit Fund is exposed to various financial risk types. Credit risk or repayment risk, foreign currency risk and liquidity risk are the most applicable. The Fund has a direct exposure to repayment risk of the loans disbursed to the health SMEs in the program, and shares part of this repayment risk with its financial partners. The loans underwritten through financial partners are subject to a dual underwriting and appraisal procedure and monitoring process, as the financial partners and MCF each use their own underwriting procedure. Since 2016, the Medical Credit Fund has also begun to underwrite some loan products directly without a financial partner.

The first component to managing credit risk is the MCF credit assessment or due diligence. This process differs depending on the loan type:

- Digital Loans - Digital platforms give MCF direct oversight on a live basis to the revenue or cashflow data of the business, whether the revenue stream be mobile money or health insurance claims. Transparency in data, allows MCF to automate the credit appraisal process through various algorithms.
- Term Loans – The Fund uses a standardized business template to analyze the many aspects of a health SME's business profile, market position, investment risk, bank account history, and financial statements. The template focuses on the specialized nature of the healthcare business, including clinical quality aspects. The credit analysis combines healthcare sector specifics with a thorough financial analysis.

Although unsecured in the traditional sense, the Digital Loans are being "secured" by the revenues that are running over the CarePay platform and benefit from personal guarantees. Mobile Asset Finance loans are secured by the underlying medical equipment to be financed, whilst Term loans are secured by tangible collaterals, like land, property, and marketable fixed assets. In addition, most healthcare providers are also enrolled in a technical assistance (TA) program which plays a central role to strengthen business sustainability of our borrowers and reduce credit risk.

The Medical Credit Fund transfers part of this repayment risk to Credit Guarantors. On some of the larger credit exposures the Fund has entered into guarantee agreements with partners such as the African Guarantee Fund and the Health Finance Coalition who can take up to 50% of the credit risk.

As described in section 6.3 Governance, there exists a Credit Committee consisting of members of the Management Board, the Supervisory Board (PharmAccess), and external experts which approve all loans with a credit exposure above USD 100,000.

MCF staff and its technical partners perform periodic visits to perform monitoring of the health SMEs. When a client falls into arrears, there is a follow-up by the MCF Business Advisor who is responsible for that borrower. When needed, clients are monitored more frequently. MCF also holds monthly portfolio meetings at both the local offices and at its head office in Amsterdam to discuss arrears, write-offs, and the pipeline.

On the loans underwritten through Financial Partners, the Medical Credit Fund also runs a credit risk on the Financial Partner itself. MCF has incurred losses in the past due to bankruptcy of financial partners which is detailed in Note 2.3 of the financial statements. To reduce its exposures on Financial Partners the Medical Credit Fund altered its strategy in 2016 when it began to also underwrite loans directly or alternatively in syndication alongside a Financial Partner. Financial Partner exposures are monitored on a regular basis in Asset Liability Management (ALM) meetings, and each year a detailed financial assessment of financial partner exposures are performed to determine if there are any indicators of elevated credit risk.

6.2 FOREX RISK, INTEREST RATES, AND LIQUIDITY MANAGEMENT

The foreign currency and liquidity risk are monitored on a regular basis in Asset Liability Management (ALM) meetings. The Medical Credit Fund has introduced guidelines for its cash positions and currency risk exposure, whereby an individual forex exposure on the outstanding loan portfolio above USD 1,250,000 is hedged, using a forward or cross currency swap instrument of the local currency against the dollar. As Medical Credit Fund borrowings are also in USD, the Medical Credit Fund hedged the local currencies against the USD exposure instead of towards the EUR exposure.

Hedging costs are mostly driven by interest rate differentials between currencies, the so-called interest rate parity. When interest rates rise in local currency, the hedging costs of the respective currency will also rise, ceteris paribus. The costs of hedging for the Medical Credit Fund, therefore, are to be implicitly covered by the interest income that is earned on its local loan portfolio. Market inefficiencies and changes in expectations, however, can lead to discrepancies. These hedges are not perfect hedges and as such, the Medical Credit Fund has not applied hedging accounting in its books.

For more information on Medical Credit Funds exposure and approach to managing Forex, Interest rate, and Liquidity risk we refer you to Note 1.8 of our annual financial statements.

6.3 GOVERNANCE

The Medical Credit Fund operates within the scope of PharmAccess, leveraging its existing networks, market knowledge and partners. Following the signing of a Support and Facility Agreement, PharmAccess has equipped a division, including all necessary support staff, which has, amongst other things, the delegated responsibility for the implementation of the TA activities for the Medical Credit Fund. In addition, PharmAccess' institutional infrastructure in the areas of human resources, administration, IT support, marketing and communication has been placed at the disposal of the Fund. The Medical Credit Fund can therefore fully utilize and reap the benefits of PharmAccess' unique organizational and health sector related assets such as market intelligence, program management skills, quality standard frameworks and investment and support capacities.

Governance Structure

The key features of the structure are:

- **Management**: Each of the entities within PharmAccess are managed by the PharmAccess structure: the executive board consists of the PharmAccess Group Foundation (PGF) together with the Managing Director of each entity. The management responsibility of all entities (PAI, HIF, the Medical Credit Fund, SafeCare) is vested in the members of PGF's executive board ("statutair bestuur"), who has delegated the management of MCF to the MCF Management Board. The MCF Management Board consists of the MCF Managing Director and Finance Director.
- **Supervision**: All entities including PGF are supervised by one Supervisory Board. Two members of the Supervisory board have the Medical Credit Fund as a special responsibility and interest area.

The Supervisory Board has appointed an Audit Committee consisting of three of its members. A Medical Credit Fund Credit Committee was established that reviews and approves all investments with a MCF credit exposure larger than USD 100,000 and new partners and products. The Supervisory Board of PGF and Credit Committee are composed of a group of senior professionals, representing comprehensive experience in the health sector, non-governmental organizations, finance, investing and banking in Africa, and knowledge of healthcare in general and specifically in Africa.

During 2021, four Supervisory Board meetings and two Audit Committee meetings were held. During these meetings, the Supervisory Board reviewed and approved the activity plan, budgets and annual accounts. Furthermore, the progress of the Medical Credit Fund in relation to its goals and ambitions was monitored and the challenges faced were deliberated. The Supervisory Board provided feedback on the proposed product developments with the aim to further innovate and to achieve the mission.

7. Outlook 2022

The 2022 outlook for Stichting Medical Credit Fund as an entity looks different to previous years now that all new lending under the MCF program has transitioned to MCF II.

From a loan portfolio perspective, the focus will be on maintaining quality of the remaining portfolio and managing the loan portfolio downwards in order to repay the Funds debt. SafeCare and other technical assistance programs for our borrowers will continue as normal.

The Liquidity of Stichting Medical Credit Fund remains strong with sufficient cash already available to service all its debt obligations in the next 12 years months.

Stichting Medical Credit Fund has been appointed as the Fund Manager of MCF II from which it earns a fund management fee, an additional revenue stream which will further support the Fund towards a sustainable business model. MCF II will continue to provide private healthcare facilities across sub-Saharan Africa with access to affordable capital to improve the quality of the services they provide and strengthen healthcare systems across the continent.

Annex 1: SafeCare

SafeCare

The SafeCare methodology entails a set of international (ISQua accredited) clinical standards that evaluate the structures and processes that guide the delivery of healthcare.

Stepwise improvement

With SafeCare, healthcare providers in resource-poor countries can gain insight in identified gaps and challenges and take a stepwise approach towards higher quality. Through tailor-made quality improvement plans, technical support, consulting visits and innovative quality improvement platforms, facilities progress along a quality improvement trajectory with achievable, measurable steps. Ultimately, facilities are equipped to monitor and improve their quality by integrating principles of continuous quality improvement into their daily operations.

Figure 10: SafeCare Stepwise approach

SAFECARE CERTIFICATE LEVELS

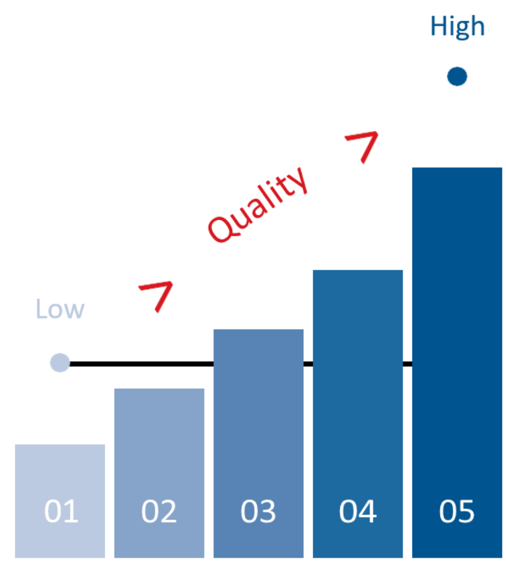
01 The quality of the services provided is likely to fluctuate and there is a risk of unsafe situations.

02 The facility is starting to put processes in place for high-risk procedures, however the quality of services provided is still likely to fluctuate and the risk of unsafe situations remains high.

03 The facility is starting to operate according to structured processes and procedures. However, not all high-risk procedures are controlled, thus the quality of services provided can still fluctuate.

04 The facility is accustomed to operate according to standardized procedures and has started to monitor the implementation of their procedures and guidelines. Most high-risk procedures are monitored and controlled, and the quality of services provided is less likely to fluctuate.

05 The facility is regularly monitoring the implementation of treatment guidelines and standard operating procedures through internal audits.



SafeCare Standards

The SafeCare standards cover a full range of medical to non-medical aspects of care, enabling a holistic view on all required components for safe and efficient delivery of healthcare services. Topics range from human resource management to laboratory services and in-patient care. The four broad categories are divided into 13 sub-categories (Service Elements), which are linked to separate management responsibilities within the healthcare facility.

Ten topics are specifically surveyed: emergency Care, HIV/TB/Malaria, infection Prevention, life and fire safety, maternal, neonatal and child health (MNCH), patient centeredness, quality assurance, business management, staff allocation and guidance and Supply Chain management.

Any issues that impact the safety, quality or financial sustainability of a facility are highlighted as priority areas, so prompt and effective action can be taken. Depending on a facility’s performance against the SafeCare standards, it will be awarded a certificate of improvement reflecting the quality level, ranging from one (very modest quality) to five (high quality), based on their scoring. The certification process aims to introduce a transparent, positive, and encouraging rating system, which recognizes each step forward in quality improvement.

Management

- Governance & Management
- Human Resource Management
- Patient and Family Rights & Access to Care
- Management of Information
- Risk Management

Clinical

- Primary Healthcare (Outpatient) Services
- Inpatient Care
- Surgery and Anesthesia Services

Clinical Support

- Laboratory Services
- Diagnostic Imaging Services
- Medication Management

Ancillary

- Facility Management Services
- Support Services

Data-driven decision making

SafeCare methodology also allows other stakeholders—ranging from donors, insurance companies, investors and provider networks to governments— to accurately assess, benchmark and monitor healthcare quality and allocate resources more effectively. By differentiating between facilities operating at different levels, benchmarking is possible at regional, national and international levels. Robust online due diligence reports are combined with cost-efficient improvement strategies, which can guide fact-based decision making, and get a better grip on (health) outcomes, training needs, risk management for quality investments and contracting.

Digital technologies

Acting on digital technologies, SafeCare has streamlined the assessment process by developing an automated assessment tool which, through standardization, improves process efficiency and enables scaling. SafeCare is in the development phase of an all-stakeholder Quality Platform that provides the means to guide progress, investment and decision making. The SafeCare Quality Dashboard, an interactive quality-management platform, complements technical assistance and helps to motivate and incentivize healthcare facilities to improve.

COVID-19

As a response to the COVID-19 pandemic, SafeCare developed a globally accessible free mobile app, that facility staff can use to self-assess their COVID-19 preparedness:

DIGITAL SOLUTIONS TO COMBAT THE COVID-19 PANDEMIC IN SUB-SAHARAN AFRICA

OUR APPROACH

As the number of COVID-19 cases in Africa continues to grow -currently 52 countries in the continent are seeing the virus spread to regions beyond the capital cities- local, innovative solutions are needed to help curb the impact. To quote Dr Matshidiso Moeti, WHO Regional Director for Africa: "Tackling cases in rural areas that often lack the resources of urban centres will pose an immense challenge for already strained health systems in Africa."

To build a resilient healthcare response it is generally agreed that the following activities are needed:

1. Protection of health worker staff and patients to avoid facility based infections and spreading of the disease;
2. Collection of real time data on the availability of services, HR resources, equipment to test and treat the disease, and importantly, the availability of PPEs. Data should be collected from both the public and the private sector. This will inform key stakeholders with real time data needed for allocation of supplies, and allocation of patients;
3. Set up and maintain up-to-date processes and knowledge to manage the disease, also in relation to non-COVID cases.

With the surge in mobile technologies and most of the worldwide population within reach of a mobile phone, using this opportunity will provide the broadest and fastest impact on the pandemic. PharmAccess is determined to combat this new viral disease and prepare and inform providers, communities and policy makers to address the imminent situation and minimize the negative health and economic outcomes using mobile technology. Banking on 20 years of experience in the quality field and a wide experience with digital innovations, PharmAccess has developed the 'SafeCare4Covid app' build onto the data, documentation and guidelines developed by the WHO, to prepare and support public and private healthcare providers for Covid-19 worldwide and even in the most rural regions.

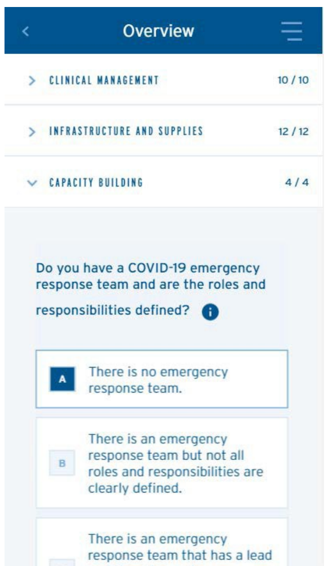
SAFECARE4COVID APP

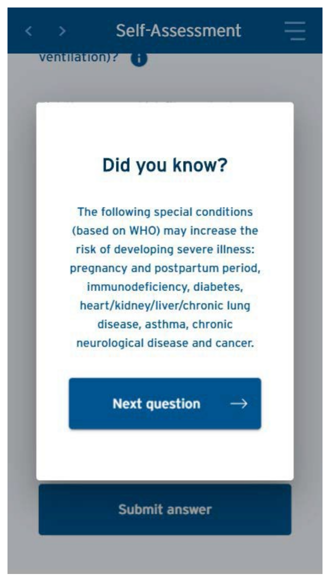
With this free, globally accessible mobile app, facility staff can do a self-assessment using their own mobile phone, to report on the availability of equipment, staff and supplies, as well as check on their own processes and knowledge to treat patients for Covid-19 while staying safe. Data derived from the SafeCare4Covid app can be used through dashboards by stakeholders for data driven resource allocation and patient allocation.

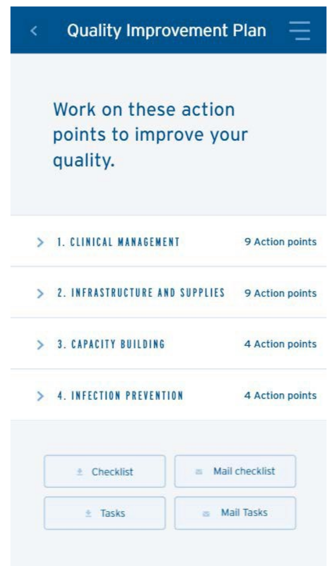
Access the SafeCare4Covid app: covid.safe-care.org

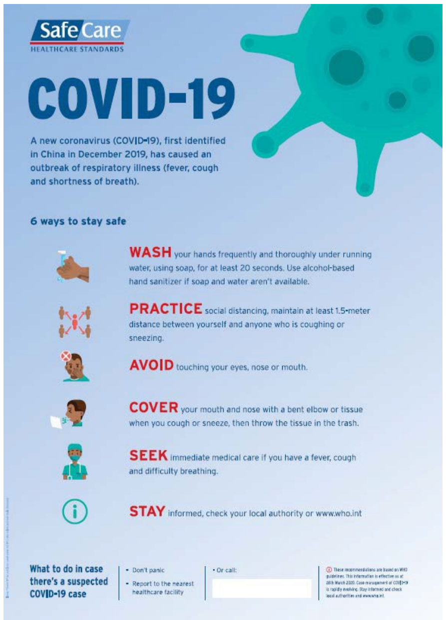
The app contains:

- On-boarding questions, which is a collection of facilities profile data such as no. of suspected and confirmed cases
- A supply checklist, structured per type of facility (identification of gaps on e.g. PPEs, oxygen and infection prevention supplies) partly based on the WHO checklist (https://www.who.int/emergencies/diseases/novel-coronavirus-2019/technical-guidance/covid-19-critical-items)
- Self-assessment of facility preparedness and capabilities, guidelines, triage and other processes
- Quality improvement plan based on the self-assessment
- Resources, guidelines and posters based on WHO information on e.g. how to stay safe can be downloaded
- List of 10 COVID-19 fact ''did you know'' questions sandwiched between the self-assessment questions to combat misinformation









Mock-up dashboard

PHARMACCESS AND SAFECARE

PharmAccess (http://www.pharmaccess.org) is an international organization, supported by the Dutch Ministry of Foreign affairs and has offices in Nigeria, Ghana, Kenya, Tanzania and the Netherlands. PharmAccess strives to improve quality of and facilitate access to healthcare in sub-Saharan Africa. Within PharmAccess, SafeCare is a unique standards-based and ISQua accredited incremental approach for measuring and improving the quality of healthcare services in resource restricted settings. To date, almost 6000 SafeCare quality assessments have been performed in sub-Saharan Africa.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Signing of the Management Board Report

By: management board members of Stichting Medical Credit Fund

Signed on the original: A.W. Poels, Managing Director

Signed on the original: G.T. Dawber, Finance Director

By: statutory board of Stichting Medical Credit Fund, duly represented by:

Signed on the original: N. Spieker

Signed on the original: J.W. Marees

Signed on the original: A.W. Poels

Amsterdam, The Netherlands, April 29, 2022

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 AFTER APPROPRIATION OF THE RESULT

USD	Note	31-12-21	31-12-20
ASSETS			
Non-current assets			
Non Current Portion of Loan Portfolio	1,2	7,279,131	10,450,389
Deposits non-current	4	19,240	19,240
Property, Plant, Equipment		8,002	9,923
Investment	10	90,556	-
Total non-current assets		**7,396,929**	**10,479,552**
Current assets			
Current Portion of Loan Portfolio	1,2	5,170,227	7,506,713
Receivables from Partner Banks		107,405	267,350
Prepayments on projects		247,257	24,453
Other receivables, prepayments and accrued income	3	595,356	553,433
Cash and cash equivalents	5	12,941,643	13,921,931
Deposits current	4	5,562	309,157
Derivative financial instruments	9	211,867	578,069
Total current assets		**19,279,317**	**23,161,106**
TOTAL ASSETS		**26,676,246**	**33,640,658**
CAPITAL AND LIABILITIES			
Capital	6	**407,645**	**74,635**
Non-current liabilities			
Long-term debts	7	13,230,588	19,877,198
Total non-current liabilities		**13,230,588**	**19,877,198**
Current liabilities			
Current portion of long-term debts	7	6,487,864	7,167,007
Trade creditors		40,864	67,136
Liabilities to Partner Banks		244,201	86,491
Deferred Income	8	5,703,864	5,721,470
Taxes and social security contributions		21,667	21,208
Financial Guarantees	1,2	87,894	135,965
Other current liabilities and accruals	3	451,659	489,548
Total current liabilities		**13,038,013**	**13,688,825**
TOTAL EQUITY AND LIABILITIES		**26,676,246**	**33,640,658**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

USD	Note	31-12-21	31-12-20
Interest Income on Loan portfolio	11	2,973,228	3,099,880
Interest on deposits		12,672	48,507
Interest costs	12	(888,826)	(1,063,593)
Financial result on Derivatives	13	(752,785)	(83,342)
Foreign exchange results on Loan portfolio	14	(732,895)	(943,683)
Net interest margin		**611,394**	**1,057,769**
Fee Income on Loan portfolio		465,488	329,120
Guarantee fee Partner Bank		41,305	54,605
Consulting income		90,556	-
Fund Management Fee		55,384	-
Non interest revenue	15	**652,733**	**383,725**
Total income		**1,264,127**	**1,441,494**
Loan portfolio costs		(98,748)	(35,168)
Impairment of Funded Loan portfolio	16.1	(673,217)	(1,369,806)
Impairment of Guaranteed Loan portfolio	16.2	41,514	(29,474)
Total portfolio costs		**(730,451)**	**(1,434,448)**
Loan portfolio result before partner impairment		**533,676**	**7,046**
Impairment of partners	2.3	-	-
Total result on loan portfolio		**533,676**	**7,046**
Salaries and wages	17	(1,695,727)	(1,634,026)
Project costs TA	18	(15,702)	(60,934)
Other operating expenses	19	(746,153)	(689,338)
Total operating expenses		**(2,457,582)**	**(2,384,298)**
Operating result before realization of grants		**(1,923,906)**	**(2,377,252)**
Grant Realized	20	2,256,916	2,177,766
Result before taxation		**333,010**	**(199,486)**
Income tax expense		-	-
NET RESULT		**333,010**	**(199,485)**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

USD	Note	Capital Accounts	Retained earnings	Total
Balance as at 1 January 2020	6	**-**	**274,120**	**274,120**
Allocation of result to retained earnings		-	(199,485)	(199,485)
Balance as at 31 December 2020	6	**-**	**74,635**	**74,635**
Allocation of result to retained earnings		-	333,010	333,010
Balance as at 31 December 2021	6	**-**	**407,645**	**407,645**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

USD	Note	2021	2020
Cash flows from operating activities			
Result for the year		333,010	(199,485)
Adjustments for:			
Interest income		(2,985,900)	(3,148,387)
Interest costs		888,826	1,063,593
Consulting income		(90,556)	-
FX result on cash balances	14,19	243,402	(146,743)
Depreciation	19	1,921	1,921
Grants Realized		(2,256,916)	(2,177,766)
Movements in working capital:			
- (increase)/decrease in Loan Portfolio		3,171,258	367,438
- (increase)/decrease in Current Portion of Loan Portfolio		2,336,486	(2,180,494)
- (increase)/decrease in Deposits for Guaranteed Portfolio	4	303,595	1,161,582
- (increase)/decrease in Other Current Assets	3	190,146	(433,179)
- increase/(decrease) in TA Projects		(222,804)	198,699
- increase/(decrease) in Trade Creditors		(26,272)	(74,107)
- increase/(decrease) in Payables from Partner Banks		157,710	4,043
- increase/(decrease) in Social Security and Taxes		459	(15,978)
- increase/(decrease) in Other Current Liabilities	3	**(3,743)**	**(160,099)**
CASH GENERATED BY / (USED IN) OPERATING ACTIVITIES		**2,040,622**	**(5,738,962)**
Interest received		3,279,978	2,739,500
Interest paid		(971,042)	(1,006,004)
NET CASH GENERATED BY / (USED IN) OPERATING ACTIVITIES		**4,349,558**	**(4,005,466)**
Cash flows from investing activities			
Proceeds from investment		-	-
Investment in fixed deposits	4	-	-
NET CASH GENERATED BY / (USED IN) INVESTING ACTIVITIES		**-**	**-**
Cash flows from financing activities			
Grants Received	8	2,239,310	2,765,230
Borrowings drawn down	7	-	16,928,206
Borrowings repaid	7	(7,325,753)	(5,744,680)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**(5,086,443)**	**13,948,756**
Net increase / (decrease) in cash and cash equivalents		**(736,886)**	**9,943,290**
Changes in FX on cash balances	14,19	(243,402)	146,741
Cash and cash equivalents as at January 1	5	13,921,931	3,831,900
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31	5	**12,941,643**	**13,921,931**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

General information

Foundation

“Stichting Medical Credit Fund”, with its registered address at AHTC, Tower C4, Paasheuvelweg 25, 1105 BP Amsterdam, the Netherlands, hereinafter “MCF” or “the Fund”, was founded on 13 July 2009 as a Stichting (not-for-profit organization) in accordance with Dutch law.

Objectives

MCF was established in 2009 as the first fund in the world to provide a financing mechanism to private health care providers, such as clinics, hospitals, laboratories and pharmacies, in Africa.

The Fund aims to reduce the unknown risks of investing in primary healthcare, leading to increased transparency and trust so that the lower end of the health market becomes financeable and scalable. The Fund offers loans directly or through local financial institutions to private primary healthcare providers serving low-income MCFs, combined with internationally certified clinical and business performance programs. The loans and Technical Assistance (TA) will be used to improve the quality of the health clinics, which will lead to expanded and improved healthcare services for more people.

From August 2021, all new lending under the MCF lending program transitioned to Medical Credit Fund II Coöperatief (MCF II), established in the Netherlands as the follow-up fund. Stichting Medical Credit Fund has been appointed as the Fund Manager of MCF II and holds a 1% participating interest in the new Fund. Given this transition, the balance sheet of Stichting Medical Credit Fund is expected to gradually decline over time as the outstanding loan portfolio is repaid.

Summary of significant accounting principles

General

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

Basis of presentation

These financial statements are prepared in accordance with IFRS as adopted by the EU under the historical cost convention as modified by the revaluation of financial liabilities and financial assets (including derivative instruments) at fair value through statement of comprehensive income.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying MCF’s accounting policies. 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 the summary of significant accounting policies.

The presentation of the Statement of Comprehensive Income and Statement of Cash Flows has been amended in the 2019 Annual Report onwards, in order to enhance the disclosure for the users of these financial statements. The change in presentation has no impact on the Net Result presented under IFRS and on the Statement of Financial Position.

Application of new and revised IFRSs

MCF applied all new and amended standards and interpretations applicable to the year under review, as determined by the IASB, which took effect for the period commencing on 1 January 2021.

Effect of new or amended financial reporting standards

- Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7. These amendments modify specific hedge accounting requirements. MCF does not apply hedge accounting and therefore the amendments have no impact.
- Covid-19-Related Rent Concessions amendment to IFRS 16 that provides practical relief to lessees in accounting for rent concessions. MCF has not entered into any contracts under the scope of IFRS16 and therefore the amendment has had no impact.

Financial reporting standards not yet adopted

MCF has done a preliminary assessment on the impact of the accounting standards that are issued but not yet effective which are not expected to have a significant impact on implementation. All applicable standards will be adopted in the financial statements in the period in which they become effective. The following standards and amendments are effective for annual reports beginning on or after 1 January 2022 and have not been early adopted by MCF:

- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023)
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date still to be determined)
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 3 Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022)
- Annual Improvements to IFRS Standards 2018-2020 Cycle - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 1 and IFRS Practise Statement 2 – Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023)

- Amendments to IAS 8 - Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023)

Foreign currencies

The financial statements been drawn up in US dollars, which is the functional currency of MCF and the presentation currency for the financial statements. Assets and liabilities denominated in foreign currencies are translated at the official rates of exchange prevailing on the statement of financial position date. Income and expenditure denominated in foreign currencies are converted at the rates of exchange prevailing on the transaction date.

Exchange rate differences due to exchange rate fluctuations between the transaction date and the settlement date or statement of financial position date are taken to the statement of comprehensive income.

Translation differences on the net investments in foreign subsidiaries and the related long-term financing are added or charged directly to the capital of MCF through other comprehensive income.

The exchange rates used are as follows:

	2021	2020
TZS/USD closing rate	2,297.18	2,308.41
TZS/USD average rate	2,306.84	2,306.12
KES/USD closing rate	112.22	108.30
KES/USD average rate	109.05	105.25
GHS/USD closing rate	6.10	5.85
GHS/USD average rate	5.90	5.70
NGN/USD closing rate	411.15	379.92
NGN/USD average rate	397.96	378.26
UGX/USD closing rate	3,518.24	3,623.37
UGX/USD average rate	3,577.58	3,701.81
EUR/USD closing rate	0.88	0.81
EUR/USD average rate	0.85	0.88

Critical accounting judgments and key sources of estimation

In the process of applying MCF's accounting policies, management has exercised judgment and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgment and estimates are as follows:

Going concern

Management has considered the consequences of Covid-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the Funds ability to continue as a going concern. Whilst MCF loan portfolio quality is not as strong as in previous years, non-performing loans remain within manageable levels and expected credit losses have been appropriately provided for.

MCF has sufficient reserves in place including USD 2.6 million of committed grants (refer Note 8 on off-balance sheet disclosures) to be received during 2022 to fund operating costs, inclusive of a buffer of 25% over and above our projected operating deficit, in order to mitigate the impact of an unexpectant decline in profitability.

Over and above committed operational grants in place for 2022, we have remaining First Loss grants of USD 5.6 million on our balance sheet as at 31 December 2021 to counter the impact of any potential losses incurred on the loan portfolio. The liquidity on our balance sheet remains strong with well-matched maturities in our financial liabilities and assets (Note 7.3), current assets to current liabilities (excluding deferred income related to Grants) of 2.6 to 1 (2.9 to 1 in 2020), and Cash to Debt service of 3.6 to 1 (3.2 to 1 in 2020) for the immediately succeeding six months.

Based on the above, MCF's management has made an assessment of MCF's ability to continue as a going concern and is satisfied that MCF has the resources to continue in business for the foreseeable future. Therefore, the financial statements continue to be prepared on the going concern basis.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates and default rate assumptions.

Loan Loss Provisioning

Since 1 January 2016, MCF has recognised loss allowances based on the expected credit loss model (ECL) of IFRS 9. MCF measures expected credit losses by combining the PD and LGD into a combined loan loss rate. These model parameters are estimated based on statistical techniques, an assessment of forward looking macro-economic indicators, and supported by management judgement.

In addition, MCF reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statement of comprehensive income. Judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, MCF makes judgments about the credit quality, levels of arrears and borrower's financial situation.

Estimates of expected credit losses in the IFRS9 model are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Financial instruments

Impact of application of IFRS 9 Financial Instruments

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;

- debt investments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income (FVTOCI);

- all other debt investments and equity investments are subsequently measured at fair value through profit or loss (FVTPL).

All of MCF's financial assets have been classified as debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost. Debt instruments that are subsequently measured at amortised cost are subject to impairment.

MCF has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model previously required under IAS 39. The expected credit loss model requires MCF to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires MCF to recognise a loss allowance for expected credit losses on i) debt investments subsequently measured at amortised cost, and ii) loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires MCF to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), MCF is required to measure the loss allowance for that financial instrument at an amount equal to the 12-months ECL.

The application of IFRS 9 has had no impact on the classification and measurement of the financial liabilities.

IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised.

Financial assets and financial liabilities are recognised when a MCF entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL. Specifically:

Debt instruments that do not meet the amortised cost criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. MCF has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the ‘other gains and losses’ line item.

Impairment of financial assets

MCF recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost as well as on loan commitments and financial guarantee contracts. MCF has applied a simpler approach for measuring expected credit losses combining the PD and LGD into a combined loan loss rate. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all other financial instruments, MCF recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, MCF measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, MCF compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, MCF considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, MCF presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless MCF has reasonable and supportable information that demonstrates otherwise.

MCF regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

MCF considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including MCF, in full (without taking into account any collaterals held by MCF).

Irrespective of the above analysis, MCF considers that default has occurred when a financial asset is more than 90 days past due unless MCF has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, MCF's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to MCF in accordance with the contract and all the cash flows that MCF expects to receive, discounted at the original effective interest rate.

MCF's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses**
Stage 1 - Performing	The counterparty has a low risk of default and does not have any past-due amounts by more than 30-days.	12-month ECL

Stage 2 - Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – credit-impaired
Stage 3 - In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and MCF has no realistic prospect of recovery.	Amount is written off

	Stage 1 - Performing Loans		Stage 2 - Doubtful				Stage 3 - In default			
2020 (USD)	Not past due secured	Not past due unsecured	Elevated Macro-econimic risk	Specific identifica-tion	31-60	61-90	Specific identifi-cation	91-180	>180	Total
31-December-2020										
Expected credit loss rate	1.5%	3.0%	3.0%	20.0%	20.0%	35.0%	50.0%	50.0%	100.0%	
Estimated total gross carrying amount at default	10,206,504	2,320,863	-	1,100,502	1,939,851	1,066,486	95,420	557,862	565,610	17,853,098
LIFETIME EXPECTED CREDIT LOSS	**(153,098)**	**(69,626)**	**-**	**(220,100)**	**(387,970)**	**(373,270)**	**(47,710)**	**(278,931)**	**(565,610)**	**(2,096,315)**

	Stage 1 - Performing Loans		Stage 2 - Doubtful				Stage 3 - In default			
2021 (USD)	Not past due secured	Not past due unsecured	Elevated Macro-econimic risk	Specific identifica-tion	31-60	61-90	Specific identifi-cation	91-180	>180	Total
31-December-2021										
Expected credit loss rate	1.5%	3.0%	3.0%	20.0%	20.0%	35.0%	50.0%	50.0%	100.0%	
Estimated total gross carrying amount at default	4,634,501	215,317	2,258,571	247,603	1,063,367	1,934,893	184,334	489,749	220,763	11,249,098
LIFETIME EXPECTED CREDIT LOSS	**(69,518)**	**(6,460)**	**(67,757)**	**(49,521)**	**(212,673)**	**(677,213)**	**(92,167)**	**(244,875)**	**(220,763)**	**(1,640,945)**

Lifetime expected credit losses are calculated over the entire MCF credit exposure (Note 1.8.1) and include credit losses on funded loans (Note 2.1) and guaranteed loans (Note 2.2) but exclude credit losses from partner banks (Note 2.3).

Financial liabilities and equity instruments

Classification as debt or equity

Debt instruments issued by MCF are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are not issued by MCF.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

MCF derecognises financial liabilities when, and only when, MCF's obligations are discharged, cancelled or when they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

MCF enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. At 31 December 2021 MCF has four open derivative contracts (notional value of $5.4 million) on Kenyan Shilling outstanding, and two open derivative contracts on Ghanaian Cedi (notional value of $4.0 million). Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. However, MCF does not apply hedge accounting.

Investments in associates

An associate is an entity over which MCF has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, an investment in an associate or a joint venture is recognised initially at cost and adjusted thereafter to recognise MCF's share of the profit or loss and other comprehensive income of the associate.

The Management Board has opted to make use of the exemption in IAS28.17 from applying the Equity method to subsequently measure its investment in MCF2 since all of the following apply to MCF2:

(a) The entity is a subsidiary of Stichting Health Insurance Fund

(b) The debt and equity instruments are not traded in a public market

(c) The entity does not file its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market

(d) The ultimate parent of the entity produces financial statements in which subsidiaries are consolidated.

Cash and cash equivalents

For the purpose of the preparation of the statement of cash flows, cash and cash equivalents comprise of cash on hand, non-restricted current accounts with banks and amounts due from banks on demand.

Deferred income

Deferred income consists of payments and receivables from donors ('grants') related to projects to be carried out and subsequently decreased by the realised income of these projects.

From the date of signing the grant agreement, the grant is disclosed in the off-balance sheet of financial position items. The grant agreement then has the status of 'Contracted'.

Grants are not recognised until there is reasonable assurance that MCF will comply with the conditions attached to the grants, and the grants are actually received. Then, the grant status is 'Received' and recognised as Deferred Income.

Grants are recognised in the statement of comprehensive income on a systematic basis over the periods in which MCF recognises as expenses the related costs for which the grants are intended. The deferred income is then transferred to Income Projects in the statement of comprehensive income; the Grant status is then 'Realised'.

Statement of comprehensive income

Income and expenditure are recognised as they are earned or incurred and are recorded in the financial statements of the period to which they relate.

Interest income and expense

Interest income and expense are recognised using the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

Fee Income

MCF earns fees on some loan products that are accounted as follows:

Income such as loan origination fees that are payable upfront and form an integral part of the EIR of a loan and are subsequently amortized over the life of the loans they relate to in terms of IFRS 9. Non-refundable upfront fees such as loan application or due diligence fees will be recognized as revenue when the performance obligation is satisfied in terms of IFRS 15. Consultancy or other fees for technical assistance are recognized as revenue over time as the performance obligations are fulfilled.

Management fees banks

Management fees banks relate to fees payable to banks for services related to the outstanding loan portfolio. Management fees are payable up front and subsequently amortized over the life of the loans they relate to.

Pension costs

The employee pension agreement qualifies as a defined contribution and hence the contribution has directly been expensed through the statement of comprehensive income.

Income projects

Income projects are recognised by reference to stage of progress of the projects and eligible project costs for which grants are received or receivable. The project costs are recognized as they occur; subsequently the Deferred Income is transferred into Income Projects as realised grants.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

1. Loan Portfolio

1.1 Loan Portfolio and Guarantee Agreements

MCF can either lend directly to private healthcare providers or mobilise capital to healthcare provides through our network of 17 financial partners or partner banks across sub-Saharan Africa.

MCF has three types of agreements with its partner banks: a Funding Agreement, a Co-Financing Agreement, and a Guarantee Agreement. Under a Funding Agreement and Co-Financing Agreement, the MCF (partially) funds the loan and shares in the risk and interest income over the funded portion. Under a Guarantee Agreement, MCF provides a credit guarantee on the loans and – in most cases - backs this by a USD deposit or investment at the partner bank. Under a Guarantee Agreement MCF receives a guarantee fee and interest on the deposit account or investment. The outstanding exposures under the Guarantee Agreements are classified as off-balance sheet items or as a liability on the statement of financial position for the part that is classified as ECL or impaired.

During 2021, the MCF lending program transitioned from Stichting Medical Credit Fund to MCF2, with the final new loan being issued on 23rd July 2021. In May 2021, MCF2 was incorporated in the Netherlands as a Cooperative, being the successor fund to Stichting Medical Credit Fund. As a result, the loan portfolio outstanding has declined from the prior year as loans are repaid. The table below summarizes MCF's Loan Portfolio at 31 December 2021 and also shows the loans issued to clinics by the banks under the guarantee agreement. The amounts for the Loan Portfolio presented are further specified in the tables which follow.

(USD)	Funded Loan Portfolio	Guaranteed Portfolio	Funded Loan Portfolio	Guaranteed Portfolio
	2021	**2021**	**2020**	**2020**
Total outstanding loans to Clinics	18,131,499	1,071,922	26,497,972	1,901,388
Total outstanding loans Funded Banks	4,476,857	1,071,922	6,625,536	1,901,388
OUTSTANDING LOANS UNDERWRITTEN MCF	**13,654,642**	**-**	**19,872,436**	**-**
Reclassification – transfers to/from banks	445,768		143,016	
LOAN PORTFOLIO MCF BEFORE IMPAIRMENTS	**14,100,410**		**20,015,452**	
Loan Portfolio MCF – non-current portion	8,263,323		11,463,136	
Loan Portfolio MCF – current portion	5,837,087		8,552,316	
Impairments – non-current portion	(984,192)		(1,012,747)	
Impairments – current portion	(666,860)		(1,045,603)	
LOAN PORTFOLIO MCF AS PER STATEMENT OF FINANCIAL POSITION	**12,449,358**		**17,957,102**	
Loan Portfolio MCF – non-current portion	7,279,131		10,450,389	
Loan Portfolio MCF – current portion	5,170,227		7,506,713	

Outstanding Loans Underwritten MCF

This represents all loans that are contractually to be funded by MCF. The total outstanding loans to clinics are the outstanding loans actually funded by MCF and Partner Banks, combined.

Loan Portfolio MCF

The Loan Portfolio of MCF is defined as the sum of all cash transactions between MCF and the partner banks. Exposure to the loan portfolio is only increased (diminished) when backed by an effectuated cash transfer from MCF to its partner bank (and vice versa). The reclassification represents the difference between the contractual obligation of both parties on payments to be made on the outstanding principal and the actual effectuated cash transfers.

1.2 Loan Portfolio as per statement of financial position

The tables below show the roll forward of the Loan Portfolio outstanding as per statement of financial position, before taking into account impairments:

2020 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Total
Total Loans						
Balance as at 1 January 2020	411,488	12,852,964	1,788,709	1,049,645	866,254	16,969,060
Loans Disbursed	664,123	24,697,974	2,466,351	425,812	2,780,094	31,034,355
Instalments Received	(11,599)	(24,195,495)	(2,292,579)	(150,892)	(311,337)	(26,961,902)
Loans Written Off	(30,445)	(27,460)	-	-	-	(57,905)
Exchange rate result	(3,053)	(877,470)	(53,725)	(40,139)	6,231	(968,156)
BALANCE AS AT 31 DECEMBER 2020	**1,030,514**	**12,450,513**	**1,908,756**	**1,284,426**	**3,341,242**	**20,015,452**

2021 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Total
Total Loans:						
Balance as at 1 January 2021	1,030,514	12,450,513	1,908,756	1,284,426	3,341,242	20,015,451
Loans Disbursed	64,712	31,087,122	4,920,993	1,036,886	2,052,329	39,162,042
Instalments Received	(1,098,623)	(35,706,709)	(2,551,573)	(1,091,504)	(3,101,522)	(43,549,931)
Loans Written Off	-	(812,873)	(206,507)	-	-	(1,019,380)
Exchange rate result	3,397	(219,288)	(208,262)	(87,064)	3,445	(507,772)
BALANCE AS AT 31 DECEMBER 2021	**-**	**6,798,765**	**3,863,407**	**1,142,744**	**2,295,494**	**14,100,410**

The tables below show the split of the Loan Portfolio into current and non-current portions, before taking into account loan loss provisioning:

2020 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Total
Loan Portfolio before impairments 2020						
Non-Current portion	909,858	7,789,065	1,486,591	888,316	389,305	11,463,136
Current portion	120,657	4,661,448	422,165	396,110	2,951,937	8,552,316
BALANCE AS AT 31 DECEMBER 2020	**1,030,515**	**12,450,513**	**1,908,756**	**1,284,426**	**3,341,242**	**20,015,452**

2021 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Total
Loan Portfolio before impairments 2021						
Non-Current portion	-	4,930,632	2,095,153	968,756	268,782	8,263,323
Current portion	-	1,868,133	1,768,254	173,988	2,026,712	5,837,087
BALANCE AS AT 31 DECEMBER 2021	**-**	**6,798,765**	**3,863,407**	**1,142,744**	**2,295,494**	**14,100,410**

1.3 Loan Portfolio including impairments as per statement of financial position

The tables below show the split of the Loan Portfolio into current and non-current portions, after taking into account loan loss provisioning:

2020 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Total
Current Portion of Loan Portfolio on statement of financial position after impairments 2020						
Loan portfolio current portion	120,658	4,661,447	422,164	396,110	2,951,937	8,552,316
Impairments	(1,069)	(664,097)	(267,233)	(50,674)	(62,530)	(1,045,603)
BALANCE AS AT 31 DECEMBER 2020	**119,589**	**3,997,350**	**154,931**	**345,436**	**2,889,407**	**7,506,713**

2020 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Total
Non-current Portion of Loan Portfolio on statement of financial position after impairments 2020						
Loan portfolio non-current portion	909,857	7,789,066	1,486,592	888,316	389,305	11,463,136
Impairments	(6,660)	(670,209)	(190,088)	(139,950)	(5,840)	(1,012,747)
BALANCE AS AT 31 DECEMBER 2020	**903,197**	**7,118,857**	**1,296,504**	**748,366**	**383,465**	**10,450,389**

2021 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Total
Current Portion of Loan Portfolio on statement of financial position after impairments 2021						
Loan portfolio current portion	-	1,868,133	1,768,254	173,988	2,026,712	5,837,087
Impairments	-	(374,741)	(191,134)	(85,976)	(15,009)	(666,860)
BALANCE AS AT 31 DECEMBER 2021	**-**	**1,493,392**	**1,577,120**	**88,012**	**2,011,703**	**5,170,227**

2021 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Total
Non-current Portion of Loan Portfolio on statement of financial position after impairments 2021						
Loan portfolio non-current portion	-	4,930,632	2,095,153	968,756	268,782	8,263,323
Impairments	-	(547,047)	(163,142)	(269,971)	(4,032)	(984,192)
BALANCE AS AT 31 DECEMBER 2021	**-**	**4,383,585**	**1,932,011**	**698,785**	**264,750**	**7,279,131**

1.4 Loan Portfolio excluding impairments as per partner banks

The tables below show the Loan portfolio and receivables on principal payments from partner banks:

By end-of-year 2021, MCF had 229 active loans underwritten on its book: 125 in Kenya, 96 in Ghana, 4 in Uganda, and 4 in Nigeria. At end-of-year 2020, MCF had 508 active loans underwritten on its book: 1 in Tanzania, 343 in Kenya, 150 in Ghana, 9 in Uganda, and 5 in Nigeria.

2020 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Total
Loan portfolio underwritten	1,030,515	12,144,259	2,071,994	1,284,426	3,341,242	19,872,436
Payables/receivables from banks related to principal	-	306,254	(163,238)	-	-	143,016
BALANCE AS AT 31 DECEMBER 2020	**1,030,515**	**12,450,513**	**1,908,756**	**1,284,426**	**3,341,242**	**20,015,452**

2021 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Total
Loan portfolio underwritten	-	6,558,324	3,658,080	1,142,744	2,295,494	13,654,642
Payables/receivables from banks related to principal	-	240,441	205,327	-	-	445,768
BALANCE AS AT 31 DECEMBER 2021	**-**	**6,798,765**	**3,863,407**	**1,142,744**	**2,295,494**	**14,100,410**

1.5 Loan Portfolio underwritten to partner banks

The tables below shows the roll forward of the total loans underwritten:

2020 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Total
Total Loans underwritten						
Outstanding as at 1 January 2020	410,051	12,624,628	1,801,227	1,049,645	866,255	16,751,806
Exchange rate result on loan	(3,052)	(877,471)	(53,726)	(40,139)	6,231	(968,157)
Disbursed to clinics	664,123	24,697,977	2,861,958	425,812	2,780,093	31,429,963
Instalments from clinics	(10,162)	(24,273,415)	(2,537,465)	(150,892)	(311,337)	(27,283,271)
Loans written off	(30,445)	(27,460)	-	-	-	(57,905)
OUTSTANDING AS AT 31 DECEMBER 2020	**1,030,515**	**12,144,259**	**2,071,994**	**1,284,426**	**3,341,242**	**19,872,436**

2021 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Total
Total Loans underwritten						
Outstanding as at 1 January 2021	1,030,515	12,144,259	2,071,994	1,284,426	3,341,242	19,872,436
Exchange rate result on loan	3,398	(219,288)	(208,262)	(87,064)	3,445	(507,771)
Disbursed to clinics	64,712	31,087,122	4,503,344	1,036,886	2,052,329	38,744,393
Instalments from clinics	(1,098,625)	(35,640,895)	(2,502,489)	(1,091,504)	(3,101,522)	(43,435,035)
Loans written off	-	(812,874)	(206,507)	-	-	(1,019,381)
OUTSTANDING AS AT 31 DECEMBER 2021	**-**	**6,558,324**	**3,658,080**	**1,142,744**	**2,295,494**	**13,654,642**

1.6 Loan Portfolio excluding impairments maturity per statement of financial position

The tables below show the maturity of the Loan portfolio outstanding, before taking into account loan loss provisioning:

2020 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Total
Loan Maturity						
Outstanding loans < 1 year	120,657	4,661,448	422,165	396,110	2,951,937	8,552,317
Outstanding loans 1 – 5 year	707,424	6,123,902	1,486,591	888,316	389,305	9,595,538
Outstanding loans > 5 year	202,434	1,665,163	-	-	-	1,867,597
OUTSTANDING AS AT 31 DECEMBER 2020	**1,030,515**	**12,450,513**	**1,908,756**	**1,284,426**	**3,341,242**	**20,015,452**

2021 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Total
Loan Maturity:						
Outstanding loans < 1 year	-	1,868,133	1,768,254	173,988	2,026,712	5,837,087
Outstanding loans 1 – 5 year	-	3,753,694	2,063,229	968,756	268,782	7,054,461
Outstanding loans > 5 year	-	1,176,938	31,924	-	-	1,208,862
OUTSTANDING AS AT 31 DECEMBER 2021	**-**	**6,798,765**	**3,863,407**	**1,142,744**	**2,295,494**	**14,100,410**

The tables below show the split between the types of loans the Loans Underwritten by the partner banks:

2020 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Total
Underwritten Loans per Loan Type as per 31 December 2020						
Entry Loans	-	3,471	-	-	-	3,471
Small Loans	-	80,082	199,165	-	-	279,247
Medium Loans	-	169,997	193,738	-	-	363,735
Large Loans	-	957,095	455,674	-	382,588	1,795,357
Extra Large Loans	1,030,515	8,714,572	923,682	1,284,426	2,958,654	14,911,849
Cash Advance Loans	-	2,219,042	-	-	-	2,219,042
Receivable Finance Loans	-	-	299,735	-	-	299,735
TOTAL UNDERWRITTEN AS AT 31 DECEMBER 2020	**1,030,515**	**12,144,259**	**2,071,994**	**1,284,426**	**3,341,242**	**19,872,436**

2021 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Total
Underwritten Loans per Loan Type as per 31 December 2021						
Entry Loans	-	-	-	-	-	-
Small Loans	-	39,594	73,309	-	-	112,903
Medium Loans	-	75,451	90,206	-	-	165,657
Large Loans	-	569,183	386,359	-	241,598	1,197,140
Extra Large Loans	-	5,562,208	2,961,167	1,142,744	2,053,896	11,720,015
Cash Advance Loans	-	311,888	-	-	-	311,888
Receivable Finance Loans	-	-	147,039	-	-	147,039
TOTAL UNDERWRITTEN AS AT 31 DECEMBER 2021	**-**	**6,558,324**	**3,658,080**	**1,142,744**	**2,295,494**	**13,654,642**

Entry Loans are loans with amounts up to USD 5,000 or the local currency equivalent and have a term of 6-months. Small Loans have a maximum loan size of the local currency equivalent of USD 15,000 and a maximum term of three years. Medium loans have a loan amount range between the local currency equivalent of USD 15,000 and USD 50,000 and a maximum term of five years. Large Loans refer to loan sizes between USD 50,000 and USD 200,000 with a five-year term. Extra Large Loans have loan sizes over USD 200,000 and tenures up to ten years. The Medium, Large and Extra-Large Loans are secured by tangible collaterals, like land, property, and marketable fixed assets. As of 31 December 2021, 58 Large or Extra-Large Loans underwritten by MCF with an original disbursed amount larger than USD 50,000 were outstanding (29 in Kenya, 21 in Ghana, 4 in Nigeria, and 4 in Uganda.

Besides the loan categories based on loan size and tenure, under the MCF program the loan categories Receivable Finance Loan and Cash Advance Loan are also being offered.

The Receivable Finance Loan has been introduced in Ghana in 2015 and aims to cushion the impact of the delayed and irregular payments under the National Health Insurance Scheme (NHIS). The Receivable Finance Loans are issued on the basis of approved claims and are to be repaid through the payments under the NHIS. MCF and its partner bank, however, retain full recourse to clinics if the payments under the NHIS are for whatever reason not received.

The Cash Advance Loan has been introduced in Kenya in 2016. This product has been developed in partnership with CarePay, a mobile exchange platform company that enables payment to healthcare facilities through mobile phones, using the M-Pesa mobile payment system. The Cash Advance Loan is a short-term loan product that capitalizes on temporary working capital needs with tenure of less than 6 months, where repayments are automatically deducted from the incoming cash flow running over the mobile payment system. In 2018, MCF furthered this concept by launching Mobile Asset Financing which is based on the same features and technology as the cash advance and can be used for medical equipment assets such as ultrasounds and lab equipment.

1.7 Financial Guarantee Contracts

MCF raised provisions for expected credit loss impairments on the Financial Guarantee contracts of USD 87,894 which has been classified as a Liability under the item Financial Guarantee Contracts on the Statement of financial position. The outstanding Financial Guarantees for which no impairments have been made are off-balance sheet items and discussed further in Note 8.

2020 (USD)	Tanzania	Kenya	Ghana	Nigeria	Liberia	Uganda	Total
Financial Guarantee Contracts on Balance as at 31 December 2020							
Total Loans outstanding guaranteed	483,664	-	-	1,225,939	159,034	-	**1,868,637**
Total Exposure on Loans outstanding guaranteed	241,832	-	-	809,705	95,420	-	**1,146,957**
Of which contingent liabilities	222,488	-	-	740,794	47,710	-	**1,010,992**
Of which on balance as Financial Guarantee Contracts	19,344	-	-	68,911	47,710	-	**135,965**
Guarantees received from Partner Banks on MCF funded Loans	(515,258)	(1,401,037)	-	-	-	(1,250,000)	**(3,166,295)**

2021 (USD)	Tanzania	Kenya	Ghana	Nigeria	Liberia	Uganda	Total
Financial Guarantee Contracts on Balance as at 31 December 2021							
Total Loans outstanding guaranteed	100,115	-	-	806,169	134,209	-	**1,040,493**
Total Exposure on Loans outstanding guaranteed	50,057	-	-	517,707	80,525	-	**648,289**
Of which contingent liabilities	34,936	-	-	485,198	40,261	-	**560,395**
Of which on balance as Financial Guarantee Contracts	15,122	-	-	32,509	40,263	-	**87,894**
Guarantees received from Partner Banks on MCF funded Loans	-	(1,150,055)	(876,046)	-	-	(1,027,732)	**(3,053,833)**

1.8 Risk on Loans

The key risks MCF is exposed to are credit risk, currency risk, liquidity, and interest rate risk.

1.8.1 Credit risk

The Medical Credit Fund has a direct exposure to repayment risk of the loans disbursed to the healthcare providers in the program. The Medical Credit Fund shares part of this repayment risk with its partner banks. The loans are subject to a dual underwriting and appraisal procedure and monitoring process, as the banks as well as the Medical Credit Fund use their own underwriting procedure.

The partner banks participate in the credit risk of between 20% and 25% for Small and Medium Loans and 50% for Mature Loans, but they do not participate in the credit risk on Entry Loans. This leads to the following credit risk exposure on MCF's Loans Underwritten and Financial Guarantee Contracts (after impairments). For Receivable Finance Loans, MCF is participating for 70% in the credit risk.

The Entry and Small Loans are secured by light collateral such as personal guarantees, and chattel mortgages. Medium and Mature Loans are secured by strong collateral, such as land, property, and marketable assets. The Receivable Finance Loans are covered by more than 125% worth of NHIS approved claims. The Cash Advance Loans are being secured by the revenues that are running over the CarePay platform and benefit from personal guarantees.

The Medical Credit Fund also has received Credit Risk Guarantees from two of its partners. It provides 100% of the funding and receives a 50% credit guarantee on the total funded amount.

Furthermore, on loans disbursed by partner banks through funding agreements, the Medical Credit Fund runs a credit risk on its partner banks as the proceeds from the Loans are being collected by the partner banks before being settled to MCF. For other loans funded directly by MCF, or through co-funding agreements, MCF does not run a credit risk on the partner bank.

The following tables provide an overview of the risk profile of the Loans before impairments.

2020 (USD)	Tanzania	Kenya	Ghana	Nigeria	Liberia	Uganda	Total
Exposure on Loans not past due more than 30 days	737,627	7,608,778	1,276,370	1,100,659	-	1,891,242	12,614,676
Exposure on Loans past due more than 30 days until 90 days	497	2,544,586	419,748	937,068	-	200,000	4,101,899
Exposure on Loans past due more than 90 days until 180 days	6,246	318,011	219,676	9,764	95,420	-	649,117
Exposure on Loans past due more than 180 days	12,719	271,847	156,200	46,640	-	-	487,406
EXPOSURE AS AT 31 DECEMBER 2020	**757,089**	**10,743,222**	**2,071,994**	**2,094,131**	**95,420**	**2,091,242**	**17,853,098**

2021 (USD)	Tanzania	Kenya	Ghana	Nigeria	Liberia	Uganda	Total
Exposure on Loans not past due more than 30 days	42,758	3,621,855	1,258,151	674,789	80,525	1,267,762	6,945,840
Exposure on Loans past due more than 30 days until 90 days	-	1,360,698	1,393,505	843,851	-	-	3,598,054
Exposure on Loans past due more than 90 days until 180 days	-	332,579	125,931	31,240	-	-	489,750
Exposure on Loans past due more than 180 days	7,299	93,137	4,447	110,571	-	-	215,454
EXPOSURE AS AT 31 DECEMBER 2021	**50,057**	**5,408,269**	**2,782,034**	**1,660,451**	**80,525**	**1,267,762**	**11,249,098**

To manage credit risk MCF has policies in place such as limiting Credit Risk Exposure to a single Target Health Care Provider to a maximum of USD 1,250,000, and capping exposure to all unsecured investments to fifteen percent of total MCF credit risk exposure.

Arrears monitoring is done on a continuous basis by local MCF teams. In addition, loan portfolio meetings are held on a monthly basis in each country and at the Amsterdam level where loans are discussed on an individual basis. Most healthcare providers are also enrolled in a technical assistance program which plays a central role to strengthen business sustainability of our borrowers and reduce credit risk.

Local MCF country directors continuously monitor financial partners for any signs of financial distress. A thorough review using public and private information of our financial partners is done an annual basis where we consider the partners' capital adequacy, liquidity, and profitability.

The MCF Credit Committee consisting of members of the Management Board (MCF), the Supervisory Board (PharmAccess), and external experts approve all loans with an MCF credit exposure above USD 100,000.

Portfolio quality has been stable during 2021 with portfolio risk (Par)-90 days amounting to 6.3% of the MCF portfolio by credit risk outstanding, down from 6.4% as reporting at the end of 2020. An overview of the expected credit loss provision for 2021 and 2020 by IFRS 9 credit risk category can be referred to on page 57.

1.8.2 Currency risk

The foreign currency risk is monitored on a regular basis in Asset Liability Management (ALM) meetings. MCF has introduced guidelines for its currency risk exposure, whereby an individual FX exposure on the outstanding loan portfolio above USD 1,250,000 is hedged, using a forward or cross currency swap instrument of the local currency against the dollar. At 31 December 2021, our open FX exposure was -/- USD 0.3 million (+/+ USD 1.9 million in 2020).

Exchange rate exposure on financial assets and financial liabilities, all loans plus cash positions and borrowings:

2020	TZS	KES	GHS	NGN	UGX	EUR	Total
Currency Exposure:							
Funded Loans	1,030,516	11,581,453	2,071,993	1,077,073	239,721	-	16,000,756
Impaired Amounts	(7,729)	(1,325,863)	(457,322)	(187,531)	(3,596)	-	(1,982,041)
Deposits	-	-	-	-	-	19,240	19,240
Cash	12,274	861,450	311,342	157,890	2	3,030,090	4,373,048
Receivables	(12,690)	585,552	53,825	26,848	(16,237)	-	637,298
Financial Guarantees	(19,344)	-	-	(68,776)	(134)	-	(88,254)
Borrowed Funds	-	(1,289,944)	-	-	-	(2,815,073)	(4,105,017)
Derivative Position	-	(11,000,000)	(1,500,000)	(500,000)	-	-	(13,000,000)
EXPOSURE AS AT 31 DECEMBER 2020	**1,003,027**	**(587,352)**	**479,838**	**505,504**	**219,756**	**234,257**	**1,855,030**

2021	TZS	KES	GHS	NGN	UGX	EUR	Total
Currency Exposure:							
Funded Loans	-	6,152,513	3,658,079	935,391	243,166	-	10,989,149
Impaired Amounts	-	(916,308)	(333,339)	(343,295)	(3,647)	-	(1,596,589)
Deposits	-	-	-	-	-	19,240	19,240
Cash	17,228	547,341	43,304	80,615	22,551	801,475	1,512,514
Receivables	(7,738)	268,428	212,276	40,462	5,659	-	519,087
Financial Guarantees	(15,122)	-	-	(32,374)	(134)	-	(47,630)
Borrowed Funds	-	(746,985)	-	-	-	(1,557,279)	(2,304,264)
Derivative Position	-	(5,400,000)	(4,000,000)	-	-	-	(9,400,000)
EXPOSURE AS AT 31 DECEMBER 2021	**(5,632)**	**(95,011)**	**(419,680)**	**680,799**	**267,595**	**(736,564)**	**(308,493)**

The analysis below calculates the effect of a substantial depreciation (20%) of the foreign currency rate against the USD, with all other variables held constant, on the statement of income and expenditure and the statement of financial position. The functional currency for MCF is the US dollar.

2020	TZS	KES	GHS	NGN	UGX	EUR	Total
Currency Exposure:							
Funded Loans	(206,103)	(2,316,291)	(414,399)	(215,415)	(47,944)	-	(3,200,152)
Impaired Amounts	1,546	265,173	91,464	37,506	719	-	396,408
Deposits	-	-	-	-	-	(3,848)	(3,848)
Cash	(2,455)	(172,290)	(62,268)	(31,578)	-	(606,018)	(874,609)
Receivables	2,538	(117,110)	(10,765)	(5,370)	3,247	-	(127,460)
Financial Guarantees	3,869	-	-	13,755	27	-	17,651
Borrowed Funds	-	257,989	-	-	-	563,015	821,004
Derivative Position	-	2,200,000	300,000	100,000	-	-	2,600,000
EXPOSURE AS AT 31 DECEMBER 2020	**(200,605)**	**117,471**	**(95,968)**	**(101,102)**	**(43,951)**	**(46,851)**	**(371,006)**

2021	TZS	KES	GHS	NGN	UGX	EUR	Total
Currency Exposure:							
Funded Loans	-	(1,230,503)	(731,616)	(187,078)	(48,633)	-	(2,197,830)
Impaired Amounts	-	183,262	66,668	68,659	729	-	319,318
Deposits	-	-	-	-	-	(3,848)	(3,848)
Cash	(3,446)	(109,468)	(8,661)	(16,123)	(4,510)	(160,295)	(302,503)
Receivables	1,548	(53,686)	(42,455)	(8,092)	(1,132)	-	(103,817)
Financial Guarantees	3,024	-	-	6,475	27	-	9,526
Borrowed Funds	-	149,397	-	-	-	311,456	460,853
Derivative Position	-	1,080,000	800,000	-	-	-	1,880,000
EXPOSURE AS AT 31 DECEMBER 2021	**1,126**	**19,002**	**83,936**	**(136,159)**	**(53,519)**	**147,313**	**61,699**

A 20% appreciation of the currencies leads to exactly the same effect, but of an opposite nature in both tables; negatives become positives and vice versa.

1.8.3 Liquidity risk

The liquidity risk is monitored on a regular basis in Asset Liability Management (ALM) meetings. The Medical Credit Fund has introduced guidelines for its cash positions for both local accounts and cash positions at head office.

Liquidity exposure further results from the cash flows from Borrowings and Financial Guarantee Contracts. We refer to note 7 for the maturity tables of our financial assets and liabilities, and to note 1.7 for the Financial Guarantee Contracts.

1.8.4 Interest rate risk

The interest rate fluctuations and its effect on MCF's interest position are monitored in MCF's ALM meetings on a regular basis.

On the asset side MCF's interest rate risk is fairly limited as interest rates on majority of loans in the portfolio are fixed over the term of the loan. Any change in market interest rate, therefore, has no effect on MCF's interest income of current outstanding loan portfolio at year end (i.e. loans already disbursed). MCF's cash balances and deposits are earning a modest interest return and as a result changes in interest rate are not likely to have a substantial effect on MCF's final result.

On the liability side, the majority of MCF's borrowings as per 31 December 2021, are fixed rate (82% of total) and therefore not substantially impacted by interest rate changes in the market.

However, MCF can be exposed to additional interest rate risk when governments pass legislation to introduce interest rate caps. Such an event was experienced in 2016 when the loan portfolio in Kenya was subjected to an interest rate cap.

The below table captures the additional losses MCF would have incurred given a decline in our net interest margin by one, two, and three percent. The gross yield on the average outstanding loan portfolio was 16.3% for 2021 (17.1% in 2020), whilst the portfolio earned a net interest margin of 3.3% for 2021 (5.8% in 2020).

Net interest income sensitivity

Net interest income sensitivity	2021 (USD)	2020 (USD)
One percent instantaneous decline in interest rates	(182,872)	(181,342)
Two percent instantaneous decline in interest rates	(365,744)	(362,684)
Three percent instantaneous decline in interest rates	(548,616)	(544,026)

2. Provisioning for credit losses

2.1 Loan loss provisions on funded Loan Portfolio

2020 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Liberia	Total
Balance as at 1 January 2020	36,399	415,004	186,079	15,745	73,787	-	727,014
Additions to provisions	2,034	918,607	279,776	175,787	(5,510)	-	1,370,694
Write-offs	(30,445)	(28,349)	-	-	-	-	(58,794)
Exchange rate result	(259)	(68,956)	(8,534)	(908)	93	-	(78,564)
BALANCE AS AT 31 DECEMBER 2020	**7,729**	**1,236,306**	**457,321**	**190,624**	**68,370**	**-**	**1,960,350**

2021 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Liberia	Total
Balance as at 1 January 2021	7,729	1,236,306	457,321	190,624	68,370	-	1,960,350
Additions to provisions	(7,354)	247,159	112,145	173,899	(49,381)	-	476,468
Write-offs	-	(616,126)	(206,507)	-	-	-	(822,633)
Exchange rate result	(375)	(43,551)	(8,683)	(8,576)	52	-	(61,133)
BALANCE AS AT 31 DECEMBER 2021	**-**	**823,788**	**354,276**	**355,947**	**19,041**	**-**	**1,553,052**

The above figures represent provisions taken for expected credit losses on exposures to healthcare SMEs and exclude additional provisioning taken on Chase Bank and UniBank as reflected in note 2.3.

2.2 Financial Guarantee Contracts liabilities for partner bank loans guaranteed

2020 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Liberia	Total
Balance as at 1 January 2020	63,592	-	111	26,722	5,623	47,711	143,759
Additions to liabilities	(14,750)	-	-	43,935	425	-	29,610
Paid Guarantees	(29,266)	-	-	-	(5,956)	-	(35,222)
Exchange rate result	(232)	-	(111)	(1,746)	(92)	(1)	(2,182)
BALANCE AS AT 31 DECEMBER 2020	**19,344**	**-**	**-**	**68,911**	**-**	**47,710**	**135,965**

2021 (USD)	Tanzania	Kenya	Ghana	Nigeria	Uganda	Liberia	Total
Balance as at 1 January 2021	19,344	-	-	68,911	-	47,710	135,965
Additions to liabilities	(4,454)	-	-	(29,613)	-	(7,447)	(41,514)
Paid Guarantees	-	-	-	(3,292)	-	-	(3,292)
Exchange rate result	232	-	-	(3,497)	-	-	(3,265)
BALANCE AS AT 31 DECEMBER 2021	**15,122**	**-**	**-**	**32,509**	**-**	**40,263**	**87,894**

2.3 Provisions on partner banks

Chase Bank

In April 2016, MCF's partner bank Chase Bank was placed under receivership by the Central Bank of Kenya. A formal agreement was reached between SBM Kenya and Chase Bank for the acquisition of certain assets and assumption of certain deposits and concluded on 17th August 2018, after approval by the regulatory authorities. The loan portfolio previously co-financed by MCF under the Fund Management Agreement (FMA) with Chase Bank was part of the assets acquired by SBM Kenya, with only some cash deposits of USD 60,692 remaining blocked under moratorium in Chase Bank which was fully impaired in 2018. Despite acquiring the portfolio previously co-funded by MCF, SBM Kenya have formally denied any liability to MCF. At the beginning of 2020 MCF lodged a lawsuit against SBM Kenya in the High Court of Nairobi and the case is still pending. Any settlement due from SBM is now considered as an asset contingent on the uncertain outcome of a court case or possible future settlement. Under IAS37 contingent assets are not recognized but are disclosed, therefore in 2019 MCF Management made the decision to fully impair the remaining exposure on the portfolio.

UniBank

In March 2018, the Bank of Ghana (BOG) placed Unibank under administration. During 2018, the BOG subsequently consolidated UniBank with other local banks also under administration into the Consolidated Bank Ghana (CBG) with KMPG as the Receiver. Whilst MCF was successfully able to repatriate almost all cash deposits previously held with Unibank before the end of 2018, the loan portfolio and settlements on the portfolio remain locked within CBG. MCF through its legal counsel sought to engage with the Receiver to which MCF did receive a formal response acknowledging the claim and indicated that MCF's claim had been added to the list of claims. However, payment of claims will be dependent on recoveries made by the Receiver and in accordance with the bankruptcy hierarchy set under Ghanaian Law, for which it is probable that the MCF claim shall be considered junior. Payment of claims has not yet commenced as the Receiver is still working at recovering amounts owed by the defunct UniBank. This process will most likely take some years to resolve, and recovery by MCF, if any is very uncertain. MCF Management made the decision to fully impair the remaining exposure in 2019.

(USD)	2021	2020
Impairments on MCF exposure Chase Bank, Kenya		
Exposure	657,719	657,719
Impairment on funded loan portfolio	98,000	98,000
Impairment on current settlement account	499,027	499,027
Impairment on MCF cash balances	60,692	60,692
TOTAL IMPAIRMENT	**657,719**	**657,719**
Impairments on MCF exposure UniBank, Ghana		
Exposure	469,199	469,199
Impairment on funded loan portfolio	-	-
Impairment on current settlement account	468,423	468,423
Impairment on MCF cash balances	776	776
TOTAL IMPAIRMENT	**469,199**	**469,199**
Total provisions on partner banks		
Exposure	1,126,918	1,126,918
Impairment on funded loan portfolio	98,000	98,000
Impairment on current settlement account	967,450	967,450
Impairment on MCF cash balances	61,468	61,468
TOTAL IMPAIRMENT	**1,126,918**	**1,126,918**
IMPAIRMENT RECOGNIZED IN STATEMENT OF COMPREHENSIVE INCOME	**-**	**-**

3. Other Receivables and other liabilities

3.1 Other receivables, prepayments, and accrued income

(USD)	31.12.2021	31.12.2020
Accrued interest income	305,172	439,305
Prepayments	133,873	193,862
Other receivables	247,704	122,454
Prepaid Loan fees	(91,393)	(202,188)
OTHER RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME	**595,356**	**553,433**

3.2 Other current liabilities and accruals

(USD)	31.12.2021	31.12.2020
Accrued interest expenses	214,220	296,436
Other liabilities	237,439	193,111
OTHER XURRENT LIABILITIES AND ACCRUALS	**451,659**	**489,547**

4. Deposits

(USD)	31.12.2021	31.12.2020
Current Deposits		
Deposits Kenya - USD	-	29,157
Deposits Ghana - USD	-	-
Deposits Nigeria - USD	5,562	280,000
TOTAL CURRENT DEPOSITS	**5,562**	**309,157**
Non-Current Deposits		
Rental deposit - EUR	19,240	19,240
TOTAL NON-CURRENT DEPOSITS	**19,240**	**19,240**

Current deposits consist of short-term fixed deposits all of which mature in the next 12 months. The remaining current deposits are mainly held with partners to serve as collateral for Guarantee Support Agreements. There are no impairments or indicators of elevated credit risk.

5. Cash and cash equivalents

(USD)	31.12.2021	31.12.2020
ABN-AMRO Euro accounts	801,475	3,030,090
ABN-AMRO USD accounts	10,872,539	8,223,030
Bank accounts Tanzania – TZS	17,228	12,274
Bank accounts Tanzania – USD	80	80
Bank accounts Kenya – KES	547,341	861,450
Bank accounts Kenya – USD	40,536	769,524
Bank accounts Ghana – GHS	43,304	311,342
Bank accounts Ghana – USD	4,768	4,792
Bank accounts Nigeria – NGN	80,615	157,890
Bank accounts Nigeria – USD	509,636	259,591
Bank accounts Uganda – UGX	22,551	3
Bank accounts Uganda – USD	1,570	291,868
TOTAL CASH BALANCE	**12,941,643**	**13,921,931**

The balance of the bank accounts in Kenya and Ghana are after the impaired amounts on MCF's cash exposure at Chase Bank (USD 60,692) and UniBank (USD 776). No other cash balances are impaired as there are no indicators of elevated credit risk. Apart from the cash fully impaired at Chase and Unibank described above, all cash is unblocked and free of any liens.

In May 2021 there was a non-cash transaction in the form of a share-based payment of USD 90,556 which was received by Stichting Medical Credit Fund as reimbursement for the costs incurred to set-up and incorporate MCF2. The share settlement provides Stichting Medical Credit Fund with 1% ownership in MCF2 which has been recognized as an Investment asset in the Statement of Financial position as disclosed in Note 10.

6. Capital

Capital relates to those amounts that have no restriction regarding the purpose of expenditure, but for the objective of the Fund. Over 2021, Capital increased by USD 333,010 due to the positive result for 2021. As at 31 December 2021, Capital of USD 407,645 remains in reserve on the balance sheet.

These reserves can be solely used for expenses in line with the foundation's principles, which is amongst other, enabling primary health care providers in Africa to access investment capital so they can improve the quality of their services and expand their facility.

7. Borrowings

7.1 Summary of Borrowings

(i) MCF has cumulative total borrowings outstanding as at 31 December 2021 of USD 19,718,452 (31 December 2020: USD 27,044,205).
(ii) USD 13,230,588 on borrowings is considered long term debt.
(iii) Interest bearing borrowings of USD nil were drawn and USD 7,325,753 of borrowings were repaid in 2021.
(iv) The current weighted effective interest rate on all borrowings is 3.92%.
(v) The Loans are Senior to other debts outstanding.

The table below show the amounts drawn from the committed debts.

Drawn & Received amounts (USD)	On Balance as of 31 December 2021		
as of 31 December 2021	**Long term**	**Short term**	**Total**
Calvert Foundation	-	-	-
Private Investor	441,667	883,333	1,325,000
Private Investor	150,000	300,000	450,000
Private Investor	62,500	125,000	187,500
Private Investor	62,500	125,000	187,500
Private Investor	-	26,688	26,688
OPIC	1,079,167	2,158,333	3,237,500
IFC	666,667	1,333,333	2,000,000
CDC	10,000,000	-	10,000,000
AFD	519,092	1,038,187	1,557,279
EIB	248,995	497,990	746,985
TOTAL	**13,230,588**	**6,487,864**	**19,718,452**

The tables below show the amounts committed, without taking into account the amounts drawn thereof:

Committed amounts	USD	Term	Last Repayment Date	First Repayment Date	Weighted Average Interest rate
Calvert Foundation	5,000,000	Linear	2021	2019	4.75%
Private Investor	3,000,000	Linear	2023	2019	3.33%
Private Investor	2,250,000	Linear	2023	2019	3.60%
Private Investor	500,000	Linear	2023	2019	3.90%
Private Investor	500,000	Linear	2023	2019	3.90%
Private Investor	250,000	Linear	2023	2019	4.23%
OPIC	7,000,000	Linear	2023	2019	3.16%
IFC	4,500,000	Linear	2023	2019	2.45%
CDC	10,000,000	Bullet/Linear	2026	2023	3.79%
AFD	3,397,701	Linear	2023	2019	2.01%*
EIB	5,000,000	Linear	2023	2019	10.84%**
TOTAL	**41,397,701**				

* 2.01% on EUR comparable to 2.62% on USD

** 10.84% on KES comparable to 2.92% on USD

Fair Value of Borrowings	Effective interest rate 2021	Effective interest rate 2020	Carrying Amount 2021	Carrying Amount 2020	Fair Value 2021	Fair Value 2020
Interest Bearing	3.92%	4.25%	19,718,452	27,044,205	19,718,452	27,044,205
Non-Interest Bearing			-	-	-	-
TOTAL			**19,718,452**	**27,044,205**	**19,718,452**	**27,044,205**

The interest-bearing loans are discounted as per the interest percentage payable on the loans and, as such, are valued at their par value.

From 1 January 2022, the IFC facility interest rate will transition from US Libor to SOFR (Secured Overnight Finance Rate). The transition is not expected to have any significant impact on the effective interest rate on borrowings.

7.2 Financial ratios and covenants

In the loan agreements with its lender group, MCF has agreed upon various loan covenants. The table below represents the applicable financial covenant ratios as of 31 December 2021 and which are based upon historical financial figures.

Financial Ratios and Covenants		Score - 2021	Threshold	Status
(i)	At all times during which the MCF Credit Risk Exposure meets or exceeds $12,000,000, MCF Credit Risk Exposure to Investments with an outstanding principal amount of $1,500,000 or greater shall not exceed sixty percent (60%) of MCF Credit Risk Exposure allocated to all Investments;	0.0%	< 60%	OK
(ii)	Total Debt to First Loss Capital ratio of not more than 7 to 1;	3.5	< 7.0	OK
(iii)	The ratio of Amortizing Debt to the aggregate of First Loss Capital plus all Subordinated Debt plus Back-Ended Debt, so long as the payment is scheduled after the Loan Maturity Date, should not be more than 6 to 1;	0.6	< 6.0	OK
(iv)	Current Assets to Current Liabilities ratio of not less than 2 to 1;	2.6	> 2.0	OK
(v)	Cash to Debt Service ratio for the then immediately succeeding six (6) consecutive months of not less than 1.25 to 1;	3.6	> 1.25	OK
(vi)	Cash on the balance sheet of the Parent Borrower of at least 10% of the Total Assets of the Parent Borrower when measured during the Commitment Period and the greater of $2,000,000 or 7% when measured thereafter; no more than 20% of the Total Assets of the Parent Borrower shall be held by the non-Parent Borrowers;	48%	> 10%	OK
(vii)	An aggregate amount of Foreign Exchange Open Positions of not more than 25% of Total Assets;	1.6%	< 25%	OK
(viii)	An aggregate amount of Foreign Exchange Open Positions of not more than 50% of First Loss Capital;	7.7%	< 50%	OK
(ix)	The total exposure of the Borrowers to any individual unhedged currency position shall not exceed $1,250,000;	$ 680,799	<$1,250,000	OK
(x)	MCF Credit Risk Exposure to a single Target Health Care Provider does not exceed $1,250,000;	$1,090,285	<$1,250,000	OK
(xi)	The Borrowers on a consolidated basis shall maintain at all times a minimum amount of committed Restricted Grant Capital for Management Costs of at least 1.25 times the amount of the Projected Operating Deficit set forth in the current Fiscal Year annual operating forecast until the Parent Borrower reaches breakeven inclusive of Results after Management Costs;	1.25	> 1.25	OK
(xii)	MCF Credit Risk Exposure to Non-Performing Loans, calculated in accordance with the Accounting Standards, and, for avoidance of doubt, excluding trailing twelve month write-offs, does not exceed 7.0% of total MCF Credit Risk Exposures;	6.3%	< 7%	OK
(xiii)	MCF Risk Exposure within a single country of not more than seventy percent (70%) of the total MCF Risk Exposure during the Commitment Period, and not more than fifty percent (50%) of the total MCF Risk Exposure thereafter;	23.3%	< 70%	OK
(xiv)	MCF Risk Exposure to a single Intermediary of not more than fifty percent (50%) of the total MCF Risk Exposure during the Commitment Period, and not more than twenty percent (20%) of the total MCF Risk Exposure thereafter;	5.3%	< 50%	OK
(xv)	MCF Risk Exposure on Investments into an Economic Group of not more than fifty percent (50%) of First Loss Capital;	19.5%	< 50%	OK
(xvi)	MCF Credit Risk Exposure to all partially secured and unsecured Investments is at most forty percent (40%) of MCF Credit Risk Exposure;	3.8%	< 40%	OK
(xvii)	MCF Credit Risk Exposure to all unsecured Investments is at most fifteen percent (15%) of MCF Credit Risk Exposure;	2.8%	< 15%	OK
(xviii)	The weighted average life of the Portfolio is not more than 3.5 years;	1.6	< 3.5	OK
IFC - only	An IFC Exposure Ratio of not more than 15% of the Parent Borrower's Total Debt;	10.1%	< 15%	OK

7.3 Maturity tables

The following table details MCF's expected maturity for its financial assets and liabilities. The table has been drawn up and based on the undiscounted contractual maturities of principal payments. The inclusion of information on financial assets is necessary in order to understand MCF's liquidity risk management as the liquidity is managed on a net asset and liability basis.

USD

Financial Liabilities	< 1 year	1-5 years	> 5 years
31 December 2020			
Interest Bearing Liabilities	7,167,007	17,377,198	2,500,000
Financial Guarantee Contracts	135,965	-	-
Derivative financial instruments	-	-	-
TOTAL	**7,302,972**	**17,377,198**	**2,500,000**

Financial Assets	< 1 year	1-5 years	> 5 years
31 December 2020			
Outstanding Loans	7,506,714	8,747,790	1,702,598
Deposits	309,157	19,240	-
Derivative financial instruments	304,963	273,106	-
Cash Position	13,921,931	-	-
TOTAL	**22,042,765**	**9,040,136**	**1,702,598**

USD

Financial Liabilities	< 1 year	1-5 years	> 5 years
31 December 2021			
Interest Bearing Liabilities	6,487,864	13,230,588	-
Financial Guarantee Contracts	87,894	-	-
Derivative financial instruments	-	-	-
TOTAL	**6,575,758**	**13,230,588**	**-**

Financial Assets	< 1 year	1-5 years	> 5 years
31 December 2021			
Outstanding Loans	5,170,227	6,214,249	1,064,882
Deposits	5,562	19,240	-
Derivative financial instruments	211,867	-	-
Cash Position	12,941,643	-	-
TOTAL	**18,329,299**	**6,233,489**	**1,064,882**

7.4 Valuation of Financial Instruments

The tables presented below analyse the financial assets and financial liabilities that are measured at fair value by level of fair-value hierarchy as required by IFRS: 13 Fair Value Measurement. The levels of the hierarchy are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: Valuation techniques using market data that is either directly or indirectly observable.

Level 3: Valuation techniques that include significant inputs that are unobservable. To the extent that a valuation is based on inputs that are not market-observable the determination of the fair value can be more subjective, dependent on the significance of the unobservable inputs to the overall valuation.

USD

Financial Assets	Carrying value	Fair Value	Level 1	Level 2	Level 3	Measurement	Key Input
31 December 2021							
Outstanding Loans	12,449,358	Not possible to determine fair value				*n/a*	*n/a*
Deposits	24,802	24,802	24,802	-	-	*Discounted cash flow*	*Discount rate*
Derivative financial instrument	211,867	-	-	211,867	-	*Discounted cash flow*	*Discount rate*
Cash Position	12,941,643	12,941,643	12,941,643	-	-	*Discounted cash flow*	*Discount rate*
TOTAL	**25,627,670**						

Financial Liabilities	Carrying value	Fair Value	Level 1	Level 2	Level 3	Measurement	Key Input
31 December 2021							
Interest Bearing Liabilities	19,718,452	19,718,452	19,718,452	-	-	*Discounted cash flow*	*Discount rate*
Financial Guarantee Contracts	87,894	87,894	-	-	87,894	*Discounted cash flow*	*Credit risk of counterparty*
TOTAL	**19,806,346**						

The outstanding loans are not actively traded, and it is therefore not possible to determine the fair value of these loans using observable market prices and market inputs. Due to the unique characteristics of the loan portfolio, given the many loans are either syndicated with a risk sharing partner or under a fund management agreement with a partner bank, and given that there have been no recent transactions involving the disposals of such loans, there is no basis to determine a price that could be negotiated between market participants in an orderly transaction. The group is not currently in the position of a forced sale of such underlying loans, and it would therefore be inappropriate to value the loans and advances on a forced-sale basis. Outstanding loans are measured at amortised cost and therefore not at fair value after initial recognition. With regards to Interest Bearing Liabilities, although largely fixed rate as disclosed in Note 7, given the low-end interest rates and short-term nature of the outstanding liabilities, Management deems that amortized cost approximates fair value. No financial assets or liabilities were reclassified to another level during 2021.

8. Deferred income

Deferred Income (USD)	31.12.2021	31.12.2020
01 January	5,721,470	5,134,006
Grants Received	2,239,310	2,765,230
Grants realised and recorded as Project Income	(2,256,916)	(2,177,766)
31 December	**5,703,864**	**5,721,470**

The tables below show the amounts contracted, received and realised grants amounts. The Deferred Income is the result from the Received amounts minus the Realised amounts. The difference between contracted and received indicates the Off-Balance sheet grant position.

2020 USD	Contracted	Received	Realised before 2019	Realised 2020	Deferred Income	Off Balance
	(A)	(B)	(C1)	(C2)	(B -/- C1 -/- C2)	(A -/- B)
Start-Up	903,049	903,049	903,049	-	-	-
First-Loss	6,712,058	6,712,058	1,121,930	-	5,590,128	-
TA	2,291,665	2,291,665	2,276,504	15,161	-	-
Management Costs	16,874,350	14,080,232	11,990,994	2,089,238	-	2,794,118
Projects	2,294,918	2,294,918	2,090,209	73,367	131,342	-
Unrestricted	197,378	197,378	197,378	-	-	-
TOTAL	**29,273,418**	**26,479,300**	**18,580,064**	**2,177,766**	**5,721,470**	**2,794,118**

2021 USD	Contracted	Received	Realised before 2019	Realised 2020	Deferred Income	Off Balance
	(A)	(B)	(C1)	(C2)	(B -/- C1 -/- C2)	(A -/- B)
Start-Up	903,049	903,049	903,049	-	-	-
First-Loss	6,712,058	6,712,058	1,121,930		5,590,127	-
TA	2,291,665	2,291,665	2,291,665	-	-	-
Management Costs	18,920,677	16,319,542	14,080,232	2,239,310	-	2,601,135
Projects	2,294,918	2,294,918	2,163,576	17,606	113,737	-
Unrestricted	197,378	197,378	197,378	-	-	-
TOTAL	**31,319,745**	**28,718,610**	**20,757,830**	**2,256,916**	**5,703,864**	**2,601,135**

Negative amounts or Receivables against realizations on Fund Management are to be covered by the additional amounts contracted yet to be received by MCF.

The table below depicts the grant position as of 31 December 2021, consisting of the Off-Balance sheet grant position and the deferred income position.

2021 USD	Off Balance Sheet	Deferred Income	Grant Position
	(A)	(B)	(A + B)
Start-Up	-	-	-
First-Loss	-	5,590,127	5,590,127
TA	-	-	-
Management Costs	2,601,135	-	2,601,135
Projects	-	113,737	113,737
Unrestricted	-	-	-
Total	**2,601,135**	**5,703,864**	**8,304,999**

Deferred Income

Deferred income consists of payments and receivables from donors ('grants') related to projects to be carried out and subsequently decreased by the realised income of these projects.

Contracted

From the date of signing the grant agreement, the grant is disclosed in the off-balance sheet items. The grant agreement has then the status of 'Contracted'.

Received

Grants are not recognised until there is reasonable assurance that MCF will comply with the conditions attached to the grants, and the grants are actually received. Then, the grant status is 'Received' and recognised as Deferred Income.

Realised

Grants are recognised in the statement of comprehensive income on a systematic basis over the periods in which MCF recognises as expenses the related costs for which the grants are intended. The deferred income is then transferred to Income Projects in the statement of comprehensive income; the Grant status is then 'Realised'.

Grant Position

The Grant Position is made up of all received and un-received funds minus all Realised expenses until end of reporting date. The Grant Position is all MCF's probable future income if MCF complies with the conditions attached to the received and unreceived Grants.

The tables below show the total Grant amounts per grantor:

2021 Deferred Income Balance (USD)	Total	Private Donations	HIF	USAID	G20 SME Challenge	FMO –BUZA First Loss	FMO- BUZA Other	DGO / 2011	Pfizer Foundation	AFD	DFID / BMGF	Cordius	Philips
Start-up	-	-	-	-	-	-	-	-	-	-	-	-	-
First-Loss	5,590,127	784,842	-	607,400	-	2,039,596	-	-	1,000,000	829,886	328,403	-	-
TA	-	-	-	-	-	-	-	-	-	-	-	-	-
Management Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Projects	113,737	-	-	-	-	-	-	-	-	-	-	52,060	61,677
Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEFERRED INCOME	**5,703,864**	**784,842**	**-**	**607,400**	**-**	**2,039,596**	**-**	**-**	**1,000,000**	**829,886**	**328,403**	**52,060**	**61,677**
Received	28,718,610	2,242,969	12,914,003	1,000,000	2,500,000	2,185,080	2,123,254	771,825	1,000,000	1,181,614	2,572,156	115,411	112,298
Total Realised until 2020	(20,757,830)	(1,458,127)	(10,674,692)	(392,601)	(2,500,000)	(145,484)	(2,123,254)	(771,825)	-	(351,728)	(2,243,752)	(63,351)	(33,016)
Total Realised 2021	(2,256,916)	-	(2,239,311)	-	-	-	-	-	-	-	-	-	(17,605)
TOTAL DEFERRED INCOME	**5,703,864**	**784,842**	**-**	**607,400**	**-**	**2,039,596**	**-**	**-**	**1,000,000**	**829,886**	**328,403**	**52,060**	**61,677**
Contracted	31,319,745	2,242,969	15,515,138	1,000,000	2,500,000	2,185,080	2,123,254	771,825	1,000,000	1,181,614	2,572,156	115,411	112,298
Received	28,718,610	2,242,969	12,914,003	1,000,000	2,500,000	2,185,080	2,123,254	771,825	1,000,000	1,181,614	2,572,156	115,411	112,298
OFF BALANCE	**2,601,135**	**-**	**2,601,135**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
GRANT POSITION (DEFERRED INCOME + OFF BALANCE)	**8,304,999**	**784,842**	**2,601,135**	**607,400**	**-**	**2,039,596**	**-**	**-**	**1,000,000**	**829,886**	**328,403**	**52,060**	**61,677**

Off Balance Sheet items

Financial Guarantee Contracts

31 December 2020 (USD)	Funding Agreements	Guarantee Agreements	Total
Outstanding Loans Underwritten MCF	19,872,436	-	19,872,436
Credit Risk Exposure MCF	16,706,141	1,146,957	17,853,098
Credit guarantees received (+)/issued (-/-)	**3,166,295**	**(1,146,957)**	**2,019,338**

31 December 2021 (USD)	Funding Agreements	Guarantee Agreements	Total
Outstanding Loans Underwritten MCF	13,654,642	-	13,654,642
Credit Risk Exposure MCF	10,600,809	648,289	11,249,098
Credit guarantees received (+)/issued (-/-)	**3,053,833**	**(648,289)**	**2,405,544**

Under the funding agreements loans have been disbursed for which MCF risk portion was lower than MCF funding portion. This causes MCF's credit risk exposure to be lower than the loan portfolio over which MCF runs a repayment risk. MCF has received credit risk guarantees from two financial partners over its funded exposures.

Under the guarantee agreement, MCF provides a credit guarantee on the loans and backs this through a USD deposit at the partner bank. As the loan size increases the Partner Banks share in the repayment risk of the Loan Outstanding. For Loans larger than USD 50,000, risk is split equally between MCF and the Partner Bank.

Committed Undrawn Credit Facilities to Borrowers

The table below reflects undrawn credit facilities which have been committed to borrowers. In accordance with IAS37 we disclose committed undrawn credit facilities as an off-balance sheet contingent asset.

(USD)	31.12.2021	31.12.2020
Undrawn Loan Commitments	566,000	623,690
Total	**566,000**	**623,690**

Grant Positions

Refer to Grant Positions above for the off-balance sheet items regarding committed but not yet received grants.

(USD)	2021	2020
Management Costs	2,601,135	2,794,118
Projects	-	-
Total	**2,601,135**	**2,794,118**

9. Derivative Financial Instruments

As of 31 December 2021, MCF had six derivatives outstanding.

Derivative	Trade Date	Maturity Date	Underlying value (KES)	Underlying value (USD)	Value 31-Dec-2021 (USD)
Currency Swap	4-Dec-19	6-Dec-22	81,840,000	800,000	79,295
Currency Swap	27-Dec-19	27-Dec-22	161,228,160	1,600,000	183,504
Currency Swap	10-Sep-19	12-Sep-22	207,456,600	2,000,000	121,180
FX Forward	8-Dec-21	15-Sep-22	122,021,600	1,000,000	(21,777)
			572,546,360	**5,400,000**	**362,202**

Derivative	Trade Date	Maturity Date	Underlying value (GHS)	Underlying value (USD)	Value 31-Dec-2021 (USD)
Currency Swap	10-Sep-19	12-Sep-22	2,755,000	500,000	49,188
FX Forward	29-Dec-21	4-Jan-22	22,927,101	3,500,000	(199,523)
			25,682,101	**4,000,000**	**(150,335)**
				Total on Balance Sheet	**211,867**

The fair value has been determined based on level 2 of the fair value hierarchy. The most significant inputs are the future cash flows based on forward exchange rates (observable rates) discounted at a rate that reflects the credit risk of the counterparty.

MCF does not apply hedge accounting.

10. Investments

(USD)	2021	2020
Participation in MCFII	90,556	-
	90,556	**-**

Medical Credit Fund II Coöperatief U.A. (MCF2) was incorporated as a Cooperative in the Netherlands in May 2021. MCF received a 1% participating interest in MCF2 (Medical Credit Fund II Coöperatief U.A.) as settlement for the upfront legal and establishment costs which were paid for by MCF. The other 99% interest is held by Stichting Health Insurance Fund, a related party further disclosed in Note 21.

MCF holds significant influence over MCF2 by virtue of being its statutory Director and Fund Manager. The participation in MCF2 is accounted for as an Investment in an Associate entity in accordance with IAS28 and has been recognized at cost on initial recognition. The Management Board has opted to make use of the exemption in IAS28.17 from applying the Equity method to its investment in MCF2.

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

11. Interest Income on Loan Portfolio

(USD)	2021	2020
Tanzania	140,229	149,692
Kenya	1,560,280	1,875,756
Ghana	655,457	577,921
Nigeria	225,674	245,978
Uganda	391,588	250,533
	2,973,228	**3,099,880**

12. Interest costs

(USD)	2021	2020
Interest on borrowings	(867,110)	(1,041,877)
Other borrowings costs	(21,716)	(21,716)
	(888,826)	**(1,063,593)**

13. Financial result of Derivatives

(USD)	2021	2020
Result on Derivatives Kenya	(351,931)	101,739
Result on Derivatives Ghana	(375,785)	(173,291)
Result on Derivatives Nigeria	(25,069)	(11,790)
	(752,785)	**(83,342)**

The result on Derivate instruments (Note 9) was -/- USD 752,785, consisting of a change in contract values of -/- USD 366,202 and settlement payments to MFX of -/- USD 386,583.

14. Foreign exchange results on the loan portfolio

(USD)	2021	2020
FX result on loan portfolio	(737,610)	(918,989)
FX result on cash balances related to loans	(232,372)	81,556
FX result on borrowings	237,087	(106,250)
	(732,895)	**(943,683)**

15. Non-interest revenue

(USD)	2021	2020
Fee income on Loan portfolio		
Tanzania	10,249	20,731
Kenya	372,028	260,621
Ghana	38,275	10,756
Nigeria	20,457	9,271
Uganda	24,479	27,741
Total Fee income on Loan portfolio	**465,488**	**329,120**
Guarantee fee Partner Bank	41,305	54,605
Consulting income	90,556	-
Fund Management Fee	55,384	-
Non-interest revenue	**652,733**	**383,725**

In 2021, Stichting Medical Credit Fund was appointed as the Fund Manager of MCF2. Stichting Medical Credit Fund earns a management fee of 4.0% per annum calculated over the average gross outstanding loan portfolio of MCF2 for its services. The management fee has been determined on an arm's length basis.

16 Impairments of Loan Portfolio

16.1 Impairments of Funded Loan Portfolio

(USD)	2021	2020
Tanzania	7,354	(2,034)
Kenya	(443,906)	(917,718)
Ghana	(112,146)	(279,777)
Nigeria	(173,899)	(175,787)
Uganda	49,380	5,510
	(673,217)	**(1,369,806)**

16.2 Impairments of Guaranteed Loan Portfolio

(USD)	2021	2020
Tanzania	4,454	14,750
Ghana	-	-
Nigeria	29,613	(43,800)
Uganda	-	(424)
Liberia	7,447	-
	41,514	**(29,474)**

Positive impairments reflect release of provisioning as loans are repaid.

17. Salaries and Wages

(USD)	2021	2020
Salaries - Head Office	(633,397)	(576,468)
Salaries - PharmAccess facility and support agreement	(943,764)	(933,394)
Third party consultants	(45,460)	-
Social security contributions	(75,599)	(66,776)
Pension costs	(53,387)	(51,483)
Other personnel expenses/travel expenses	(6,242)	(5,905)
Coverage personnel expenses in Projects costs TA	62,122	-
	(1,695,727)	**(1,634,026)**

MCF had 24 FTEs in total during 2021 (29 FTEs in 2020) of which 5 FTEs (5 FTEs in 2020) are directly on the MCF payroll whilst the remaining FTEs are charged through the PharmAccess Support Agreement. During 2021 MCF had 8 employees in Kenya, 5 employees in Ghana, 4 employees in Nigeria, and 7 employees in Amsterdam.

18. Project costs TA

(USD)	2021	2020
General TA	(7,987)	(26,997)
Nigeria	(7,715)	(33,937)
	(15,702)	**(60,934)**

19. Other Operating Expenses

(USD)	2021	2020
Legal Advice	(124,872)	(20,178)
Office Rent	(36,698)	(39,800)
IT costs	(90,509)	(214,254)
Audit costs	(107,359)	(88,261)
Travel Costs	(61,978)	(53,294)
Other office expenditure	(68,071)	(82,661)
Office expenditure third parties	(220,847)	(243,783)
Depreciation	(1,921)	(1,921)
Bank charges	(22,868)	(10,373)
Foreign exchange result on TA cash balances	(11,030)	65,187
	(746,153)	**(689,338)**

Additional IT cost was in incurred in 2020 in development of a new loan management system which went live during 2021. In 2021, MCF incurred exceptional legal costs to establish and incorporate MCF2.

20. Grants Realized

(USD)	2021	2020
First-Loss	-	-
TA	-	15,161
Management Costs	2,239,310	2,089,238
Projects	17,606	73,367
Unrestricted	-	-
	2,256,916	**2,177,766**

The above table denotes grants realized (Note 8) and recognised in the statement of comprehensive income during 2021. Grants are recognised in the statement of comprehensive income on a systematic basis over the periods in which MCF recognises as expenses the related costs for which the grants are intended.

21. Related parties

Transactions and outstanding balances between MCF, MCF2, PharmAccess and Health Insurance Fund are disclosed below. All entities form part of the PharmAccess Group Foundation. All of these transactions were entered into in the normal course of business and have taken place at arm's length.

MCF is the Director and Fund Manager of MCF2, and also holds a 1% participating interest in MCF2. The other 99% interest is held by the Health Insurance Fund.

(USD)	30 December 2021	30 December 2020
Outstanding balances		
Investment - MCF2	90,556	-
Receivables / Liabilities related to projects - PAI	247,257	13,029
Receivable - MCF2	55,384	
Deferred Income - HIF	-	-
Total outstanding balances	**393,197**	**13,029**
Transactions		
Consulting income - MCF2	90,556	-
Fund Management fee - MCF2	55,384	-
Income Projects - HIF	2,239,311	2,089,238
Salaries and wages - PAI	(943,764)	(1,038,751)
Other operating expenses - PAI	(343,650)	(361,174)
Total transactions	**1,097,837**	**689,313**

MCF has secured management costs grants of USD 2,601,135 (Note 8 on off-balance sheet items) from the Health Insurance Fund not yet received which will be utilized in 2022.

Other notes

Number of employees

The average number of employees on the MCF payroll during the financial year 2021 was 5.0
(2020: 5.0).

Remuneration Management Board, Director PGF and Supervisory Board PGF

The remuneration of Directors during the financial year 2021 amounted to USD 316,566. This remuneration consists of gross salary and a defined pension contribution:

(USD)	2021	2020
Gross Salary	297,067	284,812
Pension Contribution	19,499	18,977
Total	**316,566**	**303,789**

The remuneration costs for individual Directors meet the WNT-norm and the standard DG-norm as set by the Ministry of Foreign Affairs. Both norms set an upper boundary for Board Member remuneration. During the financial year, the board consisted of 2 FTEs. (2020: 2 FTEs) There is no remuneration for the director (PGF) and the supervisory board of PGF.

Signing of the Financial Statements

By: management board members of Stichting Medical Credit Fund

Signed on the original: A.W. Poels, Managing Director

Signed on the original: G.T. Dawber, Finance Director

By: statutory board of Stichting Medical Credit Fund, duly represented by:

Signed on the original: N. Spieker, Representative of Stichting PharmAccess Group Foundation

Signed on the original: J.W. Marees, Representative of Stichting PharmAccess Group Foundation

Signed on the original: A.W. Poels

Amsterdam, The Netherlands, April 29, 2022

Other Information

Independent Auditor’s Report

Reference is made to the independent auditor’s report as included hereafter.

Result appropriation for the year

The result for the year has been a profit of Three Hundred and Thirty-Three Thousand and Ten United Stated Dollars (USD 333,010).

Independent Auditor's Report

Medical Credit Fund
AHTC, Tower C4
Paasheuvelweg 25
1105 BP Amsterdam
the Netherlands
+31 (0) 20 - 210 3920
www.medicalcreditfund.org
contact@medicalcreditfund.org