

Summary

SME Credit Realisation Fund Limited (the "Company") is a Guernsey closed-ended investment company listed on the Main Market of the London Stock Exchange. Its investment objective is to realise all assets in its portfolio in a prudent manner to achieve a balance between maximising the value from the realisation of the Company's investments and making timely returns of capital to Shareholders.

Quarterly Commentary

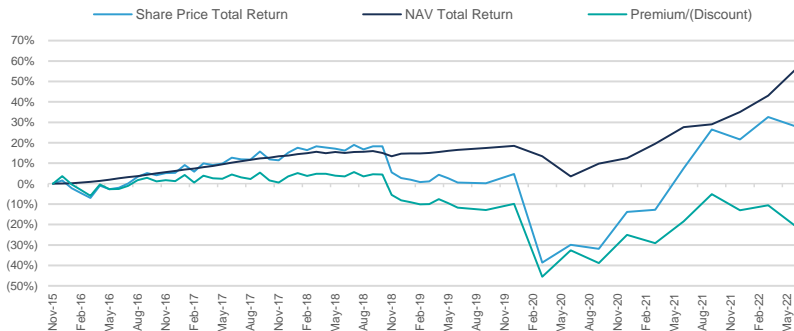
The Company continues to make solid progress in returning capital to shareholders and in respect of Q2 2022 has today declared a total dividend of approximately £0.4m (1.3125 pence per share) as well as a compulsory redemption of shares at Net Asset Value of approximately £11.8m. More details about the Q2 2022 return of capital can be found in the Company's announcements (<https://www.smecreditrealisation.com/documents/rns>).

The total Net Asset Value was £41.7m (Q1 2022: £52.1m) while the Net Asset Value return for the quarter 1 April 2022 to 30 June 2022 was 9.04% (Q1 2022: 5.89%), driven by continued resilient portfolio performance in the quarter with strong borrower payments and recoveries trending higher than forecasted levels. This resilient performance is despite ongoing economic uncertainty, particularly in relation to the impact of inflation, supply chain disruption, and indirect impacts from the events in the Ukraine, however these factors remain a risk to future performance.

Gross principal and interest receipts in the quarter were c.£8.0m, \$3.3m and €2.8m for the UK, US and CE portfolios respectively (Q1 2022: £8.8m, \$3.5m and €3.1m). Cash collections are expected to continue decreasing as the portfolio reduces in size.

The quarter's return included a reduction in the impairment provision on the loans primarily driven by repayments and strong net recoveries. This was partially offset by movement in the relative fair value of the loans through other comprehensive income which experienced an increase in market discount rates driven by ongoing inflationary pressures and increased global uncertainty, however this was partially offset by a moderate favourable revision to projections regarding expected recoveries on defaulted loans in light of the recent strong performance.

Performance Since Inception



NAV Performance Since Inception (Total Return)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
2015											-0.1%	0.1%	0.0%	
2016	0.2%	0.3%	0.4%	0.5%	0.6%	0.6%	0.6%	0.5%	0.7%	0.7%	0.5%	0.6%	6.2%	
2017	0.6%	0.5%	0.6%	0.5%	0.8%	0.7%	0.6%	0.7%	0.6%	0.4%	0.5%	0.4%	7.1%	
2018	0.6%	0.4%	0.6%	-0.5%	0.4%	-0.4%	0.4%	0.1%	0.3%	0.2%	-1.4%	0.2%	0.7%	
2019	0.0%	0.0%	0.2%	0.4%	0.5%	0.4%	-	-	0.8%	-	-	0.9%	3.3%	
2020	-	-	-4.2%	-	-	-8.5%	-	-	6.2%	-	-	2.6%	-4.4%	
2021	-	-	6.4%	-	-	6.8%	-	-	1.1%	-	-	4.6%	20.1%	
2022	-	-	5.9%	-	-	9.0%							15.5%	56.3%

Dividends By Share

Pence	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
2015											-	-	-	
2016	-	-	-	-	-	1.0000	-	-	1.6250	-	-	1.6250	4.2500	
2017	-	-	1.6250	-	-	1.6250	-	-	1.6250	-	-	1.6250	6.5000	
2018	-	-	1.6250	-	-	1.6250	-	-	1.3125	-	-	-	4.5625	
2019	1.3125	-	-	1.3125	-	-	1.3125	-	-	1.3125	-	-	5.2500	
2020	1.3125	-	-	1.3125	-	-	1.3125	-	-	1.3125	-	-	5.2500	
2021	1.3125	-	-	1.3125	-	-	1.3125	-	-	1.3125	-	-	5.2500	
2022	1.3125	-	-	1.3125	-	-	1.3125						3.9375	35.0000

Key Portfolio Data

NAV per Share (cum income)	108.41p
Total Net Assets (cum income)	£42mil
Share Price	85.50p
Market Capitalisation	£33mil
Premium / (Discount)	(21.1%)
Remaining Weighted Average Life	8 months
Largest loan as % of NAV	0.5%
Average loan size as % of NAV	0.02%
Total number of loans	3,668

Quarterly Return Attribution

Gross Income	1.74%
Impairment (IFRS 9 basis)	7.44%
FVTP&L ⁽¹⁾	0.00%
FVTOCI ⁽²⁾	(2.12%)
Servicing Fees	(0.15%)
	6.91%
Operating Expenses	(0.40%)
FX (after hedging)	0.26%
Share redemptions	2.27%
	2.13%
Net NAV Return	9.04%

⁽¹⁾FVTP&L Adjustment includes fair value movements on the Company's interest in the EIB transaction

⁽²⁾FVTOCI Adjustment includes fair value movements on the portfolio of credit assets held by the Company, which moved to fair value accounting from 1 April 2020

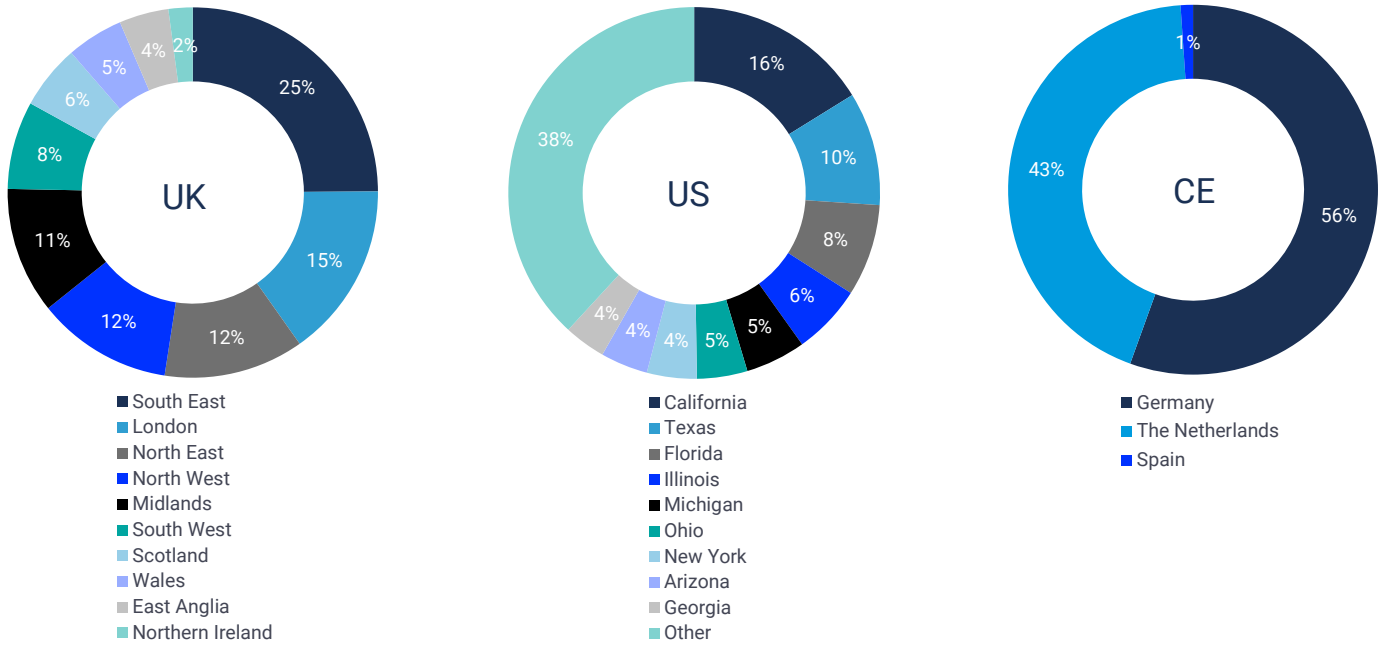
Company Information

Vehicle Type	Closed-ended Investment Company
Jurisdiction	Guernsey
Admission Date	30 November 2015
Market	London Stock Exchange
ISIN	GG00BNDB1G36
Ticker	SCRF
Financial Year End	31 March
Dividend Declaration Months	January July April October
Shares in Issue	38,433,194
Management Fee	0%
Performance Fee	0%
Platform Servicing Fee	1%

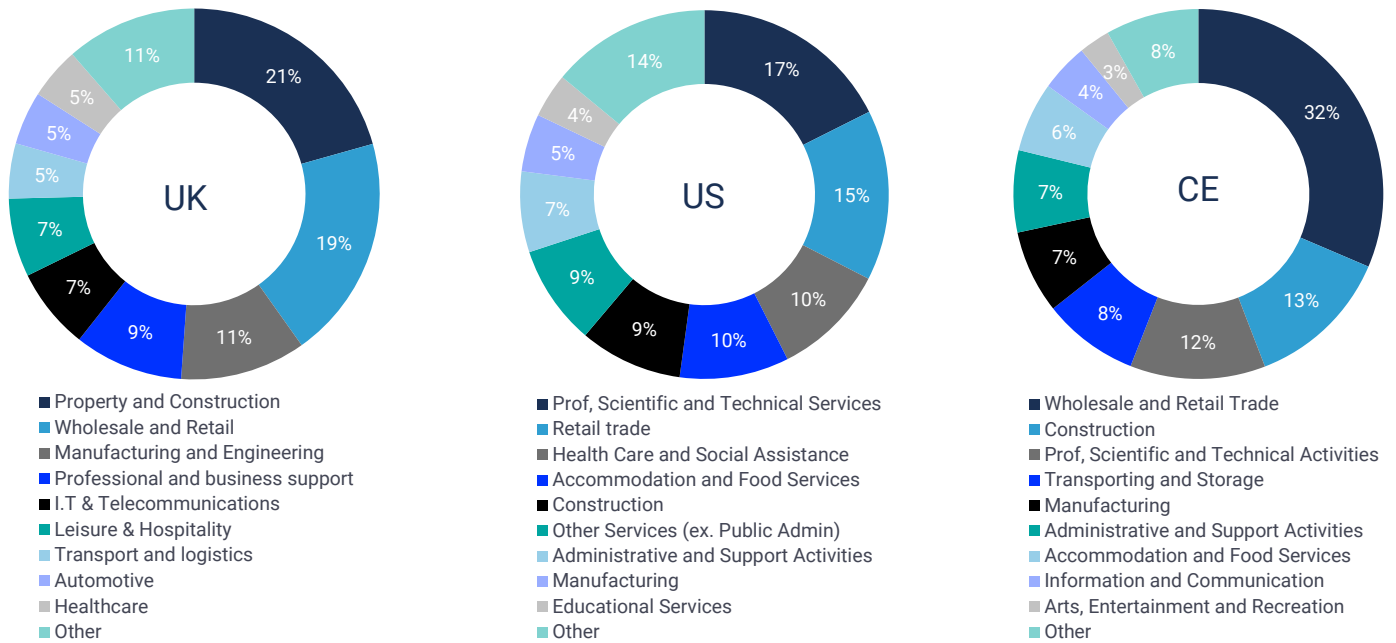
Service Providers

Investment Manager	Self-managed by the Board of Directors
Administrator	Sanne Group (Guernsey) Limited
Registrar	Link Market Services (Guernsey) Limited
Company Auditors	PwC CI
Corporate Broker	Numis Securities

Region Split



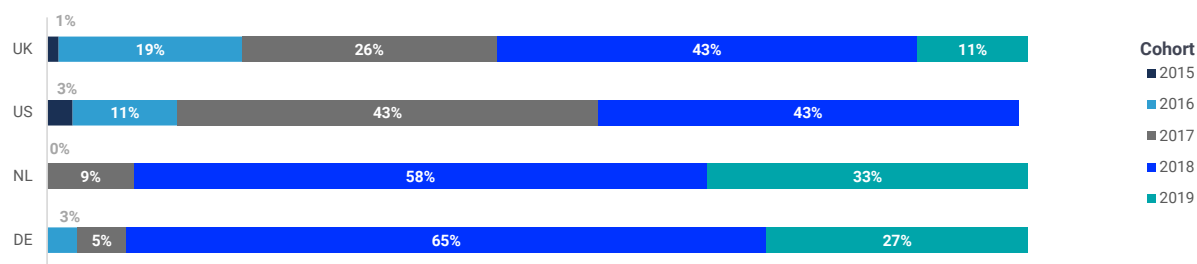
Industry Split



Asset Allocation



Cohort Split

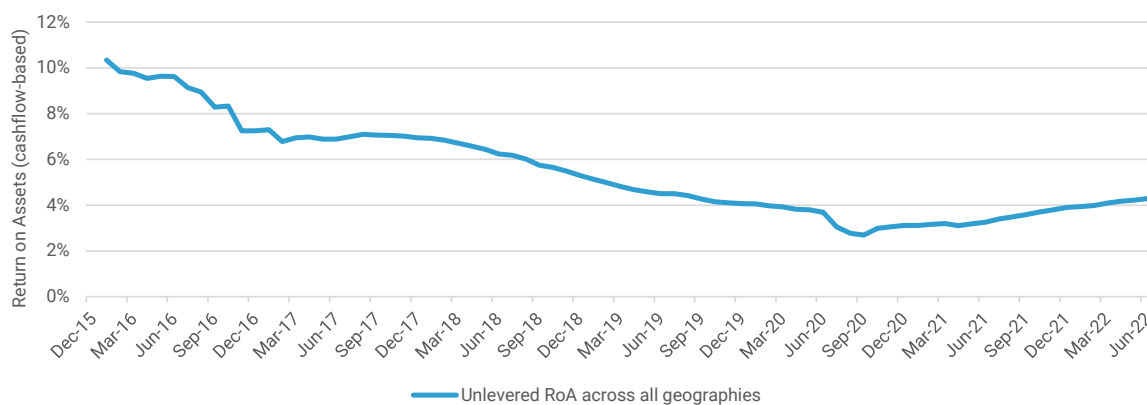


Maturity Analysis



An overview of the portfolio's allocation to performing credit assets with different maturity dates, so as to provide a basis from which approximate contractual cashflows from credit assets in the portfolio can be derived; this does not reflect a number of factors including, but not limited to, possible prepayments, losses, recoveries, costs and any forbearance measures.

Return on Assets (RoA)



An annualised measure of the cumulative cash returns from the loan portfolio. RoA to date is calculated as total cumulative cash income (interest net of servicing fee and recoveries) less defaults as a percentage of non-defaulted balance. Defaults include both legal and technical defaults. RoAs are aggregated across all geographies assuming the portfolios are fully hedged into sterling.

Definitions

Average loan size as % of NAV	Average loan size as a percentage of current net asset value (NAV).
Largest loan as % of NAV	Largest non-defaulted loan (outstanding principal balance plus accrued interest) as a percentage of current NAV.
Market Capitalisation	Quarter-end closing share price multiplied by the number of shares outstanding at quarter end.
NAV per Share (cum income)	The total return on shareholders' funds per share reflecting the change in NAV assuming that dividends paid to shareholders were reinvested at NAV at the time the dividend was announced.
NAV Total Return	A measure of performance showing how the NAV per Share has performed over a period of time, taking into account both capital returns and dividends paid to shareholders. It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend. Opening NAV in November 2015 was 98.00p, after initial costs.
Share price	Closing share quarter-end market mid-price, excluding dividends reinvested.
Premium / (Discount)	The amount by which the share price of the Company is either higher or lower than the NAV per Share, expressed as a percentage of the NAV per Share.
Share Price Total Return	A measure of performance showing how the share price has performed over a period of time, taking into account both capital returns and dividends paid to shareholders. It assumes that dividends paid to shareholders are reinvested in the shares at the time the shares are quoted ex-dividend, based on the share price on the NAV reporting date.
Total Net Assets (cum income)	The value of assets of the Company less liabilities determined in accordance with the accounting principles adopted by the Company.
Total number of loans	Number of loans in the portfolio excluding fully repaid loans.
Remaining Weighted Average Life	The remaining contractual weighted average life of non-defaulted loans in the portfolio.
Return on Assets (RoA)	An annualised measure of the cumulative cash returns from the loan portfolio. RoA to date is calculated as total cumulative cash income (interest net of servicing fee and recoveries) less defaults as a percentage of non-defaulted balance. Defaults include both legal and technical defaults. RoAs are aggregated across all geographies assuming the portfolios are fully hedged into sterling.
Servicing Fees	Fee of 1% per annum, calculated daily on aggregate outstanding principal balance of the portfolio.
FX Hedging Costs	Gain or loss arising from hedged positions on USD and EUR exposures.
Operating Expenses	All other running costs involved in the management of the Company including, but not limited to, audit, legal, regulatory, advisory and one-off fees.

Note: The Company's indirect investment in Credit Assets, made alongside the European Investment Bank ("EIB"), were previously incorporated in this factsheet on a "look-through" basis in the following sections - Key Portfolio Data, Asset Allocation, Cohort Split, Region Split, Industry Split and Maturity Analysis. From December 2021 the EIB transaction was repaid and the Credit Assets are consolidated directly.

Contact Information

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