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CRIMSON FINANCE FUND, LLC.

ANNUAL REPORT

January 01, 2015 to December 31, 2015



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I. INTRODUCTION

In Kosovo, as in most emerging market economies, small and medium sized enterprises (SMEs) have difficulty obtaining the funds they need from banks to fill orders for their products and services, increase local production and sales, improve quality and competitiveness, and hire more people. This is especially true for entrepreneurs, innovators, farmers, woman-owned businesses and minority-owned businesses. The Crimson Finance Fund, LLC (CFF) was established in 2008 to address this need for improved access to finance. CFF is designed to provide working capital and equipment finance to underserved Kosovo SMEs, using innovative financial products such as Purchase Order Finance, (POF) and equipment leasing. CFF's mission is to enable businesses to grow, become more competitive, provide import substitution, increase exports, and create new jobs.

CFF is implemented by Crimson Capital Corp. (Crimson). Crimson developed CFF's structure, corporate governance, staffing, operations, business plan and license application to the Central Bank of Kosovo (CBK) under two grants from the Norwegian Ministry of Foreign Affairs (NMFA) totaling 346,000 EUR, which were awarded in late 2006 and 2007. The CBK licensed CFF as a non-bank financial institution (NBFi) on June 28, 2008. CFF is supervised by the CBK and operates under the regulations and policies for NBFIs in Kosovo. CFF is modeled after the successful Macedonia SME Commercial Finance Fund, also implemented by Crimson (which was started under a Cooperative Agreement with USAID and subsequently was also supported by Norfund).

Through a Cooperative Agreement, #167-A-00-08-00101-00, USAID originally awarded \$700,000 for lending capital to CFF, which was disbursed to CFF on October 29, 2008. CFF was able to disburse its first loan in December 2008. On September 20, 2010, USAID provided an additional \$1.5 million for agricultural finance and the project end date was extended to December 10, 2014. All USAID funds have been used exclusively for lending to SMEs, never to cover any expenses. On October 28, 2014, USAID approved the Disposition Plan for this loan capital of \$2.2 million, allowing the funds to remain with CFF for an additional five years and three months through March 10, 2020 for continued lending to Kosovo SMEs.

On July 29, 2008, CFF entered into a loan agreement with the Norwegian Investment Fund for Developing Countries (Norfund) for a loan of 800,000 EUR (approximately \$1.2 million) for on-lending to SMEs. These funds were disbursed in two tranches to CFF: 100,000 EUR in March 2009 and 700,000 EUR in June 2009. On December 1, 2011, CFF entered into another loan agreement with Norfund for an additional 800,000 EUR. Like the USAID funds, the Norfund money is exclusively for on-lending to SMEs.

On July 7, 2012, the NMFA awarded a permanent grant in perpetuity of \$1 million to CFF for on-lending to SMEs in Northern Kosovo.

This summary report covers the activities and achievements of the Crimson Finance Fund, LLC (CFF) for the year January 1, 2015 – December 31, 2015 and for the cumulative period of June

28, 2008 – December 31, 2015. This summary report includes the information specified in the Disposition Plan for Loan Capital approved by USAID on October 28, 2014.

II. ACTIVITIES & RESULTS

A. RESULTS: JANUARY 1 – DECEMBER 31, 2015

Dollar amount of loans disbursed by CFF: **\$ 2,996,451**

Number of loans disbursed by CFF: **85**

Dollar amount of loans disbursed by CFF to *minority-owned* firms: **\$ 284,364**

Number of loans disbursed by CFF to *minority-owned* firms: **28**

Dollar amount of loans disbursed by CFF to *women-owned* firms: **\$ 517,965**

Number of loans disbursed by CFF to *women-owned* firms: **16**

Number of new jobs created by CFF loans: **1,246**

Number of new jobs created by CFF loans for *minorities*: **40**

Number of new jobs created by CFF loans for *women*: **186**

A list of the loans disbursed in 2015 can be found in Annex A.

B. RESULTS: CUMMULATIVE 2008 - 2015

Dollar amount of loans disbursed by CFF: **\$ 23,751,265**

Number of loans disbursed by CFF: **432**

Dollar amount of loans disbursed by CFF to *minority-owned* firms: **\$ 1,875,651**

Number of loans disbursed by CFF to *minority-owned* firms: **94**

Dollar amount of loans disbursed by CFF to *women-owned* firms: **\$ 3,178,223**

Number of loans disbursed by CFF to *women-owned* firms: **59**

Percentage of dollar amount of loans disbursed by CFF to *agriculture*: **25.72%**

Percentage of number of loans disbursed by CFF to agriculture: **22.92%**

Percentage of dollar amount of loans disbursed by CFF to women-owned firms: **13.38%**

Percentage of number of loans disbursed by CFF to women-owned firms – **13.66%**

Number of new jobs created by CFF loans: **3,769**

Number of new jobs created by CFF loans for minorities: **163**

Number of new jobs created by CFF loans cumulatively for women: **651**

Dollar amount of new sales created by CFF loans (conservative): **\$130,194,965**

C. GENDER EQUALITY ACTIVITIES

CFF lends to women-owned businesses and actively seeks women-owned businesses as clients (see list below of loans disbursed to women-owned businesses to date). CFF has made 58 loans to women-owned businesses in the amount of \$3.2 million, which is 13.4% of the CFF portfolio to date, while the loans by banks to woman-owned businesses is cited as being only about 2% of their portfolios. CFF provides technical assistance and training to women-owned businesses. CFF is also one of the mentors in the IFC and RTC program for supporting women in business between the ages of 25 and 35 years old, which is now preparing for its third iteration.

CFF Loans Disbursed to Women-Owned Businesses

Client Name	Region/City	Sector	Loan Amounts
Agroprodukt Syne	Peja/Istog/Syne	Agriculture – wild and cultivated herbs, fruits and berries	\$131,648
			\$213,070
			\$114,761
			\$208,605
			\$55,534
Alba Market	Ferizaj/Hani I Elezit	Retail – super market	\$50,306
Consulting EU	Pristina	Services – consulting	\$91,604
D Pharma	Pristina	Retail – pharmacy	\$13,600
Eco Farming	Pristina/Podujev Bradash	Agriculture – vegetables in green houses	\$16,349
Feroda	Pristina/Livade	Manufacturing – pellets from wood waste for energy	\$34,925
Idea	Pristina	Agriculture – food products	\$55,880
Koton	Pristina	Retail – clothing	\$20,955
			\$44,946
			\$69,289
			\$129,600
Memoris	Peja/Istog	Retail – clothing	\$28,800
			\$33,116
Osa Termosistem	Prizren/Rahovec	Manufacturing – cooling and	\$97,383

		refrigeration equipment, including lactofreezers	\$131,648 \$140,600 \$132,463
Rugove	Pristina	Agriculture – milk products	\$23,680
Evolucion	Pristina	Services – education	\$30,590
W Consortium	Pristina/Gracanica	Services – architectural design	\$13,858 \$32,250 \$57,813
XL Architects	Pristina	Services – architectural design	\$13,858 \$14,800 \$11,157
PENELOPE	Pristina	Trade – jewelry & accessories	\$26,303 \$51,195 \$65,498
Magic Ice	Pristina	Ice cream, cheese	\$41,573 \$65,253
Dolor	Mitrovica	Health care – Pain Therapy	\$6,602 \$4,591
Melosi	Istog	Construction/Building Materials	\$107,193
EURO TRANS	Ferizaj	Construction/Building Materials	\$61,842
Erisa		Pharmacy/Retail	\$33,792
Biljana	Mitrovica North	Services/bookkeeping accounting	\$6,806
Barnatore Erisa	Pristina	Trade – pharmaceuticals	\$131,433
Bujku BB	Istog	Agriculture/food processing	\$47,734
Trebjesa	Mitrovica North/Zvecan	Services -café bar	\$13,540 \$11,328
Beauty House	Mitrovica North	Services - Beauty salon	\$12,613
Dion Pack	Istog	Manufacturing - bakery	\$63,443
Altro	Pristina	Services- café bar	\$38,323 \$103,791
Danami	Mitrovica North	Services -	\$6,219
A&E	Peja	Manufacturing-metal doors and windows manufacturing	\$45,243
SA Electronic	Mitrovica North	Services- computer services and selling of computer parts	\$8,538
Guri	Prizren	Trade - Pharmacy	\$65,315
Agroinvest	Prizren	Agriculture- meat and dairy farm	\$13,442
Eco Pharming	Pristina	Agriculture- dairy farming	\$27,736
Morea-a	Peja	Services- restaurant	\$22,018
Andrijana Srbliak	Mitrovica North	Services- laboratory	\$11,224
Snezana Pavlovic	Mitrovica North	Services- Health care – massage therapy	\$5,598
Model 2	Mitrovica North	Trade- Shoes and bags shop	\$11,196
Esi	Peja	Trade- cooling and electrical system	\$54,812

D. MARKETING, COORDINATION & OPERATIONAL ACTIVITIES (EXAMPLES)

January – March 2015:

- Site visited 47 new potential clients in different areas of Kosovo, including the North.
- Visited North Kosovo regularly to meet with counterparts and potential clients and to monitor loans.
- Participated in several USAID outreach events in North Kosovo including Leposavic, Zvecan and Zubin Potok.
- Participated in USAID coordination meetings for activities in North Kosovo.
- The Norwegian Ambassador visited the CFF North Mitrovica office and some CFF clients.
- Attended a briefing on the USAID Kosovo Workforce Readiness Assessment at the Ministry of Education, Science and Technology.

April – June 2015:

- Site visited 42 new potential clients in different areas of Kosovo, including the North.
- Visited North Kosovo regularly to meet with counterparts and potential clients and to monitor loans.
- Participated in USAID coordination meetings for activities in North Kosovo.
- Participated in a USAID site visit of CFF's client MOEA/Frutomania.
- Attended the forum organized by the Ministry of Economic Development on the Role of IT and Innovation in sustainable economic development in Kosovo.
- Participated in the workshop by the World Bank/IFC on Movable Asset Based Lending (MABL) in Kosovo.

July – September 2015:

- Site visited 32 new potential clients in different areas of Kosovo, including the North.
- Visited North Kosovo regularly to meet with counterparts and potential clients and to monitor loans.
- Participated in USAID coordination meetings for activities in North Kosovo.
- Attended the meeting with USAID Implementing Partners that took place at the Emerald Hotel.
- Gave a finance presentation and training to women-owned businesses in North Kosovo on the invitation of the USAID Advancing Kosovo Together Program at the RCRC.
- Participated in the Finance Fair and Finance Fair Conference 2015 organized by the Kosovo Banking Association, and presented in the panel "Financing Progress in Kosovo".

October – December 2015:

- Site visited 40 new potential clients in different areas of Kosovo, including the North.
- Visited North Kosovo regularly to meet with counterparts and potential clients and to monitor loans.
- Participated in USAID coordination meetings for activities in North Kosovo.
- Crimson Finance Fund Albania (CFFA) officially received its license from the Bank of Albania on the 5th of October 2015 and on the 6th of October held its launch event at the new offices of CFFA in Tirana. On the 7th of October the Gala Dinner was held for

the Albanian American Enterprise Fund and Albanian American Development Foundation, one of the funders of CFFA. Representatives from USAID Washington attended the Gala.

- Participated in the site visit to CFF's client MOEA/Fruitomania by the US Ambassador.
- Organized and hosted a visit to Mitrovica North to CFF clients by representatives from the USAID EMPOWER Credit Support Program.
- Met with The European Investment Bank (EIB) at CFF offices on access to finance for MSMEs.

ANNEX A: LIST OF LOANS AND LEASES IN 2015

1. VLASKOVIC, Trade, \$8,309, tenor 20 months
2. GENCI, Trade/Distribution/Wholesale/Retail, \$19,890, tenor 36 months
3. PRO MILK, Agriculture/Food Processing, \$92,592, tenor 36 months
4. GECO GROUP, Construction/Building Materials, \$80,246, tenor 18 months
5. SINANI ING, Construction, \$73,863, tenor 16 months
6. B CREATIV, Manufacture/Production, \$48,780, tenor 36 months
7. UNIVERZALI, Trade/Distribution/Wholesale/Retail, \$45,454, tenor 36 months
8. TECHNO ING CONSULTING, Construction, \$49,431, tenor 12 months
9. STANDARD PLUS, Manufacture/Production, \$63,636, tenor 18 months
10. KOSTIC, Trade, \$16,978, tenor 18 months
11. A&E, Manufacture/Production, \$48,780, tenor 36 months
12. MILOSAV, Production, \$16,295, tenor 18 months
13. SA ELECTRONIC, Services and retail, \$8,690, tenor 24 months
14. LARA, Trade, \$5,431, tenor 12 months
15. PP TAK, Production, \$10,863, tenor 12 months
16. BOBO, Services, \$10,863, tenor 12 months
17. DEKOR DRILON, Construction/Building Materials, \$16,304, tenor 24 months
18. XHELA, Construction Materials, \$32,608, tenor 8 months
19. F&F, Construction and Building Materials, \$32,608, tenor 36 months
20. DOBRUNA, Construction/Building materials, \$16,304, tenor 24 months
21. DG GROUP, Services and Trade, \$16,416, tenor 18 months
22. CRNA DAMA, Services, \$5,741, tenor 12 months
23. BANJA, Trade/Distribution/Wholesale/Retail, \$52,173, tenor 36 months

24. NARTEL EXIN, Construction, \$27,173, tenor 7 months
25. CONEX GROUP, Construction/Building materials, \$103,260, tenor 12 months
26. KALAJA, Construction and Building Materials, \$54,347, tenor 12 months
27. SLATKA KUCA, Production, \$5,610, tenor 24 months
28. ESTETIKA DENT, Services, \$5,610, tenor 18 months
29. DOLOR, Services, \$5,610, tenor 18 months
30. GURI, Trade, Retail, \$65,217, tenor 24 months
31. PENELOPE, Trade/Distribution/Wholesale/Retail, \$65,217, tenor 12 months
32. SINANI ING, Construction, \$28,260, tenor 11 months
33. SKY GROUP, Construction, \$108,108, tenor 24 months
34. OMEGA, Production and Services, \$16.416, tenor 36 months
35. ABACUS, Agriculture/Food Processing, \$54,347, tenor 36 months
36. PRO MILK, Agriculture/Food Processing, \$81,531, tenor 24 months
37. LED VISION, Services, \$6,566, tenor 12 months
38. RODNO SEME, trade, \$6,566, tenor 12 months
39. KIF GROUP, Trade/Distribution/Wholesale/Retail, \$27,173, tenor 12 months
40. AGROINVEST, Agriculture/Food Processing, \$13,043, tenor 24 months
41. MS FERGUSON, Services, \$23,913, tenor 36 months
42. MENTI, Manufacture/Production, \$54,347, tenor 12 months
43. ECO FARMING, Agriculture/Food Processing, \$27,173, tenor 36 months
44. AGROPRODUKT SYNE, Agriculture/Food processing, \$54,347, tenor 6 months
45. TRI DENT, Services, \$9.850, tenor 18 months
46. MORE_A, Services, \$21,739, tenor 36 months
47. TE FETI, Services, \$17,391, tenor 36 months
48. ARTANI-N, Trade/Distribution/Wholesale/Retail, \$54,347, tenor 24 months
49. ALBIONI COMERCE, Trade, Retail, \$8,695, tenor 12 months
50. NAGIPI, Trade/Distribution/Wholesale/Retail, \$81,521, tenor 24 months

51. ICE PLUS, Services and Trade, \$11,482, tenor 24 months
52. TAK DOO, Trade and Services, \$5,741, tenor 12 months
53. XL ARCHITEKS, Services, \$10,869, tenor 36 months
54. NARTEL EXIN, Construction, \$83,695, tenor 24 months
55. VIVA PRO TEAM, Trade, \$10,944, tenor 18 months
56. LIMI PLAST, Construction Material, \$59,782, tenor 12 months
57. ANDRIJANA SRBLJAK, Services, \$11,240, tenor 24 months
58. TREBJESA, Services, \$11,240, tenor 24 months
59. KRASS, Services, \$4,374, tenor 36 months
60. SKY GROUP, Construction, \$54,054, tenor 36 months
61. ELEKTRO AG, Trade and Services, \$21,739, tenor 24 months
62. SINANI ING, Construction, \$70,652, tenor 36 months
63. EUROABI, Manufacture/Processing, \$65,217, tenor 16 months
64. SNEZANA PAVLOVIC, Services, \$5,622, tenor 24 months
65. MODEL 2, Trade, 1st CFF Loan, \$11,240, tenor 24 months
66. H FETAHAJ, Trade/Distribution/Wholesale/Retail, \$38,043, tenor 24 months
67. DENTAL STUDIO 32, Services, \$22.480, tenor 36 months
68. NITI COM, Trade/Distribution/Wholesale/Retail, \$48,913, tenor 24 months
69. AUTO SPARTA, Services, \$15.300, tenor 30 months
70. ADONISI, Production Construction Material, \$59,870, tenor 36 months
71. H FETAHAJ, Trade/Distribution/Wholesale/Retail, \$32,608, tenor 4 months
72. ARMENDI FA, Construction material, 4th CFF loan, \$54,347, tenor 24 months
73. AGRO DARVIG, Agriculture/Food Processing, \$31,521, tenor 6 months
74. D MILENTIJEVIC, Trade, \$6,371, tenor 24 months
75. ODIVA 028, Trade, \$6,371, tenor 24 months
76. NEXHI COMERC, Trade/Distribution/Wholesale/Retail, \$59,782, tenor 36 months
77. METRO, Agriculture/Food Processing, \$32,608, tenor 24 months

- 78. **KRASS**, Services, \$9,782, tenor 36 months
- 79. **BANJA**, Trade/Distribution/Wholesale/Retail, \$60,439, tenor 12 months
- 80. **DANCE**, Trade, \$9,828, tenor 24 months
- 81. **ESI**, Trade/Distribution/Wholesale/Retail, \$54,945, tenor 12 months
- 82. **A&D**, Trade/Distribution/Wholesale/Retail, \$27,472, tenor 24 months
- 83. **GEDO**, Construction and Building Materials, \$50,002, tenor 60 months
- 84. **BEBI BIF**, Manufacture/Production, \$54,945, tenor 60 months
- 85. **ALTRO**, Services, \$104,395, tenor 12 months