OIKO CREDIT
investing in people

Annual report 2012

Strengthening agricultural finance

Contents
Annual report 2012

Cover
Cooperativa Manduvirá was founded in the central region of Paraguay in 1975, with only 39 members. It has now grown to support around 1,700 members who produce sugarcane, sesame, cotton, stevia, fruit and vegetables. As many producers in the region face unstable markets for their produce, resulting in low prices and limited employment opportunities, the main priorities for the cooperative are to protect the environment and the rights of small farmers. Cooperative Manduvirá creates access to markets and fair prices so that farmers receive adequate remuneration for their produce. All Cooperativa Manduvirá products carry a fair trade premium, which is usually split equally between one-off payments to cooperative members and funding for community projects including financial, health and computer education.

Oikocredit welcomed Cooperativa Manduvirá as a partner in late 2011, when it approved a US$ 2.9 million loan to build an environmentally-friendly plant to produce organic sugar. When finished, the plant will result in reduced costs for the cooperative and an increase in production capacity. It's also forecast that the new plant will almost triple employee numbers to 170, and an additional 500 farmers will be able to provide raw materials for processing.

communication@oikocredit.org

Letter from the president

Dear friends,

Last year I had the honour to be elected president of Oikocredit's board of directors, and in this capacity I commend to you our annual report for 2012.

Oikocredit continues to experience challenges, change and positive achievement. The economic climate has been far from easy, particularly so for the many millions of people around the world whose daily lives are hampered by an inequitably structured global economy. Our commitment to enhancing such people's personal capacity and autonomy – and our awareness of the questionable practices of a minority of microfinance institutions – kept our efforts strongly focused in 2012. Our aim is to meet the highest standards of social performance and to deliver optimal outcomes for partners' clients.

Oikocredit underwent a number of leadership changes. Tragically, Erik Heinen, member of the management team, passed away after a long illness. Ben Simmes retired after many valuable years with us, including as managing director for the past year. In the meantime, we have also welcomed new colleagues in our midst, not least our new managing director David Woods, who brings a wealth of experience and huge personal commitment. To Fidon Mwombeki, my predecessor as board president, we are enormously grateful for his important contribution in the past years.

Our work continues to progress. We are growing our portfolio of social investments in microfinance, agriculture, education, health and other community initiatives in close to 70 developing and transition countries. We are enhancing the quality of our partnerships with hundreds of microfinance institutions, cooperatives and small enterprises, and we are learning all the time. Especially in the regions, we recruited additional staff to strengthen our capacity in areas in which Oikocredit is growing, and to sharpen further our monitoring, collection and operational capacity support to our partners.

For strategic reasons, Oikocredit prioritizes support for agriculture and rural enterprise, along with lending in Africa. A quarter of the world's most disadvantaged people live in rural areas, many of them reliant on agricultural livelihoods and largely excluded from financial services, while Africa remains a continent with potential but also many challenges.

Notable achievements during 2012 include: increasing our total number of investors while maintaining relationships with our loyal investors; strengthening our work on environmental, social and governance issues; deepening our attention to client outcomes; reaching record levels of loan approvals while selecting partners with the utmost care; providing responsive capacity building support; promoting better environmental practices among farmers and rural communities; and strengthening our own capacity in risk management, equity investment and pre-export agricultural finance. We can be satisfied with outcomes like these while also focusing on the need for continuous improvement.

On behalf of my board colleagues, and those who benefit from Oikocredit's work, let me express appreciation to all our many stakeholders for another productive year. I would like to thank you for your commitment to Oikocredit and to invite you to work with us for global justice in 2013 and beyond.

SALOME

Salome Sengani
President of the board of directors

Five years **Oikocredit key figures**

Figures from the consolidated financial statements [1]					
	2012	**2011**	**2010**	**2009**	**2008**
Members	598	595	595	604	600
Investors	48,000	45,000	43,000	36,000	
Regional and country offices	37	36	36	33	36
National support offices and support associations	35	36	36	36	38
Staff members in FTE [2]	250	222	210	183	191
Partners in portfolio [3]	854	896	863	790	739
€ millions					
Total consolidated assets	723.3	671.9	639.8	537.5	475.8
Euro member capital	511.8	471.9	436.0	377.5	326.0
Member capital in foreign currencies	43.9	39.0	37.4	28.8	24.6
Other lendable funds [4]	73.8	78.5	83.1	62.0	50.2
Total lendable funds	629.5	589.4	556.5	468.3	400.8
Development financing activities					
New disbursements	218.2	196.1	206.3	141.7	181.1
Increase % disbursements	*11.3%*	*(4.9%)*	*45.6%*	*(21.8%)*	*28.8%*
Cumulative disbursements	1,468.8	1,250.6	1,054.5	848.2	706.5
Total cumulative payments (capital, interest and dividends) by partners	1,180.2	953.3	758.8	580.2	436.7
Total development financing outstanding	530.5	520.5	481.2	393.8	365.1
As % of lendable funds (beginning of year)	*90.0%*	*93.1%*	*103.1%*	*98.7%*	*100.7%*
Loss provisions as % of development financing outstanding (financed by own funds) [5]	11.4%	12.5%	12.2%	12.1%	10.9%
Portfolio at risk 90 days	7.0%	9.2%	7.6%	6.2%	4.2%
Write-offs capital and interest charged to loss provisions	18.4	7.7	3.8	0.9	2.0
As % of development financing outstanding	3.5%	1.5%	0.8%	0.2%	0.5%
Total financial income	58.2	55.1	46.5	40.6	36.0
Expenses [6]	23.9	21.3	17.9	15.1	13.1
As % of total assets	*3.3%*	*3.2%*	*2.8%*	*2.8%*	*2.8%*
Impairments and additions to loss provisions	15.6	15.0	12.1	8.1	5.8
As % of development financing portfolio	*2.9%*	*2.9%*	*2.5%*	*2.1%*	*1.6%*
Net income (available for distribution) [7]	22.9	15.9	16.1	19.3	11.4
Proposed dividend	10.5	9.7	8.7	7.4	6.6

[1] Figures up to 2010 include the consolidated 4F Funds. Figures from 2011 onwards exclude the consolidated 4F Funds.
[2] Including staff employed by the regional offices and national support offices.
[3] Partners in portfolio include project financing outstanding as well as projects currently in the process of disbursement, and excludes repaid, written-off or cancelled projects.
[4] Other lendable funds are reserves (2012: € 52,804,000) and non-current liabilities (2012: € 24,124,000) excluding hedge contracts (2012: € 1,939,000) and other liabilities (2012: € 1,209,000).
[5] A part of our projects are financed by third parties (2012: € 799,000). The write-offs include capital (2012: € 13,124,000) and interest (2012: € 5,277,000).
[6] Including expenses covered by grants (for example capacity building expenses) and investments in a new common administration system (Titan).
[7] Refer to Society Income Statement.

On behalf of the Oikocredit board of directors, we are pleased to present the annual report and consolidated financial statements of the Society for 2012. This report highlights the most important developments during the year.

Oikocredit in 2012: empowering people through social investment

In 2012, Oikocredit experienced another positive year of effective social performance and strong financial results, with a continuing strategic focus on Africa, agriculture and rural finance. Despite challenges facing the microfinance sector and the wider economy, our investments contributed to economic development for disadvantaged people worldwide.

In keeping with Oikocredit's strategy, we continued to prioritize work on agriculture, rural finance and Africa. Microfinance, including rural financing, remains the largest contributor to our financial results. In Africa, our work encountered challenges in Mali due to the political situation in the north, and in East Africa, where high interest base rates made partners reluctant to enter into loans, especially during the first half of the year.

Our overall financial results in 2012 were good. This was largely due to controlled portfolio growth, our sale of equity stakes in two microfinance institutions (MFIs), and the outstanding performance of our term investments.

The microfinance crisis in India resulting from problems in the state of Andhra Pradesh has eased. However, our concern about some of the sector's challenges, such as combatting over-indebtedness remains, and we have increased our efforts in these areas.

We were deeply saddened by the untimely death of Erik Heinen, our much loved and highly respected director loans & investments. Erik worked with us for almost 19 years and made a lasting contribution to development and to Oikocredit. Delle Tiongson-Brouwers, our deputy director loans & investments, also left after 16 years, and we wish her well with her new endeavours.

Ben Simmes, our previous director social performance & financial analysis, and before that membership & investments, took on the role as managing director for 2012. At the beginning of 2013, he took his well-deserved retirement. Ben was responsible for putting Oikocredit on the map, especially in social performance. We are grateful for Ben's 16 years of outstanding service and wish him all the best during retirement.

These senior management positions were filled by recruiting David Woods to become our new managing director, appointing Florian Grohs as our new director loans & investments and Ging Ledesma as director social performance & financial analysis.

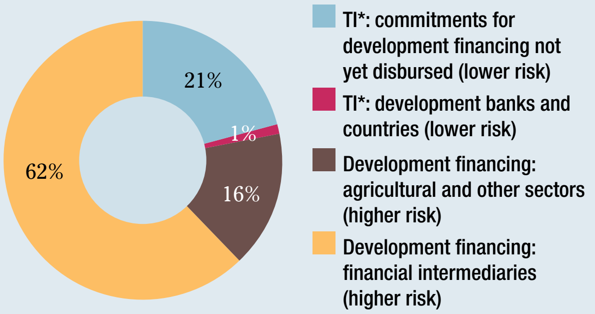
Oikocredit also owes sincere thanks to Fidon Mwombeki, president of our board of directors for the past two years, who helped guide us through challenging times.

Opportunity International Savings & Loans Ltd, Ghana

2012 in graphs

Investment mix Oikocredit invested funds 2012

As of 31 December 2012



Investment mix Oikocredit invested funds 2011

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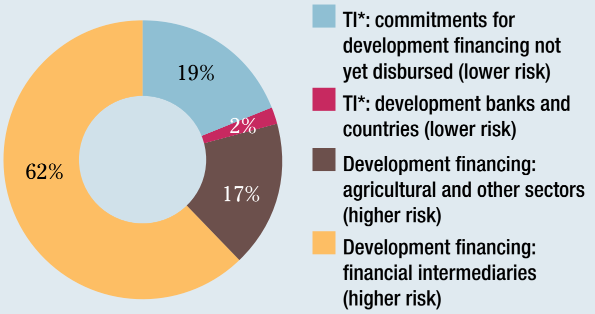
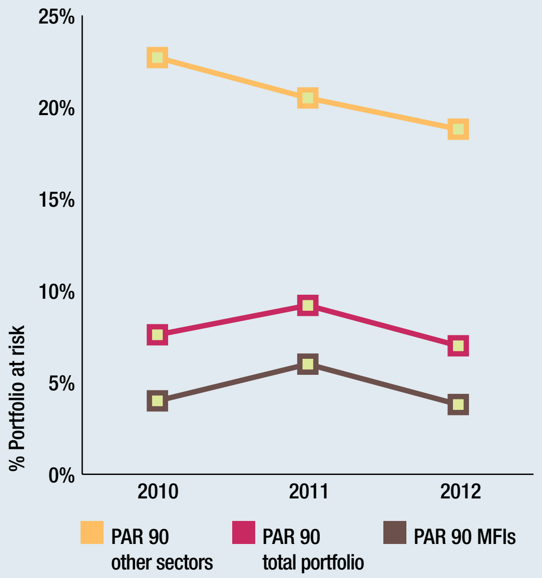


* TI = Term investments

Portfolio at risk

As percentage of total development financing
As of 31 December 2012



Social performance management

Oikocredit's mission of reaching disadvantaged people and enabling them to improve their lives makes social performance as crucial as financial performance. In 2012, we maintained our practice of selecting partners very carefully and analysing them more deeply when their management practices appeared in need of attention.

We have continued to build social performance management (SPM) capacity internally and also support partners by helping them integrate SPM into their work. This means prioritizing the interests of clients above all else. During 2012, we completed the development of our environmental, social and governance (ESG) scorecard for partners outside the microfinance sector. We also enhanced our capacity to assess whether partners meet our ESG criteria – and more generally to appraise their outreach to, and empowerment of, clients.

We supported partners in using tools such as the self-assessment guide for the Client Protection Principles (CPPs), and the Progress out of Poverty Index (PPI) and developed our mentoring programme in East Africa and Southeast Asia. To help compare partners' practices with regard to interest rates they charge their clients and the drivers involved, we increased our comparison of interest rates across the portfolio. Marking the shift in focus of our SPM work to outcomes at client level, we initiated an assessment of the indicators that partners gather about client outcomes.

Development financing

In 2012, Oikocredit's development financing portfolio grew to € 530 million, an increase of 2% from € 520 million in 2011. This growth was lower than expected due to exchange rates and write-offs, especially resulting from the Andhra Pradesh microfinance crisis. Our investments directly or indirectly reach approximately 26 million clients worldwide.

Approvals and disbursements

Loan approvals were at record levels, reaching € 234 million in 2012, up 11% on € 211 million the previous year. Disbursements rose 11%, up to € 218 million, compared with € 196 million in 2011. Local currency loans amounted to almost € 300 million, more or less the same as in 2011 which was close to 60% of our loans portfolio. We aim to maintain a large proportion of our lending in local currencies to reduce partners' exposure to currency fluctuations, taking on the currency risk ourselves.

Portfolio quality: repayments and risk management

Oikocredit's portfolio at risk (PAR) ratio indicates the percentage of our portfolio with outstanding payments more than 90 days overdue. PAR improved markedly during 2012, reducing from 9.2% at the end of 2011 to 7% by end 2012. This resulted mainly from write-offs in Andhra Pradesh against provisions previously made which we added in 2012.

Oikocredit's PAR among MFI partners fell to 3.8% from 6% in 2011, and PAR outside microfinance reduced to 18.8% from 20.5% in 2011. PAR in agriculture remains high, and in 2013, we will focus on further reducing the ratio by increasing due diligence and enhancing our knowledge of this specialized sector.

Our PAR also benefited in 2012 from the work of the new special collections unit at our international office, set up to work with partners in difficulties. In addition, our risk management committee acts as a central monitor for risk. These developments further strengthen our risk management systems.

Equity investments
The sale of Oikocredit's equity holdings in two Cambodian partners, AMRET and PRASAC, were strategic and planned for when the MFIs reached maturity and suitable buyers could be found. In line with our strategy to increase the share of our portfolio in equity, we added around € 12.5 million in new equity investments, particularly in the agricultural sector. We now have 49 equity holdings in total. We have recruited new equity specialists in Latin America and at the international office to manage these investments, which involve close strategic support of partners as part of our social mission.

Support for agriculture – pre-export finance
Neither Africa nor agriculture have yet met their targets as a share of Oikocredit's total portfolio and work on these priorities continues. In order to expand our financing of

"We continue to prioritize work on agriculture"

agricultural producers more systematically, we recruited a pre-export finance officer in 2012. This specialist position will enable us to provide more short-term working capital loans to producer partners, helping them bridge the period between paying local growers at harvest time and the receipt of payment from international importers.

Influencing interest rates
During 2012, we paid particular attention to the interest rates that our MFI partners charge clients. Our primary objective is to ensure that interest rates and other client fees are not excessive in the country or regional context. In East Africa, where base rates were high, we adapted our interest rate structure by allowing more discounts, although this change may take time to affect rates charged to clients. In general, we encourage partners to improve efficiency and to use their profits to reduce rates for clients. The rates we charged partners reflected the general downward trend in base rates and shrinking margins which we consider likely to continue in 2013.

Term investments and 4F Fund

Oikocredit invests part of its assets in term investments for liquidity and risk management purposes. These are mainly fixed income investments such as bonds issued by development banks and developing countries, or bonds issued by corporations that meet our ethical criteria and operate with a beneficial impact in developing countries. We placed more cash in term investments and savings in 2012 and the portfolio performed well during the year, especially in view of risk arising from the eurozone crisis.

VITAS IFN SA, Romania

Our externally managed 4F Fund remains the most important component of our term investments. Taking into account the fund's low risk profile, it has continued to show excellent performance.

Inflow of new capital

Total capital inflow from members was high in 2012, rising by 35% to € 60.9 million from € 45 million in 2011. Redemptions were higher than usual, largely as a result of the Development Fund of the Swedish Churches deciding to wind down its operations. This resulted in the mutual agreement to terminate our collaboration, which meant repaying member capital to the fund. Net inflow of member capital was therefore € 44.3 million in 2012, up 20% from € 36.9 million the previous year.

Net inflow of other lendable funds amounted to € 1.9 million. Our collaboration with the GLS Bank in Germany, with the proceeds of their new savings product granted to Oikocredit in the form of a long-term loan, generated € 5.6 million.

Income statement 2012

Financial income

Income from Oikocredit's development financing portfolio increased by approximately 14% in 2012 compared with 2011. This was the result of factors including the high volume of portfolio growth at the end of 2011, the sale of two equity investments and the strengthening of local currencies, especially in Latin America, against the euro. Total income in 2012 increased by around 15% compared with 2011.

Financial expenses and addition to loss provisions and impairments

Hedging expenses increased substantially, mainly due to low euro base rates compared to base rates of local currencies. Loss provisions were slightly higher than in 2011 because of additional charges needed resulting from bad debts in Andhra Pradesh in India. These were offset by the effects of lower PAR. Included under taxes are the taxes which we expect will be recovered from the bad debts 2012 in Andhra Pradesh.

Operational expenses

Our operating expenses stayed within budget, growing by about 12% over 2012, equating to 38% of total financial income compared with 39% in 2011. Regional costs increased because of exchange rate effects, especially in Latin America. Operational expenses included continued investments in our new investor administration system, TITAN.

Annual dividend and addition to reserves

At the annual general meeting in 2013, Oikocredit will once again propose a dividend of 2% for all currencies, except for 1% for Swiss franc shares. We will also propose to add part of our 2012 net income to general reserves, with elements earmarked for term investments and loan losses as provision for any future adverse developments. We will also set aside funds to upgrade our loans and investments systems.

Results of business components

Three business components contributed to Oikocredit's results:

- *Loans and investments (direct project financing).* The net result after taxes was € 16.1 million (2011: € 12.4 million), approximately 3.1% of the average outstanding portfolio (2011: 2.5%). Net results benefited from portfolio growth and the sale of equity stakes in Cambodia, partly offset by substantially higher hedging costs than the previous year.
- *Term investments (bonds).* The net result of our term investments increased substantially from € 3.1 million in 2011 to € 8.2 million, mainly as a result of the lower interest rate environments increasing the value of the investments and therefore returns on the portfolio.
- *Subsidized activities (representing capacity building and specified costs covered by grants).* Results of our subsidized activities are added to, or deducted from, designated grant funds within the Oikocredit International Support Foundation.

Cash and currency management

Cash position

Net investments were slightly lower than in 2011, while capital inflow was higher. As a result, Oikocredit had a higher cash position at the end of 2012 than the previous year.

Financing of Indian subsidiary Maanaveeya

During 2012, our portfolio in India grew again, and our subsidiary Maanaveeya entered into new loan agreements with Rabobank International Mumbai Branch (RIMB), in coordination with Rabobank Nederland, amounting to

Central Lanera Uruguaya, Uruguay

INR 400 million (approximately € 5.7 million). In previous years, Oikocredit invested a substantial amount in the share capital of Maanaveeya. In addition, we financed activities with loans obtained from financial institutions in India.

Covering and hedging local currency and USD exposures

Oikocredit's local currency exposure is covered by the local currency risk fund within our Support Foundation. When necessary, we hedge with financial institutions and with the Currency Exchange Fund NV (TCX). We maintained hedges of our US dollar exposure at around 90% of total exposure.

Other developments

Human resources

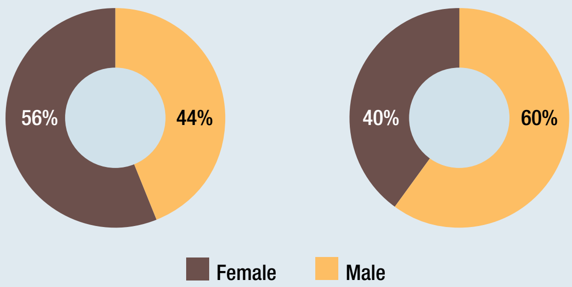
Oikocredit's staff has again grown, requiring a considerable number of recruitments by our human resources department. Full-time equivalent positions increased from 222 in 2011 to 250 in 2012, of which 188 were in regional offices, fair trade and equity. We made significant senior management changes, as previously noted, as well as filling other vacancies and budgeted new positions.

Oikocredit staff overview

As of 31 December 2012

Division of staff by gender

Division of management team by gender



Oikocredit employs staff from almost 50 countries worldwide.

Audit committee

The audit committee met twice during 2012. As in 2011, the committee, along with our auditors and senior management, reviewed our financial statements, the effect of accounting policy changes, our subsidiaries, internal audit plans and reports and internal control structures. Reviews of the risk management process, risk indicators, compliance and business continuity remain recurring committee agenda items.

Environmental policy

Oikocredit's board approved the new environmental policy in 2012 and implementation will be taken forward into 2013. This policy is as much for Oikocredit itself as for partners where we already use an ESG (environmental, social and governance) scorecard in assessing the projects we finance and we will begin further implementation internally before applying the policy's impact analysis framework to project-related environmental risks.

Outlook 2013

In 2013, Oikocredit will develop its activities in Cameroon as a new focus country in Africa. With the new pre-export financing officer position at the international office, and with increasing understanding of the agricultural and rural sector, we expect to further develop lending to agriculture and agri-processing as a strategic area of our portfolio. We intend to pilot new projects in India with a focus on renewable energy initiatives.

Challenges we face in 2013 include maintaining and balancing healthy growth with our increasing focus on social performance in often difficult market conditions. We foresee that the cost of our human capital will increase because of additional resources needed related to compliance and regulatory demand and the need to add expertise in agricultural and other sectors to expand beyond microfinance. We will continue to prioritize careful partner selection in relation to both social and financial performance. Higher operational expenditure resulting from exchange rate effects and rising staff costs in Asia and Latin America will need close monitoring, along with lower income as a consequence of shrinking margins and lower interest base rates. Overall, 2013 could be challenging with respect to our net results.

We will continue to invest in upgrading our loans and investments systems. We expect to maintain a strong performance in northern Europe in terms of capital inflow, and our national support office in Canada will help generate new funds. Changes in legislation in the European Union may affect our ease of raising capital, however we will investigate possible new operating models to ensure that we are well placed to adapt.

Conclusion

The year's financial results and social performance outcomes are positive. Supporting the empowerment of disadvantaged households, often in rural areas and in emerging markets is rarely straightforward. Nevertheless, Oikocredit's continued success in working with MFIs, cooperatives, fair trade organizations and small to medium enterprises (SMEs) around the world shows what can be achieved with long-term commitment.

As always, we are grateful to our partners, members and other investors, support associations, board members, volunteers, staff and the wider community for making 2012 a year of genuine accomplishment.

Amersfoort, 27 February 2013

SALOME

Salome Sengani
President of the board of directors

David Woods
Managing director

€ 530
million capital outstanding

Investing in people-centred development

Loans & Investments department

Oikocredit works with partners in nearly 70 countries, providing loans, credit lines and equity investments through offices in 37 countries throughout Africa, Asia, Latin America, Eastern Europe and Central Asia. We mainly support microfinance and agriculture but also have partnerships in areas such as health and education.

In 2012, we supported 854 partners, of which 583 were microfinance institutions (MFIs). These range from small credit cooperatives working in harder-to-reach rural areas to larger, more established microfinance banks. This mix helps balance the risk that some partners might fail. We select partners after an intensive due diligence process covering financial criteria, social objectives and social performance.

In agriculture, we particularly seek out cooperatives that produce and process crops including grains, coffee, cocoa and cashews. Almost one-third of our partners are cooperatives, and another third are non-governmental organizations. With so many of the world's disadvantaged people living in rural areas, our strategy is to steadily expand support for agricultural-based organizations. Microfinance promotes financial inclusion, and demand for MFIs' services continues to grow. Without social investments many of our microfinance partners' clients in rural areas would have no access to savings accounts or loans.

Regionally, our largest concentration of partners is in Central and South America, followed by Africa, Asia, Eastern Europe and Central Asia. In 2012, we supported 190 partners in Africa (22% of the total), 200 (23%) in Asia, 102 (12%) in Central and Eastern Europe, and 347 (41%) in Latin America and the Caribbean. We have 15 partners (2%) in other regions.

Florian Grohs, who has been with Oikocredit for 10 years across various roles, was appointed Erik Heinen's successor as director loans & investments in April 2012.

Approvals and disbursements

Loans approved totalled € 234 million in 2012, up from € 211 million in 2011. Disbursements rose to € 218 million up from € 196 million in 2011. We saw a slight fall in our total number of partners, down by 5% to 854. We made fewer loans to new partners (70), largely as a result of consolidation in the microfinance sector and also due to a number of MFIs ceasing activity, particularly following the crisis in the Indian state of Andhra Pradesh. With our increasing focus on agriculture, we do expect partner numbers to grow again.

Portfolio mix

In 2012, microfinance represented approximately 69% of our partners and 79% of our outstanding loans. MFIs include organizations making loans to micro-entrepreneurs, farmers and households, financial institutions lending to small to medium enterprises (SMEs), wholesale lenders supporting smaller organizations such as credit unions and multi-purpose institutions that combine microfinance with community services in health or education, especially in India. Second to microfinance in terms of portfolio share is agriculture and processing (12%), followed by trade (3%) and educational and health projects (3%).

Agriculture and rural livelihoods

Agriculture is increasingly important to Oikocredit because so many smallholder farmers are among the world's disadvantaged people and financial services can be particularly scarce in rural areas. Investments in agriculture have substantial rural development impact. In 2012, we approved € 25 million in new loans to 38 agricultural partners. We disbursed € 35 million in loans to the sector overall, including support to organic farming, processing and sustainable forestry. We are eager to increase our support for rural cooperatives and fair trade producers through pre-export finance.

Pre-export finance

Oikocredit provided additional support during 2012 to coffee, cocoa, cashew, cotton and mango production partners through pre-export finance. We gained experience with this approach in Central America, the Caribbean and northern South America and plan to extend it to Africa and Asia. Pre-export finance uses short-term capital or 'bridging' loans, secured through a contract to deliver agricultural commodities, to enable exporting partners to pay farmers at harvest time before receiving payment from buyers abroad. Many of our agricultural partners might otherwise not be able to export, or might have to take out mortgage loans on their buildings to finance exports.

We have recruited a pre-export finance specialist at our international office to work with and train our country offices and to connect producers with buyers in Europe and the United States.

Project approval delegation

We have begun to delegate more responsibility to approve smaller and less risk-prone projects to our six regional development centres (RDCs), enabling us to provide partners with better and faster service. The Loans & Investments department has developed guidelines and will train regional staff as part of the process.

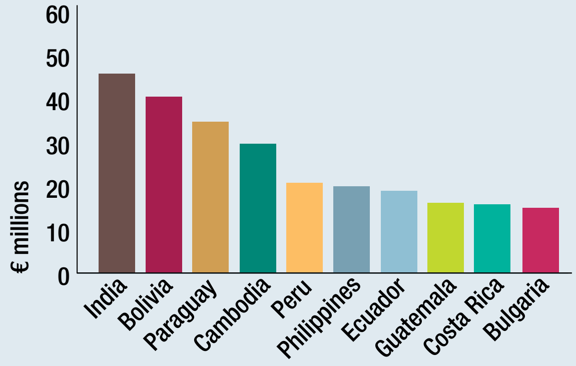
PAR improvement

Our portfolio at risk (PAR) improved markedly in 2012, reducing overall from 9.2% to 7%. The PAR ratio states the value of loans with payments more than 90 days overdue as a percentage of our total gross loan portfolio. Reduction during the year reflected our planned, and provided for, write-off of bad debts that had accumulated with the microfinance crisis in India's Andhra Pradesh. Our improved PAR also resulted from enhanced due diligence in partner selection and from intensive monitoring of, and support to, partners encountering repayment difficulties.

As the microfinance sector stabilized, PAR among our MFI partners fell from 6% in 2011 to 3.8% in 2012. We continued to support MFIs in implementing the Client Protection Principles (CPPs) to avoid client over-indebtedness. PAR also decreased among our agricultural partners to 16.2%, and we aim to reduce it further by enhancing our partner due diligence and monitoring.

10 countries with highest capital outstanding

As of 31 December 2012



U-IMCEC, Senegal

Guarantee funds

Third-party guarantee funds help Oikocredit finance smaller organizations of higher risk but with strong growth and social impact potential. Our main and much valued partners for loan guarantees are ICCO, the Church of Sweden and USAID. ICCO and the Church of Sweden also finance capacity building for our MFI partners.

Equity investments

Oikocredit has now invested € 39 million for minority ownership stakes in 49 companies and funds, resulting in a diversified portfolio. Total commitments include another € 16 million, mainly for specialized investment funds, such as AfricInvest, which draw down their funds over five years as they make investments. Our equity investments provide capital and governance support to social enterprises that find it difficult to obtain risk capital, but where we see potential for both development and investment returns. As part-owner of the business, we usually have a seat on the board of directors where we contribute to improved governance, strategy development and building overall institutional capacity. This is also where we monitor adherence to social performance principles.

During 2012 we invested another € 12.5 million, adding to the portfolio both in capital increases and new investments. We also recruited additional equity specialists as part of our plan to grow the equity investments portfolio to € 60 million outstanding by 2015. The portfolio was reduced by sales of two investments in Cambodian MFIs, which were negotiated for strategic reasons and generated good capital gains. When our strategic role with an investee is no longer as important, we can discuss a suitable exit with our partners.

In November, we held a workshop for all our nominees to the boards of our equity investments. We want to improve our collective ability to contribute to more effective boards and overall governance. The workshop was a valuable opportunity to share experiences, learn together and discuss ways to provide better support.

‘Building the capacity of our existing offices’

Outlook 2013

In 2013, Oikocredit aims to further increase support for agriculture and develop a balanced portfolio combining larger, more established agri-processing partners with smaller cooperatives. We will focus part of our staff training in Africa, Asia and Latin America on better understanding the agricultural and rural sector, including agri-processing. We will also seek more partnerships with development organizations to share agricultural portfolio risk by providing partial guarantees which will enable us to make more loans to emerging enterprises.

We also plan to work with more partners in education and health, as well as in India to expand financing for vocational education and renewable energy. In Africa, our new Cameroon country office will open in 2013. Rather than adding further new focus countries in Africa, we will prioritize building the capacity of our existing offices. As part of our decentralization strategy, in 2013 our RDCs will be able to approve more loans directly through the regional credit committees.

COPAGRAN, Uruguay

Africa **Support for agriculture**

In 2012, Côte d'Ivoire, the location of Oikocredit's West Africa regional office, was still recovering from civil war. Armed conflict broke out in northern Mali, one of our focus countries. Despite high interest rates and high inflation in several countries, growth remained solid in most of Africa.

Oikocredit's portfolio in West Africa was affected by the legacy of civil war in Côte d'Ivoire and by a weakening microfinance sector, especially in Mali. Nevertheless, our regional office approved new loans and continued disbursements to partners throughout 2012.

Our lending in West Africa (Ghana and Nigeria) and East Africa (Kenya, Tanzania and Uganda), largely in local currencies at local interest rates, was affected by high base rates and high inflation. We also fixed our local rates to protect partners against interest rate rises. East African interest rates began to fall in the third quarter, which boosted our lending, and the region closed the year with many new approvals. Our support for agriculture improved with completion of studies specific to our focus countries.

Having opened country offices in Mozambique and Nigeria in 2011, we approved two new projects in these countries in 2012. We also recruited a country manager and set up an office in Rwanda. Cameroon will be our next African focus country.

In Africa our lending is particularly focused on agriculture. Our non-microfinance portfolio (including agriculture, education and health) totalled € 8.4 million in Côte d'Ivoire in 2012, compared with € 17 million in microfinance, € 7.9 million in Kenya, with € 20 million in microfinance.

Our Terrafina Microfinance partnership with ICCO and Rabobank Foundation supports small developing MFIs in East and West Africa with loans (from Rabobank Foundation and Oikocredit) and with capacity building (provided by ICCO) in such areas as repayment schedules to match clients' crop-dependent income patterns.

Savings and credit cooperatives are central to our work in Africa. They are crucial in meeting the needs of many rural people who would otherwise be financially excluded.

Adu Thielène, Senegal

Adu Thielène

Adu Thielène is a farmer's cooperative with more than 300 members in the Senegalese village of Thielène. It was established in 1960 to provide members of the cooperative a market in which to sell their produce under better conditions. The main types of produce cultivated by the cooperative members are rice, tomatoes, onions and various other vegetables. Shortly after the year 2000, the village experienced a severe drought and subsequently flash floods which destroyed crops and resulted in a food crisis. The cooperative was helped by the Dutch Water Management Authority and another organisation to get access to the river shores for irrigation and also drinking water. Adu Thielène then needed finance to build the business. Oikocredit provided a loan for purchasing small agricultural machinery, building of equipment maintenance facilities and pumps to channel water. The purchasing of new equipment has enabled Adu Thielène to increase productivity, providing members with sufficient income and security during times of unpredictable weather conditions.

Asia
Recovery, consolidation and growth

Asia has seen strong and rapid economic development in recent years, with rising per capita incomes, substantial investment in the mainstream economy and major declines in the number of people living below the poverty line. Despite this, Asia is still home to half the world's poor and subject to high levels of environmental damage and increasing income inequality.

Recovery from the microfinance crisis in the Indian state of Andhra Pradesh which was largely a result of the state government's actions forcing MFIs to shut down, was a priority for Oikocredit in 2012. The Indian regulatory environment has improved, however a new law is still awaited. We implemented our planned write-off of many outstanding loans and diversified to other Indian states where we sought partners offering microfinance and non-microcredit services such as insurance, housing, health, sanitation, education and solar power. We strengthened the management of our Indian subsidiary, Maanaveeya, by recruiting new heads of operations and finance and held workshops with partners on the Client Protection Principles (CPPs).

Despite problems in Andhra Pradesh state in recent years, in 2012 we achieved good levels of lending in India. We support vocational schools in India, delivering quality education to youths from disadvantaged backgrounds and charging low fees. We have also begun a partnership with the World Bank's International Finance Corporation to study the potential of financing for agricultural value chains. India is the country with the largest number of Oikocredit partners anywhere in the world.

Lending was also strong in Southeast Asia, where we are active in Cambodia, the Philippines and Vietnam and made our first loan in Laos. We sold long-standing equity holdings in Cambodian MFI partners AMRET and PRASAC, recognizing that strategic involvement was no longer necessary. We continue to promote the CPPs, to provide technical support on the use of the Progress out of Poverty Index (PPI) and to facilitate social performance mentoring with selected Southeast Asian MFIs. In Cambodia, we support a radio programme that promotes financial literacy among microfinance borrowers, and we provided strategic risk management training for partners in Cambodia and the Philippines.

CARD, Philippines

CARD

CARD is the largest microfinance institution (MFI) in the Philippines which has served over 1.7 million clients since its beginnings in 1986. Through its 1,435 offices, CARD offers financial access for socially and economically challenged women and their families, particularly those living in impoverished regions. The loans provided by CARD enable women access to education and health services as well as development and ownership of businesses. CARD also offers accident, disaster and life protection insurance as a voluntary benefit to its members. Oikocredit partnered with CARD in 2002 as its strategic outreach to poorer, more difficult and underserviced areas in the country aligned with Oikocredit's social mission. Since its partnership, Oikocredit has provided six loans to CARD, the latest to help grow its micro agriculture portfolio. With the support of Oikocredit, CARD has extended its reach to more underserviced clients, particularly those in rural areas.

Latin America
Benefits of stability

Oikocredit's work in Latin America and the Caribbean benefited from a favourable macroeconomic and political environment in 2012, with largely peaceful electoral transitions and stable currencies. Challenges have included falling coffee prices which have affected the incomes of smallholder growers.

Our loan approvals achieved good results in Latin America in 2012, where our microfinance and agricultural portfolios performed well. Positive outcomes have included aggregate growth of our microfinance portfolio and an increase in fair trade coffee financing. We see support to producer cooperatives as a way to make farm-based employment more sustainable and to potentially encourage young people into rural livelihoods.

In Mexico, Central America and the Dominican Republic, we work with partners in microfinance and across a range of agricultural products including coffee, cacao, dairy, mango, banana, pineapple, honey and vegetables. Many of our partnerships have strong environmental and social development objectives. Local initiatives include educational projects and scholarships, risk management and capacity building, often funded by the Fairtrade premium or from Oikocredit's own resources. Partners combining agricultural production with sustainable forestry include FORESCOM in Guatemala and UNICAF in Honduras.

We work in northern South America with MFIs and many small coffee and cacao cooperatives in remote mountain areas that represent some very disadvantaged communities. Our support for small producer associations includes pre-export finance and longer-term lending for investment in processing, infrastructure and in some cases, replanting coffee trees.

We have increased our support for agricultural producer organizations in southern South America, including a new partnership with Asociación de Cooperativas Argentina (ACA). ACA was founded in 1922 by 10 local cooperatives in Santa Fé and Córdoba provinces and today comprises more than 50,000 small to medium sized farmers belonging to 156 cooperatives in Santa Fé, Córdoba, La Pampa, Buenos Aires and Entre Ríos provinces. In Bolivia, we continue to work with our long-standing partner Asociación CRECER, which provides loans, insurance and financial training to urban and rural women, along with training on health and environmental issues.

We expect the economic situation in Latin America to remain advantageous. In Central America, we plan to shift focus from MFIs and other financial institutions towards social enterprises working in agriculture and processing.

INDUSTEA, Argentina

INDUSTEA

INDUSTEA was set up in 2007 by several tea producing cooperatives and small to medium enterprises (SMEs) in Argentina's northern province of Misiones. It was created to process, classify, package and commercialise the tea produced by the cooperatives and SMEs. Oikocredit started working with INDUSTEA in 2010, providing it with a loan that would contribute to modernising the tea plant and packing system, improving its capacity and product quality and adding value through the production of granulated tea. There are currently 280 tea producer families (around 1,680 people) that benefit from INDUSTEA and with improved production from Oikocredit's loan, the organisation plans to reach another 200 producers and their families (1200 people). By processing and commercialising the tea as a collective, more jobs have been created and the income and quality of life of producers and their families has improved.

Eastern Europe and Central Asia
Balanced portfolio development

In 2012, Eastern Europe and Central Asia had still not fully emerged from the recent economic crisis. Elections in Georgia, Romania, Russia and Ukraine, and social tensions in Kyrgyzstan, hindered our partners' growth prospects. Tighter state control over the microfinance and banking sectors in Kyrgyzstan gave rise to uncertainty about future regulatory changes.

Despite the challenging regional context, Oikocredit has maintained its careful expansion strategy in Eastern Europe and Central Asia, focusing on good quality loans to partners with compatible social and development objectives and the establishment of new relationships. We have successfully added new partnerships to our portfolio in Bulgaria, Kosovo, Moldova, Mongolia, Romania and Russia, balancing emerging and more mature financial institutions and including several agricultural partners.

We have taken first steps to expand our portfolio in the agricultural sector in Moldova, Romania and Ukraine. In Bulgaria, land grabbing of productive farmland by major agricultural funds and foreign investors is becoming a concern, putting the investments of our much smaller agricultural partners, mainly cooperatives that rent land from small landowners, at risk. We have therefore adopted a strategy of supporting our partners in purchasing agricultural land to safeguard their businesses.

EZOXS, Bulgaria

EZOXS

EZOXS is a private agricultural company based in the town of Popovo, in northern Bulgaria. The area is an agricultural region with a long tradition of producing grain, fruit and vegetables. After the fall of communism in Bulgaria, land was divided into small plots. Many of the plots were not large enough for owners to run as farms on their own, resulting in land not being used. In 1994, two local men decided to start EZOXS, which began leasing neighbouring plots to provide enough land to cultivate a sustainable amount of produce. The company has now grown to lease plots from over 1,481 landowners across 10 villages and one town. As the majority of landowners (825 women and 656 men) are elderly who live off an average monthly pension of around € 100, the additional income from leasing their land to EZOXS is substantial. All landowners and their families, the company's 62 permanent employees and 26 seasonal employees benefit from the financial returns of the company. Oikocredit provided EZOXS with its first loan in 2004, which contributed to the purchase of machinery and equipment such as tractors, irrigation devices and ploughs. Oikocredit has since provided an additional six loans which helped construct a dairy farm and modern grain storage devices. With loans from Oikocredit, the company has grown into a business which has improved the living standards of many people in its region, providing a sustainable income and locally grown, fresh produce at lower prices for local residents.

854
partners

Committed to client welfare

Social Performance & Financial Analysis department

For Oikocredit, social performance means keeping clients' needs at the centre of our work and striving to meet those needs more effectively and efficiently. The first step in our social performance management strategy is the selection of partners who share our commitment to client welfare.

At the end of 2012, 383 of Oikocredit's partners reported having engaged in initiatives that improve their work. These include identifying and reaching target clients, delivering products, services, programmes and operations to safeguard client well-being, responding to clients' needs and value creation for clients.

Among these partners were 38 that we supported during the year in using the Progress out of Poverty Index (PPI). The PPI facilitates more focused outreach to disadvantaged people and enables partners to monitor change in clients' lives over time. Now close to 70 partners are using this poverty profiling tool.

Staff of 66 microfinance partners received training during the year in the implementation of the Client Protection Principles (CPPs). This included assessing their current operations to identify areas where compliance with the CPPs could be improved to guarantee their clients' welfare.

Emphasis on client outcomes

The year saw a shift in Oikocredit's focus from partners' social conduct to client-level outcomes. Our work therefore focused on how our partners help people improve their lives in lasting ways. Initiatives were established to address the needs of clients, which included:

- Study of client over-indebtedness in Cambodia
- Client mapping survey of possible market saturation in Philippine villages
- Survey of client-level change indicators that partners are currently collecting
- Financial literacy radio programme in Cambodia
- Support for a debt advice centre in Bosnia & Herzegovina
- Research project with the International Labour Organization (ILO) on microfinance for decent work
- Mentoring programmes for microfinance partners in Cambodia, the Philippines, Kenya, Senegal, Tanzania and Uganda
- Introducing the PPI to 24 partners in Central America

Our mentoring programme uses the Universal Standards for Social Performance Management (USSPM) as a framework for improving practices with a positive impact on clients. Initial results have been promising. Participating partners have changed debt collection practices, introduced flexibility on loan products, reviewed collateral requirements and identified internal social performance management (SPM) leaders. The programme helps to steadily improve performance at three levels: among our own staff, among local consultants who provide the mentoring and among our microfinance partners.

Infinity Microfinance Bank Limited, Nigeria

Although we continue to strengthen our attention to microfinance clients, we still recognize the need to raise microfinance partners' awareness and build their capacities in SPM. During 2012, we organized, co-sponsored and supported nine conferences and workshops on SPM for almost 100 microfinance institutions (MFIs) worldwide.

Capacity building in agriculture

To help meet Oikocredit's strategic objective to provide more support for the agricultural sector, we are devoting a significant part of our capacity building support to creating greater value for farmers and rural communities which includes promoting better environmental practices.

In 2012, our support included helping our Kenyan MFI partner, Molyn Credit, develop relationships between farmers, suppliers, buyers and providers to establish a marketing hub benefiting 200 dairy farmers. We also supported business management and governance training workshops for the Kuapa Kokoo Farmers' Union in Ghana. In Colombia, more than 200 small coffee growers benefited from our workshops on improving crop quality and applying conservation techniques in accordance with fair trade standards. Bringing biodynamic organic rice to commercial markets was the focus of our capacity building support to the Don Bosco Network Multi-Purpose Cooperative in the southern Philippines.

During 2012, we also began collaboration with Bulgarian private agricultural company, Ezoxs, in developing a biogas digester for a partner working in crop production and cattle breeding. This investment will increase the quantity and quality of organic fertiliser, reduce the use of chemical pesticides and transform solid waste into biogas, producing electricity for public distribution.

Capacity building policy and staff development

During 2012 we revisited our capacity building policy and defined five priority areas in response to partners' needs:

- Product development to enhance value
- Market studies and strategic positioning
- Risk management and governance
- Social performance management
- Agricultural value chains

Internally, Oikocredit continues to build capacity to choose partners and support them in improving their practices. We are training our staff in various areas critical to client welfare. Five staff members worldwide are now certified junior assessors of the Smart Campaign, having undergone training and participated in an in-depth assessment of an MFI.

Strategic partnerships

For capacity building, we have several strategic partners that we collaborate with, including the Church of Sweden, ICCO, Terrafina (with the Rabobank Foundation) and the World Bank's International Finance Corporation.

In microfinance, our key partners are the Social Performance Task Force, the Smart Campaign, Grameen Foundation, the Dutch Platform for Inclusive Finance and exchange network Cerise.

To continue our work in other sectors beyond microfinance, we are building new partnerships, with the most recent being the Council on Sustainable Agricultural Finance (CSAF) and its impact working group. Our experience with strategic partnerships in microfinance has been immensely positive, as it has inspired and guided our approach to SPM.


SEKEM, Egypt

Assessment and approval criteria

During 2012, we evaluated our environmental, social and governance (ESG) scorecard for microfinance partners against audit and rating tools developed by other parties in the microfinance sector. Scores obtained showed a high correlation, indicating that our ESG assessments are well aligned with internationally accepted tools within the sector.

We have implemented an ESG scorecard for partners in production and services enhancing further our social due diligence regarding such partners. Oikocredit loan contracts with microfinance partners now require a CPPs plan of action as well as an endorsement of the Smart Campaign.

Monitoring interest rates

Keeping interest rates charged by our partners at fair levels remains high on our agenda. Rates need to be sufficient to provide partners with reasonable and sustainable returns, however anything above this is likely to exploit and harm clients.

We are reviewing the annual percentage rates (APRs) that partners charge on their loan products. Combined with information from our study of over-indebtedness in Cambodia, we hope that the APR data will help us understand more clearly the drivers behind interest rates and increase our influence on partners' rates setting. In formal agreements with partners, we increasingly include a commitment to review interest rate levels periodically.

Environmental policy and green investing

Environmental challenges are often a cause of poverty and disadvantage and Oikocredit has formulated a new environmental policy accordingly. This covers our own conduct as a global organization, our relationships with partners and the projects we support. The policy aims to integrate environmental and climate protection throughout our work. We have revised the policy's environmental assessment guidelines for production partners in light of our experience over the last decade.

'Green' partners with a positive environmental impact are a small but increasing part of our portfolio. Most of these partners are involved in organic farming, with organic coffee production the most widespread. In Central America, we also support sustainable forestry, for example in UNESCO biosphere reserves where our partners contribute to the development of good practice in sustainable land use in buffer and transition zones. We are also starting to finance renewable energy and energy savings initiatives.

Outlook 2013

We will be expanding our mentoring programme to Paraguay, Peru and Ghana in 2013. We also plan to bring Oikocredit SPM officers and microfinance partners to the annual Social Performance Task Force meeting in June to share initial programme outcomes. We hope that this will help other organizations in their promotion and use of universal standards promoted within the microfinance sector.

Gromada, Ukraine

Now that our work on SPM in almost all regions has gone beyond promotion and awareness raising, we will revisit regional SPM and capacity building strategies to see how best to use limited resources to reach as many partners as possible. We aim to help partners that are collecting data on client outcomes to use the data to tell the story of microfinance. We would also like to conduct a study of client-level outcomes in several partners. During 2013 we also want to bring partners together to share best practices in creating value for clients.

To encourage dialogue between Oikocredit and partners on specific financial and/or SPM issues that need attention, our approval letter to partners will note any such issues and the need for further discussion.

Oikocredit's focus on measuring, monitoring and reporting on change at client level has made our participation in the steering committee of the Seal of Excellence, an initiative of the Microcredit Summit, a natural and logical next step.

48,000
investors

A dual return for investors

Investor Relations department

Oikocredit offers a dual return to investors: financial and social. While enjoying financial returns, our investors are secure in the knowledge that their investments are aimed at empowering disadvantaged people, promoting fair trade and respecting our planet's natural resources.

In 2012, Oikocredit experienced a successful year in terms of inflow of funds, despite facing challenges. General criticism of the microfinance sector persisted in media reports, at times exaggerated but partly justified by some poor industry practices. As always, we continued to select our partners carefully and to support them closely in maintaining and improving performance standards. We also collaborated with others across the sector in promoting ethical approaches and strengthening public trust.

The eurozone crisis continued to make some investors nervous. Our decision to accept investments in Swiss francs from the start of 2012, in response to Swiss investors' reluctance to invest in euro, paid off, and we maintained healthy capital growth from Switzerland.

Net inflow of lendable funds totalled € 46.2 million in 2012, comprising € 44.3 million of net capital from members and € 1.9 million of net other lendable funds. Our leading five investor countries in terms of inflow were, in order, Germany, Austria, the Netherlands, Switzerland, the UK and Ireland. The support association in Austria increased its investments substantially

Manos del Uruguay, Uruguay

and our collaboration with the ethical GLS Bank in Germany led to net inflow of € 5.6 million.

In Sweden, the Development Fund of the Swedish Churches decided to wind down its operations. Termination of our partnership involved repaying € 11.9 million of member capital, which was partly transferred to investments in our Oikocredit International Share Foundation. We expect in future to increase investment levels from Sweden through our own office in Sweden.

Valued stakeholders

With 3,000 new investors adding Oikocredit to their portfolios during 2012, our total number of investors grew to 48,000, comprising 42,000 individuals and 6,000 institutional investors. Individuals remain our prime investor base and provide capital with a clear purpose of supporting our partners in providing products and services that benefit their clients in a lasting and meaningful way.

In maintaining confidence and loyalty among investors, our decentralized structure and close relationships with our support associations prove their worth. Many volunteers support Oikocredit by generously contributing time and effort in organizing events, running stands and giving talks and presentations to promote our work.

'Providing products and services in a meaningful way'

Following a visit to microfinance partners in Ghana, the support association in the Netherlands launched a promotional campaign via newspaper, television, radio, social media and a dedicated website. Featuring microfinance partner clients such as dressmaker Perpetual Afram Donkor, who has successfully diversified into making school uniforms, the campaign began to generate an increased inflow of funds by the close of the year.

Road show: visitors from Paraguay

The general manager of Oikocredit's Paraguayan organic sugar producer partner, Cooperativa Manduvirá, Andrés Gonzalés, and our Paraguay country manager, Rodrigo Ortiz Frutos, were the main speakers on our 2012 European road show. Rodrigo and Andrés met with investors and press at more than 15 well attended events in Belgium, France, Germany, Spain, Switzerland and the UK. Audiences were very pleased to hear them describe Oikocredit's social investment in financial and agricultural cooperatives and the many benefits of our work with partners in Paraguay. Rodrigo summed up the experience of working as part of Oikocredit's team as 'bendecido' ('blessed').

Bulgaria study tour looks at agriculture

The 2012 study tour took Oikocredit investors, staff and volunteers to Bulgaria, where most of our partners are farming cooperatives. An important economic sector in Bulgaria is village based agricultural cooperatives which rent land from small landowners, cultivate, harvest and sell the produce, paying members (often pensioners) rent and dividends. The cooperatives use Oikocredit loans to buy agricultural equipment, silos and farmland. Commercial banks often consider such agricultural cooperatives too risky to lend to, however they are good partners for us, and benefits from our loans are widely spread.

Churches and church-related organizations are highly valued both as investors and as members that contribute to our strategic decision making. We would like such bodies to do even more by reviewing their investment policies and practices to direct additional funds into ethical and sustainable investing, including with Oikocredit, and by raising awareness among their members about our mission, our partners and the self-empowerment that our work supports.

New initiatives

In 2012, Oikocredit undertook a survey of investor redemption levels and patterns. This showed that the main reasons for people to withdraw funds were personal or related to the external environment. Few if any redemptions arose from criticism of our work, our partners or the wider microfinance sector. The total level of redemptions against outstanding capital remains very low.

We launched www.oikocredit.nl at the end of the year. This is the first of our planned new country-specific websites, which we aim to gradually replace our language-based sites with. We designed the new Dutch site with an emphasis on easy navigation and the site is proving popular among our target groups.

A specific challenge we faced in 2012 resulted from stricter regulations in Europe, Canada and the United States relating to the sale of financial products. We assessed the issues with legal advisers and took appropriate measures to ensure our compliance.

Based on the recommendation of our three Canadian support associations and the Investor Relations department, Oikocredit's board approved the establishment of a new national support office in Canada. We look forward to an increased inflow of funds there once the office is fully functioning.

We made good progress during 2012 in setting up our new investment administration system which will provide us with improved access to data.

Oikocredit's USPs

A key step during the year was an internal review of Oikocredit's unique selling points (USPs). Conducted with staff and support associations worldwide, the review identified five USPs that we believe make us distinctive as a microfinance investment vehicle and social development organization:

- **Maximizing social impact**: pursuing an integrated investment approach with social and financial objectives; putting our clients first; our commitment to transparency for borrowers and investors.
- **Long-term focus**: providing finance as equity or debt, including local currency loans, and supporting partners with capacity building.
- **Strong local presence**: staff in our local offices have thorough knowledge of our partners and the countries where we work.
- **Financial and operational stability**: we pay investors a stable dividend and remain true to our social mission.
- **Truly cooperative spirit**: as a cooperative, we involve members actively in policy-making and keeping us transparent and mission-focused.

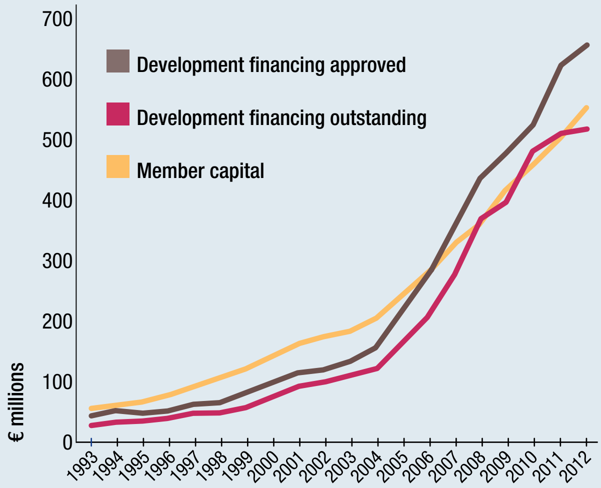
Outlook 2013

Looking ahead, Oikocredit expects another positive year, with growth in capital in European countries, the United States and Canada. Compliance and regulation are tightening, so we will devote more time to these matters. We aim to roll out our new investment administration system to all support associations that handle investments, and following the successful launch of our new Dutch website, we plan to launch more country-based sites during the year.

We look forward to 2013 with confidence, thanks to our strong investor relations performance in many of the countries where we raise funds. In light of criticism of the microfinance sector, we are very conscious of the need to remain transparent and true to our social mission. We will continue promoting understanding of our mission and the way we support partners and, through our microfinance partners, the clients who take out micro loans. We will strive to ensure that as many people as possible have the opportunity to invest in sustainable economic development through our work in disadvantaged communities worldwide.

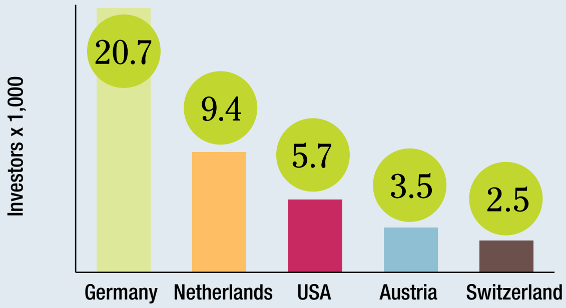
Member capital

As of 31 December 2012



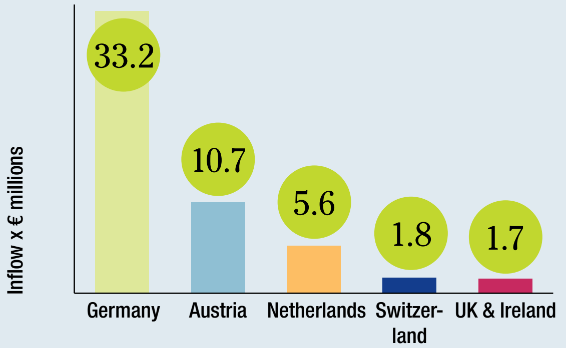
Number of investors

Top 5 countries as of 31 December 2012



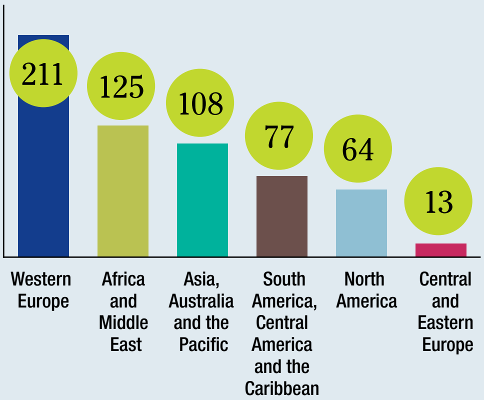
Net inflow 2012

Top 5 countries as of 31 December 2012



Number of members per continent

As of 31 December 2012



Consolidated financial statements

Consolidated **balance sheet**

(before appropriation of net income)

Notes		31/12/12	31/12/11
		€ ,000	**€ ,000**
	NON-CURRENT ASSETS		
	FINANCIAL ASSETS		
5	Development financing:		
	Total outstanding project financing	530,543	520,453
	Less: - loss provision and impairments	(52,855)	(55,539)
		477,688	**464,914**
	Consists of:		
	Loans (net of loss provision)	*446,304*	*435,935*
	Equity (net of impairments)	*31,384*	*28,979*
6	Term investments	147,336	138,515
7	Other financial fixed assets	8,553	8,492
		633,577	**611,921**
8	**TANGIBLE ASSETS**	**630**	**614**
	Total non-current assets	**634,207**	**612,535**
	CURRENT ASSETS		
9	Receivables and other current assets	17,588	17,401
10	Cash and banks	71,525	41,948
	Total	**89,113**	**59,349**
	TOTAL	**723,320**	**671,884**

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

Consolidated **balance sheet**

(before appropriation of net income)

Notes		31/12/12	31/12/11
		€ ,000	**€ ,000**
	GROUP EQUITY AND FUNDS		
11/12	Member capital in euros [1]	511,827	471,947
12	General reserve	52,804	47,164
12	Restricted exchange fluctuation reserve	(3,130)	(245)
13	Local currency risk funds	37,112	36,495
14	Funds for subsidized activities and model costs	4,226	4,230
	Undistributed net income for the year	22,153	14,833
		624,992	**574,424**
15	**Third party interests**	**1,106**	**1,073**
	Total group equity and funds	**626,098**	**575,497**
	NON-CURRENT LIABILITIES		
	Member capital in foreign currencies [1]	43,899	39,021
	Other non-current liabilities	24,124	35,603
16	**Total non-current liabilities**	**68,023**	**74,624**
17	**CURRENT LIABILITIES**	**29,199**	**21,763**
	TOTAL	**723,320**	**671,884**

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

[1] Besides its currency denomination, non-euro membership certificates have the same characteristics as euro denominated membership certificates. However they are accounted as a liability as opposed to equity, considering the stipulations of Dutch GAAP. For a detailed explanation refer to note 12 to the consolidated balance sheet.

Consolidated **income statement**

Notes		2012	2011
		€ ,000	€ ,000
	INCOME		
	Financial income		
19	Development financing income	58,181	51,114
19	Term investment income	5,185	3,947
	Total financial income	**63,366**	**55,061**
	Financial expenses		
20	Additions to loss provisions	(15,581)	(14,975)
6	Revaluation term investments	5,252	1,207
21	Other financial expenses	(10,899)	(3,023)
	Total financial expenses	**(21,228)**	**(16,791)**
	TOTAL FINANCIAL INCOME LESS EXPENSES	**42,138**	**38,270**
22	**GRANT INCOME**	**2,836**	**1,890**
	GENERAL AND ADMINISTRATIVE EXPENSES		
23	Personnel	(12,958)	(11,378)
	Travel	(975)	(841)
24	General and other expenses	(9,960)	(9,064)
	TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	**(23,893)**	**(21,283)**
	INCOME BEFORE TAXATION	**21,081**	**18,877**
26	Taxes	1,598	(183)
	INCOME AFTER TAXATION	**22,679**	**18,694**
15	Third party interests	87	21
27	Addition to and releases from funds	(613)	(3,882)
	INCOME FOR THE YEAR AFTER ADDITION TO FUNDS	**22,153**	**14,833**

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

Consolidated **cash flow statement**

Notes			2012		2011
			€ ,000		**€ ,000**
	CASH FLOW FROM OPERATIONS				
	Development financing		58,076		47,258
	Term investments		5,004		5,585
	Grants		2,836		1,890
	Operating expenses		(25,097)		(22,222)
	Taxes		(591)		(742)
	Interest		(8,858)		(4,528)
	Total cash from operations		**31,370**		**27,241**
	CASH FLOW USED FOR INVESTING ACTIVITIES				
	Development financing (net additions)				
	Disbursements		(218,196)		(196,141)
	Less: - repayments of principal		186,274		153,493
			(31,922)		(42,648)
	Tangible fixed assets: (net investments)		(521)		(227)
	Term investments: (net investments)		(3,644)		(2,296)
	Total cash used for investing activities		**(36,087)**		**(45,171)**
	CASH FLOW FROM FINANCING ACTIVITIES				
	Issue of member capital		55,579		40,809
	Redemption of member capital		(16,549)		(8,137)
	Funds: net investments third parties		712		290
	Gross dividends paid	(9,666)		(8,627)	
	Stock dividends (added to member capital)	5,300		4,196	
	Net dividends paid		(4,366)		(4,431)
	Term loans		(949)		(9,989)
	Total cash from financing activities		**34,427**		**18,542**
	Exchange rate differences during the year		**(133)**		**(4,415)**
	CHANGES IN CASH AND BANKS		**29,577**		**(3,803)**
	Cash and banks beginning of period		41,948		49,012
	De-consolidation 4F Funds as per 1 January 2011		-		(3,261)
	Changes in cash and banks		29,577		(3,803)
	Cash and banks end of period		**71,525**		**41,948**

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

Notes to the **consolidated financial statements**

Year-end 31 December 2012

These financial statements are expressed in euros (€). As of 31 December 2012, US$ 1 equalled € 0.756486 (31 December 2011: US$ 1 equalled € 0.771545).

1 General information

Description of the organization

Oikocredit Ecumenical Development Cooperative Society U.A. (the Society) was established in 1975 in Rotterdam, the Netherlands, and possesses corporate status according to the laws of the Kingdom of the Netherlands. The Society is owned by its members throughout the world: churches, subdivisions of churches, councils of churches, church-related organizations, project members and support associations established by individuals and local parishes. The Society has an undefined ending date.

The entities belonging to the Oikocredit group (Oikocredit) are: the Society situated in Amersfoort, the Netherlands; Oikocredit International Support Foundation (Support Foundation) in Amersfoort, the Netherlands; Oikocredit International Share Foundation (Share Foundation) in Amersfoort, the Netherlands; Maanaveeya Development & Finance Private Limited in Hyderabad, India; Financial Company Oikocredit Ukraine in Lviv, Ukraine; the Oikocredit Seed Capital Fund (OSCap) and the Low Income Countries Loan Fund (LIC) all based in Amersfoort, the Netherlands and managed by the Society.

The Barefoot Power Trade Finance Fund, established in 2009 by Oikocredit, was liquidated during 2012 as it reached its contractual end date.

The main objective of Oikocredit is to mobilize resources from members as well as from third parties, mainly in developed countries, and to channel the proceeds thereof to development projects in order to raise standards of living in developing countries.

Oikocredit has its international office in Amersfoort, the Netherlands, and has regional offices in the following locations: Abidjan, Côte d'Ivoire; Amersfoort, the Netherlands; Hyderabad, India; Lima, Peru; Manila, the Philippines; Montevideo, Uruguay; Nairobi, Kenya and San José, Costa Rica. It has country representatives operating in addition to regional offices in Argentina, Benin, Bolivia, Brazil, Bulgaria, Cambodia, Colombia, Dominican Republic, Ecuador, El Salvador, Ghana, Guatemala, Honduras, Indonesia, Kyrgyzstan, Mali, Mexico, Moldova, Mozambique, Nicaragua, Nigeria, Romania, Russian Federation, Paraguay, Rwanda, Senegal, Slovakia, Tanzania, Uganda and Ukraine.

Oikocredit has national support offices that coordinate and support efforts to attract investors in Germany, France, Sweden, the United Kingdom and the USA.

The offices in Costa Rica, Kenya, Nigeria, the Philippines, Tanzania, Ukraine, Uruguay and the USA are incorporated as legal entities and are subsidiaries of the Society. Due to the limited size of the assets of these subsidiaries, it has been decided to regard these assets as if they were owned by branch offices.

OSCap and LIC

The Society has developed OSCap, which invests in exceptionally risky projects with a social impact in developing countries, and LIC, which invests in projects in low income countries. These Funds have been created as restricted, tax transparent investment funds (beleggingsfonds) with an open-end. The Funds are not incorporated legal entities, but unincorporated contracts of their own nature. The Funds and the participations will not be listed on any stock exchange.

Oikocredit International Share Foundation

The Share Foundation was established on 10 March 1995, in Amersfoort, the Netherlands, according to the laws of the Kingdom of the Netherlands. The duration of the Share Foundation is unlimited. The main purpose of the Share Foundation is to provide investment opportunities in Oikocredit for non-church bodies, such as banks and development organizations and for individuals in countries where no support association exists or who are not allowed to sell financial products themselves.

Oikocredit International Support Foundation

The Support Foundation was established on 10 March 1995, in Amersfoort, in accordance with the laws of the Kingdom of the Netherlands. The duration of the Support Foundation is unlimited. The main purpose of the Support Foundation is to mobilize grant funds to support various subsidized activities such as technical assistance and 'model costs' of the Society. 'Model costs' are costs no financial institution of this size would incur, but which are an integral part of the Society's cooperative model. The board of the Support Foundation has decided to allocate some of these costs to their account (category A) and to endeavour to raise funds to subsidize part of the remaining costs (category B).

Other related parties

- The 4F-Euro and USD-Fund developed a portfolio of socially responsible investments in investment-grade bonds. The portfolio consists of fixed income investments. The management of the funds is performed by Institutional Management Services (IMS) in Leusden, the Netherlands.

- The Support Associations are separate organisations established to support the worldwide work of Oikocredit.

Category A costs are:
- 100% of external capacity building project partners
- 0% (2011: 7.5%) of costs of National Support Offices
- 20% (2011: 30%) of technical and organizational assistance to Support Associations
- 0% (2011: 100%) of members' travel costs for the annual general meeting (subject to certain conditions)

Category B costs are:
- Investor relations costs: besides the category A cost charged to the Support Foundation, the target is to raise subsidies and grants for another 15% of costs of National Support Offices and 15% of technical and organizational assistance to Support Associations.
- Incidental costs: to be decided on a case-by-case basis. The Support Foundation also manages local currency risk funds and guarantee funds. The local currency risk funds are available to offset the risk of currency losses on Oikocredit loans disbursed in local currencies, the guarantee funds are available to cover the riskier projects of Oikocredit.

Basis of consolidation
The consolidated financial statements include the financial information of Oikocredit, its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which Oikocredit exercises direct or indirect dominant control based on a shareholding of more than one half of the voting rights, or whose financial and operating policies it has the power to govern. Potential voting rights that can be directly exercised at the balance sheet date are also taken into account.

Inter-company transactions, profits and balances among group companies and other consolidated entities are eliminated. Unrealized losses on inter-company transactions are eliminated as well. The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them with the prevailing group accounting policies. Group companies and other entities in which Oikocredit exercises control or whose central management it conducts are consolidated in full. Minority interests in group equity and group net income are disclosed separately.

The consolidated companies (consolidated for 100%) are listed below:
- Oikocredit Ecumenical Development Cooperative Society U.A., Amersfoort, the Netherlands
- Oikocredit International Support Foundation, Amersfoort, the Netherlands
- Oikocredit International Share Foundation, Amersfoort, the Netherlands
- Maanaveeya Development & Finance Private Limited, Hyderabad, India
- Financial Company Oikocredit Ukraine, Lviv, Ukraine
- Oikocredit Seed Capital Fund, Amersfoort, the Netherlands
- Low Income Countries Loan Fund, Amersfoort, the Netherlands

As the income statement for 2012 of Oikocredit is included in the consolidated financial statements, an abridged income statement has been disclosed in the society financial statements in accordance with Section 402, Book 2, of the Netherlands Civil Code.

Related parties
All group companies mentioned above are considered to be related parties.

Inter-company transactions are eliminated in the consolidation.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information are disclosed if this is required to provide a true and fair view.

Cash flow statement
The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognized as cash used in financing activities.

Estimates
The preparation of financial statements, in conformity with the relevant rules, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. If necessary for the purposes of meeting the requirements under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgements, including the related assumptions, is disclosed in the notes to the financial statement items in question.

2 Accounting policies for the balance sheet

General information
The consolidated financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The financial statements are denominated in euros. In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred. The balance sheet, income statement and cash flow statement include references to the notes.

Prior year comparison
The accounting policies have been consistently applied to all the years presented. Certain balance sheet and income statement items have been reclassified. The comparative

figures for 2011 have been adjusted accordingly. This change of presentation has no impact on equity and results.

Foreign currencies

The financial statements are presented in euros, which is the functional and presentation currency of the Society. Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognized in the income statement.

Translation differences on non-monetary assets held at cost are recognized using the exchange rates prevailing at the dates of the transactions.

Assets and liabilities of consolidated foreign associates denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date; income and expenses are translated at average exchange rates during the financial year.

Development financing

Receivables disclosed under development financing are valued at amortized cost. Equity investments are valued at cost less impairment.

Provision for possible losses on development financing

The Society's provision for possible losses is based on an evaluation of the risks of the current development financing portfolio (loans and equity investments) in terms of present conditions. The calculation of the loss provision comprises the following layers:

- A provision for 'country risks' calculated per country in which the project is based.
- A specific provision per project, based on the aging of payments overdue – only applied if this risk is higher than the provision for country risk in which that project is based.
- A specific provision for non-performing projects and projects that are not overdue – only applied if higher than the provision for country risk in which that project is based. This provision is calculated based on management's risk assessment of, and experience with, these kinds of projects.

This provision for development financing risks is deducted from loans and interest outstanding in the balance sheet. Write-offs are charged against this loss provision. Additions to or withdrawals from the provision for loan losses are recognized in the income statement.

Term investments

The term investments (securities and bonds) which are listed are measured and recognized at fair value as these are not held to maturity. Changes in the fair value are taken directly to the income statement.

Term investments (only equity investments) which are not listed are stated at cost, which equals face value. The term investments stated at cost are annually tested for impairment.

Transaction costs are expensed in the income statement if these are related to financial assets carried at fair value through profit or loss.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost. Expenditure for additions, renewals and improvements is capitalized. Upon retirement or disposal, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included under expenses. Depreciation is computed using the straight-line method for financial reporting purposes over the estimated useful life of the respective assets. At each balance sheet date, it is tested whether there are any indications of tangible fixed assets being subject to impairment. If any such indication exists, the recoverable amount of the asset is determined. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities up to three years.

Equity

Where the Society repurchases shares, the consideration paid is deducted from equity (member capital). Where such membership shares are issued, any consideration received is included in equity (member capital).

Provision for pensions

The Society has pension plans to which the conditions of the Dutch Pension Act are applicable. The Society pays premiums based on (legal) requirements, on a contractual or voluntary basis to insurance companies. Premiums are recognized as personnel costs when they are due. Prepaid contributions are recognized as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not been paid yet are presented as liabilities. For existing obligations (other than premiums to be paid) to the insurance company or employees, a provision is recognized.

This provision includes:

- The obligation of the Society to provide additional payments or recovery premiums due to a low coverage of the pension fund
- Unconditional indexation that is not yet funded
- Disadvantages of individual value transfers at the expense of the Society

In addition, the Society records an asset for:

- Surplus interest or profit sharing which is made available to the Society under the conditions of an insurance contract
- Advantages of individual value transfers in favour of the Society

The pension provision is valued at its best estimate. The obligation includes the present value of the expenditures that are probably required to settle. The present value factor is the market rate of interest of high-quality corporate debentures. If the obligation is due within a year, the obligation is not discounted. Additions and withdrawals from the pension provision are taken into the profit and loss account.

As of 31 December 2012, no provisions were necessary.

Non-current liabilities

Borrowings are initially recognized at fair value, with net transaction costs incurred. Borrowings are subsequently stated at amortized cost, being the amount received taking account of any premium or discount, less transaction costs.

Financial instruments

Listed securities (part of the term investments) included in financial and current assets are stated at fair value. All other financial instruments are carried at (amortized) cost, which usually equals face value, unless stated otherwise.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using: recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same discounted cash flow analysis and option pricing models, making allowance for entity-specific inputs.

Derivative financial instruments are stated at cost or lower market value. The company has applied cost price hedge accounting. The Society has documented the relationship between hedging instruments and hedged items. The company also tests its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

In applying cost price hedge accounting, the initial recognition of, and the accounting policies for, the hedging instrument are dependent on the hedged item, which has the following implications:

- If the hedged item is recognized at cost in the balance sheet, the derivate instrument is also stated at cost.
- If the hedged item qualifies as a monetary item denominated in a foreign currency, the derivative instrument, where it has currency elements, is also stated at the spot rate on the balance sheet date. If the derivate instrument has currency elements, the difference between the spot rate on the date the derivate instrument is contracted and the forward rate at which it will be settled is spread over the maturity of the derivative instrument.

The ineffective portion of the hedge is recognized directly in profit or loss.

3 Accounting policies for the income statement

Income and expense recognition

Income from investments, expenses, outstanding project funding, management fees and time deposits are recognized on an accrual basis. The Society does not accrue or invoice interest for projects that are considered 'non-performing'. Non-performing projects are projects which are in the process of foreclosure or being written off and where the value of collateral or a third party guarantee does not exceed the amounts due to the Society.

Finance income and expenses

Interest paid and received is recognized on an accrual basis, taking into account the effective interest rate of the assets and liabilities concerned.

Grant contributions

Designated grants are included as income in the year in which such grants are realized.

Exchange rate differences

Exchange rate differences arising upon the settlement of monetary items are recognized in the income statement in the period that they arise, unless these monetary items are designated as hedges.

Short-term employee benefits

Salaries, wages and social security contributions are taken to the income statement based on the employee's terms of employment, when these are due to employees.

Pensions

For its pension plans, the Society pays contributions to insurance companies. Contributions are recognized as expenses when incurred. Prepaid contributions are recognized as prepayments and accrued income to the extent that this will lead to a reduction in future payments or a cash refund.

Taxes

The tax authorities in the Netherlands have exempted the Society from corporate income tax provided that the Society complies with certain conditions, all of which were complied with in 2012. No tax will have to be withheld on dividends distributed by the Society to its members.

4 Risk management

In its operating environment and daily activities Oikocredit encounters risks. Therefore Oikocredit has a risk management system to identify the most important risks that may threaten our operations and continuity. The 'risk universe' document provides an overview of all relevant major risks, grouped into themes such as market risk (currency risk, equity risk, interest rate risk), liquidity risk and credit risk. A risk card was prepared for each theme. The risk card has the following main objectives.

- The first objective is to assess the risks in the current situation. Risks were assessed and reviewed to ensure that the organization is aware and in control of these risks on a permanent basis.
- The second objective is to define new measures for those risks for which no measures were taken, or where measures were not effective.

After the initial project was finalized, a systematic risk management system was embedded and implemented within Oikocredit. Identified risks are evaluated and re-assessed every year during our Management-By-Objectives (MBO) cycle by:

- Reviewing the progress on the implementation of new actions.
- Reviewing if the risk profile is still valid or whether it has changed because of changes in strategy, goals or environment.

During 2012, the Society established a risk management committee (RMC). The RMC monitors the risks of the organisation on an ongoing basis.

Internal audit and the audit committee are also involved in risk management. Internal audit uses the outcome of risk management processes to prepare its internal audit plans after consulting the audit committee. The audit committee reviews the risk management process.

Oikocredit recognized reputation risk as an important risk and has taken steps to further mitigate reputation risks, such as improved screening of its clients and providing more information on its activities.

The following financial risks have been identified by Oikocredit: credit, market and liquidity risks.

Credit risk

The risk that a change in the credit quality of a counterparty (to which we granted loans or in which we invested in an equity stake, or bonds or shares) will affect the value of Oikocredit positions. Changes in credit quality can occur due to specific counterparty risk or risks relating to the country in which the counterparty conducts its business.

Development financing

Country risk arises from country-specific events that have impact on the company's exposure in a specific country, such as events on a political or macroeconomic level. All investments in developing countries involve country risk. The assessment of country risk is amongst others based on a benchmark of external rating agencies and other internal and external information. All individual financing proposals (loans and equity) are assessed by our local management and staff in the developing countries we work in, as well as by analysts in the international office in Amersfoort, the Netherlands.
In assessing the financing proposals, predefined criteria should be met: a strengths, weaknesses, opportunities and threats (SWOT) analysis is made and management, financial, legal and social performance analyses take place. Risks are evaluated through a risk score card. Where appropriate, credit enhancement is available in the form of collateral or third party guarantees.

The Society's Credit Committee, consisting of the managing director, director loans & investments and his deputy, director finance & administration, director social performance & financial analysis as well as a member of the legal team, approve all projects above a predefined risk level and amount.

The Society has also established policies based on its risk assessment system to set limits in exposure related to:

- Amounts outstanding per country and per region (depending on a risk assessment of the countries Oikocredit works in).
- Amounts outstanding per project partner (usually euro 3 million, and a maximum of euro 10 million, if a partner meets the conditions Oikocredit set for these so-called 'premium loans').
- Amounts outstanding to a group of companies. The observance of these limits is monitored on a periodic basis.

Loans more than 90 days overdue or rescheduled loans have been provisioned, depending on the individual project partner's situation or available collateral. A provision for country risks has also been established based on the rating of the country Oikocredit works in.

Term investments

The term investments in bonds included in the 4F Funds are all rated 'investment grade', by Moody's Investor Services, of which at least 80% in AAA to A3 and 20% in Baa1 to Baa3. Moreover, in the Baa1 to Baa3 category, it is the 4F Fund Managers policy that not more than 2% of the portfolio should be invested in a single debtor. The 4F Fund Manager is constantly monitoring for rating downgrades, and appropriate action will be taken where necessary. Despite this monitoring, a debtor can face sudden downgrades and/or price corrections.

This credit risk must always be considered when investing. A maximum of 10% of the total amount available for term investments can be invested in shares.

Market risk

Market risk is split into three types:

- Currency risk – the risk that the value of Oikocredit currency positions will fluctuate due to changes in foreign currency exchange rates.
- Interest rate risk – the risk that changes in market interest rates will cause fluctuations in the value of Oikocredit development financing or bond portfolio.
- Equity risk - the risk that the value of Oikocredit equity investments will fluctuate due to changes in the value of equity investments.

Currency risk

A significant part of Oikocredit's investments in development financing are outstanding in US dollar and in domestic currencies. The Society issues US dollar, British pound, Canadian dollar, Swiss franc and Swedish kronor denominated shares and has received long-term loans in

US and Canadian dollars and other currencies which reduces this currency exposure. The objective of issuing shares and receiving loans other than in euros is to achieve a better match between assets and liabilities in the different currencies.

It is expected that Oikocredit's US dollar and domestic currency exposure will increase as a result of further growth in the development financing portfolio. This is because most newly issued member capital will be in euros. Taking into account the considerations in the above-mentioned paragraphs, the Oikocredit board of directors decided that Oikocredit should hedge at least 50% to 75% of its exposure in US dollars (currently hedged for approx. 90%), Canadian dollars, British pounds and Swedish kronor with the view of maintaining the value of its member capital. Derivatives are used for this purpose.

The majority of foreign currency exposures to domestic currencies are not hedged. Oikocredit has obtained funds (via the Oikocredit International Support Foundation) to absorb (part) of these losses, should they occur.

Interest rate risk - development financing
Oikocredit has established an interest rate model for interest rates used in the loans to its partners. These loans use base rates in the currencies we work in (Euribor, Libor, swap rates and similar rates) plus surcharges for risks and costs. Minimum base rates used in this model (to establish interest rates to be charged to partners) are the dividends we expect to pay plus costs of raising capital.

The interest rates on loans denominated in US dollars and euros granted to our project partners are usually fixed. The loans have an average maturity of around four years. Individual loans can have maturities from one up to 10 years. Each year, a part of the loans we granted to our partners mature and are repaid. Oikocredit replaces these loans with new loans to new or existing project partners. The new loan agreements we enter into are spread over the year.

The risk of market interest rate changes influencing the market value of the portfolio is reduced, as each year new loans are added to the portfolio with fixed interest rates prevailing at the moment we enter into a new loan agreement. The interest rates on loans denominated in the domestic currencies of the countries we work in granted to our project partners are usually variable and repriced quarterly or semi-annually. Therefore, market interest rate developments influence the value of our loan portfolio stated in domestic currencies in a limited way.

By concluding derivatives, the main focus of the Society is currency hedging.

Interest rate risk - term investments
The average effective duration of the 4F Fund's portfolio is a measure of the sensitivity of the fair value of the 4F Fund's fixed interest securities to changes in market interest rates. The management of the 4F Fund aims for a duration of its bond portfolio of approximately five years (lower or higher duration can be accepted) and is normally not actively managing interest rate risks related to its bond portfolio.

Interest rate risk - liabilities
The risk of market interest rate changes influencing the market value of the liabilities is reduced, as each year new long-term loans are added with fixed interest rates prevailing at the moment we enter into a new loan agreement. To the extent that the assets are financed via liabilities, the interest profile of the liabilities (fixed versus floating plus the durations) matches the assets.

Equity risk - development financing
The risk of equity investment stake changes influencing the value of the portfolio is reduced by the following:
- A separate equity unit operates within Oikocredit. This unit is co-responsible, together with the local management in the countries we work in, for monitoring equity investments.
- For all major equity investment stakes Oikocredit has invested in, Oikocredit has a board seat.

Liquidity risk
Liquidity risk refers to the risk that Oikocredit will encounter difficulty in raising funds to meet its commitments.

The board of directors decided – based on an asset liability study – that the Society should at least have 15% of its total assets in cash or term investments. Term investments are liquid and not subject to legal or contractual restrictions on their resale. As a result, investments can be easily acquired or disposed of at prices quoted on the various exchanges. This can enable the Society to meet its commitments to contracts already entered into and the possible redemptions of member capital.

Furthermore, the Society is primarily funded by member capital. The articles of association include provisions that shares shall be redeemed, if a member has ceased to be a member of the Society, no later than five years after the cessation of membership. If a member has ceased to be a member of the Society, redemptions of capital due are transferred to current liabilities. Redemption (partial redemption) will be at the nominal value. So far the Society did not use these provisions to delay redemptions of its member capital.

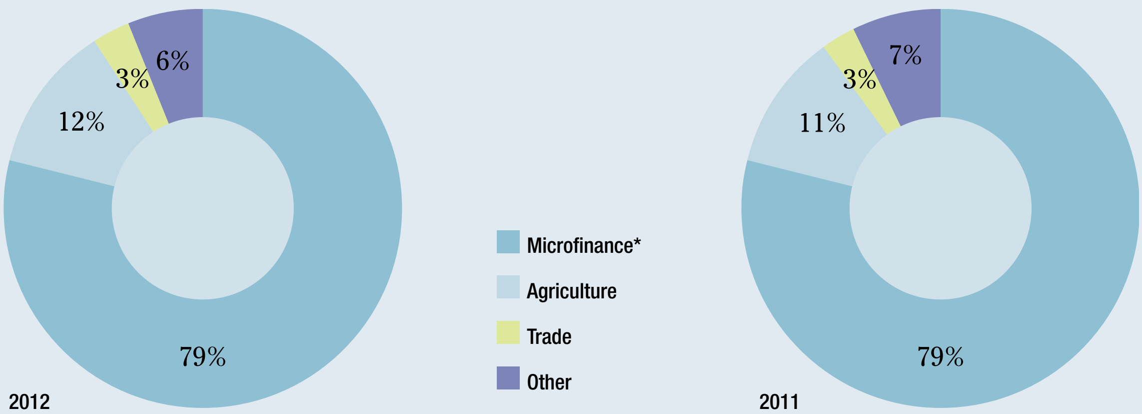
5 Development financing

Changes in outstanding funding		
Can be specified as follows:	**2012**	**2011**
	€ ,000	**€ ,000**
Outstanding as of 1 January	520,453	481,172
Disbursements	218,196	196,141
Capitalized interest and dividends	1,109	414
Less: - repayments	(186,259)	(153,493)
- write-offs	(13,124)	(4,094)
Exchange adjustments	(9,832)	313
Outstanding as of 31 December	530,543	520,453
Approved in the year	234,258	211,151
Less: - commitments cancelled	(15,657)	(5,605)
Not yet disbursed 1 January	122,485	100,842
Repayments on credit lines	19,178	15,939
Less: - disbursements	(218,196)	(196,141)
Exchange adjustments	(1,680)	(3,701)
Approved as of 31 December	**670,931**	**642,938**

Funding committed not yet disbursed		
Can be specified as follows:	**31/12/12**	**31/12/11**
	€ ,000	**€ ,000**
Equity investments in process of finalization	15,614	9,277
Committed on credit lines, not yet taken up by partners	30,917	36,164
Loans committed < 6 months	83,457	54,192
Loans committed > 6 months	10,400	22,852
Total	**140,388**	**122,485**

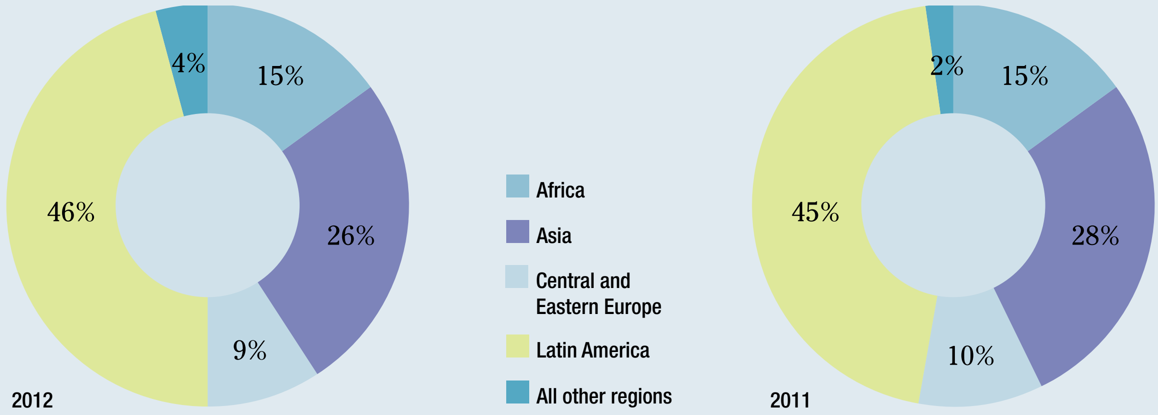
Breakdown of outstanding funding

Funding outstanding by sector as of 31 December 2012

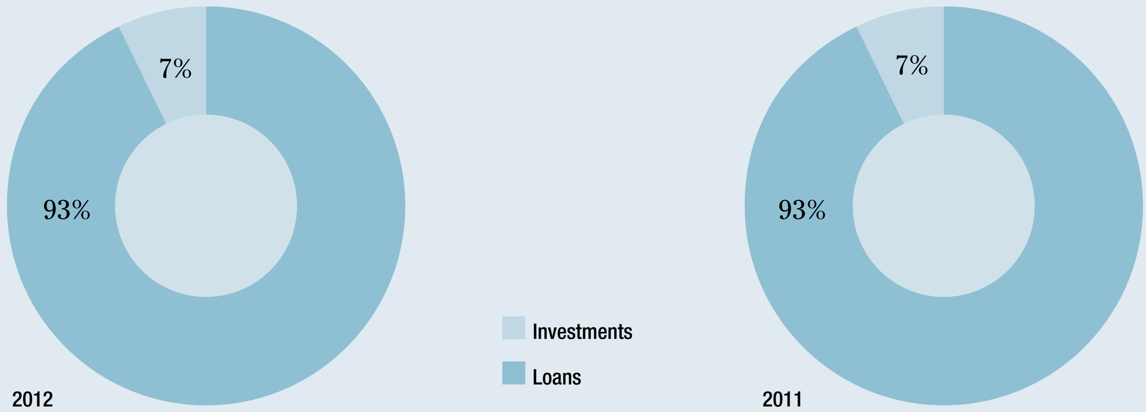


* including microcredit, SME finance and wholesale funding

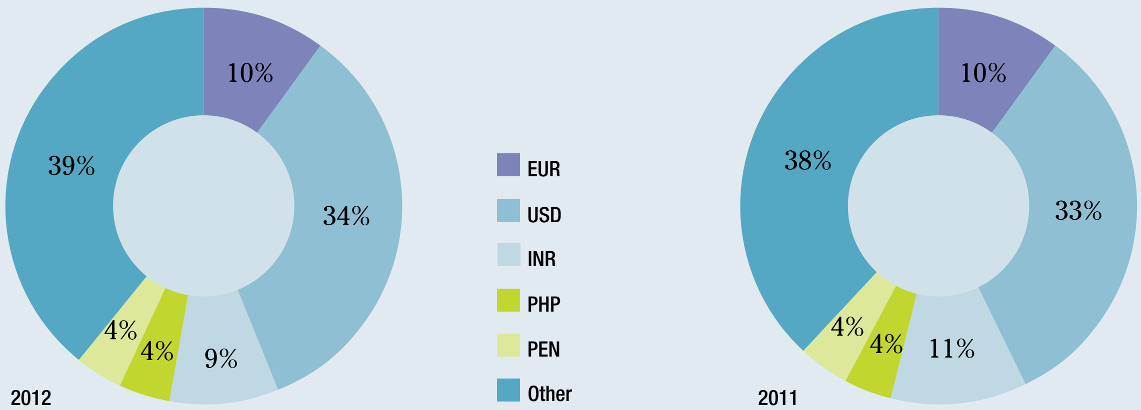
Funding outstanding by region as of 31 December 2012



Funding outstanding by type of financing (loans and equity investments) as of 31 December 2012



Funding outstanding by type of currency as of 31 December 2012



Maturity of outstanding funding		
Can be specified as follows:	**31/12/12**	**31/12/11**
	€ ,000	**€ ,000**
Instalments maturing < 1 year	193,719	174,704
Instalments maturing >1 < 5 years	284,968	289,345
Instalments maturing > 5 years	13,346	21,550
Equity investments	38,510	34,854
	530,543	**520,453**

Equity investments included in funding		
Cost of equity investments as of 31 December 2012 [1]	**31/12/12**	**31/12/11**
	€ ,000	**€ ,000**
AfricInvest Fund II, Mauritius	3,541	2,852
Vision Banco, Paraguay	2,960	2,471
Banco FIE S.A., Bolivia	1,858	1,602
Balkan Equity Fund, Switzerland	1,834	1,792
Banrural, Guatemala	1,746	1,746
Fondo de la Comunidad, Bolivia	1,728	1,422
Hatha Kaksekar Limited, Cambodia	1,504	1,504
Cafédirect Plc, United Kingdom	1,403	1,403
Opportunity Microcredit Romania IFN. S.A., Romania	1,271	1,276
Opportunity International Savings and Loans Limited, Ghana	1,219	1,219
Proempresa, Peru	1,169	685
Constanta, Georgia	1,133	742
Wizzit Payments (Pty) Ltd., South Africa	1,037	1,037
Fidelity Equity Fund II, Ghana	916	767
Microinvest, Moldova	905	905
Banco Solidario, Ecuador	896	896
Barefoot Power Pty Ltd., Australia	874	227
Divine, United Kingdom	743	743
Opportunity Banka A.D., Serbia	739	739
Societé de Financement de la Petite Entreprise S.A., Burkina Faso	733	733
Confianza, Peru	723	728
AfricInvest limited, Mauritius	690	865
Divine, United States of America	685	684
People Tree Ltd., United Kingdom	673	673
Equip Plus, Senegal	686	686
Fonkoze, Haïti	666	666
Horizon Equity Fund, South Africa	627	337
Fonds Cauris Croissance II Limited, Mauritius	559	99
Emfil, India	496	496
COFAC, Uruguay	485	485
Uganda Finance Trust, Uganda	475	475
Shalom Microfinance Limited, India	462	-
Ecoenterprises Partners II L.P., Costa Rica	422	-
Enlace, El Salvador	422	422
Banco Oportunidade, Mozambique	389	389
Pymecapital Latin America Fund S.A., Nicaragua	371	371
Women's Microcredit Network LLC, Russia	325	201
Trident Microfin Private Limited, India	316	316
Wizzit Group (Pty) Ltd., South Africa (before: Rqubed Consultants (Pty) Ltd., South Africa)	259	259
Guaguazu S.A., Bolivia	175	-

Tujijenge Limited, Tanzania	173	-
Inversiones para el Desarrollo, Chile	100	100
Saint Louis Finance S.A., Senegal	97	97
AMRET Co. Ltd., Cambodia	-	995
Prasac, Cambodia	-	717
Other	25	32
	38,510	**34,854**

[1] Excluding impairments for lower market value included in loss provisions. Some of the partners in which we have equity investments also received a loan. These loans are not included in the above-mentioned overview.

Equity investments above 20% participation [1]			
Of the equity investments, stated in note 5, the share participation of the following investments as at 31 December 2012 is more than 20%	**Participation**	**Net equity (latest available)**	**Result (latest available)**
	%	**€ ,000**	**€ ,000**
Les Saveurs du Sud S.A., Senegal	45.83%	(51)	(78)
Guaguazu S.A., Bolivia	42.55%	338	(11)
Uganda Finance Trust, Uganda	26.40%	2,876	453
Societé de Financement de la Petite Entreprise S.A., Burkina Faso	26.00%	2,144	(194)
Equip Plus, Senegal	24.60%	4,152	(377)
Fondo de la Comunidad, Bolivia	24.49%	7,235	613
Divine, United States of America	24.00%	285	(231)
Shalom Microfinance Limited, India	23.08%	1,847	35
Women's Microcredit Network LLC, Russia	21.82%	2,230	(210)
Hatha Kaksekar Limited, Cambodia	20.02%	17,893	3,095

[1] Oikocredit does not have any significant influence in these equity investments.

Provision for possible losses			
Can be specified as follows:		**2012**	**2011**
		€ ,000	**€ ,000**
Balance as of 1 January		49,664	44,367
Additions		9,590	9,615
Exchange adjustments		(641)	(224)
		58,613	53,758
Less:	- write-offs	(12,884)	(4,094)
Balance as of 31 December		**45,729**	**49,664**

Impairments equity investments			
Can be specified as follows:		**2012**	**2011**
		€ ,000	**€ ,000**
Balance as of 1 January		5,875	5,447
Additions		1,491	428
		7,366	5,875
Less:	- write-offs	(240)	-
Balance as of 31 December		**7,126**	**5,875**

Total loan loss provision and impairments equity	**2012**	**2011**
	€ ,000	**€ ,000**
Loan loss provision	45,279	49,664
Impairments equity	7,126	5,875
Balance as of 31 December	**52,855**	**55,539**

Fair value of development financing loan portfolio

- The development financing portfolio consists of local currency loans as well as hard currency loans with usually semi-annual or annual instalments that have to be repaid equally over the loan period.
- The interest rates charged to our project partners on local currency loans consist of base rates (local interbank or other appropriate base rates) plus an additional margin for risk and costs and usually are comparable to local market rates. Oikocredit's local currency loans are in majority repriced quarterly or semi-annually.
- The interest rates charged to our project partners on hard currency loans are usually fixed interest rates for the full loan period and consist of base rates plus an additional margin for risks and costs. Oikocredit uses the applicable EUR/USD swap rates as base rates for the period the loan is agreed upon or, if higher, a minimum base rate of 3.5%; this minimum has been applicable the last three to four years.
- The loans have an average maturity of around four years.
- An analysis of the recoverability of the loans is performed annually and a provision for possible losses on the development financing loan portfolio is formed.

Considering the above mentioned, the fair value of the development financing loan portfolio at least equals the book value, which is estimated at € 446,304,000.

Fair value of development financing equity portfolio

- Equity investments are valued at cost less impairment.
- Oikocredit operates in countries where there is no active market for these equity stakes. The fair value, however, is determined taking into account suitable valuation methods such as price-earnings ratios and recent sale prices of similar investments.
- The net asset value of the equity portfolio is also substantially higher than the book value of the equity portfolio.

Considering the above mentioned, management estimates that the fair value of the equity portfolio at least equals the book value, which is estimated at € 31,384,000.

Corporate Debt Restructurings (CDR) in India

A number of the Maanaveeya partners in Andhra Pradesh have joined the CDR schemes consisting of, amongst others, restructured payments of capital and interest and conversion into equity / preference shares. The restructuring of all these partners was finalized during 2012.

The Corporate Debt Restructuring (CDR) mechanism in India, is a voluntary non-statutory system based on Debtor-Creditor Agreements (DCA) and Inter-Creditor Agreements (ICA). The CDR mechanism covers accounts where all financial institutions together have an outstanding aggregate exposure of INR 200 million (approximately € 3 mln) and above. The legal basis of the CDR System is provided by a Debtor-Creditor Agreement (DCA) and an Inter-Creditor Agreement (ICA). All financial institutions entering into the CDR are required to enter into a legally binding ICA with necessary enforcement and provisions. The critical element of the ICA is the provision that if 75% of the creditors by value and 60% of the creditors by number agree to a debt-restructuring package, this would then be binding on the remaining creditors.

The CDR Mechanism provides for close monitoring of each and every package approved by the CDR. The monitoring mechanism consists of:

- Monitoring Institution (referring institution)
- Monitoring Committee
- Reputable external agencies to complement monitoring efforts. The Monitoring Institution is required to monitor all aspects of implementation of the package and furnish a consolidated report on the status of sanction and implementation of the approved package to a CDR Cell every month, in the prescribed format.

A unique feature of the scheme is that it affects the non-participants in the CDR scheme insofar that priority will be given to those lenders who are covered by the CDR. Other creditors will only receive payment if the borrower has funds available after the CDR lenders have received payment of all outstanding amounts as per the CDR Scheme.

6 Term investments

Summary of term investments:	**31/12/12**	**31/12/11**
	€ ,000	**€ ,000**
Term investments in bonds issued by development banks and developing countries and by companies active in - and with particular beneficial impact in - developing countries	75,990	94,750
Other term investments	71,346	43,765
Balance as of 31 December	**147,336**	**138,515**
Changes in term investments can be specified as follows:	**2012**	**2011**
	€ ,000	**€ ,000**
Balance as of 1 January	138,515	133,464
De-consolidation 4F Funds	-	(1,301)
Investments during the year at cost	3,650	3,309
Disinvestments/redemptions during the year	(6)	(1,013)
Revaluation to market value as of 31 December	5,252	1,207
Exchange adjustments	(75)	157
Balance as of 31 December	**147,336**	**138,515**

	31/12/12	**31/12/11**
	€ ,000	**€ ,000**
Bonds issued by development banks, developing countries and by companies active in – and with particular beneficial impact in – developing countries [1]		
4F Euro, Fund for Fair Future, the Netherlands [1]	69,757	87,470
4F USD, Fund for Fair Future, the Netherlands [1]	2,230	3,329
	71,987	*90,799*
Other development-related term investments		
TCX, The Currency Exchange Fund N.V., the Netherlands	7,071	7,071
TCX, The Currency Exchange Fund N.V., the Netherlands (held for Triple Jump, the Netherlands)	(1,708)	(1,708)
TCX, The Currency Exchange Fund N.V., the Netherlands (held for Grameen Crédit Agricole Microfinance Foundation, Luxembourg)	(1,816)	(1,816)
Other	456	404
Subtotal other development-related term investments	*4,003*	*3,951*
Subtotal bonds and other term investments with development impact	**75,990**	**94,750**

Other term investments		
4F Euro, Fund for Fair Future, the Netherlands [1]	69,479	43,082
4F USD, Fund for Fair Future, the Netherlands [1]	1,227	34
Rabobank members certificates, The Netherlands	340	349
GLS Bank, Germany	300	300
Subtotal other term investments	**71,346**	**43,765**
Total term investments	**147,336**	**138,515**

[1] For a specification of the bonds invested in through the 4F Fund we refer to page 75 of the annual report.

With the exception of the investment in TCX, The Currency Exchange Fund N.V., the fair value equals the carrying amount. The fair value of TCX, The Currency Exchange Fund N.V, at least equals the carrying amount.

The interest received on the US dollar bonds is sufficient to cover interest due on certain US Notes loans ($ 425,000).

Maturity of term investments		
Can be specified as follows:	**31/12/12**	**31/12/11**
	€ ,000	**€ ,000**
Maturity < 1 year	6	6
Maturity > 1 < 5 years	29	27
Maturity > 5 years	147,301	138,482
Total	**147,336**	**138,515**

The average duration of the 4F Fund portfolio as at 31 December 2012 was 3.81 (31 December 2011: 3.60).
The 4F Fund invests in investment grade bonds according to Moody’s rating agency. The majority of term investments are listed securities.

7 Other financial fixed assets

Summary of other financial fixed assets:	31/12/12	31/12/11
	€ ,000	€ ,000
Hedge contracts financial institutions [1]	7,340	8,492
Deferred tax asset	1,213	-
Total	**8,553**	**8,492**

[1] The fair values of these hedge contracts and other details are disclosed in note 28.

Can be specified as follows:	2012	2011
	€ ,000	€ ,000
Balance as of 1 January	8,492	8,924
Movements	61	(432)
Balance as of 31 December	**8,553**	**8,492**

8 Tangible fixed assets

Changes in tangible fixed assets in 2012 and in the cost of acquisition and accumulated depreciation as of 31 December 2012 can be specified as follows:	2012	2011
	€ ,000	€ ,000
Balance as of 1 January	614	1,019
Additions	230	227
Less: - depreciation over the year	(214)	(632)
Balance as of 31 December	**630**	**614**
Of which: - at original cost	2,259	2,486
- less: accumulated depreciation	(1,629)	(1,872)
Of which: - buildings	119	124
- other tangible fixed assets (mainly computer equipment and office furniture)	511	490

The useful life of the equipment is estimated at five years on average. Information Technology (IT) equipment is depreciated in three years. Buildings are depreciated in 25 years.

9 Receivables and other current assets

Can be specified as follows:		**31/12/12**		**31/12/11**
		€ ,000		**€ ,000**
Accrued interest on development financing net of allowance		8,147		8,337
Interest receivable		2,217		4,014
- face value	9,860		12,429	
- less: allowance for uncollectability	(7,643)		(8,415)	
Amounts prepaid		2,114		2,481
Collateral held by TCX, The Currency Exchange Fund N.V., the Netherlands		1,444		-
Value added tax and other taxes		1,195		849
Staff loans [1]		773		723
Deferred tax asset		487		-
Accrued interest bank accounts and deposits		421		312
Hedging contracts (refer to note 28)		402		308
Sundry receivables		388		377
Balance as of 31 December		**17,588**		**17,401**

Changes in the allowance for uncollectability are specified as follows:	**2012**	**2011**
	€ ,000	**€ ,000**
Balance as of 1 January	8,415	7,170
Additions charged to income	4,500	4,932
Write-offs from allowance	(5,277)	(3,631)
Exchange adjustment	5	(56)
Balance as of 31 December	**7,643**	**8,415**

[1] All housing loans to staff are covered by mortgages. Market interest rates are charged on staff loans. The majority of the staff loans have maturities over one year.

10 Cash and banks

Can be specified as follows:	**31/12/12**	**31/12/11**
	€ ,000	**€ ,000**
Cash and banks including time deposits maturing within one year	71,525	41,948
Balance as of 31 December	**71,525**	**41,948**

Part of cash was deliberately invested in savings accounts, being considered part of the term investment portfolio. Income generated from these accounts is added to the term investment income.

The group maintains its funds in banking institutions in Europe, Asia, Latin America, Africa and the United States of America.

The group has credit facility agreements with Dutch banks amounting to € 5.75 million and a German institution amounting to € 5 million. These facilities, which have not been used in 2012, are subject to the following conditions:

- Audited financial statements should be provided within six months after year-end.
- The solvency ratio should be at least 70%.
- Oikocredit should keep its bond portfolio and liquidities free of any encumbrances for 125% of the amounts of the credit line of the Dutch institutions (€ 7.2 million). Oikocredit should also keep 150% of the amounts of the credit facility of the German institution on its project portfolio free of any encumbrances (€ 7.5 million).

- Without the written permission of the credit institution, Oikocredit is not allowed to sell or securitize fixed assets or establish mortgages or other encumbrances on fixed assets (except for transactions taking place in the normal course of business) and to issue guarantees for liabilities of third parties.

11 Group equity

For details regarding the issued capital, general reserves and restricted exchange fluctuation reserve please refer to the notes of the society financial statements.

12 Member capital and general reserves

The Society issues shares in euros, British pounds, Canadian dollars, Swedish kronor, Swiss franc and US dollars.

The shares shall be redeemed if a member has ceased to be a member of the Society, no later than five years after the cessation of membership and is as such a liability (puttable shares). If a member has ceased to be a member of the Society, redemptions of capital due are transferred to current liabilities. Redemption (partial redemption) will be at the nominal value. If the net asset value per share is lower than the nominal value, in the most recent audited (interim) balance sheet preceding the redemption by the Society, the amount payable upon redemption of the shares shall not exceed the sum corresponding to the value of the shares according to that balance sheet (article 12 of the articles of association).

The board of directors opted to make use of the exemption in Dutch GAAP to classify part of this liability, member capital denominated in euro, as equity (RJ 290.808). Although member capital denominated in foreign currency has the same characteristics as member capital in euro, in respect of dividends, redemption and voting rights, nevertheless no use could be made of the exemption in Dutch GAAP to classify these puttable shares as equity in the consolidated financial statements. One of the requirements is that the puttable shares should have identical characteristics. The fair value in euros of the foreign currency denominated member capital changes as a result of changes in the exchanges rates. These changes in euro do not reflect the changes in the fair value of the instruments and as such no use could be made of the exemption. For that reason, member capital denominated in foreign currency is classified as non-current liabilities in the consolidated financial statements only.

Member capital in foreign currency, translated at year-end exchange rates, amounts to € 43.9 million (31 December 2011: € 39.0 million). Reference is made to note 40.

General reserve		
Can be specified as follows:	**2012**	**2011**
	€ ,000	**€ ,000**
Balance as of 1 January	47,164	42,411
Appropriation of the prior year results	6,258	7,495
Exchange rate effects and dividends on shares in foreign currency previous years	(1,382)	(3,416)
Dividends on shares in foreign currency current year	764	674
Balance as of 31 December	**52,804**	**47,164**

For the restricted exchange fluctuation reserve please refer to note 41 of the society financial statements.

13 Local currency risk funds

The currency risk funds are used to cover potential currency losses on loans issued in the currencies of developing countries where Oikocredit operates, rather than issuing loans in US dollars or euros in those countries. The funds originate from grants and subsidies from members and third parties.

Local currency risk funds	Philippines	Indonesia	General	Local currency risk fund Africa	Local currency risk fund South and East Asia	Local currency loans cumulative exchange rate differences [1]	TOTAL
	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000
Balance as of 1 January 2012	435	129	17,615	2,521	4,208	11,587	36,495
Addition to/released from fund	843	26	2,943	184	239	(3,618)	617
Balance as of 31 December 2012	**1,278**	**155**	**20,558**	**2,705**	**4,447**	**7,969**	**37,112**

[1] Local currency loans cumulative exchange rate differences account.
This amount is included as a separate item in the local currency risk fund as long as local currency loans have not matured yet. The difference in interest rates agreed with our partners for these local currency loans and interest rates in euro (if these loans would have been granted in euro) are added or charged to this account.
Exchange rate differences on local currency loans when translated to euro are charged or added to this account as well.
If losses or profits are realized when the loans in local currency matured, the cumulative profits or losses will be taken out of this cumulative exchange rate difference account and charged or added to the specified local currency risk funds mentioned above.

14 Funds for subsidized activities and model costs

The funds below originate from grants received for purposes described for each separate fund below. The Support Foundation charges the related A and B costs to these funds. We refer to the general information (note 1) for an explanation of category A and B costs.

Funds for subsidized activities and model costs		
Can be specified as follows:	31/12/12	31/12/11
	€ ,000	€ ,000
Funds for subsidized activities and model costs	1,592	1,794
Capacity building and guarantee funds	2,634	2,436
Balance as of 31 December	**4,226**	**4,230**

Funds for subsidized activities and model costs	Donated investments [1]	Funds for subsidized activities and model costs [2]	TOTAL
	€ ,000	€ ,000	€ ,000
Balance as of 1 January 2012	249	1,545	1,794
Addition to/released from fund	63	(265)	(202)
Balance as of 31 December 2012	**312**	**1,280**	**1,592**

[1] This fund was established to account for donated shares.

[2] This fund was set up in 1999 to cover the subsidized activities and model costs of Oikocredit.

Capacity building and guarantee funds	Capacity building Africa, South and East Asia [1]	Capacity building funds [2]	General guarantee funds [3]	Guarantee Fund for Africa [3]	Schokland capacity building [4]	TOTAL
	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000
Balance as of 1 January 2012	-	(161)	1,211	1,165	221	2,436
Addition to/released from fund	(103)	383	63	61	(206)	198
Balance as of 31 December 2012	**(103)**	**222**	**1,274**	**1,226**	**15**	**2,634**

[1] This fund originates from the Church of Sweden Aid and was set up during 2004 for capacity building of existing and potential project partners and feasibility studies of potential project partners in Africa and South and East Asia.

[2] This fund was set up for capacity building of existing and potential project partners and feasibility studies of potential project partners in all countries.

[3] The two guarantee funds were established to enable institutional donors and individuals to participate in a fund that insures part of the credit risk (equity or loan and accumulated interest) of projects to be financed by Oikocredit. For the addition to these funds, we refer to note 27.

[4] The Schokland capacity building fund was set up for capacity building of existing and potential project partners and feasibility studies of potential project partners in Central America and the Dominican Republic.

15 Third party interests

Consists of third party interests of participants in the OSCap Fund and LIC Fund (from 2012). Up to 2011, this also included the third party interest in the Barefoot Power Trade Finance Fund, which was dissolved during 2012.

Can be specified as follows:	2012	2011
	€ ,000	€ ,000
Balance as of 1 January	1,073	5,088
De-consolidation 4F Funds	-	(4,027)
Net additions to third party participation	120	(33)
Results	(87)	(21)
Balance as of 31 December	**1,106**	**1,073**

16 Non-current liabilities

Can be specified as follows:	**31/12/12**	**Remaining term**	**Remaining term**	**31/12/11**
	€ ,000	**> 1 year**	**> 5 years**	**€ ,000**
Member capital in foreign currencies (refer to note 12)	**43,899**	**-**	**43,899**	**39,021**
Bank loans [1]	11,618	11,618	-	5,894
US Note loans [2]	7,364	7,364	-	13,388
Hedge contracts (refer to note 28)	1,939	1,939	-	3,036
First Oikocredit Canada [3]	1,195	1,195	-	1,064
Loans for investment in development financing [4]	799	799	-	10,962
Other liabilities	1,209	1,209	-	1,259
Total other non-current liabilities	**24,124**	**24,124**	**-**	**35,603**

Repayment obligations falling due within 12 months of the end of the financial year, as set out above, are included in current liabilities.

[1] Consists of the following loans:
- Five loans with a total principal amount of rupee 0.7 billion from two financial institutions in India. The loans in India have terms of up to three years and should be repaid in half-yearly instalments. The loans carry an interest rate between 10.6% and 11.55%. Oikocredit has issued a guarantee amounting to € 16 million to a financial institution for three of the loans amounting to 240 million rupees, a guarantee of maximum 420 million rupees (approximately € 5.8 million) and a corporate guarantee of 104 million rupees (approximately € 1.4 million) for two of the loans of another financial institution.
- A loan granted by a German bank amounting to € 7.5 million. The loan has a term of 5 years and carries an interest rate equal to the base rate of the financial institution plus an agreed margin (as per 31/12/2012 1.068%). This facility is subject to the condition that Oikocredit should keep its debt from external loans below 20% of total assets. The loan is unsecured for the first EUR 3 million. From an outstanding of EUR 3 million up to EUR 13 million, the loan is guaranteed by KfW, Germany.

[2] Loans taken from Oikocredit USA against their US Notes issue. The average interest rate of the loans over 2012 was 1.8% (2011: 2.0%). Expenses related to the US Notes issues have been recorded under prepaid expenses. The loans mature from 2013 until 2018.

[3] Loans taken from First Oikocredit Canada against their Canadian Notes issue repayable from 2013 until 2017. The average interest rate of the loans over 2012 was 1.75% (2011: 1.75%).

[4] Loans managed by Oikocredit on behalf of funders which have been invested in Oikocredit's development financing. Oikocredit receives these loans under contract from various co-financing donors or development agencies, pension funds and social ethical funds. The loans for investment in development financing are managed by Oikocredit for the risk and account of these donor agencies and funds. Breakdown as of year-end:
- Swiss Agency € 475,000
- Rabobank Foundation € 268,000
- Woord en Daad € 56,000

During 2012, the loan for investment in developing financing of € 8 million from the Pension Fund Protestant Churches was repaid.

Fair value of long-term liabilities

The interest rates of the US Note and First Oikocredit Canada loans are in line with the applicable market interest-rates for similar loans. Funds under management have been invested in the Oikocredit development financing portfolio for risk and account of the funders. The majority of the bank loans are at variable interest rates. Therefore, the fair value of the current liabilities approximates the book value.

17 Current liabilities

All current liabilities mature within one year and can be specified as follows:	**31/12/12**	**31/12/11**
	€ ,000	**€ ,000**
Long-term loans expired or expiring within one year	23,959	14,874
Accrued expenses, sundry liabilities	2,701	3,442
Hedge contracts (refer to note 28)	999	1,519
Loans for investment in development financing	555	1,085
Hedging premiums payable	642	523
Taxes payable	343	263
Social securities payable	-	57
Balance as of 31 December	**29,199**	**21,763**

Fair value of current liabilities
The interest rates of the current liabilities are in accordance with applicable market interest rates. Therefore, the fair value of the current liabilities approximates the book value.

18 Commitments and contingencies not included in the balance sheet

The Society agreed with the Oikocredit Nederland Fonds (ONF) in Utrecht, the Netherlands – as one of the conditions for ONF to qualify as a socially responsible investment opportunity for Dutch tax purposes – to earmark part of microfinance development financing for fiscal purposes. (A certain percentage of total ONF member capital is allocated to Oikocredit U.A.). Furthermore, microfinance development financing is earmarked for fiscal purposes to ASN-Novib fund in The Hague, the Netherlands and to ING Bank N.V. in Amsterdam, the Netherlands.

The Society entered into a rental agreement for seven years starting from 01/07/2007. The total yearly rent payments amount to € 311,000 per year and are indexed. For this agreement a bank guarantee is issued for € 100,000.

The hedging agreements with Standard Chartered Bank and TCX, The Currency Exchange Fund N.V., contain an obligation to post Eligible Collateral under a Credit Support Annex. In the contract with TCX, the threshold is set at USD 3 million for both Oikocredit and TCX. In the contract with Standard Chartered Bank, the threshold for Oikocredit is set at USD 3 million and for Standard Chartered Bank on USD 50 million.
Oikocredit has posted an amount of EUR 1,4 million of collateral at TCX (see note 9) based on the mark to market value as per 30 November 2012 of negative 3.5 million. As per 31 December 2012, the mark to market value of TCX is EUR 2.8 million negative and reduced further during January 2013, therefore the collateral has been fully repaid in 2013.
As per 31 December 2012, the mark to market value of Standard Chartered bank is EUR 2.6 million positive. Therefore it was not necessary to post or receive collateral.

19 Financial income

Can be specified as follows:	2012	2011
	€ ,000	€ ,000
Development financing		
- Interest	50,679	47,545
- Dividends and sale of equity participations	7,415	3,422
Management fees	87	147
Total development financing	**58,181**	**51,114**
Term investment income		
- Interest	3,862	4,210
- Realized results	1,323	(263)
Total term investment income	**5,185**	**3,947**
Total financial income	**63,366**	**55,061**

20 Additions to loss provisions and impairments

Can be specified as follows:	2012	2011
	€ ,000	€ ,000
Additions to provisions against losses and equity impairments		
- equity impairments	1,491	428
- on principal projects	9,590	9,615
- on interest	4,500	4,932
Total	**15,581**	**14,975**

21 Other financial expenses

Can be specified as follows:	2012	2011
	€ ,000	€ ,000
Interest payable on long-term loans, current accounts and other short-term liabilities	(2,929)	(3,815)
Interest allocated from term investments	333	326
Less interest expenses on:		
- US Notes loans	(333)	(326)
Exchange rate differences (mainly local currency exposures covered by the local currency risk funds)	(4,500)	2,433
Hedging premiums including revaluation of derivatives	(3,470)	(1,641)
Total	**(10,899)**	**(3,023)**

22 Grant income

Grants	2012	2011
	€ ,000	€ ,000
Grants received from ICCO	2,000	1,000
Other grants received	836	890
Total grants	**2,836**	**1,890**

23 Personnel

The number of employees who were directly or indirectly employed by the Society and group companies at the end of 2012 on the basis of full-time equivalents (FTE) amounted to 250 (2011: 222). This number includes staff based outside the Netherlands employed by the regional, country and national support offices (2012: 174 FTE, 2011: 156 FTE). Of the total FTEs (250), 56% is female and 44% is male. Of the total management team FTEs (5), 40% is female and 60% is male.

Personnel expenses	2012	2011
	€ ,000	€ ,000
Salaries	8,861	8,123
Social security charges	1,182	1,028
Other allowances (13th month, holiday allowance)	742	683
Pension charges	621	558
Consultancy expenses	528	470
Provident fund charges	380	340
All other personnel costs	644	176
Total personnel expenses	**12,958**	**11,378**
Breakdown personnel expenses of staff based in the Netherlands:		
Salaries for staff based in the Netherlands	4,368	4,149
Pension charges for staff based in the Netherlands	550	509
Social securities charges for staff based in the Netherlands	527	435

24 General and other expenses

	2012	2011
	€ ,000	€ ,000
Capacity building expenses	2,666	2,328
Office expenses	1,824	1,623
Contribution to support associations	1,704	1,632
Marketing expenses	1,072	880
Audit (refer to note 25) and consultancy expenses	928	700
IT-related expenses (including development costs new software)	841	1,380
Legal expenses	491	358
All other general expenses	434	163
Total general and other expenses	**9,960**	**9,064**

25 Audit fees

The following audit fees were expensed in the income statement in the reporting period:	2012	2011
	€ ,000	€ ,000
Audit of Financial Statements	93	93
Tax services	-	37
Other non-audit services	4	59
Total audit fees	**97**	**189**

26 Taxes

	2012	2011
	€ ,000	€ ,000
Taxes Maanaveeya Development & Finance Private Limited	(1,818)	140
Taxes regional and country offices	220	43
Total taxes	**(1,598)**	**183**

The tax authorities in the Netherlands have exempted the Society from corporation tax provided that the Society complies with certain conditions, all of which were complied with in 2012.

The net income derived from the activities of our subsidiaries Maanaveeya Development & Finance Private Limited in India and Financial Company Oikocredit Ukraine in Ukraine is subject to local income tax. In some other countries where we operate, the local income is taxed on a cost-plus basis.

27 Additions to and releases from funds

	2012 € ,000	2011 € ,000
Local currency risk fund Philippines		
Exchange rate differences on invested funds	-	1
Exchange rate differences local currency loans repaid	800	12
Interest added	43	12
Released from/addition to fund	843	25
Local currency risk fund Indonesia		
Exchange rate differences on invested funds	-	1
Exchange rate differences local currency loans repaid	19	12
Interest added	7	3
Released from/addition to fund	26	16
Local currency risk fund general		
Grants received	-	38
Exchange rate differences on invested funds	(2)	49
Exchange rate differences local currency loans repaid	1,980	415
Interest added	965	494
Released from/addition to fund	2,943	996
Local currency risk fund Africa		
Exchange rate differences on invested funds	-	9
Exchange rate differences local currency loans repaid	53	(536)
Interest added	131	79
Released from/addition to fund	184	(448)
Local currency risk fund South East Asia		
Exchange rate differences on invested funds	(1)	12
Exchange rate differences local currency loans repaid	21	-
Interest added	219	120
Released from/addition to fund	239	132
Local currency loans cumulative exchange rate differences		
Addition exchange rate differences local currency loans repaid	(2,873)	98
Addition exchange rate differences and premiums	(745)	4,222
Released from/addition to fund	(3,618)	4,320
Members' travel fund		
Other costs	-	(3)
Released from/addition to fund	-	(3)
Donated investments		
Grants received	63	52
Released from/addition to fund	63	52
Subsidized activities and model costs		
Grants received	57	31
Interest received allocated to fund	71	55
Category A costs [1]	(233)	(106)
Other costs; office expenses	(160)	(702)
Released from / addition to fund	(265)	(722)

	2012	2011
	€ ,000	€ ,000
Capacity building Africa and South and East Asia		
Grants received	582	280
Other costs	(685)	(533)
Released from/addition to fund	(103)	(253)
Capacity building funds		
Grants received	2,314	1,151
Interest added	15	-
Other costs	(1,946)	(1,595)
Released from/addition to fund	383	(444)
General guarantee funds		
Grants received	-	12
Interest added	63	34
Released from/addition to fund	63	46
Guarantee fund for Africa		
Interest added	61	33
Released from/addition to fund	61	33
Schokland capacity building fund		
Grants received	(180)	327
Interest added	6	5
Other costs	(32)	(200)
Released from/addition to fund	(206)	132
Total addition to funds	**613**	**3,882**

[1] Definitions of category A and category B costs are included in the summary of accounting policies under the note 'Description of the organization'.

28 Use of financial instruments

Balance sheet item	Product	31/12/12 Notional €	31/12/12 Carrying amount € ,000	31/12/12 Fair value € ,000	31/12/11 Carrying amount € ,000	31/12/11 Fair value € ,000
Oikocredit has entered into the following derivatives to cover its exposure:						
Fixed assets						
FX derivatives	Under hedge accounting	28,477,193	1,439	1,535	351	145
Interest derivatives	Under hedge accounting	75,147,783	5,901	4,937	8,141	7,224
	Total		**7,340**		**8,492**	
Current assets						
FX derivatives	Under hedge accounting	(2,694,677)	122	117	70	55
Interest derivatives	Under hedge accounting	6,185,074	280	256	238	285
	Total		**402**		**308**	
Non-current liabilities						
FX derivatives	Under hedge accounting	7,526,153	(38)	3	(323)	(281)
Interest derivatives	Under hedge accounting	35,365,259	(1,901)	(2,756)	(2,713)	(3,071)
	Total		**(1,939)**		**(3,036)**	
Current liabilities						
FX derivatives	Under hedge accounting	3,535,193	(247)	(251)	(624)	(610)
Interest derivatives	Under hedge accounting	8,844,746	(752)	(796)	(895)	(865)
	Total		**(999)**		**(1,519)**	

29 Overview total result

Movement in group equity and funds can be specified as follows:	2012	2011
	€ ,000	€ ,000
Equity and funds as of 1 January	**574,424**	**530,544**
Consolidated net income after addition to funds	22,153	14,833
Exchange rate differences on investments in group companies	(2,885)	(2,872)
Addition to funds	613	3,882
Total direct changes in equity and funds	(2,272)	1,010
Total result group excluding third party interest	**19,881**	**15,843**
Net addition member capital (new shares minus redemptions)	39,880	35,990
Dividends paid to members	(9,193)	(7,953)
	30,687	**28,037**
Equity and funds as of 31 December	**624,992**	**574,424**

30 Remuneration policies

Remuneration of the board of directors

In general, no remuneration is paid to the board of directors. However, board members receive compensation in case of loss of income when attending Oikocredit board or committee meetings. The total remuneration for loss of income paid in 2012 amounted to € 43,300 (2011: € 32,900).

Remuneration of management team		
The remuneration can be specified as follows:	**2012**	**2011**
	€ ,000	**€ ,000**
Managing directors:		
Tor G. Gull (7 months) and Rosalind Copisarow (7.25 months) gross salary, holiday and year-end allowance	-	158
Tor G. Gull performance reward (a part was paid net in Oikocredit shares)	-	26
Tor G. Gull and Rosalind Copisarow expense and 30% allowances	-	50
Ben Simmes (9 months) and David Woods (2 months) gross salary, holiday and year-end allowance	118	-
Ben Simmes and David Woods expense and 30% allowances	10	-
Other management team members:		
Gross salary, holiday, year-end allowance and performance reward (a part was paid net in Oikocredit shares)	384	455
Expense and 30% allowances	48	10
Total (2012: 5 members; 2011: 5 members)	**560**	**699**

Payments 2012 related to end of service management team members	**2012**
	€ ,000
Rosalind Copisarow settlement (gross amount)	260
Erik Heinen leave and bereavement payment	45
Total	**305**

Staff based in the Netherlands
The remuneration policy and employment conditions of staff living in the Netherlands are in principle (unless specific circumstances require a surcharge) based on similar employment conditions formulated by a Dutch development organization.

The Society has introduced a 'median wage' pension system for its employees in the Netherlands, to which the employer and the employees each contribute a part of the pension premiums. Pensions are indexed based on the average wage increases during the year, which will be determined from year to year.

Staff based outside the Netherlands
Local staff members – based in our regional and country offices outside the Netherlands – are being paid in the currencies of the countries in which they reside and work and they are remunerated according to standards applicable to employees with similar responsibilities in those countries.

A savings/provident fund scheme is available for staff outside the Netherlands to which the employer and employees each contribute a fixed percentage of the staff member's gross remuneration.

Performance reward
A performance reward was awarded to all staff members with a permanent contract and working for the organization longer than one year (as an acknowledgement for good results based on specific social and financial objectives agreed with the Board) for 2011 (paid in 2012) as well as 2010 (paid in 2011). A part of the performance reward is awarded in Oikocredit shares and a part in cash. This amount is accounted for under personnel expenses.

Board and management team holdings in share capital Oikocredit
The board and management team members have indirect holdings in Oikocredit shares. These holdings do not have any voting rights.

Share holdings of board and management team	
Can be specified as follows:	**31/12/2012**
	€ ,000
Board members	796
Management team members	85
Total	**881**

31 Information on the role of the board of directors and committees of the Society

Board of directors of the Society

The annual general meeting has appointed an international board of directors, which has the widest powers in regard to the management of the Society. It has the authority to decide on all matters, which are not specifically attributed and reserved to the general meeting of the Society: the board of directors has the power to delegate (a part of) its powers to the managing director who is responsible for the day-to-day management of the Society under the specific instructions of the board of directors on financial, economic and social policies. Further details can be found in article 30 to article 32 in the articles of association of the Society. The board of directors held four meetings during 2012.

The following people are members of the board of directors as of 31 December

- Ms Salome Sengani – President (South Africa)
- Mr Matt Christensen – Vice President (United States of America)
- Dr Aris Alip (The Philippines)
- Dr Nune Darbinyan (Republic of Armenia)
- Ms Jacinta Hamann de Vivero (Peru)
- Ms Kristina Herngren (Sweden)
- Mr Richard Librock (Canada)
- Mr Amulike Ngeliama (Tanzania)
- Mr Sérgio Roschel (Brazil)
- Ms Martina Straub (Switzerland)
- Mr Heinrich Wiemer (Germany)

Secretary to the board: Mr David Woods (Ireland)

The Management Team consists of the following staff members

- Mr David Woods – Managing Director (Ireland)
- Mr Florian Grohs – Director Loans & Investments (Germany)
- Mr Albert Hofsink – Director Finance, ICT & Risk Management (the Netherlands)
- Ms Ging Ledesma – Director Social Performance & Financial Analysis (the Philippines)
- Ms Ylse van der Schoot – Director Investor Relations (the Netherlands)

Audit committee

The annual general meeting has set terms of reference for the audit committee, which consists of three people elected by the annual general meeting for a three-year term. The audit committee held two meetings during 2012, reviewing items such as the Financial Statements, internal control structures, the risk management project, as well as legal and compliance issues.

Members of the audit committee

- Mr Andreas Neukirch (Germany)
- Ms Ilse Roeleveld-Schmidt (the Netherlands)
- Ms Ruth Waweru (Kenya)

Nomination committee

The nomination committee is elected by the members of the Society and has the task of collecting and organizing the nominations for candidates for membership of the board, the audit committee and the nomination committee itself.

Members of the nomination committee

- Ms Ulrike Chini (Germany)
- Mrs Richard Librock (Canada)
- Mr Bright Mawudor (Ghana)
- Mr Nils-Gunnar Smith (Sweden)
- Mr David Woods (Ireland)

Society financial statements

Society **balance sheet**

(before appropriation of net income)

Notes		31/12/12	31/12/11
		€ ,000	**€ ,000**
	NON-CURRENT ASSETS		
	Financial assets		
33	Development financing		
	Total outstanding project financing	479,300	461,831
	Less: - loss provision and impairments	(47,113)	(48,596)
		432,187	**413,235**
	Consists of:		
	Loans (net of loss provision)	*403,020*	*385,427*
	Equity (net of impairments)	*29,167*	*27,808*
34	Investments in group companies	37,909	43,554
35	Term investments	117,757	110,492
36	Other financial assets	6,975	8,265
	Total financial assets	**162,641**	**575,546**
37	**Tangible assets**	**615**	**601**
	Total non-current assets	**595,443**	**576,147**
	CURRENT ASSETS		
38	Receivables and other current assets	15,826	14,868
39	Cash and banks	70,010	38,413
	Total current assets	**85,836**	**53,281**
	TOTAL	**681,279**	**629,428**

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

Society **balance sheet**

(before appropriation of net income)

Notes		31/12/12	31/12/11
		€ ,000	**€ ,000**
	MEMBER CAPITAL AND RESERVES		
40	Member capital	558,530	514,200
41	General reserves	48,703	42,482
41	Restricted exchange fluctuation reserve	(3,130)	(245)
	Undistributed net income for the year	22,855	15,887
		626,958	**572,324**
43	**NON-CURRENT LIABILITIES**	**26,783**	**42,106**
44	**CURRENT LIABILITIES**	**27,538**	**14,998**
	TOTAL	**681,279**	**629,428**

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

Society **income statement**

Notes		2012	2011
		€ ,000	€ ,000
	RESULTS		
34	Results participation in group companies after taxes	(1,978)	1,289
	Other results	24,833	14,598
	NET INCOME	**22,855**	**15,887**

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

Notes to the **Society financial statements**

32 General

The Society financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

The accounting policies of the Society financial statements and the consolidated financial statements are the same. Group companies are stated at net asset value in accordance with the accounting policies for the consolidated financial statements. For the accounting policies of the Society financial statements, we refer to the summary of accounting policies as included in the notes to the consolidated financial statements.

33 Development financing

Changes in outstanding funding			
Can be specified as follows:		**2012**	**2011**
		€ ,000	**€ ,000**
Outstanding as of 1 January		461,831	407,664
Disbursements		189,800	181,842
Capitalized interest and dividends		810	67
Less:	- repayments	(161,313)	(131,084)
	- write-offs	(3,785)	(4,094)
Exchange adjustments		(8,043)	7,436
Outstanding as of 31 December		479,300	461,831
Approved in the year		234,258	211,151
Less:	- commitments cancelled	(15,657)	(5,605)
Not yet disbursed 1 January		112,103	93,168
Repayments on credit lines		19,178	15,939
Less:	- disbursements	(189,800)	(181,842)
	- disbursements through subsidiary Maanaveeya	(25,392)	(12,062)
	- disbursements through LIC Fund	(1,185)	-
	- disbursements through subsidiary Oikocredit Ukraine	(1,146)	(710)
	- disbursements through OSCap Fund	(602)	(388)
	- disbursements through BTF Fund	(71)	(1,139)
Exchange adjustments		(7,468)	(6,408)
Approved as of 31 December		**603,518**	**573,935**

Provision for possible losses		
Can be specified as follows:	**2012**	**2011**
	€ ,000	**€ ,000**
Balance as of 1 January	42,721	40,928
Additions	1,741	5,545
Exchange adjustments	(693)	342
	43,769	46,815
Less: - write-offs	(3,545)	(4,094)
Balance as of 31 December	**40,224**	**42,721**

Impairments equity investments		
Can be specified as follows:	**2012**	**2011**
	€ ,000	**€ ,000**
Balance as of 1 January	5,875	5,447
Additions	1,254	428
	7,129	5,875
Less: - write-offs	(240)	-
Balance as of 31 December	**6,889**	**5,875**

We refer to note 5 of the consolidated financial statements for further detailed information on consolidated development financing.

34 Group companies

Net asset value investments in group companies		
	31/12/12	**31/12/11**
	€ ,000	**€ ,000**
Maanaveeya Development & Finance Private Ltd., Hyderabad, India [1]	34,535	41,085
Financial Company Oikocredit Ukraine, Lviv, Ukraine [2]	1,959	1,459
Oikocredit Seed Capital Fund [3]	748	819
Low Income Countries Loan Fund [3]	667	-
Barefoot Power Trade Finance Fund	-	191
Balance as of 31 December	**37,909**	**43,554**

[1] The investment in Maanaveeya Development & Finance Private Ltd., Hyderabad, India, consists of 100% of the compulsory convertible bonds amounting to Indian rupee 1.6 billion and 100% of the ordinary shares amounting to Indian rupee 0.8 billion. The compulsory convertible debentures should be converted within 10 years after issuing the debentures ultimately during 2018. The debentures carry an interest rate of 11% per annum payable at 31 March of each year.

[2] The investment in Financial Company Oikocredit Ukraine in Lviv, Ukraine, consists of 100% of the ordinary shares amounting to UAH 20 million.

[3] This amount represents the Society's participation in the Oikocredit Seed Capital Fund (63%) and the Low Income Countries Loan Fund (50%). These Funds are created as restricted, open-ended, tax transparent investment funds for members/shareholders. The Funds are not incorporated legal entities, but unincorporated contracts of their own nature.

Maanaveeya Development & Finance Private Ltd.		
Can be specified as follows:	**2012**	**2011**
	€ ,000	**€ ,000**
Balance as of 1 January	41,085	41,185
Investments	-	6,500
Result for the year	(2,047)	1,386
Interest paid to Oikocredit on compulsory convertible debentures	(2,013)	(2,214)
Exchange adjustments	(2,490)	(5,772)
Balance as of 31 December	**34,535**	**41,085**

Financial Company Oikocredit Ukraine		
Can be specified as follows:	**2012**	**2011**
	€ ,000	**€ ,000**
Balance as of 1 January	1,459	1,125
Investments	373	364
Result for the year	184	(97)
Exchange adjustments	(57)	67
Balance as of 31 December	**1,959**	**1,459**

Oikocredit Seed Capital Fund		
Can be specified as follows:	**2012**	**2011**
	€ ,000	**€ ,000**
Balance as of 1 January	819	889
Result for the year	(71)	(70)
Balance as of 31 December	**748**	**819**

Barefoot Power Trade Finance Fund		
Can be specified as follows:	**2012**	**2011**
	€ ,000	**€ ,000**
Balance as of 1 January	191	179
Result for the year	11	6
Revaluation to market value	8	6
Redemptions	(210)	-
Balance as of 31 December	**-**	**191**

Low Income Countries Loan Fund		
Can be specified as follows:	**2012**	**2011**
	€ ,000	**€ ,000**
Balance as of 1 January	-	-
Investments	712	-
Result for the year	(45)	-
Balance as of 31 December	**667**	**-**

The Society has direct interests in the following entities:	**31/12/12 (%)**
Fully consolidated	
Maanaveeya Development & Finance Private Ltd., Hyderabad, India	100
Financial Company Oikocredit Ukraine, Lviv, Ukraine	100
Oikocredit Seed Capital Fund, Amersfoort, the Netherlands	63
Low Income Countries Loan Fund, Amersfoort, the Netherlands	50

35 Term investments

Can be specified as follows:	**2012**	**2011**
	€ ,000	**€ ,000**
Balance as of 1 January	110,492	1,846
Reclassification 4F Euro and 4F USD Funds	-	105,947
Investments during the year at cost	2,995	2,719
Disinvestments / redemptions during the year	(6)	(1,012)
Revaluation to market value as of 31 December	4,285	1,006
Exchange adjustments	(9)	(14)
Balance as of 31 December	**117,757**	**110,492**

The majority of term investments are listed securities. For a breakdown of the individual titles in the 4F fund, refer to page 75 of the annual report.

Summary of term investments:	**31/12/12**	**31/12/11**
	€ ,000	**€ ,000**
Bonds [1]		
4F Euro Fund for Fair Future, the Netherlands	116,564	109,294
4F USD Fund for Fair Future, the Netherlands	413	402
Rabobank members certificates, the Netherlands	340	349
Subtotal bonds	117,317	110,045
Other term investments		
GLS Bank, Germany	300	300
Other	140	147
Subtotal other loans	440	447
Balance as of 31 December	**117,757**	**110,492**

[1] All investments in bonds in the 4F Funds comply with the following Ethibel Sustainability Index labels and sub-labels:

- Ethibel 'Excellence' label, including companies active in developing countries with particular beneficial impact in these countries.
- Ethibel label for bonds in developing countries and emerging markets.

Part of the term investments serves as collateral for the credit facilities with banks – reference is made to note 39.

Investments in entities above 20% participation			
Of the investments, stated in note 35, the share participation of the following investments as at 31 December 2012 is 20% or more	**Participation**	**Net equity (latest available)**	**Net equity (latest available)**
	%	**€ ,000**	**€ ,000**
4F Euro, Fund for Fair Future, the Netherlands	82.08%	142,020	8,914

36 Other financial assets

Summary of other financial assets:	**31/12/12**	**31/12/11**
	€ ,000	**€ ,000**
Hedge contracts financial institutions	6,975	8,265
Balance as of 31 December	**6,975**	**8,265**

37 Tangible fixed assets

Changes in tangible fixed assets in 2012 and in the cost of acquisition and accumulated depreciation as of 31 December 2012 can be specified as follows:		**2012**	**2011**
		€ ,000	**€ ,000**
Balance as of 1 January		601	1,005
Additions		228	227
Less:	- depreciation over the year	(214)	(631)
Balance as of 31 December		**615**	**601**
Of which:	- at original cost	2,243	2,472
	- less: accumulated depreciation	(1,628)	(1,871)
Of which:	- buildings	119	124
	- other tangible fixed assets (mainly computer equipment and office furniture)	496	477

The useful life of the equipment is estimated at five years on average. Information Technology (IT) equipment is depreciated in three years. Buildings are depreciated in 25 years.

38 Receivables and other current assets

The receivables maturing within one year can be specified as follows:		**31/12/12**		**31/12/11**
		€ ,000		**€ ,000**
Accrued interest on development financing net of allowance		7,521		7,703
Amounts prepaid		2,114		2,481
Interest receivable:		2,107		2,762
- face value	9,579		10,175	
- less: allowance for uncollectability	(7,472)		(7,413)	
Collateral held by TCX, The Currency Exchange Fund N.V., the Netherlands		1,444		-
Staff loans [1]		773		723
Receivables from group companies (refer to note 46)		766		189
Accrued interest on bank accounts and deposits		421		312
Hedge contracts		359		238
Value added tax		144		88
Sundry receivables		177		372
Balance as of 31 December		**15,826**		**14,868**

[1] All housing loans to staff are covered by mortgages. Market interest rates are charged on staff loans. The majority of the staff loans have maturities of over one year.

39 Cash and banks

The Society maintains its funds in banking institutions in Europe, Asia, Latin America, Africa and in the United States of America. The time deposits included in cash and banks as of 31 December 2012 all mature in 2013.

The Society has credit facility agreements with Dutch banks amounting to € 5.75 million, a German institution amounting to € 5 million and a guarantee of € 16 million given to a Dutch bank (we refer to note 10 of the consolidated financial statements). These facilities, which have not been used in 2012, are subject to the following conditions:

- Audited financial statements should be provided within six months after year-end.
- The solvency ratio should be at least 70%.
- The Society should keep its bond portfolio and liquidities free of any encumbrances for 125 % of the amounts of the credit line and guarantees given. The Society should also keep 150% of the amounts of the credit facility of the German Institution on its project portfolio free of any encumbrances (€ 7.5 million).
- Without the written permission of the credit institution, the Society is not allowed to sell or securitize fixed assets or establish mortgages or other encumbrances on fixed assets (except for transactions taking place in the normal course of business) and to issue guarantees for liabilities of third parties.

The Society has a compte joint agreement with ING.

40 Member capital

Can be specified as follows:		2012	2011
		€ ,000	€ ,000
Issued capital			
Balance as of 1 January		514,200	477,332
New shares issued		60,879	45,005
Redemption of shares		(16,549)	(8,137)
Balance as of 31 December		**558,530**	**514,200**
Of which	- euro shares	511,828	471,948
	- shares in other currencies (at original exchange rate)	46,702	42,252

The Society issues euro shares of € 200 each, British pound shares of GBP 150 each, Canadian dollar shares of CAD 200 each, Swedish kronor shares of SEK 2,000 each, Swiss franc shares of CHF 250 each and US dollar-denominated shares of USD 200 each. The number of authorized shares of capital stock is unlimited. The member capital shall be redeemed if a member has ceased to be a member of the Society, no later than five years after the cessation of membership and is as such a liability (puttable shares). If a member has ceased to be a member of the Society, redemptions of capital due are transferred to current liabilities. Redemption (partial redemption) will be at the nominal value. If the net asset value per share is lower than the nominal value, in the most recent audited (interim) balance sheet preceding the redemption by the Society, the amount payable upon redemption of the shares shall not exceed the sum corresponding to the value of the shares according to that balance sheet (article 12 of the articles of association).

41 General and other reserves

General reserves [1]		
Can be specified as follows:	2012	2011
	€ ,000	€ ,000
Balance as of 1 January	42,482	35,015
Appropriation of prior year results	6,221	7,467
Balance as of 31 December	**48,703**	**42,482**

[1] The Oikocredit board allocated a part of the general reserve for specific purposes, we refer to note 47.

Restricted Exchange Fluctuation reserve [1]		
Can be specified as follows:	2012	2011
	€ ,000	€ ,000
Balance as of 1 January	(245)	2,627
Exchange rate differences	(2,885)	(2,872)
Balance as of 31 December	**(3,130)**	**(245)**

[1] The restricted exchange fluctuation reserve represents the accumulation of gains and losses on investments in group companies. This reserve also contains the results (gains, losses and premiums) on the hedge contracts concluded on our investment in group companies.

42 Differences in equity and net income between the society and consolidated financial statements

Changes in the difference between the Society and consolidated equity and profit / loss in the financial year can be specified as follows:	31/12/12	31/12/11
	€ ,000	€ ,000
Equity according to society financial statements	**626,958**	**572,324**
Reclassification of Members capital to Non-Current Liabilities	(43,899)	(39,021)
Reserves Oikocredit International Support Foundation	3	3
Reserves Oikocredit International Share Foundation	102	65
Net result Oikocredit International Share Foundation	81	25
Local currency risk funds Support Foundation	37,112	36,495
Funds for subsidized activities and model costs Support Foundation	4,226	4,230
Revaluation result hedges share capital	409	303
Third party interests	1,106	1,073
Group Equity and Funds according to consolidated financial statements	**626,098**	**575,497**

Difference in net income of society and consolidated financial statements	2012	2011
	€ ,000	€ ,000
Net income according to the society financial statements	**22,855**	**15,887**
Net result Oikocredit International Share Foundation	81	25
Exchange rate differences on Members Capital in foreign currency	(19)	(405)
Dividends paid on Members Capital in foreign currency	(764)	(674)
Net income according to consolidated financial statements	**22,153**	**14,833**

43 Non-current liabilities

Can be specified as follows:	31/12/12	Remaining term	31/12/11
		> 1 year < 5 years	€ ,000
	€ ,000	€ ,000	€ ,000
Hedge contracts related parties (Oikocredit International Support Foundation)	7,969	7,969	11,587
Bank loans [1]	7,503	7,503	1,829
US Note loans [2]	7,364	7,364	13,388
Hedge contracts (refer to note 28, Consolidated financial statements)	1,939	1,939	3,036
First Oikocredit Canada [3]	1,195	1,195	1,064
Loans for investment in development financing [4]	799	799	10,962
Other liabilities	14	14	240
Total non-current liabilities	**26,783**	**26,783**	**42,106**

Repayment obligations falling due within 12 months of the end of the financial year, as set out above, are included in current liabilities.

[1] A loan granted by a German bank amounting to € 7.5 million. The loan has a term of 5 years and carries an interest rate equal to the base rate of the financial institution plus an agreed margin (as per 31/12/2012 1.068%). This facility is subject to the condition that Oikocredit should keep its debt from external loans below 20% of total assets. The loan is unsecured for the first EUR 3 million. From an outstanding of EUR 3 million up to EUR 13 million, the loan is guaranteed by KfW, Germany.

[2] Loans taken from Oikocredit USA against their US Notes issue. The average interest rate of the loans over 2012 was 1.8% (2011: 2.0%). Expenses related to the US Notes issues have been recorded under prepaid expenses. The loans mature from 2013 until 2018.

[3] Loans taken from First Oikocredit Canada against their Canadian Notes issue repayable from 2013 until 2017. The average interest rate of the loans over 2012 was 1.75% (2011: 1.75%).

[4] Loans managed by Oikocredit on behalf of funders that have been invested in Oikocredit's development financing. Oikocredit receives these loans under contract from various co-financing donor or development agencies and social ethical funds. The loans are managed by Oikocredit for the risk and account of these donor agencies and funds. Breakdown as of year-end:

- Swiss Agency € 475,000
- Rabobank Foundation € 268,000
- Woord en Daad € 56,000

During 2012, the loan for investment in developing financing of € 8 million from the Pension Fund Protestant Churches was repaid.

Fair value of long-term liabilities

- The interest rates of the US Note and First Oikocredit Canada loans are in line with the applicable market interest rates for similar loans.
- Funds under management have been invested in the Oikocredit development financing portfolio for risk and account of the funders.
- The majority of the bank loans are at variable interest rates.

Therefore, the fair value of the current liabilities approximates the book value.

44 Current liabilities

All current liabilities mature within one year and can be specified as follows:	**31/12/12**	**31/12/11**
	€ ,000	**€ ,000**
Long-term loans expired or expiring within one year	17,131	5,456
Group companies (refer to note 46)	5,609	3,064
Accrued expenses, sundry liabilities	1,715	2,295
Hedge contracts	999	1,519
Funds under management	555	1,085
Hedging premiums payable	642	523
Taxes payable	343	263
Social securities payable	-	57
Other current liabilities	544	736
Balance as of 31 December	**27,538**	**14,998**

Fair value of current liabilities

The interest rates of the current liabilities are in accordance with applicable market interest rates. Therefore, the fair value of the current liabilities approximates the book value.

45 Commitments not included in the balance sheet

The Society agreed with the Oikocredit Nederland Fonds (ONF) in Utrecht, the Netherlands - as one of the conditions for ONF to qualify as a socially responsible investment opportunity for Dutch tax purposes - to earmark part of microfinance development financing for fiscal purposes (a certain percentage of total ONF member capital is allocated to Oikocredit U.A.). Furthermore, microfinance development financing is earmarked for fiscal purposes to ASN-Novib fund in The Hague, the Netherlands, and to ING Bank N.V. in Amsterdam, the Netherlands.

The Society has entered into a rental agreement for seven years starting at 01/07/2007. The total rent payments amount to € 311,000 per year and are indexed. For this agreement a bank guarantee is issued for € 100,000.

The hedging agreements with Standard Chartered Bank and TCX, The Currency Exchange Fund N.V., contain an obligation to post Eligible Collateral under a Credit Support Annex. In the contract with TCX, the threshold is set at USD 3 million for both Oikocredit and TCX. In the contract with Standard Chartered Bank, the threshold for Oikocredit is set at USD 3 million and for Standard Chartered Bank on USD 50 million.
Oikocredit has posted an amount of EUR 1,4 million of collateral at TCX (see note 9) based on the mark to market value as per 30 November 2012 of negative 3.5 million. As per 31 December 2012, the mark to market value of TCX is EUR 2.8 million negative and reduced further during January 2013, therefore the collateral has been fully repaid in 2013.
As per 31 December 2012, the mark to market value of Standard Chartered bank is EUR 2.6 million positive. Therefore it was not necessary to post or receive collateral.

46 Related party transactions

Transactions with Oikocredit Foundations during the year
Material transactions with the Oikocredit International Support Foundation: during 2012, € 233,000 of category A1 costs were directly charged to the Oikocredit International Support Foundation (2011: € 562,000).

Oikocredit charged costs related to subsidized activities and 'model costs' (category B costs1) to the foundations' funds for subsidized activities and model costs amounting to € 100,000 (2011: € 150,000).

Oikocredit charged unrealized cumulated exchange rate differences on local currency loans to the fund for local currency loans cumulative exchange rate differences amounting to € 4.4 million (2011: addition € 2.5 million).

Transactions with the Oikocredit International Share Foundation
There were no material transactions with the International Share Foundation during 2012 or 2011.

Transactions with members (Support Associations)
Oikocredit granted a contribution for costs to the Support Associations during 2012 for € 1,704,000 (2011: € 1,632,000).

[1] For a description of category A and category B costs as well as local currency risk funds, we refer to the 'Description of Organization' included in the summary of accounting policies.

Amounts owed by and to Oikocredit foundations and other group companies [1]		
	31/12/12	**31/12/11**
	€ ,000	**€ ,000**
Amounts owed to group companies		
Oikocredit International Support Foundation cumulated exchange rate differences	**7,969**	**11,587**
Oikocredit International Support Foundation	5,358	2,419
OSCap Fund	-	581
Low Income Countries Loan Fund	251	-
Barefoot Power Trade Finance Fund	-	64
	5,609	**3,064**
Amounts owed by group companies		
Oikocredit International Share Foundation	595	189
OSCap Fund	171	-
	766	**189**

[1] Market interest rates are charged on these amounts.

Funds available within the Oikocredit Support Foundation
Total funds available within the International Support Foundation to cover future category A and B costs – as well as guarantees and capacity building of Oikocredit – amount to approximately € 4.2 million at year-end.

At year-end, the available local currency risk funds within the Support Foundation – to cover future currency losses on local currency loans – amount to approximately € 37.1 million.

47 Other information

Proposal for allocation of net income
Since 2008, unrealized gains and losses from term investments, as well as unrealized exchange differences on members' capital denominated in foreign currencies, have to be taken to the income statement of the Society. The annual changes in the market value of the term investments as well as exchange rate differences may cause material fluctuations in the net income.

In order to prevent the Society from distributing unrealized gains on the term investments and exchange rate differences as dividend, the board of directors of Oikocredit decided that these amounts should be added to the general reserve. These amounts will be separated within the general reserve and are designated for unrealized losses on term investments and exchange rate differences in future years. The remaining net income is available for dividend distribution.

The board of directors of the Society proposes to set aside for:
- Loan losses € 3 million, for which will be added to in years when there are sufficient results. Withdrawals from this reserve will take place in years when there are above average additions to the loss provision.
- € 3 million for a new Loans & Investments system (LIS), to be developed from second half of 2013 up to 2015, and for the development of insurance activities.

With respect to allocation of net income, the Society's articles of association determine the following (article 35): 'The net profits shall be allocated by the annual general meeting after receiving the proposals of the board of directors.'

The board of directors will make the following proposal to the annual general meeting 2013 as to the 2012 net income:

- To pay a dividend of 1/12th of 2% for every full calendar month of 2012 that the EUR, USD, CAD, SEK and GBP shares were registered.
- To pay a dividend of 1/12th of 1% for every full calendar month of 2012 that the CHF shares were registered.
- To add the amount in excess of the net result needed to pay the dividend to the general reserve, of which:
  a. € 4.3 million to be added to the general reserve in respect of revaluations of term investments and € 0.1 mln to be withdrawn from the general reserve to cover currency differences related to unhedged currency positions
  b. € 2 million to be added to the general reserve allocated as a reserve for the Loans & Investments system
  c. € 1 million to be added to the general reserve allocated as a reserve for the development of insurance activities
  d. € 3 million to be added to the general reserve allocated as a reserve for future loan losses
  e. 10% of the net result (after conditions a, b and c have been fulfilled) to be added to the general reserve allocated for capacity building expenditure in future
  f. € 2 million remaining to be added to the general reserve

Allocation of net income		
The board of directors proposes to appropriate the net income as follows:	**2012**	**2011**
	€ ,000	**€ ,000**
Dividend distribution	**10,520**	**9,717**
General reserve		
Loan loss reserve	3,000	-
Reserve for Loans & Investments system	2,000	-
Reserve for development insurance activities	1,000	-
Unrealized revaluation of term investments	4,286	942
Unrealized exchange differences (withdrawal)	(101)	409
Capacity building project partners (addition less withdrawals)	122	482
Other	2,028	4,337
	12,335	**6,170**
Net income	**22,855**	**15,887**

Information on cumulative unrealized results and specific designated amounts in general reserve		
The breakdown of the balance of the cumulative amounts of the unrealized results included in the general reserve can be specified as follows:	**2012**	**2011**
	€ ,000	**€ ,000**
Local currency loans [1]	2,932	2,932
Capacity building project partners	1,006	884
Cumulative amount of reserve set aside for new Loans & Investments system	2,000	-
Cumulative amount of reserve set aside for development insurance activities	1,000	-
Cumulative amount of reserve set aside for loan losses	3,000	-
Cumulative amount of unrealized revaluation of term investments	12,066	7,780
Cumulative amount of unrealized exchange differences in results	4,366	4,467
Total unrealized results and designated amounts included in general reserve	**26,370**	**16,063**

[1] An amount for local currency loans (€ 2,932,000) will be used for exchange rate differences, resulting from local currency loans, insofar as these exchange rate differences cannot be covered by the local currency risk funds in the Oikocredit International Support Foundation.

Independent auditor's report

To: the Board of Directors of Oikocredit Ecumenical Development Co-operative Society U.A.

Report on the financial statements

We have audited the accompanying financial statements 2012 of Oikocredit Ecumenical Development Co-operative Society U.A., which comprise the consolidated and company balance sheet as at 31 December 2012, the consolidated and company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Oikocredit Ecumenical Development Co-operative Society U.A. as at 31 December 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 27 February 2013

Ernst & Young Accountants LLP

signed by Z. Ahmed-Karim

Annex to the annual report

Overview of all 4F Fund bonds that Oikocredit has invested in through its participation in the 4F Funds

	31/12/12	31/12/11
	€ ,000	**€ ,000**
Bonds issued by development banks, developing countries and by companies active in – and with particular beneficial impact in – developing countries		
Bonds issued by development banks:		
Kreditanstalt für Wiederaufbau	9,291	9,279
Agence Française de Développement	2,332	-
Inter-American Development Bank	878	11,959
Financieringsmaatschappij voor Ontwikkelingslanden	613	-
Dutch Government Investment Bank	-	2,354
Bank Nederlandse Gemeenten	-	1,439
Bonds issued by developing countries:		
Republic of Lithuania	2,251	2,221
Republic of South Africa	-	4,543
Republic of Chile	-	193
Bonds issued by companies active in - and with particular beneficial impact in - developing countries:		
Telenor ASA, Norway	6,868	6,009
Australia & New Zealand Banking Group Ltd, Australia	6,387	6,261
Danone, France	6,291	5,798
Air Liquide, France	5,972	-
Schneider, France	5,842	5,397
Linde Finance B.V., the Netherlands	5,804	5,363
Suez Environnement, France	5,744	5,202
Legrand SA, France	5,608	-
DSM, the Netherlands	5,309	5,413
Akzo Nobel, the Netherlands	2,274	2,295
Olivetti Finance (Telecom Italia), Italia	2,045	1,946
Electricidade de Portugal SA / Energias de Portugal, Portugal	-	2,780
Telefonica Emision Sau, Spain	-	2,443
Subtotal bonds with development impact	*73,509*	*80,895*
Other term investments		
Sovereign bonds		
Republic of Slovakia	5,441	5,302
Corporate bonds		
Nederlandse Waterschapsbank NV, the Netherlands	12,534	13,527
Société Nationale des Chemins de Fer Français (SNCF), France	7,061	-
Sanofi, France	6,671	6,289
Bank Nederlandse Gemeenten, the Netherlands	6,600	-
Deutsche Bahn, Germany	6,471	-
Novartis Finance SA, Luxembourg	5,619	5,504
ÖBB-Infrastruktur, Germany	4,966	-
Telstra, Australia	4,451	2,229
Telia Sonera, Sweden	4,002	4,004
ASML Holding, the Netherlands	2,564	-
Reed Elsevier NV, the Netherlands	2,128	2,211
Bell Canada Enterprises, Canada	2,101	2,139
Régie Autonome des Transports Parisiens (RATP), France	566	-
Roche Holdings Inc., United States of America	-	5,299
Air Products & Chemicals, United States of America	-	3,171
Deutsche Telekom, Germany	-	2,105
Subtotal other bonds	*71,175*	*51,780*
Total	**144,684**	**132,675**

Office information

International office

Management team

- Mr David Woods
  Managing Director

- Mr Florian Grohs
  Director Loans & Investments

- Mr Albert Hofsink
  Director Finance, ICT &
  Risk Management

- Ms Ging Ledesma
  Director Social Performance
  & Financial Analysis

- Ms Ylse van der Schoot
  Director Investor Relations

Regional offices

East Africa

- Ms Judy Ngarachu
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West Africa

- Ms Mariam Dao
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  Mali, Senegal, Togo
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India

- Mr Sundara Rao
  rdc.india.office.in@oikocredit.org

Southeast Asia

- Ms Ma. Theresa Pilapil
  Cambodia, The Philippines,
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  Democratic Republic, Vietnam
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Mexico, Central America and the Caribbean

- Ms Teresita Murillo
  Costa Rica, Dominican Republic,
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Eastern Europe and Central Asia

- Ms Rakhat Gravesteijn Uraimova
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  Republic, Georgia, Kazakhstan,
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  Mongolia, Montenegro, Poland,
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South America northern region

- Mr Frank Rubio
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South America southern region

- Mr Mario Umpierrez
  Argentina, Bolivia, Brazil,
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  rdc.sasr.office.sasr@oikocredit.org

International office

- Cameroon, Nigeria, Mozambique,
  Australia, Belgium, Chile, Egypt,
  Ethiopia, Germany, Madagascar,
  Malawi, Mauritius, Netherlands,
  Samoa, Spain, South Africa,
  Tunisia, United Kingdom,
  United States of America

Oikocredit has eight regional offices and offers funding in almost 70 countries.
Non-focus countries are in italics.

National support offices

Canada

- Oikocredit Canada (Toronto)
  Mr Eugene Ellmen
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Support associations

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Oikocredit terminology

Capacity building
In addition to providing financial services, Oikocredit offers its partners capacity building programmes to help them develop expertise and management skills in areas like finance, risk management and social performance.

Country office
Oikocredit's office working directly with partners and beneficiaries in national or regional markets.

Focus country
Country of special interest where Oikocredit believes there is significant need for financial services and where it can have a high impact.

National support office
Oikocredit's office coordinating and supporting efforts to attract investors, working closely with local support associations.

Non-financial sector
Financial services Oikocredit provides to entities other than microfinance institutions (MFIs). The largest category of non-financial services consists of loans to agricultural cooperatives and fair trade organizations.

Non-focus country
A country where Oikocredit offers funding, but generally does not have an office.

Oikocredit international office
Oikocredit's headquarters in the Netherlands that coordinates and supports its activities worldwide.

Oikocredit International Share Foundation
The Share Foundation facilitates investments in Oikocredit for banks, development organizations and individuals in countries where no support associations nor national support offices exist.

Oikocredit International Support Foundation
The Support Foundation mobilizes grant funds to cover costs of Oikocredit's capacity building activities and certain types of operational costs.

Portfolio at risk - PAR (90)
Percentage of our portfolio with a delay in payment of 90 days or more.

Regional office
Oikocredit's office coordinating our development finance activities in a particular region.

Subsidized activities and model costs
Services such as capacity building support that Oikocredit provides to clients in addition to its core business of providing financial services.

Support association
Local organization engaged in promoting Oikocredit.

Term investments
Oikocredit's investments in bonds.

Strategic partners

ICCO – Partner to enterprising people www.icco.nl	CERISE www.cerise-microfinance.org/en/	Terrafina Microfinance www.terrafina.nl
Grameen Foundation www.grameenfoundation.org	Rotary International www.rotary.org	Church of Sweden www.svenskakyrkan.se

Relevant networks

World Fair Trade Organization www.wfto.com	Agri Pro Focus www.agri-profocus.nl	mix www.themix.org
Eurosif www.eurosif.org	ica www.ica.coop	ECLOF International www.eclof.org
BiD Network www.bidnetwork.org	mftransparency.org www.mftransparency.org	Social Performance Task Force www.sptf.info
INAISE www.inaise.org	Council of Microfinance Equity Funds www.cmef.com	European Microfinance Platform – Networking with the South www.e-mfp.eu
the smart campaign – Keeping clients first in microfinance www.smartcampaign.org	npm platform for inclusive finance www.inclusivefinanceplatform.nl	SIO Social Investment Organization www.socialinvestment.ca

Text and production
Oikocredit staff
Miles Litvinoff
Angèle Vermeulen

Photographs
Ylse van der Schoot (cover),
Tom Bamber, Claudia Berg,
Bijan Kafi, Opmeer Reports,
Paul Vlaardingerbroek, Jan Zwart,
Oikocredit support associations,
members, partners and staff

Design
Van Santen Productions

Printing
Drukkerij Atlas

www.oikocredit.org

Oikocredit is a worldwide cooperative society.

It promotes global justice by challenging people, churches and others to share their resources through socially responsible investments and by empowering disadvantaged people with credit.

investing in people

Oikocredit International

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