OIKO CREDIT
investing in people

Annual Report **2022**

Reconnecting and engaging

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Annual Report 2022

About the cover picture:

Svasti Microfinance Private Limited

Supriya Kiram Kate has a shop in Dapodi, India, where she has sold clothes, undergarments, jewellery and makeup since 2017. The Indian microentrepreneur specialises in women's and children's clothing. She is also a tailor, repairing and sewing new items. Supriya opened the shop in 2017. The following year, she took a loan of INR 30,000 (around € 390) from Oikocredit partner Svasti.

Supriya's husband and two other people also work with her at the shop, where she has two sewing machines. She has now taken out a new loan of INR 40,000.

Svasti, a microfinance institution based in Chennai, India, focuses on financial products for women who want to start a small business or expand an existing enterprise, while improving the lives of their families.

Supriya has taken a group loan with four other women. "The advantage of having a loan with Svasti is that applying for and acquiring the loan takes very little time," she said. Supriya and the other members of her group make their loan payments at a centre close by, where they gather with 20 to 25 women.

Supriya, who is in her early thirties, has now set her sights higher. "I dream of getting a bigger shop, with more sewing machines and more employees," she said.

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From the Managing Director

Uncertainty and change seem to be the hallmark of the 'new normal' as the world emerges from the Covid-19 pandemic only to confront multiple deep and interrelated crises of climate, biodiversity, livelihoods, poverty, social injustice and war. These crises threaten us all and almost always hurt the lowest-income members of global society most directly and painfully. Yet they are also among the reasons why Oikocredit exists and what we have sought to address throughout our 47 years of investing responsibly in partner organisations that help low-income people and communities improve their quality of life sustainably.

More than this, in 2022 our cooperative brought to fruition several years' preparatory work to enable us to harness a more robust and resilient collective response to worldwide challenges.

Our new 2022-2026 strategy, developed through extensive dialogue with internal and external stakeholders, focuses on supporting communities in building resilience while continuing to focus on financial inclusion, renewable energy and agriculture as the core part of our work. We will build resilience of communities through an expanding and innovative range of lending, investing and capacity building in the housing, education, healthcare, water and sanitation, and community infrastructure sectors. As ever, our new community-focused approach aims to avoid top-down solutions by learning from the bottom up with and from partners that work directly with low-income people, keeping their interests and needs at the centre. The strategy also emphasises strengthening connections with and between our members and investors and the work we do in our focus countries to enhance the cooperative's role as a global movement and change maker.

The work we do with our partners targets improved opportunities for end-clients like Supriya K. Kate (featured on the cover page) to improve their livelihoods and fulfil their potential. Supriya has a shop in Dapodi, India, where she sells clothes, jewellery and makeup. She has taken several loans from Svasti, a microfinance institution based in Chennai. Svasti is an Oikocredit partner that focuses on financial products for women who want to start a small business or expand an existing enterprise, with a view to improving the lives of families across four states in India.

Remaining focused on our mission, Oikocredit's new capital-raising model, which has also taken time and careful consultation in developing, will offer individuals and organisations a possibility to invest directly in Oikocredit. We will introduce the new investment product (called participations) sequentially in our inflow markets from 2023 to simplify and standardise our capital raising, increase transparency and free up more resources for our core mission. Cooperative members will continue to hold voting rights.

This Annual Report 2022 covers these topics and more: our portfolio and organisational finances, which have weathered the financial market turbulence that undercut the value of our fixed-rate term investments (bonds) this year; steady progress in our long-standing focus sectors of inclusive finance, agriculture and renewable energy, which continue to achieve a fair financial return and demonstrate improving social and environmental performance; our community-focused pilot projects under the new strategy; changes at board level and to our leadership structure, including the new Executive Committee and Global Leadership Group and a strengthened role of the Members' Council; our insightful Impact Report; and our successfully evolving client self-perception survey. In addition, this report includes a new section summarising Oikocredit's corporate governance.

The story we have to share is compelling. Yet none of this would be possible without our cooperative members, investors, strategic and portfolio partners, volunteers and support associations, all my colleagues in the Netherlands and abroad, the Members' Council, the Works Council and our Supervisory Board. My thanks to all for walking with us on this journey towards a better world.

Mirjam 't Lam
Managing Director

Five-year **Oikocredit key figures**

Figures from the consolidated financial statements as at 31 December	2022	2021	2020	2019	2018	Reference
Members	528	546	552	555	558	
Investors (approximate number)	56,300	58,900	58,400	59,000	57,000	
Countries with regional and country offices [1]	13	14	14	15	21	
National support offices and support associations	26	26	26	28	32	
Staff members in full-time equivalents (FTE) [2]	250	206	192	201	235	Note 27
Partners in portfolio [3]	519	517	563	674	684	
€ millions						
Total consolidated assets	1,238.2	1,258.1	1,241.7	1,310.4	1,292.9	Consolidated balance sheet
Member capital	1,110.7	1,129.0	1,104.1	1,129.8	1,082.5	Consolidated balance sheet
Other funding [4]	98.6	88.0	109.3	141.4	146.4	Consolidated balance sheet
Total funds available for investing	1,209.3	1,217.0	1,213.4	1,271.2	1,228.9	
Development financing activities						
New disbursements	408.5	474.1	243.5	404.5	444.5	Note 9
De/Increase in disbursements (%)	*-13.8%*	*94.7%*	*-39.8%*	*-9.0%*	*16.9%*	
Cumulative disbursements	5,325.7	4,917.2	4,443.1	4,199.6	3,795.1	
Total cumulative payments (capital, interest and dividends) by partners [5]	5,030.1	4,572.4	4,168.7	3,728.7	3,289.4	
Total development financing outstanding	1,007.2	995.9	845.1	1,064.6	1,046.6	Note 9
As % of total funds available for investing at 1 January	*82.8%*	*82.1%*	*66.5%*	*86.6%*	*90.8%*	
Portfolio at risk 90 days [6]	3.8%	5.5%	5.8%	5.4%	4.0%	
Loan loss provisions on capital and interest and impairment of equity [7]	83.5	96.7	109.9	97.3	80.3	Notes 9 and 13
Loan loss provisions on capital and interest and impairment of equity as % of development financing outstanding	*8.3%*	*9.7%*	*13.0%*	*9.1%*	*7.7%*	
Write-offs of capital charged to loan loss provisions	28.2	12.8	12.9	5.7	5.3	Note 9
As % of development financing outstanding loan portfolio	*3.3%*	*1.5%*	*1.9%*	*0.6%*	*0.6%*	
Term investments	-	214.4	182.8	139.8	144.2	Consolidated balance sheet
Total financial income [8]	105.0	69.3	78.6	98.1	87.2	Consolidated income statement
General and administrative expenses [9]	36.8	29.5	29.1	31.5	37.1	Consolidated income statement
As % of total assets	*3.0%*	*2.3%*	*2.3%*	*2.4%*	*2.9%*	
General and administrative expenses excluding grant-based expenses [10]	36.2	29.1	28.4	30.7	36.0	
As % of total assets	*2.9%*	*2.3%*	*2.3%*	*2.3%*	*2.8%*	
Impairments and additions to loss provisions	-12.4	-1.8	33.0	23.1	15.0	Consolidated income statement
As % of development financing outstanding	*-1.2%*	*-0.2%*	*3.9%*	*2.2%*	*1.4%*	
Net income available for distribution [11]	8.5	15.3	(22.2)	14.3	1.3	Society income statement
Dividend	5.6	5.6	0	0	10.6	Other information

[1] Countries with legal entities that no longer carry out operational activities are not included in this number.
[2] Including staff employed by regional offices and national support offices.
[3] *Partners in portfolio* includes development financing outstanding as well as partners currently in the process of disbursement, and excludes partner funding that has been repaid, written off or cancelled. A partner is an organisation to which Oikocredit is extending a loan or in which Oikocredit has an equity investment.
[4] *Other funding* is general reserves (2022: € 83.5 million) and non-current liabilities (2022: € 16.6 million) excluding hedge contracts and other liabilities (2022: € 1.5 million).
[5] *Total cumulative payments by partners* comprises payments of capital, interest and dividends.
[6] *Portfolio at risk 90 days* excludes payment holiday partners. Please refer to Note 6 on risk management for additional information.
[7] Loan loss provisions on capital and impairments on equity investments (2022: € 79.5 million) and loan loss provisions on interest (2022: € 4.0 million).
[8] Consists of interest on the development financing portfolio (2022: € 84.3 million), interest on term investments (2022: negative € 0.1 million) and income from equity investments (2022: € 20.8 million).
[9] Including expenses covered by grants (for example capacity building expenses).
[10] Excluding expenses covered by grants (for example capacity building expenses).
[11] Please refer to the Society financial statements.

Corporate governance

Tenan Silue is a farmer from Côte d'Ivoire. He grows mangos and cashew nuts. In 2019, he installed a Baobab Plus solar home system to ensure his children can study in the evenings during the region's frequent grid-electricity power cuts.

Baobab Plus Cote d'Ivoire has been an Oikocredit partner since 2020. Part of the Baobab Group, formerly known as Microcred, the microfinance institution offers pay-as-you-go solar home systems aimed at tackling energy access and financial inclusion challenges.

Corporate governance

Introduction

Oikocredit[1] is a cooperative under Dutch law. The 'structure regime' under Dutch law has applied to Oikocredit since August 2019. The Dutch Corporate Governance Code is not applicable to the cooperative as its shares are not listed on a government-recognised stock exchange (or any other exchange). However, certain best practices are reflected in the cooperative's Articles of Association and rules for both its Supervisory Board and Managing Board as necessary.

New governance structure

As of July 2022 Oikocredit adopted a new governance structure, with a Managing Board consisting of four statutory directors and an Executive Committee consisting of the Managing Board members and six non-statutory directors responsible for strategy implementation and the day-to-day operation of Oikocredit. The new structure is designed to support implementation of the 2022-2026 strategy, to enhance our decision-making, efficiency and effectiveness, and to further embed our focus on social impact.

Governance bodies at Oikocredit

General Meeting

The General Meeting is the highest governing body of Oikocredit. It is the sole body of the cooperative with the power (among other powers) to alter the Articles of Association, appoint members of the Supervisory Board upon nomination of the Supervisory Board, adopt the annual accounts, allocate profits and declare dividends, and discharge the Managing Board and the Supervisory Board. Every member of the cooperative has one vote at the General Meeting, regardless of the size of its shareholding in the cooperative. Oikocredit is therefore not directly or indirectly owned or controlled by any member or other person. Members do not have different classes of voting rights. While exercising their voting right at the General Meeting, a member may be represented by another person on the basis of a written power of attorney. No person may represent more than three members.

Members' Council

A Members' Council has been established to represent and promote the interests of Oikocredit's members, to share members' views with regard to relevant matters with the Supervisory Board and the Managing Board, and to advise accordingly and coordinate meetings of members (other than General Meetings). The Members' Council consists of at least five people elected by the General Meeting. The maximum number of members of the Members' Council and other composition details are laid down in the profile of the Members' Council, which has been adopted by the General Meeting. Oikocredit currently has a Members' Council consisting of seven member representatives.

The Members' Council meets regularly between the Annual General Meetings (AGMs) of members to discuss members' issues and gives input to other governing bodies on topics of interest or concern to members. It was initially set up in 2016, and the AGM in 2022 adopted a proposal to strengthen and formalise the role of the council as a formal body of Oikocredit.

Supervisory Board

Oikocredit has a two-tier governance structure in which the Supervisory Board acts as the deliberative, guiding and supervising non-executive body. As its formal employer, it oversees the work of the Managing Board, which is responsible for the overall management of Oikocredit. Both boards together are responsible for keeping Oikocredit true to its vision, mission and values.

The Supervisory Board supervises the policies pursued by the Managing Board and the general course of affairs of Oikocredit and the business enterprise connected with it. The Supervisory Board also assists the Managing Board by actively providing advice. In carrying out its duties, the Supervisory Board is guided by the interests and the values of Oikocredit and the business enterprise connected with it, and it takes into account the relevant interests of the cooperative's members and other stakeholders.

Supervision of the Managing Board by the Supervisory Board includes:

- the realisation of the objectives of Oikocredit;
- strategy and the risks inherent in the business activities;
- the design and effectiveness of the internal risk management and control systems;
- the financial reporting process;
- compliance with regulations and legislation;

[1] When referring to Oikocredit in the Managing Board report and Supervisory Board report we refer to Oikocredit, Ecumenical Development Cooperative Society U.A. (the Society).

- the relationship with cooperative members; and
- corporate social responsibility and sustainability issues relevant to the cooperative's business.

In June 2022 the Supervisory Board decided to further align its committee structure with the Dutch Corporate Governance Code and internal regulations and cater to needs resulting from the new strategy and capital-raising model. This reorganisation resulted in the following committees: the Remuneration, Nomination and Selection Committee; the Audit, Risk and Compliance Committee; the Investment Committee; the Impact and Innovation Committee; and the Project House Committee. The committees are composed exclusively of Supervisory Board members.

Managing Board and Executive Committee

The Supervisory Board appoints the members of the Managing Board. All Managing Board members are based at the Oikocredit international office, Berkenweg 7, 3818 LA, Amersfoort.

The Managing Board has the widest powers with regard to the management of Oikocredit. It has the authority to decide on all matters not specifically attributed and reserved to the General Meeting or the Supervisory Board. The Managing Board has the power to delegate its powers to Oikocredit staff members nominated as proxy holders; such delegation can be made subject to conditions and limitations.

The Executive Committee was introduced in July 2022 and consists of all members of the Managing Board (the statutory directors of the cooperative) and six non-statutory members.

The Executive Committee is responsible for the day-to-day management of Oikocredit, for ensuring adequate funding and risk management are in place, for the implementation of the strategy, for establishing the policy framework, and for maintaining the values and culture of Oikocredit.

The members of the Managing Board are (the statutory directors of the Executive Committee): Managing Director, Director of Finance & Risk, Director of Inflow & Business Enablers and Director of Impact Investments.

The non-statutory directors of the Executive Committee are: Director of Accounting, Control & Tax, Director of Investor Relations, Director of Specialised Finance & Community Building, Director of Strategy & Sustainable Impact and Director of People & Development. A further seat on the Executive Committee is to be filled on a rotational basis by a regional director or the Equity Director.

Dolores and German Barzi are fruit farmers in Argentina's northern Patagonia region. Their family business, Bodega Humberto Canale, produces eight million kilos of apples, pears, grapes and lemons each year. These reach tables in North America, Scandinavia and India through Oikocredit partner PAI, a consortium of fruit processing companies.

Managing Board report

We are pleased to present the annual report and consolidated financial statements of Oikocredit, Ecumenical Development Cooperative Society U.A. (the Society) for 2022. This report highlights the most important developments during the year.

Reconnecting and engaging

In 2022 Oikocredit reconnected and re-engaged with partners, members and investors. We finalised our 2022-2026 strategic plan, developed our new capital-raising model in increasing detail, and strengthened the cooperative's leadership structure in support of the new strategy.

Following the end of Covid-19 lockdown restrictions in most countries, Oikocredit's ability to meet again in person in 2022 was welcome. With our new strategy aimed at achieving greater impact for the low-income people and communities we serve, and with our cooperative members' approval for implementation of the new capital-raising model, we welcomed new members to the Supervisory Board and the Managing Board and introduced the Executive Committee.

Oikocredit's members, boards, Executive Committee, and many regional and local teams reconnected face to face around the globe. The AGM in June was held in Amersfoort, the Netherlands with members participating through a web-based conferencing system and with electronic voting (a 'hybrid' and mainly online event), as Covid-19 restrictions had not yet been lifted in all countries.

Despite the challenging macroeconomic conditions, we continued to develop our portfolio of loans to and equity investments in partner organisations. We saw modest growth in partner numbers and portfolio size, as well as considerable improvement in the development finance portfolio in terms of credit quality and social performance.

A key development has been the second round of Oikocredit's online client self-perception survey conducted with 19 inclusive finance partners and with many thousands of their clients participating. The survey increasingly shows what is happening in the lives of our partners' clients and how with our partners we can enable low-income people to benefit sustainably from access to financial services. This pioneering survey has stimulated considerable interest among our development finance and impact investing peers as well as our portfolio partners.

At the end of 2021 we set ourselves objectives for 2022: to finalise and implement the new strategy; to fill our board-level vacancies; to have a new capital-raising model ready for implementation; and the further growth of our development financing portfolio. We achieved the first three of these objectives. As to the fourth, portfolio growth, we made some progress, but this was held back due to the global uncertainties, rising interest rates and the caution of current and potential partners about taking on new loans.

Investing responsibly and working collaboratively

Oikocredit has continued to pursue its mission of investing responsibly in support of low-income people and communities, and the introduction of our new strategy and leadership structure is confirmation of our commitment to our mission and the cooperative nature of our enterprise.

Through our partners over 12 months we reached an estimated 38.2 million financial inclusion clients and 579,000 farmers, while 43,000 households gained access to renewable energy through our investing. We cemented the first partnerships in support of our community-focused approach under the new strategy and made the first community-focused loans, moving from concept to piloting.

The macro-environment, including the impact of war in Ukraine, high inflation and rising interest rates, and instability in the foreign exchange markets, affected our financial performance in different ways. In closing the year with a positive financial result, we achieved a satisfactory balance of risk and return. Rising interest rates weakened the value of our term investments (bonds) portfolio, causing significant losses in the first half of 2022; we have sold all our remaining term investments. Financial market instability also increased hedging (risk management) costs for the development financing portfolio. The improvement in our net interest margin, profitable sale of one of our equity investments and careful control of operating costs resulted in a positive bottom line at year-end.

We were pleased to see most partners recovering well from the effects of Covid-19 and that overall portfolio quality improved. Even so, partners generally remained cautious about taking on new loans at higher interest rates, which was one reason for the portfolio's limited growth. For a few partners, the effects of the pandemic were more marked, and we worked with them and other lenders to reach amenable solutions, which involved relatively high write-offs.

Engagement and connecting across our stakeholder networks were especially important in 2022 after the previous two years' travel and meeting restrictions. Oikocredit directors and managers were present on many occasions to listen to members, partners and staff, making people and relationships central to our work this past year. The consultative processes we followed in developing the new 2022-2026 strategy, with its community-focused approach, which was discussed with the members at the AGM, and the new capital-raising model, formally agreed at an Extraordinary General Meeting (EGM) in October, exemplify our cooperative's inclusiveness and sense of collective responsibility. The new inflow model will increase our transparency and enable a growing number of investors to participate directly in Oikocredit.

Staff turnover was notable during the year, but we continued to attract new talent. Many of our departing colleagues left as ambassadors, while some people who had worked with Oikocredit previously rejoined.

New strategy

With the world facing multiple crises that impact dis-proportionately on low-income communities, Oikocredit has had to think about new areas and approaches to achieve an even greater impact with responsible lending and investing.

These concerns and ambitions have led us to embark on our new strategic journey, which aims to unite and strengthen the communities we strive to support with a new holistic approach to their needs. As a result, we are venturing into new initiatives, including education, housing, water and sanitation, and community infrastructure, as part of our community-focused approach, while continuing to work in our focus sectors of financial inclusion, agriculture and renewable energy.

We also understand that our investors want to belong to a social impact community, are interested in engaging beyond investing, wish to experience the impact of their investments more directly, and increasingly manage their lives and finances digitally. The new strategy therefore aims to enhance our investors' participation in impact through investments, donations and coordinated action and to cultivate our global movement by bringing our partner, beneficiary (end-client) and investor communities closer together through digital and live channels and experiences, with the support associations playing a key role in nurturing local investor communities.

Oikocredit's Supervisory Board and Executive Committee and its cooperative members are united behind the four-year strategy (2022-2026), and we have begun working with partners to build resilience and long-term impact among and with low-income people through several community-focused pilot projects.

Governance

Oikocredit made additions to its governance and senior management structures in 2022. Five new members joined the Supervisory Board, bringing the board's total membership back to nine. Two new Managing Board members (statutory directors) also joined the organisation. And at mid-year we established the new Executive Committee (for the full list of member positions, see the Governance section) to realise the new strategy.

The new management structure will drive the implementation of the 2022-2026 strategic plan, safeguard the cooperative as a going concern, sharpen our focus on sustainable social impact, and enhance talent development and preparation for leadership succession.

We undertook an intense onboarding programme for our new Managing Board and Supervisory Board members. Multiple interactions took place between the Supervisory Board, the Executive Committee and the Works Council, all in good harmony and with the shared goal of supporting each other in fulfilling our responsibilities to further the cooperative's mission.

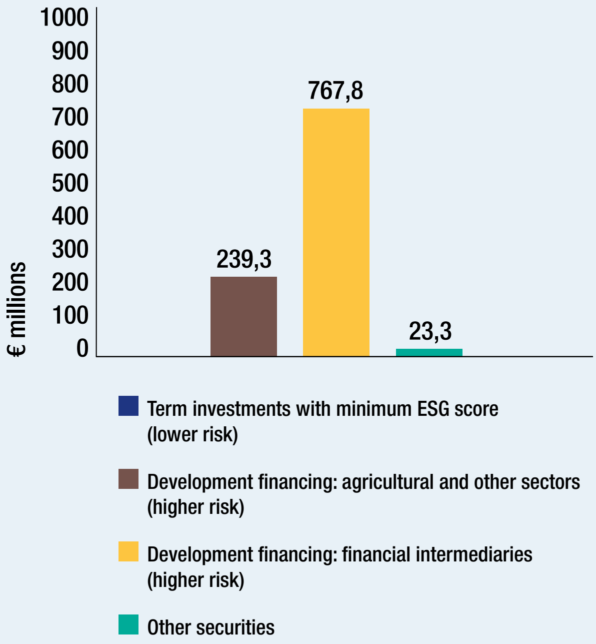
Financial results

Oikocredit closed 2022 with a positive result of € 8.5 million. This outcome reflects a year of stability in the development financing portfolio, which earned significantly more income than in 2021, mainly as a result of rising interest rates and the US dollar's appreciation for much of the year. Two other major items also influenced the results. The first was the loss incurred on the cooperative's term investments (bonds) portfolio, and the second was the large gain from the sale of

2022 in graphs

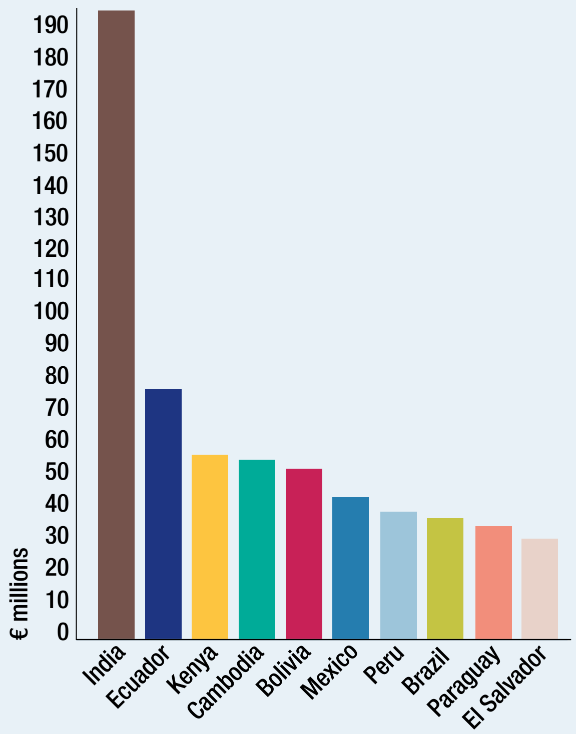
Investment mix Oikocredit invested funds 2022

As at 31 December 2022



10 countries with highest capital outstanding

As at 31 December 2022



our equity investment in the Indian microfinance institution (MFI) Fusion.

The operating environment remained challenging, with growth in our credit portfolio held back by hesitancy among current and potential partners. While we were developing our new capital-raising model, member capital declined due to increasing caution among investors in response to global developments, including rising inflation and the war in Ukraine, and regulatory restrictions affecting our capital raising in Germany.

Total outstanding credit and equity grew during the year to € 1,007.2 million, an increase of 1.1% from 2021. Having entirely sold off our term investments portfolio, at year-end our liquidity ratio was at 23.9%, up from 21.7% at end-2021. Total consolidated assets decreased to € 1,238.2 million, down by 1.6% from € 1,258.1 million in 2021. We negotiated a revolving credit facility with our banks to mitigate any unexpected developments resulting from the new capital-raising model.

Income statement 2022

The cooperative's net result in 2022 was a positive € 8.5 million, down from € 15.3 million in 2021. Income from the development financing portfolio grew to € 84.3 million from € 69.3 million in 2021 mainly due to credit portfolio growth and favourable foreign exchange effects. Total operating income rose to € 60.5 million (from € 47.0 million in 2021). Sale of our equity investment in Fusion contributed € 21.1 million to this result, while two other equity sales realised losses of € 3.6 million. Including dividends from our equity investments, the equity portfolio made a net € 20.8 million contribution to our operating income.

Exchange rate differences resulted in a gain of € 1.4 million (2021: € 0.8 million). This was mainly an effect of the US dollar's strengthening during most of the year, as Oikocredit holds much of its portfolio in dollars and dollar-linked local currencies, and earns income accordingly. Hedging costs to protect our capital against local currency movements rose to € 29.7 million (2021: € 16.9 million), mainly resulting from volatility in interest rates in most of the countries where we provide loans.

During the year we incorporated a one-off loss of € 2.4 million under hedging costs. Following termination of the local currency risk fund in 2019, there was a mark-to-market value on Oikocredit's balance sheet that would have been released through the closing of the related derivatives up until 2024. We decided to take the loss in full in 2022 and to close all balance sheet items relating to the local currency risk fund.

Loan loss provisions and equity impairments

Total loan loss provisions and impairments on equity investments decreased in 2022 to € 79.5 million (2021: € 93.4 million), a fall from 9.4% to 7.9% of the total outstanding portfolio. Additions to loan loss provisions amounted to € 9.9 million, compared to a release of € 1.4 million in 2021. Total loan loss provisions fell as a proportion of the loan portfolio from 7.8% to 6.8% but nevertheless indicating loan portfolio health. In light of the economic circumstances we wrote off € 28.3 million of the credit and equity portfolio.

Impairments on equity investments increased by € 2.5 million, compared to a release of € 0.4 million in 2021, with the level of impairment provision falling from 18.4% to 14.3% of the equity investment portfolio. Several equity investments were impaired in 2022 due to declining performance.

Operational expenses

Operating costs remained under control but increased by 24.6% to € 36.8 million, chiefly due to staffing increases arising from development of the new capital-raising model and from the new strategy, such as creation of our Innovation Hub. General and administrative costs (excluding grant-based expenses) in relation to total assets grew at 2.9% (2021: 2.3%), while the cost-to-income ratio fell from 62.8% to 60.8%.

Term investments

Oikocredit's term investments (bonds) portfolio incurred significant losses of € 14.9 million in the first three quarters of 2022 as a result of external events (fast-rising commodity prices and interest rates, the Ukraine conflict, market speculation and massive sell-offs in fixed-income securities markets). To avoid further potential losses caused by the portfolio's devaluation, and because of the potential utility of increasing our cash holdings to support the contingency funding plan, we sold off our remaining term investments in July.

Annual dividend and reserves

The AGM held in June 2022 approved the Managing Board and Supervisory Board's proposal to pay a 0.5% dividend for 2021. In light of a further strengthening the cooperative's reserves and other relevant factors, the Managing Board, supported by the Supervisory Board, will propose that the June 2023 AGM award a dividend of 0.5% for 2022.

Development financing

Oikocredit's development financing portfolio of lending and equity investments showed modest growth in 2022. While the portfolio increase was limited, we were pleased to establish several new partnerships and happy to see improvements in partners' resilience post-Covid-19 and in portfolio quality, higher financial returns, and good progress in terms of social impact on the lives of low-income people. Global uncertainties and rising interest rates understandably made current and potential partners cautious about taking on new loans, which inhibited Oikocredit's portfolio growth to an extent.

With finalisation of the cooperative's new strategy for 2022-2026 we developed propositions and partnerships to support the implementation of our community-focused approach in the water, sanitation and hygiene (WASH), education, healthcare, housing and community infrastructure sectors. We established a new Innovation Hub to help us design and incubate new community-focused products and services to match our partners' priorities and capacities.

Portfolio volume, approvals and disbursements

The total outstanding portfolio of loans and investments grew to € 1,007.2 million in 2022, up by 1.1% from € 995.9 million in 2021. Net approvals fell by 17.1% to € 385.3 million (2021: € 464.8 million) and disbursements by 13.8% to € 408.5 million

(2021: € 474.1 million). Of the disbursements, € 328.1 million were for current partners and € 80.4 million for new partners. Average outstanding financing per partner remained at € 1.9 million, as in 2021. Average loan duration reduced from 2.9 years to 2.6 years in 2022.

We had 519 partners in 55 countries at year-end, compared with 517 partners in 55 countries in 2021.

Sector developments
In financial inclusion, Oikocredit's outstanding loans to and investments in 346 MFIs, financial institutions supporting small to medium enterprises (SMEs), and other partners held steady in 2022 and showed improved portfolio quality. The portfolio increased to € 767.9 million, a 0.9% change from € 761.4 million in 2021. Approvals totalled € 297.1 million (22.6% down from 2021) and disbursements € 279.2 million (20.8% down). Inclusive finance continues to be Oikocredit's largest focus sector, comprising 76.2% (down from 76.5% in 2021) of our total credit and equity.

Our agriculture portfolio, with 129 partners, decreased by 3.8% to € 175.7 million (2021: € 182.6 million). Approvals were down 6.3% at € 63.5 million and disbursements down 4.9% at € 107.9 million. Agriculture's share of our development financing fell from 18.3% to 17.4%, with challenges in the sector accentuated by the difficult macroeconomic circumstances.

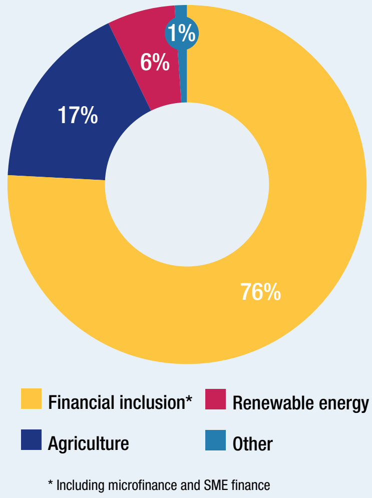
The renewable energy portfolio increased by 28.1% to € 56.0 million (2021: € 43.7 million) with 30 partners. Approvals totalled € 24.2 million (98.8% higher than in 2021) and disbursements € 20.9 million (174.0% higher). Renewable energy now accounts for 5.6% of our development financing (2021: 4.4%). Our partnerships with prominent renewable developers in multiple countries, collaborations with significant funders, deep networks and strong understanding of project-based funding place us at the forefront of supporting major mini-grid and commercial and industrial solar initiatives. This enables us to view community infrastructure holistically in keeping with the new strategy.

Community-focused projects
Community resilience-building projects are intrinsic to the new four-year strategy our cooperative began to implement in 2022. Central to the approach is to undertake initiatives in WASH, education, housing and community infrastructure with current and new partners, and we are piloting the first such projects and exploring possibilities.

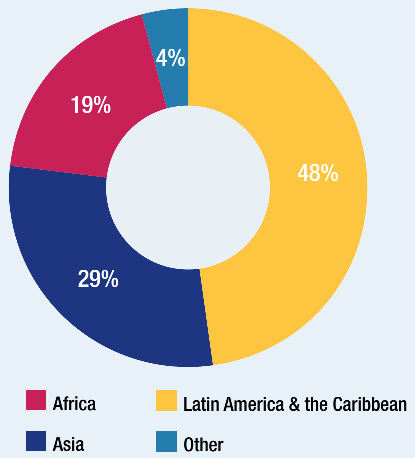
Among these projects is our three-year partnership with US-based Opportunity International aimed at improving access to affordable quality education for children in low-income communities in Ghana, Kenya, Nigeria, Senegal and Uganda. The project provides financial capital and training for financial institutions and schools, including school improvement loans; support for school leaders to make instruction more effective; and school fee loans for families. In 2022 the partnership trained several MFIs in Kenya and Uganda and provided the first education finance loans in Kenya and Nigeria.

We also launched a new partnership with Netherlands-based Aqua for All focused on innovative finance for

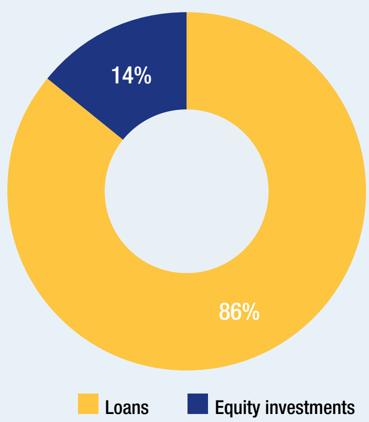
Development financing outstanding by sector
As at 31 December 2022



Development financing outstanding by region
As at 31 December 2022

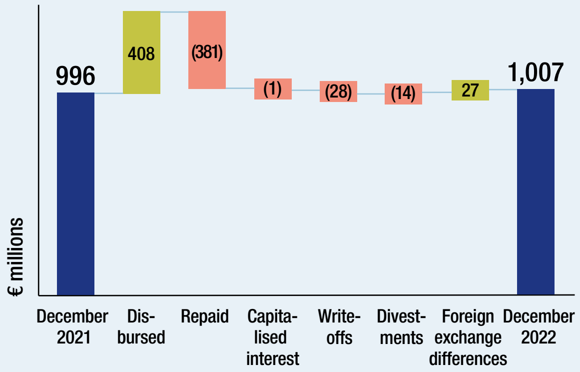


Type of financing offered by Oikocredit
As at 31 December 2022



Progression of the development financing portfolio

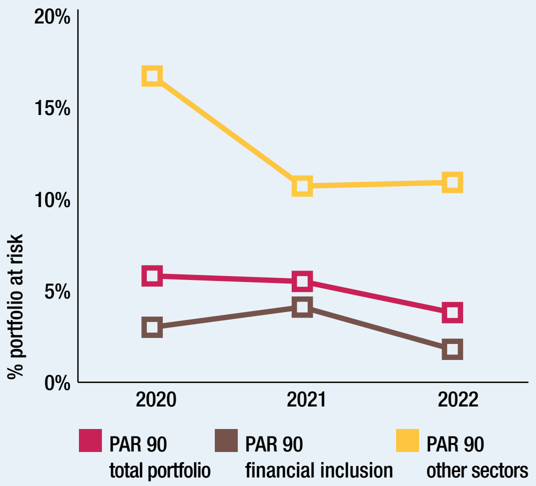
As at 31 December 2022



Portfolio at risk

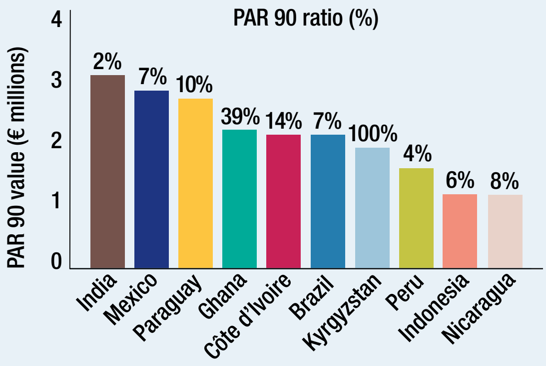
As percentage of total development financing

As at 31 December 2022



10 countries with highest PAR 90

As at 31 December 2022



water and sanitation. The two-year project combines both partners' market expertise, knowledge and network support to accelerate low-income communities' access to safe and sustainable WASH facilities through the work of financial inclusion partners in East and West Africa and in Cambodia.

In housing in Latin America we are developing our investing with financing, capacity building and webinars for MFI partners. We have started with two organisations in Ecuador and El Salvador. Rapid urbanisation in the region means there is a major housing deficit; much existing housing is of very poor quality, and with population growth the problem is worsening. Hence the value of our approach.

In community-focused renewable energy infrastructure we have supported the development of more than 11,000 mini-grid connections across rural Nigeria, and 4,000 in Benin, through partnerships with solar developers PowerGen and Weziza respectively. Villagers and micro, small and medium enterprises have benefited from reliable, grid-quality power and from financing for equipment purchases for productive uses such as agri-processing.

Regional developments

Oikocredit's three focus regions where we concentrate our development financing are Africa, Asia, and Latin America and the Caribbean.

In Africa the portfolio contracted in 2022 by 7.6% from € 204.7 million to € 189.2 million invested in 140 partners and comprising 18.8% of our total credit and equity (2021: 20.6%). After bouncing back from the effects of Covid-19 in 2021, our African markets experienced difficulty for several reasons including high funding costs and escalating hedging costs, rising US dollar interest rates (as in other markets), scarcity of foreign exchange, heightened inflation and the Ukraine war constraining critical imports. We remain committed to work in Africa and continue to see sustained social impact through combined efforts with our partners. We made our first community-focused disbursements in Africa through our edufinance collaboration with Opportunity International and our strategic partnership with Aqua for All. Our work with Act Church of Sweden, the Swedish International Development Cooperation Agency (Sida) and We Effect was instrumental in our growth in the agriculture sector, with new coffee projects in East Africa and support through the Oikocredit International Support Foundation (Support Foundation) for smaller and largely underfunded cooperatives. We began a new round of client self-perception surveys, which will further enable decision-making that supports our partners' growth and impact. In-depth training on price risk management took place with current and potential partners in Rwanda.

Our Asian lending and investments decreased by 5.8% from € 307.3 million to € 289.5 million with 113 partners and accounting for 28.7% of our development financing (2021: 30.9%). In India the sectors that our subsidiary, Maanaveeya, supports, including microfinance, small and medium enterprises and renewable energy, have recovered well, enabling Maanaveeya to achieve robust portfolio growth and improved portfolio quality and profitability. We are piloting community-focused affordable housing and education projects in India and linking agriculture and renewable energy through investments in solar pumps and solar refrigerators. Maanaveeya won the 2022 Mahatma Award for CSR Excellence. In South-east Asia we made our first disbursement in Cambodia under our water and sanitation collaboration with Aqua for All. We began working with a new partner in Indonesia, Esta Dana Ventura, and provided capacity building for partners in environmental performance management, loan origination, agricultural knowledge and risk management, and we supported several partners' participation in our client self-perception survey.

In Latin America & the Caribbean we achieved portfolio growth of 6.3% from € 454.9 million to € 483.4 million with 246 partners and a 48.0% share of our lending and investments (2021: 45.7%). Our work in the region includes community-focused housing partnerships with MFIs, our price risk management programme for coffee partners in Honduras and Peru, and piloting trade finance through the platform Beyond Coffee (Beyco). We are also initiating community-focused projects in education, health, and water and sanitation. A number of Latin American partners in several countries are participating in Oikocredit's client self-perception survey.

Credit portfolio

Credit (lending) equated to 85.6% of our total development financing at end-2022, growing by 1.8% from € 847.2 million to € 862.4 million (excluding loan loss provisions) with 470 partners (2021: 472). We approved 188 new loans to the value of € 369.0 million (2021: 166 new loans, € 451.5 million) and disbursed € 389.3 million (2021: € 461.3 million). By focus sector, financial inclusion credit grew by 1.2% from € 671.6 million to € 679.8 million (78.8% of total lending); agriculture reduced by 0.1% from € 138.7 million to € 138.5 million (16.1% of lending); and renewable energy grew by 27.5% from € 30.6 million to € 39.0 million (4.5% of lending). We approved loans in the following regional proportions: Africa 18.6%, Asia 28.3%, Latin America & the Caribbean 50.0% and other regions 3.1%.

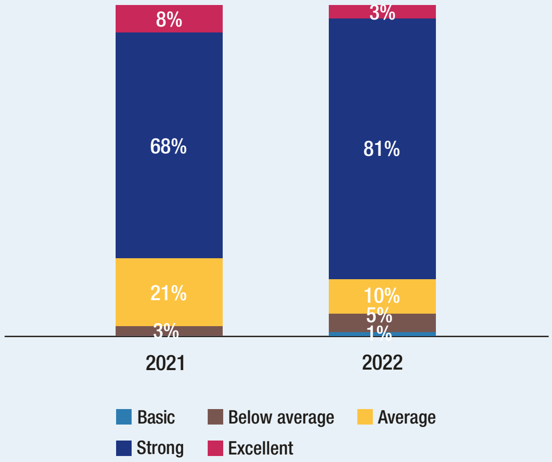
Equity portfolio

Equity comprised 14.4% of our development financing at year-end. Direct equity holdings reduced by 2.6% from € 148.7 million to € 144.8 million (excluding impairments). Approvals were € 16.2 million (2021: € 13.2 million) and disbursements € 19.2 million (2021: € 12.9 million). We have 53 equity investee partners in 30 countries, with our investments distributed between financial inclusion (€ 88.1 million, 60.8%), agriculture (€ 37.2 million, 25.7%), renewable energy (€ 17.1 million, 11.8%) and other sectors (€ 2.4 million, 1.6%); regional allocations are: Africa 19.7%, Asia 31.6%, Latin America & the Caribbean 35.8% and other regions 12.9%. Our equity shares generated € 3.3 million in dividend income (2021: € 1.5 million).

We sold three equity investments during the year. We concluded a major exit with the sale of our shares in Fusion when the MFI made its initial public offering on the National Stock Exchange of India. We had successfully provided growth capital for Fusion since 2010 as it built its client base from 200,000 to more than 2.9 million low-income rural and semi-urban Indian women. This sale generated a capital gain of € 21.1 million. We have acquired new holdings in partners

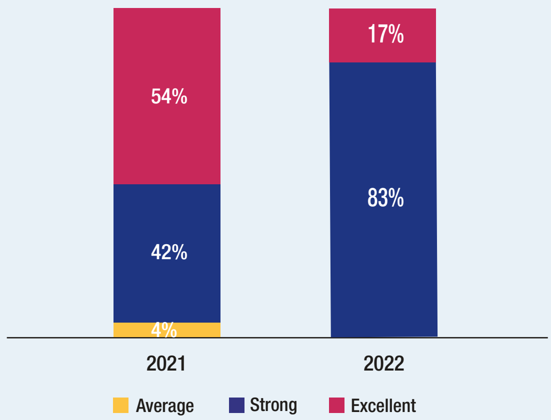
ESG score classification financial inclusion

Partners approved for financing



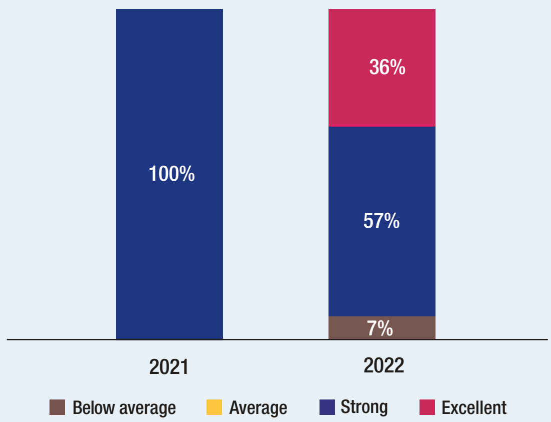
ESG score classification agriculture

Partners approved for financing



ESG score classification renewable energy

Partners approved for financing



including Ghana-based Farmerline, software provider Bankingly, Ivorian fintech Djamo, Kenyan off-grid solar power provider Solar Panda and Burkinabe agri-processor Agroserv. We also made follow-on investments in innovative fintech organisations serving low-income people including Tienda Pago (Latin America), Sempli (Colombia), Avanti (India) and BizCapital (Brazil), and in Sitara, an Indian affordable housing finance provider.

Portfolio quality and portfolio at risk

Portfolio quality has improved. Portfolio at risk or PAR 90, measured as the percentage of outstanding loans with payments more than 90 days overdue, reduced from 5.5% in 2021 to 3.8%, comfortably below our target threshold. PAR 90 was 11.7% in agriculture (2021: 10.8%), 0.0% in renewable energy (2021: 4.3%) and 1.8% in financial inclusion (2021: 4.1%). This improvement results from greater resilience among our current partners and our search for solutions, including debt restructuring, for partners in difficulty.

Local currency loans

Oikocredit's local currency lending decreased in 2022 as a proportion of the total loans portfolio to 41.7% (€ 359.4 million) (2021: 42.3%, € 358.3 million), with 58.3% (€ 503.0 million) in hard currencies (2021: 57.7%, € 488.9 million). Much depends on partner preference, partner business and market circumstances. As part of our social performance objectives, we try to help protect partners from devaluation impacts by lending in local currencies, but some partners prefer loans in more stable currencies with lower interest rates like the euro and the US dollar, while those that have dollar income may in any case choose a dollar loan. Hedging costs make local currency lending expensive for us.

Social performance management

How does Oikocredit's support bring about change in the operations of partners and, through them, change in the lives of people in low-income communities? Creating this change or impact is what social performance is about and is central to our work. Our former Social Performance Innovation department became the Strategy & Sustainable Impact department to enable the cooperative to focus more intensively on strategy and sustainable impact, taking account of the mounting climate and biodiversity crises and their effects on our partners.

The new department ensures that the ESG (environmental, social and governance) scorecards we use in our social due diligence remain up to date and are applied consistently. We provided all regions with a regional profile using the ESG scores of partners to stimulate reflection on each regional portfolio's progress in relation to targeting, to protection and promotion of client welfare and well-being, and to governance and focus on impact on and care for the environment.

We have again seen improvements in ESG scoring by partners we approved for financing in our focus sectors compared with the previous year. We require partners for whom we approve financing and whose ESG score is below 65% to develop an ESG improvement plan.

We are continually seeking ways to improve how we measure social impact. As we embark on the community-focused approach in our strategy, we are developing outcomes and impact metrics for the housing, education, WASH and infrastructure streams in the pilot projects being rolled out. These include indicators such as the number of loans for home improvements, the number of education loans for low-income households, the number of girls reached through education finance, and the number of households reached with clean energy.

We also continue to push the frontiers in monitoring the impact on the clients of the financial inclusion partners with which we collaborate. For this we continue to expand implementation of our client self-perception survey programme, launched in 2021 in four countries with five partners. Keeping clients, their perception of impact and their emerging needs and challenges at the centre of Oikocredit's partners' work is critical to creating impact. This is precisely what the client survey programme does by bringing to our partners' management's attention their clients' perception of change in their lives.

In 2022 we conducted the survey in seven languages with 19 partners in 12 countries across Africa, Asia and Latin America & the Caribbean, with almost 16,500 clients participating (2021: five partners, four countries, fewer than 3,000 clients participating). The survey employs interactive user-friendly software so that partners can efficiently collect, visualise and enhance data, better understand clients' needs, and tailor products and services accordingly.

Participation in the survey programme enables partners to strengthen their data analysis skills and take evidence-based action in response to clients' perceptions and experiences. The programme includes workshops on analysis of client survey outcomes and peer exchanges among partner organisations on actions taken to improve their products and services. Tellingly, in response to the survey question relating to extreme weather events, a relatively high percentage of clients (46%) report extreme weather affecting their income – a key point for our awareness raising with partners. While responses show income growth for clients post-Covid-19, and clients' thoughts about the future are now more positive, the pandemic has left lingering effects.

Client protection remains central to Oikocredit's mission. As our fintech portfolio grows and partners further digitalise their services, we are part of a sector-wide initiative coordinated by the Social Performance Task Force to develop client protection standards specifically for digital financial services.

The cooperative's latest Impact Report covers the 12 months to September 2022. The report describes how Oikocredit targets social impact across the financial inclusion, agriculture and renewable energy sectors and through our new community-focused approach. It explains how we measure impact, shares our data, findings and insights, and highlights our contribution to the UN's Sustainable Development Goals (SDGs). Key impacts include our distinctive ability to reach low-income women and rural communities though our partners.

Research among Oikocredit's inclusive finance partners shows that gender diversity, especially women's representation at board and senior management levels, helps organisations work better for their clients. Indications of MFIs' ability to serve their clients, such as their range of financial and non-financial products and services, correlate positively with women's representation in organisational leadership. Women comprise at least half the board and/or senior management leaders in about 30% of our current inclusive finance partners; such organisations are more likely to be smaller (serving fewer than 10,000 borrowers) and located in the Latin American & Caribbean region.

Capacity building

Oikocredit's capacity building work with partners continued actively during the year. After extending considerable support to partners during the peak Covid-19 pandemic, mainly without the benefit of in-person visits, in 2022 we closed the Response to Covid-19 programme, which was based on unspent coronavirus solidarity funds.

Overall we undertook 30 capacity building initiatives and approved 16 new initiatives in 2022, spending € 604,642 in total, of which donors contributed € 502,222 and the Support Foundation € 102,421. Sixty-seven partners and prospective partners (compared with 50 in 2021) received our financial capacity building support in 2022, with 44.8% of the funds allocated to the agriculture sector and 55.2% to financial inclusion. Regional allocations for this spend were 65.0% for Africa, 5.8% for Asia, 7.3% for Latin America & the Caribbean and 21.9% for global initiatives.

Key initiatives, donors and strategic partners

We expanded our long-running price risk management (PRM) training for coffee farmers from Latin America to Africa (Rwanda). Supported by the Smallholder Safety Net Upscaling Programme (SSNUP) coordinated by the Swiss Agency for Development and Cooperation, the Luxembourg Directorate for Development Cooperation and Humanitarian Affairs, and ADA Microfinance, and by the UN's International Fund for Agricultural Development (IFAD), we began price risk management capacity building with two Rwandan partners and nine non-partner coffee cooperatives. Working with non-partner organisations is a way for us to help strengthen the vulnerable coffee sector.

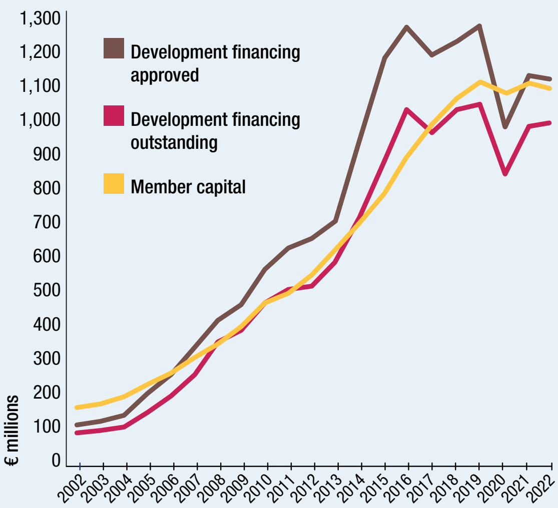
With the support of SSNUP we have also introduced an agriculture value chain methodology to a financial inclusion partner in Kenya, Unaitas. This is a way to help smallholder farmer clients achieve better incomes through access to financial and non-financial services.

We have progressed the Innovative Financing for Improved Livelihoods project, a collaboration with Act Church of Sweden, Sida and the Swedish NGO We Effect. The project provides small loans and capacity building for farmer-based cooperatives in Kenya and Uganda. Oikocredit's role involves helping participating cooperatives build experience and a track record in managing loans from investors.

In 2022 Oikocredit, SCOPEInsight, Agriterra, IDH and IDH Farmfit established AgriGRADE. The objective of AgriGRADE is to transform rural economies into economically viable, resilient and inclusive systems that create local economic value and contribute to improved food security. We do this by graduating agricultural cooperatives towards higher

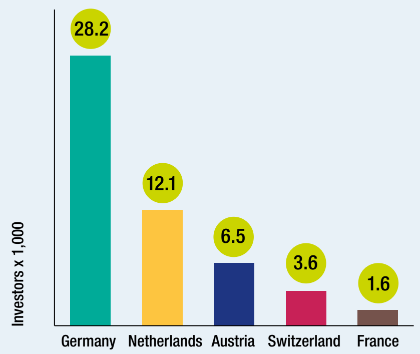
Member capital and development financing

As at 31 December 2022



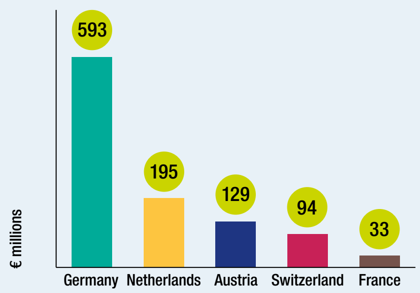
Number of investors

Top 5 countries as at 31 December 2022



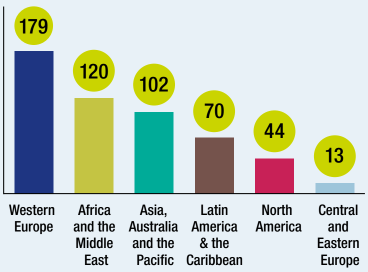
Five countries with highest member capital

Top 5 countries as at 31 December 2022



Number of members per continent

As at 31 December 2022



levels of professionalism, strengthening the value chains they operate in and enabling access to finance. At end-2022 the consortium was invited by a major institutional donor to develop a large-scale pilot project for the cooperative sector in Tanzania and Uganda.

Besides the donors and strategic partners mentioned above, in 2022 we also worked on capacity building with the support of Oikocredit Stiftung Deutschland, Oikocredit Nederland, Plan International Canada and the Primate's World Relief and Development Fund (Canada).

Members, investors and capital raising

Development of a new capital-raising model to safeguard our mission, improve transparency, reduce complexity and risk, and ensure all eligible organisations and individuals can invest directly in Oikocredit was an overriding priority in 2022. Alongside increasing caution among investors in response to global developments including rising inflation and the war in Ukraine, and with regulatory restrictions affecting our capital raising in Germany, this meant our total member capital decreased slightly during the year, as we had anticipated.

Members and investors

Oikocredit's number of cooperative members fell marginally from 546 to from 528. At year-end we had 56,300 investors (about 50,600 individual investors and 5,400 organisations) funding our work. While most of our investors are individuals, we highly value the additional contribution of the many churches, church-related organisations, foundations and non-governmental organisations that both contribute capital and raise awareness about our work among their members, constituencies and peers.

Church members also collaborate in our work. Act Church of Sweden, for example, actively supports our revolving loan fund and capacity building.

Member representatives and others participated in our 46th AGM in June 2022. As Covid-19 restrictions had not been lifted in all countries, the AGM was held in Amersfoort, the Netherlands, with members participating through a web-based conferencing system and with electronic voting (a 'hybrid' meeting). Members received updates on the development of the new capital-raising model and the cooperative's new strategy, approved the annual accounts for 2021 and a 0.5% dividend for 2021, and agreed changes to the Articles of Association.

In October members came together again at an EGM to approve a further key change to the Articles of Association. This approved the 'opening up' of the cooperative with the new capital-raising model so that not only members but also other organisations and individuals can invest directly in Oikocredit.

In 2022 we continued to provide members and investors with quarterly unaudited updates on our financial and social performance and organisational matters. We also held quarterly webinars for members and arranged several webinars to keep members appraised of developments regarding the new inflow model. In collaboration with the support associations we have kept investors appraised of relevant regulatory changes, such as in Germany.

In September 2022 Oikocredit attended the 11th assembly of the World Council of Churches (WCC) in Karlsruhe, Germany, where we presented our work at an event for member churches and other interested parties, highlighting our impact measurement and our client self-perception survey. We were pleased to have this opportunity to reacquaint WCC members with our mission and to reconnect with many churches.

Capital inflow, redemptions and net asset value per share

Net capital inflow in 2022 from cooperative members and investors via the support associations and the Oikocredit International Share Foundation (Share Foundation) was negative € 18.3 million (compared with a positive € 24.9 million in 2021). Gross inflow totalled € 23.7 million (2021: € 41.0 million) and redemptions € 41.8 million (2021: € 16.2 million). This was fully in line with expectations in this transition year, and we were pleased to see fewer redemptions than expected as our members and investors stayed with us on our change journey.

The countries with the highest member capital remained, as in 2021, Germany, the Netherlands, Austria, Switzerland and France. Total member capital reduced by 1.6% to € 1,110.7 million (2021: € 1,129.0 million) but remained adequate to fund all our planned activities. Net asset value (NAV) per share increased from € 213.58 to € 213.95 as the number of shares held by members fell. We calculate NAV per share by dividing total capital and reserves by the number of shares issued.

New capital-raising model

The task of identifying a new future-proof capital-raising model has been a major undertaking. The project was initiated in late 2020 in response to increasing and evolving financial market regulations that Oikocredit and its support associations have to comply with.

Under the new capital-raising model, investors across countries where Oikocredit offers the opportunity to invest can buy and hold the same investment product, a non-voting equity instrument issued by Oikocredit, called a participation. A participant has no right to attend the General Meeting nor do they become a member by acquiring or holding participations. Participations are materially similar in financial terms to the member shares that Oikocredit currently issues to cooperative members and the other investment products derived from such member shares but issued by Oikocredit's support associations and Share Foundation. Eventually participations will completely replace these products.

The introduction of participations means a simpler and more direct way for individuals and organisations to invest in Oikocredit. Furthermore, by offering a single product (that is, the participation), Oikocredit's capital-raising work becomes more efficient. This allows the cooperative to use more resources in partnerships and projects that benefit low-income communities and in promoting people-centred sustainable development together with our global network of investors, members and partners.

In October 2022 the EGM resolved to amend the current Articles of Association in connection with the new capital-raising model. The execution of the notarial deed of amendment to the articles took place on 1 March 2023, and since then we have begun to implement the new capital-raising model incrementally in the different countries where we raise capital and with respect to the different groups of investors.

To prepare for the new model's introduction, colleagues at the German support associations who were previously involved in providing investor services have joined Oikocredit staff (remaining based in their current locations in Germany). Preparations have begun for a similar change involving support association staff in Switzerland. Several other internal organisational changes have taken place as part of this transition, and we have developed a new capital inflow strategy for our future positioning in inflow markets.

Working with the support associations

We have maintained close contact with our support associations both in developing the new capital-raising model and in estimating expected capital inflow and monitoring liquidity to ensure we can continue to redeem investors and source the capital we need for our outflow ambitions. After two years of Covid-19 restrictions we were pleased to be able to meet in person again with our inflow network of support associations in March 2022 in Tutzing, Bavaria. We held this meeting with a hybrid option, allowing for greater attendance of network staff and volunteers.

With our Austrian, Dutch and German support associations we arranged a visit to Europe by Caroline Mulwa, our recently appointed Regional Director Africa, and Curtis Nzioki Musembi, Investment Officer East Africa, from the regional office in Nairobi, Kenya. Meetings with investors, staff and volunteers in Frankfurt, Utrecht and Vienna focused on, and helped us gain media coverage for, our work in Africa.

In Spain we worked with our support associations to raise awareness as a step towards future marketing to potential investors. This involved promotional activities at public events in Madrid, Barcelona and Irun; posters about Oikocredit's inclusive investing at train stations and universities; a fair-trade coffee- and chocolate-tasting roadshow in five cities; and 'travel day' events in Barcelona, Bilbao, Madrid and Sevilla combining talks by a well-known travel blogger with support association presentations about our work.

Members' Council

With changes to the Articles of Association agreed at the AGM, the Members' Council formally became one of Oikocredit's governance bodies (see this Annual Report's section on Governance). The council is now more closely involved in the cooperative's internal information sharing and decision-making and considers it a great achievement to have strengthened cooperative members' voice internally in this way. The council has worked on a model for its own composition to ensure it represents all regions in which Oikocredit is active.

The Members' Council held monthly online meetings and a three-day in-person meeting during the year. The council also participated in numerous discussions with the other governance bodies and with management about the new capital-raising model, the discussions on the voting rights in the cooperative and the implementation of the new strategy. Whenever needed the council offered its advice to the Managing Board. The council secretary and several council committees made major contributions to the heavy workload over the past year for which the council is especially grateful, as it is to Matthias Lehnert, who joined the council in 2021 and left in autumn 2022 when he rejoined Oikocredit as a staff member.

Organisational developments

Change initiatives

Two major organisational changes took place at Oikocredit in 2022: we implemented a new leadership structure, and we welcomed a number of new staff colleagues as a result of our new capital-raising model. We made the leadership change on 1 July 2022 with the formation and announcement of our new Executive Committee, which consists of four statutory directors (the Managing Board members) and six non-statutory directors, appointed from within the organisation. The purpose of the change is to enable Oikocredit to better deliver its new 2022-2026 strategy, to enhance our decision-making, efficiency and effectiveness, and to further embed our focus on social impact.

In reducing the number of Managing Board positions from six to four, the leadership change has streamlined our statutory decision-making while ensuring greater diversity of voices in the leadership body and appropriate representation of people and topics within the organisation that are crucial for the new strategy. The change also ensures better leadership succession planning.

We also have formed a broad leadership group of 35 colleagues, the Global Leadership Group, including Executive Committee members, regional directors, portfolio managers, and other leaders representing a broad range of functions and teams, to take ownership of realising the new strategy across the regions and countries where we work. We set aside leadership-development time for this larger group, holding a face-to-face meeting in October 2022.

The second major change, in November 2022, was to prepare for the introduction of the new capital-raising model in 2023. This involved German support association colleagues who previously sold Oikocredit investment products in Germany becoming staff members of Oikocredit. These colleagues, who remain based in Germany and who use a suite of networking and collaborative tools, are responsible for selling participations in Germany.

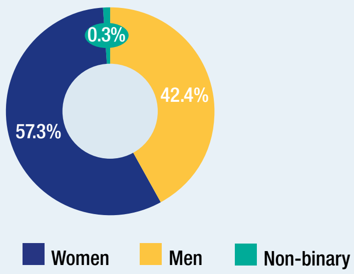
Our people

As ever, Oikocredit owes a debt of gratitude to its staff for all we achieved in 2022. At year-end we employed 250

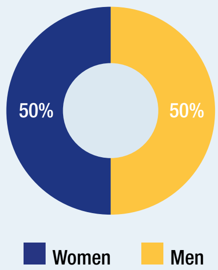
Oikocredit staff overview

As at 31 December 2022

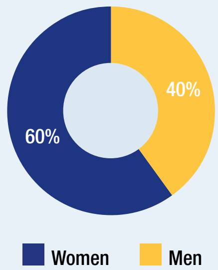
Division of staff by gender



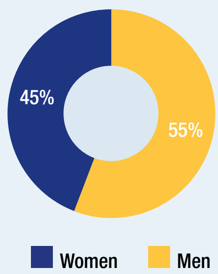
Division of Managing Board by gender



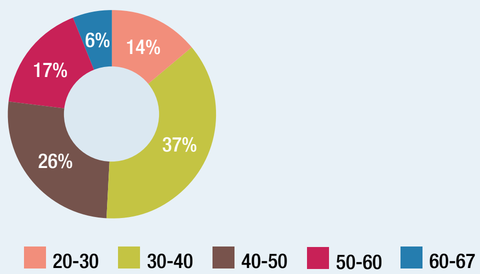
Division of Executive Committe by gender



Division of managers with at least one direct report by gender



Staff age overview



Oikocredit employs people of 43 different nationalities.

full-time-equivalent staff, compared to 206 at end-2021, of whom 135 worked outside the Netherlands (2021: 109). Our new employees include former German support association colleagues. Others are staff implementing change projects, such as for outflow and inflow optimisation, and the new capital-raising model. We currently work in 23 countries around the world.

Oikocredit remains a diverse organisation, with staff representing 43 nationalities. Regarding gender equality, our Executive Committee consists of 60% women and 40% men, which is similar to the rest of the company, where 57.3% of the positions are held by women, 42.4% by men and 0.3% by non-binary. Average employee age was 42.9.

Changes occurred at Managing Board level during the year. Bart van Eyk, our Director of Investments, departed as announced in February 2022. Gwen van Berne joined the cooperative as Director of Finance & Risk in May. Dave Smit joined as Director of Impact Investments in October. Five non-statutory committee members joined the four Managing Board members on the new Executive Committee: Ging Ledesma, Director of Strategy & Sustainable Impact; Beja Morren, Director of Accounting, Control & Tax; Hans Perk, Director of Specialised Finance & Community Building; Wilma Straatman, Director of People & Development; and Lydia Tomitova, Director of Investor Relations. One seat on the Executive Committee is filled on a rotational basis. In 2022, the Regional Director Latin America & the Caribbean was appointed to occupy the rotational seat.

There were also changes in the composition of the Supervisory Board (see Supervisory Board report).

Staff turnover in 2022 was higher than in 2021, consistent with a widespread trend in the world of work following the Covid-19 pandemic as people have reassessed their lives and priorities, and specifically scarcity of staff in the Netherlands. Oikocredit remains an attractive employment opportunity for many, and although we experienced slightly more difficulty recruiting staff, we were still able to fill open positions within a reasonable period.

We are continuing with hybrid working post-Covid-19, combining office and home working at Amersfoort. People generally appreciate this arrangement's benefits for their work-life balance. Other Oikocredit offices are also adopting hybrid working according to their needs and preferences. We have improved the way we conduct online meetings, leaving more space for interactions among participants.

Works Council

Oikocredit's Works Council continues to play an important and constructive part in the cooperative's functioning and collaborates productively with the Supervisory Board and the Executive Committee. The council provided valuable input for the structural leadership change and staff recruitment that took place in 2022, as well as for implementation of the new strategy.

Digitalisation and innovation

We are continuing to develop our IT systems and in 2022 agreed an IT strategy to ensure adequate support of our mission, business continuity and online safety and security. We further progressed our digitalisation for outflow optimisation. Our new online loan origination system links closely with our partner portal to help make our lending process more efficient by integrating the information we collect for partner monitoring, for instance in the case of repeat loans. We have also begun to digitally optimise our capital inflow, which should enhance collaboration across our inflow network and bring inflow closer to outflow, such as by enabling us to generate tailored reports for investors.

Another key new initiative is our Innovation Hub, which will support delivery of our new community-focused approach as a central part of the 2022-2026 strategy. The hub, an organisational unit, will enable us to incubate new and inventive projects to the point where they can successfully thrive.

Environment

As evidence mounts of the urgency of the global climate and biodiversity crises, Oikocredit is sharpening its focus on awareness raising among partners, safeguarding partners' clients' livelihoods, promoting community resilience, and enhancing environmental sustainability in our own investments and operations. All this is consistent with our environmental policy and our ESG screening and monitoring of partners when considering new loans.

Our data for 2022 shows 87 out of 271 active MFI and SME partners (32%) providing loans for such activities as renewable energy, energy efficiency, sustainable or climate-smart agriculture, recycling and waste management. Ninety-seven per cent of our agriculture partners use sustainable agricultural practices, and 89% have certification under an internationally recognised voluntary sustainability standard, such as for organic farming, sustainable forestry or fair trade. Thirty-eight of 53 agricultural partners (72%) in Latin America & the Caribbean and 14 of 22 such partners (64%) in Africa work in sustainable forestry.

Oikocredit calculates its annual Scope 1 and 2 carbon footprint according to international standards as part of our commitment to safeguard the environment across all activities and investment decisions. Each year we buy FairClimateFund Fairtrade Gold Standard carbon credits to offset the previous year's CO_2 and other emissions. In 2022 our offices offset 224 tonnes of CO_2 emissions from 2021. Electricity and gas accounted for 73% of these emissions, followed by business travel (14%), office commuting (12%) and paper consumption (1%). Total emissions have decreased consistently in all regions during the last two years due to remote working and limited business travel.

Our growing portfolio of investments in renewable energy is helping increase the supply of clean, low-carbon solutions worldwide. In addition, some of our partners offset their CO_2 through sustainable cooking stove projects, solar panels and agroforestry, which offset at least 318 kilotonnes of CO_2-equivalent emissions in 2022.

While the cooperative's environmental policy remains unchanged, we have been updating our sustainable palm oil policy, working with Wageningen University, NGOs and investors, as a precursor to considering potential investments in smallholder palm oil cultivation.

Risk management

Oikocredit manages risk with three lines of defence. The major risks we face are credit and equity risk on the development financing portfolio, which we address through careful risk monitoring, reporting and management and through engagement with partners experiencing difficulties; liquidity risk, which involves balancing our investing in support of our mission with maintaining sufficient liquidity to meet investors' redemption requests; foreign exchange risk, for which we hedge to protect our capital; and operational risk, for example relating to the General Data Protection Regulation (GDPR) and due diligence compliance with 'know your customer' requirements, for which we continue to work on improving our practices.

In 2022 the cooperative focused its risk efforts on holding strong liquidity buffers and on adherence to regulations and policy standards. In line with a sound contingency funding plan, we obtained an external credit line to facilitate future growth and cater for share redemptions. We were notified that three non-governmental organisations requested the Dutch National Contact Point to offer its good offices to examine Oikocredit compliance to the OECD Guidelines for Multinational enterprises, in relation to our activities in Cambodia. We are committed to cooperate with them.

Taxes

In 2022 Oikocredit incurred taxes of € 2.6 million. Oikocredit want to comply with national and international fiscal rules. During the year we released € 0.3 million, comprising the total remaining tax accrual that we had set aside for our country offices. We reviewed our tax compliance framework to ensure we continue responsible taxpaying.

Looking ahead

Oikocredit has laid solid foundations for the future in terms of strategy, governance, operational leadership and staff as we move from design to execution of our 2022-2026 strategic plan and our new capital-raising model. We will closely monitor the transition of our capital raising in 2023 to both protect our capital and ensure we keep current investors engaged and welcome new investors as we resume inflow growth. Just as important, we will continue building a quality portfolio of outflow partners and projects to reach more low-income people and communities with effective life-improving initiatives.

Following the implementation of the new capital-raising model, we will develop a more up-to-date investment journey to enhance the online experience of members and investors who want to invest with us.

The cooperative is mindful of the critical need to play a positive role in the urgently required global transformation to combat climate change, protect biodiversity and ensure decent lives for all in the face of mounting environmental, inequality and poverty crises. Although this will be far from easy amid uncertain and problematic external circumstances, we will apply our best efforts to steering the cooperative financially through market turbulence and to growing the development financing portfolio innovatively. Without addressing poverty and inequality, prospects are dim for humanity's efforts to protect climate and biodiversity.

We are ambitious about scaling up our community-focused projects and moving from the pilot phase to fuller implementation. We want to grow this part of our portfolio faster and to achieve more uptake among current and future partners. We see a further key role in bringing early-stage projects to the point of being viable and interesting for the growing numbers of more conventional impact investors active in developing-country markets. Our local presence and proximity to partners and beneficiaries give us distinct advantages here.

Financial, social and environmental resilience will be key. In our agriculture portfolio we aim to assist smallholder farmers in adopting more climate- and biodiversity-smart practices, including regenerative agriculture. Adaptability will also be needed in other sectors; hence for example our plans to work more closely on climate risk with inclusive finance partners. Amplifying the transparency of good environmental and resilience-promoting practices will help us identify initiatives to scale up.

We seek to grow the equity portfolio at the same pace as our lending, selecting investee partners that are pioneering innovation (generally those that are more digitally aware) and that show potential to create compelling social impact.

Further development of the way we use social and environmental performance and impact data, including assessment of our contribution to partners' financial, operational and social performance, will inform our decision-making. Alongside expansion of the end-client survey programme to include 10 more partners and two more languages, we will also introduce a hybrid online learning environment and peer exchange mechanism to help partners integrate survey data and insights into their strategy and operations.

In capacity building we want to work more with in-country service providers who understand the local context well. 2023 will see the launch of our new capacity building strategy, larger investments in capacity building and an expanded team.

The cooperative launched the new capital-raising model in March 2023. Participations, the new investment product, were made available to investors directly in Germany first, following which we aim to roll out the new product in other inflow markets. On 1 April 2023 all countries where the Share Foundation has an active offering will exchange depository receipts for participations, and we will subsequently offer participations in those countries. This will be followed by launching participations in Switzerland on 1 July. Plans for Belgium are not expected to come into effect before 2024, and there are currently no concrete plans to change the model for investors in the Netherlands.

We look forward to working actively again to promote our mission and attract new investor funds in our traditional markets and to possibilities of opening up new inflow markets. The prospect of organising more in-person outreach events for members and investors is attractive, as is more community building among our investors and fostering closer links between investors and outflow partners.

Together with our Members' Council, we are enthusiastic about the council's increasing contribution to the cooperative's governance and to further dialogue with members on matters such as voting rights, development education, how to increase members' participation, and other fundamental aspects of our mission.

In terms of people, we aim to build a resilient workforce and a caring and inspiring work environment. We will pay more attention to our organisational culture to ensure we preserve all that is positive following recent staffing changes and embrace the best of the new opportunities. With implementation of the new strategy, we also intend to pay more attention to learning and development. The cooperative has plans for a new learning and development platform and for more programmes to enable staff to prepare themselves for future challenges.

The EU's forthcoming Corporate Sustainability Reporting Directive (CSRD) is due to apply to Oikocredit as of the financial year 2025, to be reported on in 2026. Our reporting under the CSRD is likely to require increased attention to management information and metrics for climate-related and other sustainability disclosures.

Conclusions

In terms of impact and financial results, 2022 was a year of solid results for Oikocredit. The commitment of our members, investors, partners and staff enabled us to successfully manage the challenges that arose. We move into 2023 with our finances, activities, organisational structures and human resources well balanced to meet future challenges. The need for our work remains as great as ever, if not greater. The task ahead is to continue to build on our cooperative's sturdy foundations, do more of what we do well and do it even better.

The Managing Board is grateful to all those within and beyond our organisation whose dedication and skills have brought us so far.

Amersfoort, 31 March 2023

Mirjam 't Lam
Managing Director

Gwen van Berne
Director Finance & Risk

Patrick Stutvoet
Director Inflow and Business Enablers

Dave Smit
Director Impact Investments

Supervisory Board report

Oikocredit partner Ecozen supports vegetable and flower farmers in India with renewable energy technology such as solar pump controllers for irrigation purposes, and cold storage units. Storing flowers in a cold storage unit extends their shelf life by up to 15 days, giving farmers a wider sales window so they can find the best possible price for their produce – and reduce wastage. As of October 2022, Ecozen reached 100,000 farmers. It hopes to widen that footprint to one million growers over the next four years. It has been an Oikocredit partner since 2021.

Strengthening governance and leadership

During a year of considerable organisational change at Oikocredit, the Supervisory Board continued to oversee the policy implementation of the Managing Board and the cooperative's general affairs and business. It supervised, advised, challenged and supported the Managing Board in the exercise of their powers and duties.

Key discussions and decisions in 2022

The Supervisory Board and its committees' discussions and decisions in 2022 covered a broad spectrum of matters. These included amendments to Oikocredit's Articles of Association; Supervisory Board nominations; Managing Board appointments, performance evaluation and objectives; the new leadership model and other staffing matters; the new capital-raising model and 2022-2026 strategy; the development financing portfolio; regulatory approvals, including of the annual accounts for 2021 and 0.5% dividend; and various internal policies and procedures.

Governance and leadership

The Supervisory Board paid particular attention during the year to optimising Oikocredit's governance and leadership – including the Supervisory Board's own composition – to implement the agreed organisational and strategic changes and to address the challenges of a highly uncertain operating environment. The Supervisory Board also focused on working effectively with Oikocredit's other main governance bodies, specifically the Managing Board, Executive Committee, Members' Council and Works Council, keeping in mind the role of each in our governance structure.

Supervisory Board nominations

Our comprehensive interview and nomination process for new members of the Supervisory Board led to the nomination of five candidates who were appointed by the cooperative's members at the June AGM. Our nomination procedures include consultations with Members' Council and Works Council representatives as well as with cooperative members. New Supervisory Board members bring the skills and competencies necessary to complement those already present on the board, allowing us to carry out our supervisory and advisory duties effectively and efficiently, and enhance the board's diversity and geographic spread.

Managing Board appointments and leadership model

The Supervisory Board carefully considered the composition of the Managing Board and led the appointment process for Managing Board vacancies. We appointed Gwen van Berne as Director of Finance & Risk from May 2022, and Dave Smit as Director of Impact Investments, effective October 2022.

The Supervisory Board approved the cooperative's new leadership structure as proposed by the Managing Board. This involved the creation of a new Executive Committee, effective 1 July, consisting of four statutory members (the four Managing Board directors) and six non-statutory members, including several newly appointed directors. The Executive Committee will oversee implementation of the 2022-2026 strategy and support the Managing Board in its decision-making. Its installation increases the cooperative's agility and contributes to succession planning.

Articles of Association

The Supervisory Board approved a number of amendments to Oikocredit's Articles of Association which were then approved by members at our June AGM and at an EGM held in October. Some of those changes centred on our stakeholders, including changes formalising the governance role of the Members' Council and clarifying the role of support associations as a member category of the cooperative. Others centred on implementation of our new capital-raising model to offer all investors a more direct investment route in Oikocredit. The amendments included the clarification of Oikocredit's purposes, the introduction of participations (the new investment product), and provisions setting out the methods for calculating NAV to determine issuance and redemption prices in different currencies. The Supervisory Board also approved amendments extending the transition clause that authorises the Managing Board, in the event of accounting rules changes, to extend the period of suspension of share redemptions.

Annual plans and Managing Board objectives

During the year we approved the process for Managing Board objective-setting and for Managing Board and Executive Committee performance evaluation. We reviewed and endorsed the Managing Director's and Managing Board's evaluation of 2021 performance. We monitored 2022 expenditure against budget and attainment of 2022 collective objectives on a quarterly basis. We approved an annual plan for 2023, including the 2023 budget, the 2023 collective objectives of the Managing Board, and Executive Committee plans for improving the financial sustainability of our operating model.

New strategy and community-focused approach

As with Oikocredit's capital-raising model, development of the 2022-2026 strategy, with its new community-focused approach to helping low-income people build resilience, was the subject of Supervisory Board attention. The board discussed strategy highlights and challenges with the Managing Board at each of its quarterly meetings. At the request of the Supervisory Board the Managing Board shared its assessment of the strategy's financial viability, and the Supervisory Board's comments and feedback were further incorporated in the final strategic plan. The board approved the new strategy and underlying financial plan in June 2022 and has been pleased to see implementation of the first community-focused pilot projects.

Development financing portfolio

The Supervisory Board takes a close interest in the growth and quality of the cooperative's development financing portfolio, including an integrated view of risk, return and impact from a sectoral and regional perspective. We paid particular attention to plans to improve equity portfolio performance and the valuation methodology applied to that portfolio.

Our focus on the portfolio includes key social performance and capacity building aspects, with the aim of ensuring the portfolio delivers the social impact we seek. We welcomed the progress of Oikocredit's client self-perception survey, as well as other capacity building work the cooperative undertook in 2022. And we supported the initiatives of management aimed at innovation, including development of a strategic internal Innovation Hub and a close look at the products and services we offer our partners.

Other matters

Among other matters that received Supervisory Board attention this year were Oikocredit's impact measurement and reporting, risk management policies, liquidity needs and treasury management, updated conflict-of-interest policy and procedures for board members, and regulatory compliance, including 'know your customer' procedures for inflow and outflow operations.

Board composition, meetings and training

According to Oikocredit's Articles of Association, the Supervisory Board should comprise seven to 13 members. Members are appointed for three years by the General Meeting upon nomination of the Supervisory Board and can serve a maximum of two terms.

In addition to the five serving members at the start of 2022, the Supervisory Board made five nominations for new members, all of whom were appointed to the board at the June AGM: Andries Doets, Lilit Gharayan, Charity Chanda Lumpa, Francisco Olivares and Arpita Pal Agrawal. In addition, three current members were nominated and appointed at the AGM to serve a second term: Gaëlle Bonnieux, Myrtille Danse and Cheryl Jackson. One member, Gaston Aussems, continues to serve his first term, and one member, Tsitsi Dozwa-Choruma left the board at the end of her first term in June 2022. Francisco Olivares and Charity Chanda Lumpa are the financial experts on the Supervisory Board.

In the opinion of the Supervisory Board, the requirements for independence have been met with all members of the Supervisary Board.

Members of the Supervisory Board

(as at 31 December 2022)

Name	*Appointed*	*Term ends*
Cheryl Jackson (Chair)	June 2019	June 2025 (2nd term)
Gaëlle Bonnieux (Vice Chair)	June 2019	Resigned (effective 1 January 2023)
Myrtille Danse	June 2019	June 2025 (2nd term)
Gaston Aussems	June 2021	June 2024 (1st term)
Andries Doets	June 2022	June 2025 (1st term)
Lilit Gharayan	June 2022	June 2025 (1st term)
Charity Chanda Lumpa	June 2022	June 2025 (1st term)
Francisco Olivares	June 2022	June 2025 (1st term)
Arpita Pal Agrawal	June 2022	June 2025 (1st term)

Board meetings

The Supervisory Board met for 11 days during 2022, in March, May, June, August and December. Two of these meetings (in August) were in person, while the others took place online. The main topics of attention were those reported below. Managing Board members are generally present at the Supervisory Board's quarterly meetings. Three preparatory meetings were held in a closed session without management present.

Attendance at Supervisory Board meetings in 2022

Supervisory Board members 2022	*Meeting attendance (days)*
Cheryl Jackson (Chair)	100% (11/11)
Gaëlle Bonnieux (Vice Chair)	100% (11/11)
Gaston Aussems	91% (10/11)
Myrtille Danse	100% (11/11)
Andries Doets (from June 2022)	100% (4/4)
Tsitsi Dozwa-Choruma (term ended in June 2022)	50% (3/6)
Lilit Gharayan (from June 2022)	100% (4/4)
Charity Chanda Lumpa (from June 2022)	100% (4/4)
Francisco Olivares (from June 2022)	100% (4/4)
Arpita Pal Agrawal (from June 2022)	100% (4/4)

Cheryl Jackson, as Supervisory Board Chair, also had regular online meetings with Oikocredit's Managing Director, Mirjam 't Lam, generally biweekly, and the Supervisory Board arranged meetings with incoming members of the Managing Board when they joined Oikocredit.

Members of the Supervisory Board met with the Works Council once during the year, and separately with the Works Council's Chair and Vice Chair, to discuss Works Council governance, inflow and outflow operations, the impact of external macroeconomic factors, data management, Supervisory Board nominations, and Managing Board and Executive Committee succession planning, among other matters.

Supervisory Board members met with Members' Council representatives to discuss the latter's role in the cooperative's governance structure and Supervisory Board nominations. We agreed to hold an annual workshop with the Members' Council to discuss upcoming issues, to provide regular communications about issues on the Supervisory Board agenda particularly relevant to members, and governance training undertaken in 2022.

Training

The Supervisory Board participated in governance training in February, along with representatives from the Managing Board, the Members' Council, and the Works Council. We discussed the fundamental principles of cooperatives in the Netherlands and the role of governance bodies within a cooperative. Governance training also took place with the Managing Board in August, focused on Oikocredit's multi-stakeholder environment and cooperative structure, the Dutch legal framework, the two boards' strategic partnership and respective governance roles, and the Supervisory Board's role as employer of the Managing Board.

Board committees

While the Supervisory Board retains overall responsibility for its functions, it assigns some tasks to committees who prepare recommendations for decision-making. Oikocredit's Supervisory Board committees' membership comprises exclusively Supervisory Board members, with specified Managing Board members and other senior managers attending meetings on a regular basis.

From January to June 2022 the Supervisory Board had three committees: the Social Performance, Audit, Risk and Compliance Committee (SPARC); the Strategy and People Committee (SPC); and the Investment Committee (IC). The board restructured its committees following the June AGM. As strategy was considered relevant for all Supervisory Board members, it was agreed to address strategy topics within the full board and to organise an annual strategy session with the Managing Board. The SPC was renamed the Remuneration, Nomination and Selection Committee (RNSC) to better reflect its role and mandate. Given the strategic importance of social impact and innovation, the board decided to create a separate Impact and Innovation Committee (IIC). As social performance was addressed in the IIC, the SPARC was renamed Audit, Risk and Compliance Committee (ARC). Finally, we formed a temporary dedicated committee of board members having expertise on regulatory and inflow matters to address the new capital-raising model, the Project House Committee (PHC). As a result of these changes, from immediately following the AGM to December 2022 there were five Supervisory Board committees: the ARC, the RNSC, the IC, the IIC and the PHC.

Social Performance, Audit, Risk and Compliance Committee (SPARC)

The primary function of the SPARC was to monitor social and financial performance and to assist the Supervisory Board in fulfilling its oversight responsibilities regarding the integrity and quality of the cooperative's financial reporting and the effectiveness of internal risk management and control systems, including internal and external audit processes. The SPARC met three times from January to June 2022 to discuss Oikocredit's financial, social and operational performance; internal audit activities and results; risk management, including monitoring of portfolio risks and non-financial risks; the tax and regulatory outlook; and 'know your customer' compliance. After June 2022 the committee became the Audit, Risk and Compliance Committee as described below.

Strategy and People Committee (SPC)

The SPC met six times between January and June 2022, devoting considerable time to Supervisory Board composition and functioning. The committee led the inclusive Supervisory Board nominations process culminating in the appointment of five new board members. In addition, the SPC made proposals for Supervisory Board remuneration, committee structure, service contracts and onboarding programme. The SPC led processes for the appointment of an interim, and then permanent, Director of Finance & Risk and held extensive discussions related to Oikocredit's leadership model, supporting the adoption of an Executive Committee, and proposing a consistent procedure for appointing Managing Board members.

Assisting the Supervisory Board in its employer role, the SPC recommended a Managing Board and Executive Committee performance evaluation process, and prepared for the board's approval 2021 performance evaluations of, and 2022 salary proposals for, Managing Board members. Additionally, the SPC accompanied the Managing Board in finalising the new strategy.

Investment Committee (IC)

The IC's role is to approve all transactions that bring Oikocredit's total exposure with a single partner above € 10 million and to monitor the performance of the investment portfolio it has approved. The IC discussed portfolio composition via email in the first part of the year and met twice in the second half of the year, with two reviews and approvals by email of individual loans to partners above the threshold requiring approval.

Audit, Risk and Compliance Committee (ARC)

The ARC met twice in the second half of the year to discuss financial and operational performance, including by sector and by region; equity portfolio performance and accounting methodology; portfolio and non-financial risks; and compliance, including 'know your customer' requirements for both inflow and outflow, and organisational readiness for future sustainability reporting requirements. In addition, the committee met with the external auditor and reviewed the organisation's 2023 risk appetite statement and risk charter, the 2023 internal audit plan, and the 2023 budget, business plan, and financial and operational objectives.

Remuneration, Nomination and Selection Committee (RNSC)

The RNSC focuses on topics related to Supervisory Board composition and effectiveness, the board's employer role and the cooperative's human resources. The RNSC met three times in the second half of the year.

The committee monitored management's learning and growth objectives and discussed the lingering effects of the Covid-19 pandemic and labour market conditions on staff, including employee engagement, as well as staff recruitment, retention and development. The RNSC led the process for the appointment of a Director of Impact Investments and prepared Supervisory Board discussion and decision-making on Managing Board and Executive Committee succession planning and performance management processes. The committee initiated discussions related to Supervisory Board succession planning and proposed a conflict-of-interest procedure subsequently approved by the board for its members.

Impact and Innovation Committee (IIC)

The IIC met twice between late August and December 2022. The IIC is a new committee that the Supervisory Board established to respond to the stronger focus on innovation and impact in the new strategy. The IIC discussed with the Managing Board its mandate and contribution to Oikocredit's strategy and community-focused approach. Topics addressed by the IIC included Oikocredit's theory of change and social performance framework, as well as an in-depth look at standards, policies, indicators, tools and reporting (measuring impact and change). The IIC reviewed the 2022 balanced scorecard results and ESG (environmental, social and governance) ambitions for 2023, and it agreed on the impact and innovation ambitions of the 2023 balanced scorecard and Oikocredit's new Innovation Hub strategy.

Project House Committee (PHC)

The Supervisory Board set up a dedicated temporary committee to closely supervise and advise management on the development of the cooperative's new capital-raising model, referred to internally as 'Project House'. The PHC met five times in the second half of the year and held extensive discussions with members of the Oikocredit committee steering adoption and implementation of the new model. PHC and steering committee members reviewed the PHC's role and mandate, and governance and management of the new capital-raising model, including the results of the internal audit review of its project management. Considerable attention was given to the applicable regulatory frameworks. The committee received updates on implementation risks and mitigants, the new model's transition path in inflow markets, future inflow strategy, the role of support associations in the new model, and communication plans for informing members, investors and other key stakeholders. The PHC reviewed and made recommendations regarding the necessary amendments to the Articles of Association and the new participation terms proposed by management.

Board remuneration

The Supervisory Board reviewed and amended its remuneration policy in 2022 to make board members' remuneration more predictable and transparent. The remuneration of Supervisory Board members is intended to reflect time spent and the responsibilities of the role, and to enable the cooperative to retain and recruit Supervisory Board members with the right balance of experience and competencies.

Oikocredit provides a fixed fee to Supervisory Board members for their services and compensates travel and administrative expenses involved in serving on the board. Remuneration may differ per board member according to distances travelled and specific responsibilities, such as chairing the board or one of its committees. Board members may choose not to accept the remuneration. The June AGM approved the Supervisory Board remuneration policy. Details about the remuneration of Supervisory Board and Managing Board members are provided in Note 35 of the consolidated financial statements.

Looking ahead

In 2023 the Supervisory Board will continue to focus on the transition to the new capital-raising model and to adhere to relevant regulations.

As implementation progresses, the board will supervise the development of the inflow strategy and the continuous development of inflow markets through our branch offices. The board will take particular interest in the future role of the support associations, which are charged with bringing the perspectives of our investors while supporting Oikocredit in activities such as global learning programmes for investor communities and capacity building for partners.

The Supervisory Board will closely monitor the impact, financial, operational, innovation and other objectives set by management. We will follow finance portfolio development, paying attention to both growth and quality as well as impact. Mindful of inflow and outflow market challenges, careful consideration of management initiatives aimed at promoting the long-term sustainability of our business and operating models will also remain a key focus.

The board will also maintain attention on how Oikocredit supports partners and identifies and addresses communities' needs as we further implement our 2022-2026 strategy. We will encourage efforts to widen the cooperative's catalytic role and to raise public awareness of our distinctive investing approach with its emphasis on social performance and local presence for sustained impact. We look forward to further outcomes from the client self-perception survey and the future strengthening of Oikocredit's capacity building and innovation activities.

Managing Board and Executive Committee functioning and employee well-being will continue to be topics of importance as we seek to ensure the effectiveness of our leadership and the attractiveness of Oikocredit as an employer of choice for well-qualified and experienced people supporting our vision and mission.

We will be mindful of our own functioning as well and will conduct a full evaluation of the Supervisory Board with an external facilitator.

The Supervisory Board wishes once again to thank the Managing Board, Executive Committee and Oikocredit management and staff worldwide for their exceptional commitment and contribution to our cooperative's work during the past year.

Amersfoort, 31 March 2023

Cheryl Jackson
Chair

Gaston Aussems
Supervisory Board member

Myrtille Danse
Supervisory Board member

Andries Doets
Supervisory Board member

Lilit Gharayan
Supervisory Board member

Charity Chanda Lumpa
Supervisory Board member

Francisco Olivares
Supervisory Board member

Arpita Pal Agrawal
Supervisory Board member

Consolidated financial statements

Oikocredit partner Caurie Microfinance serves 134,000 clients across Senegal, including individual customers, agricultural groups and village banks. Among its village banking groups is one in Thiaoune Bambara in Thies region, where members such as this woman meet regularly to make deposits and loan repayments.

Consolidated **balance sheet**

(Before appropriation of net income)

	Consolidated balance sheet		
Notes		31/12/2022	31/12/2021
		€ ,000	€ ,000
	NON-CURRENT ASSETS		
7	**INTANGIBLE FIXED ASSETS**	**1,641**	**988**
8	**TANGIBLE FIXED ASSETS**	**3,683**	**4,281**
	FINANCIAL ASSETS		
9	Development financing:		
	Total development financing outstanding	1,007,248	995,890
	Less: - loss provision and impairments	(79,547)	(93,401)
		927,701	**902,489**
	Consists of:		
	Loans (net of loss provision)	*803,579*	*781,144*
	Equity (net of impairments)	*124,122*	*121,345*
10	Other securities	23,386	23,386
11	Other financial assets	7,800	2,721
	Total	**958,887**	**928,596**
	Total non-current assets	**964,211**	**933,865**
	CURRENT ASSETS		
12	Term investments	-	214,352
13	Receivables and other current assets	48,802	49,781
14	Cash and banks	225,207	60,136
	Total	**274,009**	**324,269**
	TOTAL	**1,238,220**	**1,258,134**

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

Consolidated **balance sheet**

(Before appropriation of net income)

Notes	Consolidated balance sheet	31/12/2022	31/12/2021
		€ ,000	€ ,000
	GROUP EQUITY AND FUNDS		
15/16	Member capital	1,110,692	1,128,976
16	General reserve	83,512	73,598
16	Restricted exchange fluctuation	(20,039)	(16,330)
17	Funds for subsidised activities	3,842	3,891
	Undistributed net income for the year	8,496	15,257
	Total group equity and funds	**1,186,503**	**1,205,392**
18	**PROVISIONS**	**92**	**216**
19	**NON-CURRENT LIABILITIES**	**16,628**	**15,618**
20	**CURRENT LIABILITIES**	**34,997**	**36,908**
	TOTAL	**1,238,220**	**1,258,134**

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

Consolidated **income statement**

Notes	Consolidated income statement	2022 € ,000	2021 € ,000
	INCOME		
	Interest and similar income		
22	Interest on development financing portfolio	84,335	69,332
22	Interest on term investments	(141)	2,321
12/22	Revaluation term investments	(14,795)	(4,299)
	Total interest and similar income	**69,399**	**67,354**
	Interest and similar expenses		
23	Interest expenses	(2,353)	(2,398)
	Total interest and similar expenses	**(2,353)**	**(2,398)**
	Income from equity investments		
24	Result from sale of equity investments	17,461	(3,482)
24	Dividends	3,323	1,540
24	Management fees funds	(34)	(397)
	Total income from equity investments	**20,750**	**(2,340)**
25	**Grant income**	**819**	**374**
	Other income and expenses		
26	Exchange rate differences	1,386	822
26	Hedge premiums and provisions	(29,563)	(17,008)
26	Dividend from other securities	4	194
26	Other	86	39
	Total other income and expenses	**(28,087)**	**(15,953)**
	TOTAL OPERATING INCOME	**60,528**	**47,037**
	GENERAL AND ADMINISTRATIVE EXPENSES		
27	Personnel	(21,074)	(17,976)
	Travel	(923)	(147)
28	General and other expenses	(14,822)	(11,424)
	TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	**(36,819)**	**(29,547)**
	ADDITIONS TO AND RELEASED FROM LOAN LOSS PROVISIONS AND EQUITY IMPAIRMENTS		
29	Additions to and releases from loan loss provisions	(9,881)	1,430
29	Impairments on equity investments	(2,517)	408
	TOTAL ADDITIONS TO AND RELEASES FROM LOSS PROVISIONS AND IMPAIRMENTS	**(12,398)**	**1,838**
	INCOME BEFORE TAXATION	**11,311**	**19,329**
30	Taxes	(2,625)	(2,588)
	INCOME AFTER TAXATION	**8,686**	**16,741**
31	Result from discontinued operations	-	(1,636)
32	Additions to (-) and releases (+) from funds	(191)	152
	INCOME FOR THE YEAR AFTER ADDITIONS TO AND RELEASES FROM FUNDS	**8,495**	**15,257**

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

Consolidated **cash flow statement**

Notes	Consolidated cash flow statement	2022 € ,000	2021 € ,000
	INCOME BEFORE TAXATION	**11,311**	**19,329**
	Adjusted for non-cash items		
9/13	Value adjustments loans, equity and receivables	24,774	1,942
12	Unrealised revaluation term investments	14,957	1,978
7/8	Depreciation (in)tangible fixed assets	988	1,386
11/13/ 20/30	Taxes	(2,532)	(3,097)
	Exchange rate adjustments	(28,490)	(34,028)
	Changes in		
9	Development financing (disbursements and repayments)	(26,832)	(132,949)
11	Other financial assets	(5,171)	2,786
13	Receivables and other current assets	230	(10,108)
18	Provisions	(124)	(112)
20	Current liabilities	(6,174)	12,190
	CASH FLOW FROM OPERATING ACTIVITIES	**(17,062)**	**(140,683)**
12	Investments and divestments from term investments	199,395	(21,737)
7	Investments and divestments from intangible assets	(1,166)	(187)
8	Investments and divestments from tangible assets	(138)	(1,337)
	CASH FLOW FROM INVESTING ACTIVITIES	**198,091**	**(23,261)**
15/44	Member capital (issue and redemptions) in euro and foreign currencies	(18,100)	24,821
	Dividend paid on member capital in euro and foreign currencies	(5,626)	-
19	Loans and notes	6,581	(37,032)
	CASH FLOW FROM FINANCING ACTIVITIES	**(17,145)**	**(12,211)**
	CHANGES IN CASH AND BANKS	**163,884**	**(176,155)**
14	Cash and banks beginning of the year	60,136	236,482
	Exchange rate difference on cash and banks	1,187	(191)
	Cash and banks end of the year	225,207	60,136
	CHANGES IN CASH AND BANKS	**163,884**	**(176,155)**

The accompanying notes are an integral part of these financial statements.
The cashflow statement of the year 2021 has been adjusted due to noted omissions compared to the Dutch GAAP rules.

Consolidated statement of **comprehensive income**

Notes	Consolidated statement of comprehensive income	2022	2021
		€ ,000	€ ,000
	INCOME FOR THE YEAR AFTER ADDITIONS TO AND RELEASES FROM FUNDS	**8,495**	**15,257**
16	Change in the restricted exchange fluctuation reserve	(3,709)	3
18	Change in funds for subsidised activities	(49)	(153)
	Total of direct movements in the group equity and funds	**(3,758)**	**(150)**
	COMPREHENSIVE INCOME	**4,737**	**15,107**

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

Notes to the **consolidated financial statements**

Year ended 31 December 2022.

These financial statements are expressed in euro (€). As at 31 December 2022, US$ 1 equalled € 0.934143 (31 December 2021: US$ 1 equalled € 0.879507).

1. General information

Description of the organisation

OIKOCREDIT, Ecumenical Development Cooperative Society U.A. (the Society) was established in 1975 in Rotterdam, the Netherlands, and has corporate status under the laws of the Netherlands. The Society is registered in Amersfoort, the Netherlands, and is registered under number 31020744. The legal address of its registered office is Berkenweg 7, 3818 LA Amersfoort. The Society is owned by its members throughout the world. Members include churches, subdivisions of churches, councils of churches, church-related organisations, partners (organisations to which the Society extended a loan or equity investment) and support associations established by individuals and local parishes. The Society has an undefined ending date.

The entities belonging to the Oikocredit group are:

- Oikocredit International Support Foundation, Amersfoort, the Netherlands
- Maanaveeya Development & Finance Private Limited, Hyderabad, India
- Up until the year 2020 Finance Company Oikocredit Ukraine, Lviv, Ukraine (formally liquidated as per 4 February 2021)

The Society is at the head of the Oikocredit group.

Oikocredit's mission is to challenge all to invest responsibly. It provides financial services and supports organisations to improve the quality of life of low-income people and communities in a sustainable way.

Oikocredit's vision is a global, just society in which resources are shared sustainably and all people are empowered with the choices they need to create a life of dignity.

In the following countries Oikocredit has offices that may have differing legal statuses depending on the laws of the country concerned. Oikocredit has its central office in Amersfoort, the Netherlands, and has regional offices in the following locations: Hyderabad, India; Lima, Peru; Manila, the Philippines; and Nairobi, Kenya. In addition, it has offices in Argentina, Brazil, Costa Rica, Côte d'Ivoire, Guatemala, Mexico and Nigeria.

The offices in Brazil, Costa Rica, Guatemala, Kenya, Nigeria, and the Philippines are incorporated as legal entities. Due to the limited size of the assets of these legal entities, it was decided to regard these assets as if they were branch offices for accounting purposes.

In 2022 the Society took the decision to close Oikocredit's offices in Uruguay and Paraguay, which means these entities are in liquidation.

Oikocredit has national support offices in Austria, France and Germany that carry out or support efforts to attract investors and members in those countries.

Oikocredit International Support Foundation (Support Foundation)

The Support Foundation was established in 1995, in Amersfoort, the Netherlands, in accordance with Dutch law. The duration of the Support Foundation is unlimited. The main purpose of the Support Foundation is to promote and support the development of low-income people and communities' capacities on an individual and organisational basis and to enable them in gaining access to necessary resources to help them improve their quality of life. The Support Foundation does this, for example, by (i) receiving and providing donations and subsidies, (ii) promoting standards and best practices that are aimed at the protection and promotion of low-income people and their communities' well-being and (iii) providing resources for innovative solutions to the challenges/needs of low-income people and their communities, with the potential for scale-up and replication.

Basis of preparation

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 (Dutch GAAP).

The accounting policies applied for measurement of assets and liabilities and determination of results are based on the historical cost convention, unless otherwise stated in the accounting principles mentioned in Note 2 below.

Basis of consolidation

The consolidated financial statements include the financial information of the Society, its group companies and other entities over which it exercises control or whose central management it conducts. Group companies are entities over which the Society exercises direct or indirect 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. Unrealised losses on inter-company transactions are also eliminated. 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 over which the Society exercises control or whose central management it conducts are consolidated in full. Minority interests in group equity and group net income are disclosed separately.

Application of Section 402, Book 2, of the Dutch Civil Code
As the income statement of the Society 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.

Going concern
These financial statements have been prepared under the going concern assumption.

Based on the composition of the balance sheet and more specifically the liquidity position, the Society will continue as a going concern for the foreseeable future and expects to realise its objectives in the normal course of business.

Related parties
All Oikocredit group companies mentioned above under *Description of the organisation* are considered to be related parties.

The support associations and the Oikocredit International Share Foundation (Share Foundation) are separate organisations established to support the worldwide work of Oikocredit.

The Share Foundation was established in 1995, in Amersfoort, the Netherlands, under Dutch law. The duration of the Share Foundation is unlimited. The main purpose of the Share Foundation is to provide investment opportunities in the Society for non-church bodies, development organisations and other organisations like banks, and individuals in countries where no support association exists offering investment opportunities in the Society. Members are also considered to be related parties. Significant transactions with related parties are disclosed in the notes insofar as they are not transacted at arm's length. The nature of, extent of and other information about transactions are disclosed if this is required to provide a true and fair view.

2. Accounting policies for the balance sheet

General information
The financial statements are denominated in euro. 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 recognised at the amounts at which they were acquired or incurred. The balance sheet, income statement and cash flow statement include references to the notes.

Comparative figures
The accounting policies have been consistently applied to all the years presented.

Estimates and judgements
The preparation of financial statements, in conformity with the relevant rules, requires the use of certain critical accounting estimates. It also requires the Society's Managing Board 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively, e.g. in the period in which the estimate is revised and in any future periods affected. The areas where estimates and judgements have the most significant impact are:
- Loan loss provision and impairments on equity investments
- Tax accrual
- Other provisions

Change in accounting estimate
During the year 2022 there were no changes in accounting estimates. In the year 2021 the Society changed a parameter in the calculation method for the country provision, which is one of the three layers of the loan loss provision (see the paragraph on provision and impairments for possible losses on development financing below), which resulted in a release of the country provision of € 9.5 million.

Foreign currencies

Transactions in foreign currencies
The euro 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 (FX) gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the income statement. Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions.

Foreign operations
Assets and liabilities of consolidated foreign group companies denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Income and expenses are translated at transaction date exchange rates during the financial year. The cumulative exchange rate differences on investments in foreign group companies are kept in the restricted exchange fluctuation reserve.

Hedging of the net investment in foreign operations
Currency translation differences arising from the translation of a financial liability considered as a hedge of the net

investment in a foreign group company, are directly recognised in equity (in the restricted exchange fluctuation reserve) to the extent that the hedge is effective. The ineffective part is recognised as an expense in profit and loss.

Assets and liabilities
An asset or a liability is recognised in the balance sheet when the contractual rights or obligations in respect of that instrument arise. An asset or liability is no longer recognised in the balance sheet when there is a transaction that results in a transfer to a third party of all or substantially all of the rights to economic benefits and all or substantially all of the risks related to the position.

Fixed assets and depreciation
Fixed assets (both tangible and intangible) are stated at cost minus depreciation and impairment. Expenditure for additions, renewals and improvements (only if it is adding value or if it is extending the lifetime of the asset) are capitalised. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets. At each balance-sheet date, it is established whether there are any indications of 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.

Financial instruments
Financial instruments include investments in shares and bonds, trade and other receivables, cash items, loans and other financing commitments, derivative financial instruments, trade payables and other amounts payable. These financial statements contain the following financial instruments: financial instruments held for trading (financial assets and liabilities), loans and receivables (both purchased and issued), equity instruments, other financial liabilities and derivatives. Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate. Financial instruments are derecognised if a transaction results in a considerable part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party.

Financial instruments (and individual components of financial instruments) are presented in the consolidated financial statements in accordance with the economic substance of the contractual terms. Presentation of the financial instruments is based on the individual components of financial instruments as a financial asset, financial liability or equity instrument.

Financial and non-financial contracts may contain terms and conditions that meet the definition of derivative financial instruments. Such an agreement is separated from the host contract if its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value with changes in fair value recognised in the profit and loss account.

Financial instruments embedded in contracts that are not separated from the host contract are recognised in accordance with the host contract. Derivatives separated from the host contract are, in accordance with the measurement policy for derivatives for which no cost price hedge accounting is applied, measured at cost or lower fair value.

Financial instruments are initially measured at fair value, including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are directly recognised in the profit and loss account at the initial recognition.

After initial recognition, financial instruments are valued in the manner described below.

Development financing
Loans disclosed under development financing are initially measured at fair value, which is equal to the notional value. The subsequent measurement is at amortised cost being notional value minus repayment and impairment. There are no transactional costs applicable that are to be amortised for the loans, hence the effective interest rate is considered equal to the contract interest rate of the loans and there are no amortisation results in the P&L during the year.

Associates
Equity investments in companies in which the Society has significant influence but does not control (associates) are accounted for under the equity accounting method. Significant influence is normally evidenced when the Society has from 20% to 50% of a company's voting rights.

In addition, the Society takes into consideration the factual circumstances, such as:
- the Society's involvement in the company's operational and/or strategic management by participation in its management, supervisory board or investments committee;
- the presence of material transactions between the Society and the company; and
- the Society making essential technical assistance available.

Under the equity accounting method the investments in associates are initially recorded at cost and the carrying amount is increased or decreased after the date of acquisition to recognise the Society's share of the investee's results or other results directly recorded in the equity of associates.

The Society operates in developing countries that may not have accounting standards and practices comparable to those in the Netherlands. Financial reporting may not always be comparable to the requirements of Part 9, Book 2, of the Netherlands Civil Code and may not be available in a timely manner. Inherent to this situation, the Society only accounts the associates according to the equity method if underlying financial data has been recently audited and prepared under internationally accepted accounting standards. If these criteria are not met, the Society records the associates at cost less impairment. The fair value is determined taking into account suitable valuation methods such as book value multiples, price-earnings ratios, discounted cash flows and recent sale prices of similar investments. In line with the accounting principles for equity investments, the impairment losses are included in the income statement.

Investments

Participating interests where no significant influence is exercised are measured at the lower of cost or realisable value. In case the Society has the intention to sell, then the participating interest is stated at the lower expected sales value. If the Society transfers an asset or a liability to a participating interest that is measured at cost or current value, the gain or loss resulting from this transfer is recognised directly and in full in the profit and loss account, unless the gain is in substance not realised.

Provision and impairments 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 for loans comprises the following layers:

- A collective general provision for incurred but not yet identified losses at reporting date. A general provision was calculated by looking at the historical loss data of the Society. This general provision is calculated separately for partners in the financial services sector and other sectors. To calculate the percentage for the general provision an analysis is made that calculates what part of the portfolio with labels On Time (OT), Not Delayed (ND), PAR 30 and PAR 90 is likely to move into default (labels PAR 180, PAR 360 and PAR 360 days and more) within a year after the balance sheet date. The percentage we use to calculate this provision is based on the average of three years' experience with these projects (migrating to default within one year); the percentage is then corrected for the historical average recovery rate.
- A collective provision based on country ratings calculated for each country in which the partner is based, also considering the currency in which the loan is granted. To calculate the country provision the IHS Markit sovereign ratings are used (refer to chapter 6 for a detailed explanation). Based on the sovereign rating, the Risk Monitoring unit determines a country provision percentage. The country provision percentage is calculated as product of the one year sovereign ratings and the average loss given default (LGD) percentage (based on Basel III). This percentage per country is applied over the entire development financing portfolio.
- If a partner is deemed non-performing (see below for explanation of 'non-performing') due to overdue payments or other factors, the Society will account for a specific provision if the incurred loss is expected to exceed the collective provisions for that partner. This provision is calculated based on the Society's management's risk assessment, the value of the collateral and experience with these kinds of partners.

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

Loans are generally written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety. This is generally the case when the Society determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Due to the nature of the Society's business, this assessment is carried out at homogeneous portfolio level and applied to the individual financial asset. Recoveries of amounts previously written off are included in *Impairment losses on financial instruments* in the income statement.

Loans that are written off could still be subject to enforcement activities in order to comply with the Society's procedures for recovery of amounts due.

Non-performing partners are partners that are structurally in arrears, often with their loan in the process of being foreclosed.

In practice, all the equity investments (including investments in associates) are valued at cost less impairment. All equity investments are reviewed and analysed at least annually for indicators of impairment. An equity investment is considered impaired when the carrying amount exceeds the recoverable amount. The Society operates in countries where there is in general no active market for these equity stakes. The recoverable amount calculated as part of the impairment assessment is determined taking into account suitable valuation methods such as price-earnings ratios and recent sale prices of similar investments as far as these are available.

Other securities

The other securities are non-listed investments and are stated at cost less impairment. At each balance sheet date, it is established whether there are any indicators of the securities being subject to impairment. If any such indications exist, the recoverable amount of the security is determined. Transaction costs are expensed in the income statement if these are related to financial assets carried at fair value through profit or loss.

Term investments

The term investments that are listed on regulated markets are measured and recognised at fair value as these are not held to maturity. Changes in the fair value are charged directly to the income statement.

Transaction costs related to financial assets carried at fair value are expensed through the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances and deposits held at call or with maturities up to one year. Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this is taken into account in the measurement.

Member capital
The Society issues shares in euro, British pounds, Canadian dollars, Swedish kronor, Swiss francs and United States dollars.

The shares shall be redeemed no later than five years after a redemption request has been submitted and are as such considered a liability for accounting purposes (puttable shares). Redemptions will be at the nominal value. However, if the net asset value per share is lower than the value stated in the most recent audited (interim) balance sheet preceding the redemption by the Society, the amount payable upon redemption of the share(s) shall not exceed the sum corresponding to the net asset value of the share(s) according to that balance sheet (Article 13 of the Articles of Association).

The Managing Board opted to make use of the exemption in RJ 290.808 of the Dutch GAAP rules to classify its member capital in both euro and foreign currencies as equity. The member shares are the most subordinated class of instruments issued by the Society. The Articles of Association of the Society provide the same terms and conditions to the Society's holders and no preferential terms are provided, irrespective of the currency denomination. This means that the Society shares are identical in subordination. The foregoing also applies in the event of dissolution of the Society. As such, all instruments are presented as equity in the consolidated financial statements. 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).

Provisions
The restructuring provision is a specific provision that consists of anticipated severance payments and other costs that are directly related to restructuring programmes. These costs are accounted for in the period in which a legally enforceable or constructive obligation to make the payment arises. No provision is formed for costs or future operating losses stemming from continuing operations.

The Society recognises severance payments if the Society has demonstrably committed itself to:
- the termination of the employment contracts of current employees in accordance with an announced detailed formal plan without the option of the plan being withdrawn; or
- the payment of termination benefits as a result of an offer to encourage voluntary redundancy that cannot be withdrawn.

Provisions are measured at the nominal value of the best estimate of the expenditures that are expected to be required to settle the liabilities and losses.

Non-current and current liabilities and other financial commitments
Non-current and current liabilities and other financial commitments are measured after their initial recognition at amortised cost on the basis of the effective interest rate method. The effective interest is directly recorded in the profit and loss account. Borrowings are initially recognised at fair value, with net transaction costs incurred. Borrowings are subsequently stated at amortised cost, being the amount received taking account of any premium or discount, less transaction costs.

Redemption payments regarding non-current liabilities that are due next year, are presented under current liabilities.

Derivative financial instruments
Derivatives are financial instruments embodied in contracts. The derivative's value depends on one or more underlying assets or indices.

Derivative financial instruments are stated at cost or lower market value, except for derivative contracts concluded to mitigate currency risks, where the Society has applied cost price hedge accounting. The Society has documented (generic) the relationship between hedging instruments and hedged items. The Society also tests its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items. The Society has no derivative financial instruments embedded in contracts.

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 recognised at cost in the balance sheet, the derivative 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 derivative 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 recognised directly in the income statement.

3. Accounting policies for the income statement

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.

Income and expense recognition
Income from investments, expenses, outstanding project funding, management fees and time deposits are recognised on an accrual basis. For non-performing partners, the Society assesses on a case-by-case basis if interest should be accrued or invoiced.

Transactions between the Society and equity investees that do not classify as group companies are recognised directly and in full in the consolidated income statement when they result in a gain or loss. Dividends of equity investments that are carried at cost are recognised as income from equity investments in the period in which the dividends become payable.

Finance income and expenses

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

Grant and contributions

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

Exchange rate differences

Exchange rate differences arising upon the settlement of monetary items are recognised 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 included in the income statement based on the employee's terms of employment, when these are due to employees. For benefits with accumulating rights, such as sabbatical leave, the projected costs are taken into account during the employment.

Dutch pension plans

The Society has pension plans to which the conditions of the Dutch Pension Act are applicable. The pension plan that currently is in place for employees in the Netherlands is a defined contribution plan with a.s.r. (Amersfoortse and Stad Rotterdam). The Society pays premiums to a.s.r. on a monthly basis. Premiums are recognised as personnel costs when they are due. Prepaid contributions are recognised as prepayments and accrued income to the extent that this will lead to a reduction in future payments or a cash refund. Contributions that are due but have not yet been paid are presented as liabilities.

The main provisions of the pension agreement are:

- The Society pays a certain percentage over the pensionable salary. The percentage paid depends on the age of the employee.
- There are no specific agreements relating to reduction or refund of contributions.
- The pension contribution for the employee is voluntary.

The old pension scheme, provided by Nationale Nederlanden is a conditionally indexed, average-salary scheme. Indexation is decided upon each year by the Executive Committee.

Foreign pension plans

For employees outside the Netherlands, contributions to pension schemes are paid as per local legal requirements. Employees outside the Netherlands receive a monthly payment for use towards their pensions or Oikocredit contributes to a pension plan according to local legislation or market practice (private/public scheme).

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of the employment. A termination benefit is recognised as a liability and an expense when the Society is demonstrably and unconditionally committed to make the payment of the benefit. If the termination is part of a restructuring, the costs of the termination benefits as part of the restructuring provision. See the policy under the heading 'Provisions'.

Termination benefits are measured in accordance with their nature. When the termination benefit is an enhancement to post-employment benefits, measurement is done according to the same policies as applied to post-employment plans. Other termination benefits are measured at the best estimate of the expenditures required to settle the liability.

Leasing

The Society may enter into finance and operating leases.

A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance leases. All other leases are classified as operating leases. For the lease classification, the economic substance of the transaction is conclusive rather than the legal form.

Operating leases as a lessee

If the Society acts as lessee in an operating lease, the leased property is not capitalised. Benefits received as an incentive to enter into an agreement are recognised as a reduction of rental expense over the lease term. Lease payments and benefits regarding operating leases are recognised in the profit and loss account on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the benefits from the use of the leased asset.

Corporate income tax

The Society is liable to corporate income tax in the Netherlands at a rate of 25.8% (2021: 25%), with an initial rate of 15% for the first € 395,000 of taxable income. No tax has to be withheld on dividends distributed by the Society to its members. The growth of the organisation in past years led the Society to thoroughly review its operational set-up in the countries where it has offices, to ensure that there is a structure in place to pay the Society's fair share of taxes. An amount has been included in the Society's liabilities (in the form of an accrual) for possible tax payments relating to previous years.

For taxable temporary differences, a provision for deferred tax liabilities is recognised. For deductible temporary differences, available tax losses and unused tax credits, a deferred tax asset is recognised, but only to the extent that it is probable that future taxable profits will be available for set-off or compensation. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are offset in the balance sheet if the Society has a legally enforceable right to offset current tax assets against current tax liabilities, insofar as they relate to the same financial year and deferred tax assets relate to income taxes levied by the same tax authority on the same taxable entity.

The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which the Society expects, at the balance sheet date, to realise or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are measured at nominal value.

Discontinued operations

In order to recognise a business segment as a discontinued operation upon disposal of the segment in question, the Society defines a business segment as part of a unit in which the activities and cash flow are largely dependent on other activities. Gains or losses from the disposal of a business segment, with the results from these activities, are measured separately as result on terminated activities until the date of disposal.

Subsequent events

Events that provide further information on the actual situation at the balance sheet date, and that appear before the financial statements are being prepared, are recognised in the financial statements. Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

4. Accounting policies for the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash and cash equivalents. Cash flows denominated in foreign currencies have been translated at average exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement.

Cash flow from operating activities

The net cash flow from operating activities includes the portfolio movements, such as loans and equity investments. The net cash flow further includes the movements in receivables and current liabilities. Interest paid and received, dividends received and income taxes are included in cash from operating activities.

Cash flow from investing activities

The net cash flow from investing activities includes the movements in the term investments portfolio and tangible fixed assets.

Cash flow from financing activities

The net cash flow from financing activities includes movements in the funding attracted from member capital and received loans. Dividends paid are recognised as cash used in financing activities.

5. Comprehensive income statement

The comprehensive income statement shows the direct movements in the group equity and funds.

6. Risk management

Organisation

Three lines of defence model

As an organisation, the Society applies a Three Lines Model in order to ensure that staff are aware of their role with respect to the management of risks. In this model, the business departments and offices act as the first line and are responsible for adhering to processes and internal controls suitable for managing the risks inherent to their activities and operations.

The Society assigns the responsibility of ensuring that relevant risks are properly identified and monitored to the Risk Monitoring unit, which is part of the Finance & Risk department, reporting to the Director of Finance & Risk. Acting in coordination with the other units bearing second line responsibilities, such as Legal & Compliance, the Risk Monitoring unit assesses the adequacy of the internal control environment and whether sufficient risk-mitigation procedures are in place within the first line of defence to manage the relevant risks.

Internal Audit, as the third line, provides independent and objective assurance on the governance processes, internal controls and risk management systems, including the effectiveness of the internal controls within the first and second lines. Financial assurance is out of scope as for this the Society relies on an external ‘Big Four’ audit firm.

Risk governance

The Society maintains a formalised Risk Management & Governance Framework for the risk management activities and responsibilities within the organisation.

The framework covers the following risk categories:

Financial risks
- Credit
- Equity
- FX
- Interest rate
- Counterparty
- Liquidity

Non-financial risks
- Operational
- Compliance
- Reputational

Strategic risks
- Business model
- Operating model
- Regulatory

The framework also comprises the structure and functioning of the Society's risk committees, upon which the organisation relies for testing and assessing its internal control environment and monitoring relevant risks. The Society has the following risk committees in place for overseeing the financial and non-financial risk categories outlined in the table above:

- Asset-Liability Committee (ALCO), whose members are the Director of Finance & Risk (chair), the Director of Accounting, Control & Tax (vice-chair), the Managing Director, the Director of Inflow & Business Enablers, the Director of Impact Investments, the Director of Investor Relations, the Manager Risk Monitoring and the Corporate Treasurer. The purpose of this committee is to monitor asset and liability management within the Society, and in particular the FX, interest rate, counterparty and liquidity risks. The ALCO meets monthly.
- Non-Financial Risk Committee (NFRC). The members of the committee are the Director of Finance & Risk (chair), the Manager of Risk Monitoring (vice-chair), the Managing Director, the Director of Impact Investments, the Director of Inflow & Business Enablers, the Director of Accounting, Control & Tax, the Director of Investor Relations, the Director of People & Development, the Director of Strategy & Sustainable Impact, the Manager Communications, the Manager Operations, the Manager Sustainable Impact and the General Counsel/Manager Legal & Compliance. The purpose of the NFRC is to ensure the efficient and effective management of the operational, compliance and reputational risks throughout the Society, in support of the strategy and in line with the risk appetite and the related governance, risk and control framework.
- Portfolio Risk Committee (PRC). The members of this committee are the Director of Finance & Risk (chair), the Manager Risk Monitoring (vice-chair), the Managing Director, the Director of Impact Investments, the Director of Specialised Finance & Community Building, the Director of Strategy & Sustainable Impact, the Regional Director Africa, the Regional Director Latin America & Caribbean, the Regional Director Southeast Asia, the Equity Director and the Manager Risk Analysis. The purpose of this committee is to ensure the efficient and effective management of the total risk in the development financing portfolio (i.e. the investment portfolio) in support of the strategy and in line with the risk appetite and the related governance, risk and control framework.

In addition to the risk committees, the Society has set up a Social Performance Committee. The purpose of this committee is to drive and guide a truly embedded and integrated approach to impact investing for the Society and is currently scoped to the development finance portfolio. The committee plays a key role to align the work of different units towards an intention of generating measurable, beneficial social impact alongside a fair financial return.

Financial risk

Credit risk

Credit risk is defined as the risk that a partner does not pay their outstanding amounts and other obligations (e.g. interest payments and fees) on the agreed due dates. Credit risk includes all the potential reasons why a partner cannot or will not repay, including: changes in economic or political circumstances in the country where the partner is located or operates; changes in the risks in the business activities of the partner; and risks of changing conditions for its business activities (e.g. the effect of changing regulations, and changes in climate and environment). The risks of non-repayment can also stem from specific partner circumstances and actions, such as business mismanagement.

Most Society counterparties are partners and therefore the risk that they default on a loan is considered credit risk. For all other counterparties, such as banks or financial institutions that provide financial services to the Society, the risk of non-repayment is described as counterparty risk.

Assessing credit risk can be considered at the core of the Society's activities. A solid risk assessment of a partner's business activities is of mutual interest, as it helps both the Society and the partner align on creating social impact in a financially sound way and with a longer-term perspective. In order to assess the potential losses arising from the credit risk exposure, the Society approaches the measurement using historical perspective and based on the commonly used expected loss (EL) formula of EL = PD x LGD x EaD, the factors of which are explained in more detail below.

Probability of default (PD)

The Society has established standards to assess the creditworthiness of a partner by estimating the probability of a partner's default with a model called project viability rating (PVR). The PVR measures several aspects of business soundness and financial stability.

Loss given default (LGD)

The Society estimates LGD by taking the historical average recovered amounts (the amounts collected on defaulted loans either because of the migration of the partner back to performing or after debt collection activities have been carried out) that have been achieved on the total overall portfolio over the last five years. Risk mitigants like collateral, parent guarantees and external guarantees are also considered.

Exposure at default (EaD)

The EaD is the most recent amount outstanding of the same instrument, without adjustments.

The Society's Credit Committee, consisting of the Director of Finance & Risk (chair), the Managing Director, the Director of Impact Investments, the Director of Specialised Finance & Community Building, the Director of Strategy & Sustainable Impact, the Regional Director Africa, the Regional Director Latin America & the Caribbean, the Regional Director Southeast Asia, the Manager Risk Analysis and the Sustainable Impact Manager, approves loan proposals. At least one representative for each of the three core lines of expertise (investments, risk and social performance) must be present at the meeting to constitute a valid quorum.

The Credit Committee works alongside the Risk Analysis unit, to which some decisions on low risk and low exposure contract changes are delegated.

To ensure diversification in the investment portfolio and reduce concentration risk and intrinsic credit risk, the Society has established policies based on its risk assessment system to set limits in exposure related to amounts outstanding:

- Per country and per region (geographical diversification)
- Per asset class (asset class diversification)
- Per business sector (sector diversification)
- Per partner (single borrower diversification)
- To a group of companies (holdings diversification)

The adherence to these limits is monitored on a periodic basis by the risk management function and the Portfolio Risk Committee.

2022 gross credit exposure						
As at 31 December 2022	**Financial inclusion**	**Agriculture**	**Renewable energy**	**Other**	**Total**	
Region	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**	**%**
Africa	106,632	42,621	9,329	2,080	160,662	18.5%
Asia	226,160	2,394	19,133	-	247,686	28.6%
Latin America & the Caribbean	338,317	85,071	5,569	2,604	431,560	49.9%
Other	8,671	8,407	8,805	501	26,383	3.0%
Total	**679,780**	**138,492**	**42,835**	**5,185**	**866,292**	**100%**
%	**78.5%**	**16.0%**	**4.9%**	**0.6%**	**100%**	

2021 gross credit exposure						
As at 31 December 2021	**Financial inclusion**	**Agriculture**	**Renewable energy**	**Other**	**Total**	
Region	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**	**%**
Africa	118,423	53,910	7,290	2,602	182,225	21.4%
Asia	226,311	4,560	19,287	606	250,763	29.5%
Latin America & the Caribbean	316,880	79,345	5,948	2,472	404,645	47.5%
Other	10,014	841	2,100	620	13,575	1.6%
Total	**671,629**	**138,656**	**34,625**	**6,300**	**851,209**	**100%**
%	**78.9%**	**16.3%**	**4.1%**	**0.7%**	**100%**	

The total development financing credit portfolio in the table above does not reconcile with the loan portfolio as disclosed in Note 9. The difference is caused by a financial lease construction regarding solar panels, which are classified as fixed assets in the balance sheet. It is added to the table above as the leasing agreements are subject to credit risk. Next to this the tables do not include committed-not-yet-disbursed amounts (projects that are approved with conditions set are also part of committed-not-yet-disbursed), which as at year-end 2022 amounted to € 135.1 million (2021: € 167.7 million).

Non-performing loans – portfolio at risk overdue by more than 90 days (PAR 90)
As part of managing credit risk, the Society closely monitors the financial performance of the portfolio of credit instruments generated. A PAR 90 ratio reflects the credit products showing overdue amounts for more than 90 days. This ratio is considered a key indicator for assessing the non-performing portfolio and the general health of the development financing credit portfolio. The ratio is assessed at country and sector levels in order to support the active credit portfolio management corrective actions. The PAR 90 (excluding payment holidays provided to partners, only applicable for year 2021) was 3.8% as at 31 December 2022 (2021: 5.5%).

While a general provision is charged by default to all the credit instruments generated, usually loans more than 90 days overdue and rescheduled loans have a provision applied that is calculated based on factors such as the individual partner's situation or available collateral. The relevant exposures (financial inclusion partners larger than € 1 million and partners larger than € 500,000 from other sectors) are then further analysed with the support of the Special Collections unit in order to understand if the quantitative specific provisioning is fairly reflecting the potential losses or if manual adjustments are needed. These specific provisions are reviewed each quarter.

In 2020 the Society faced the effects of the Covid-19 pandemic on the repayment behaviour of some of its partners. As a consequence, the Society granted these partners the possibility to request a payment moratorium, also known as a 'payment holiday', in order to bolster these partners' business continuity and in line with the actions undertaken by several governments from a regulatory perspective. The standard provisioning procedures were not suited for this particular payment status category and could have potentially led to an underestimation of the expected losses arising from credit risk. For this reason, an ad-hoc procedure for assessing the provisioning levels was developed in 2020 and applied to all the instruments comprised in the payment holiday category. This procedure continued throughout 2021 with five payment holiday partners remaining at the end of 2021. All five were released to the regular risk buckets by March 2022 when the moratorium period came to an end. Overall, loan loss provisioning returned to pre-Covid-19 levels.

Overview of credit portfolio at risk (PAR) split and overdue receivables

As at 31 December	**2022**		**2021**	
	€ ,000	**%**	**€ ,000**	**%**
On time	788,349	91.0%	757,072	88.9%
Payment holiday	-	0.0%	9,757	1.1%
PAR 1-30	21,832	2.5%	22,498	2.6%
PAR 31-90	23,662	2.7%	15,392	1.8%
PAR 91-180	689	0.1%	12,372	1.5%
PAR 181-360	6,098	0.7%	5,629	0.7%
PAR > 360	25,662	3.0%	28,490	3.3%
Total	**866,223**	**100.0%**	**851,209**	**100.0%**

Country risk and concentration
Country risk arises from country-specific events that have an impact on the exposure in a specific country, such as those of a political or macroeconomic nature. All investments entail the acceptance of some degree of country risk, but to limit this risk exposure, the Society has developed an exposure limits system that is also a function of the sovereign risk assessment of the countries in the investment portfolio, for which an external rating provider is used.

The sovereign risk assessment is then also used to determine a collective provision based on country risk, which adds a forward-looking component to the provisioning process for expected credit losses. The forward-looking component is made up of the average expected loss that would be charged to the sovereign for each rating grade.

Country risks are mitigated through diversification of the geographical distribution of the portfolio across a number of countries and higher than average exposure only in top quartile countries according to their sovereign ratings and the risk adjusted return of the country's portfolio. For country risk, the Society uses sovereign ratings as assessed by IHS Markit, which takes into account the quantitative factors from countries' Financial Statements further adjusted for Economic Risk, Political Risk and other macroeconomic forecasts.

Gross development financing portfolio exposure grouped by sovereign rating						
As at 31 December			2022		2021	
Sovereign rating			€ ,000	%	€ ,000	%
AAA	Investment grade	Prime	-	0.0%	-	0.0%
AA	Investment grade	High grade	-	0.0%	-	0.0%
A	Investment grade	Upper medium grade	-	0.0%	-	0.0%
BBB	Investment grade	Lower medium grade	329,624	32.6%	338,524	33.8%
BB	Speculative grade	Speculative grade	276,811	27.4%	279,548	28.0%
B	Speculative grade	Highly speculative	189,259	18.7%	209,355	20.8%
CCC	Speculative grade	Extremely speculative	215,432	21.3%	174,061	17.4%
CC	Speculative grade	Imminent default	-	0.0%	-	0.0%
D	Speculative grade	In default	-	0.0%	-	0.0%
Total [1]			**1,011,125**	**100.0%**	**1,001,488**	**100.0%**

[1] The totals include the financial lease construction regarding solar panels and guarantees that are treated differently from an accounting perspective. These totals are therefore different from the total development financing portfolio presented in the consolidated balance sheet and notes.

Due to the Society's commitment to financing partners in emerging and frontier markets, the degree of country risk to which the portfolio is exposed is skewed towards being speculative grade. However, the granularity of the portfolio (i.e. its diversification across a wide variety of assets) within each country, and the fact that our financial inclusion partners have a diversified portfolio, helps mitigate exposure to individual default risk.

In the table below the development financing portfolio is presented based on exposure per country. The largest 10 countries based on exposure constitute around 65.6% of the total portfolio. The level of granularity for country exposure is relatively high, with the only notable exception being India, which is one of the highest rated countries in the portfolio.

Development financing portfolio - top 10 countries exposures							
As at 31 December		2022				2021	
	Sovereign rating	€ ,000	%		Sovereign rating	€ ,000	%
India	BBB	200,824	19.9%	India	BBB	199,812	20.0%
Ecuador	CCC+	78,177	7.7%	Cambodia	BB-	62,968	6.3%
Multinational	BB	60,408	6.0%	Bolivia	CCC+	59,582	5.9%
Kenya	B-	58,832	5.8%	Ecuador	CCC+	59,275	5.9%
Cambodia	BB-	56,252	5.6%	Mexico	BBB+	51,620	5.2%
Bolivia	CCC+	53,283	5.3%	Kenya	B-	51,266	5.1%
Mexico	BBB+	44,440	4.4%	Multinational	BB	43,571	4.4%
Peru	BBB	40,167	4.0%	Paraguay	BB+	36,086	3.6%
Brazil	BB+	37,871	3.7%	Côte d'Ivoire	B+	33,812	3.4%
Paraguay	BB+	35,390	3.5%	Indonesia	BBB-	32,345	3.2%
Total		**665,644**	**65.84%**	**Total**		**630,335**	**62.94%**
Total portfolio [2]		**1,011,125**	**100.0%**			**1,001,488**	**100.0%**

[2] The totals include the financial lease construction regarding solar panels and guarantees that are treated differently from an accounting perspective. These totals are therefore different from the total development financing portfolio presented in the consolidated balance sheet and notes.

Credit risk in term investments
In order to enhance the return from the that is required by the type of business carried out by the Society, the Society has an open investment mandate with AXA Investment Managers based in Paris. In 2022 the Buy and Maintain Environmental Social Governance Credit Portfolio was sold in full, but the agreement is still in place. The investment management agreement (IMA) contains clear limits and guidelines for the asset manager in order to define the asset allocation. Due to the liquid nature of this portfolio, this is managed with clear exclusion limits both from an environmental, social and governance (ESG) perspective as well as a credit risk perspective. Outlined below are the main exclusion parameters for credit risk quality:

- Issuer credit quality allocation limits
  - At least 30% of the portfolio invested in issuers with a credit rating of high quality investment grade (from AAA to A)
  - A maximum of 65% of the portfolio shall be invested in the lower investment grade range (BBB)
  - A maximum of 10% of the portfolio shall be invested in equity instruments (note that this limit is currently not used)
- Issuer concentration limits
  - A maximum of 5% of the portfolio for government or semi-government issuers
  - A maximum of 2.5% of the portfolio for prime and/or high quality investment grade (from AAA to AA) issuers
  - A maximum of 1.75% of the portfolio for upper-medium grade (A) issuers
  - A maximum of 1.5% of the portfolio for lower-medium grade (BBB) issuers

The measures that the Society takes to ensure that asset managers show high ESG standards in their own operations include selection criteria such as:

- The Society will employ an ESG rating system from a reputable ESG rating company to rank asset managers.
- The Society will give preference to asset manager(s) ranking in the top 50% of ESG practices in their sector.
- The Society will give preference to managers providing transparency in their active engagement and voting activities.
- The Society will engage an asset manager that is flexible, in the sense that the asset manager must implement our demands regarding the ESG criteria and not only apply its own discretionary framework for negative screening.

An Investment Advisory Committee is in place with the purpose of advising the ALCO on the Bond Portfolio Policy. The Committee consist of two nominees of the Members' Council, Treasury and the Director of Finance & Risk. The term investment (bond) portfolio is part of the Society's liquidity buffer and the external asset manager (AXA Investment Managers) is responsible for adhering to the policy.

Risk management periodically monitors the compliance of the asset manager to the limits set in the IMA which was fully compliant throughout the year. Presented below is an overview of the portfolio according to the credit quality of the instruments. The *not rated* category contains cash and derivatives (market value).

Credit quality of term investments

As at 31 December			2022		2021	
			€ ,000	%	€ ,000	%
AAA	Investment grade	Prime	-	0.00%	-	0.00%
AA	Investment grade	High grade	-	0.00%	8,783	4.07%
A	Investment grade	Upper medium grade	-	0.00%	83,788	38.85%
BBB	Investment grade	Lower medium grade	-	0.00%	118,469	54.93%
NR - not rated			-	0.00%	4,645	2.15%
Total			**-**	**0.00%**	**215,685**	**100.00%**

Counterparty risk
Counterparty risk constitutes the risks run by the Society in its positions with banks (not being partners) that are functional to the deployment of the main investment activity. This can be defined as the change in creditworthiness or even the risk of default on the contractual obligations of the Society's bank counterparties.

Examples of this type of risk exposure can be found in the hedging transactions that have a positive market value for the Society (i.e. FX hedges), and in bank deposits and credit balances in our accounts, especially with banks in frontier and emerging markets.

As this is a minor risk exposure for the Society and related to the development of its local business activity, the exposure to this risk is mitigated as much as possible by the establishment of solid contracts with the bank counterparties (i.e. contracts that include an International Swaps and Derivative Association (ISDA) Master Agreement and credit annexes (CSA)), and by diversifying the cash and deposit exposures over several counterparties with high credit ratings and preferably located in developed markets.

For cash management, including short-term investments in deposits and credit-equivalent exposures from derivatives, there are criteria for the selection of the counterparties. A financial counterparties policy is in place to manage the Society's exposure with financial counterparties on the basis of their creditworthiness, ESG and service level criteria for contracting counterparties. The credit rating of any of the Society's bank counterparties should be at least investment grade (i.e. BBB+ or better, as measured by major rating agencies). For each rating bucket an explicit limit is specified in order to avoid excessive exposure to low-rated counterparties.

ESG screening is done consistently for all bank counterparties. Any bank counterparty must have a Sustainalytics ESG percentile rank of 50 or above as published by Bloomberg.

An exception to the cash management approach can be made if a local currency bank account needs to be opened in a country where no bank exists that meets all the criteria mentioned above. The amounts kept in these bank accounts must be minimal and shall not exceed the equivalent of € 1 million.

The rules and limits for the management of counterparty risk are comprised in an internal, counterparty risk management policy, which is endorsed by the ALCO and approved by the Managing Board. It is a responsibility of the ALCO to approve new financial counterparties, on the basis of an analysis by the Treasury unit and an assessment by the Social Performance Innovation department.

Equity risk

Equity risk can be defined as the risk of financial losses related to holding a particular equity investment. This includes the risk that the investment fails to generate an appropriate, financial risk-adjusted return, especially taking into account the implicit illiquidity of the equity investment that can arise if no buyer can be found to finance the exit from the investment. An equity participation can also generate a long-term loss due to the deterioration of the partner's financial and business conditions.

Equity investments have different risk characteristics compared to loans. The investment lock-up period is usually longer (around ten years) and the equity participations do not generate steady cash flows (i.e. dividends).

In order to mitigate equity risk in the first line of defence, all individual investment proposals (equity and equity-related products) are assessed by specialist Equity team members in the countries in which the Society works, as well as by the Equity team members in the central office in Amersfoort. This assessment involves an extensive due diligence process and investment proposals must meet predefined criteria. Strengths, weaknesses, opportunities and threats (SWOT) analyses are made and management, financial, legal and social performance analyses take place.

The Society's Investment Committee consists of the Managing Director (chair), the Director of Finance & Risk, the Director of Impact Investments, the Director of Strategy & Sustainable Impact, the Equity Director and an Independent Private Equity Advisor. The quorum for the Investment Committee is two Managing Board members plus one other voting member, or one Managing Board member plus two Executive Committee members, or their respective delegates as long as they are members of the committee and the following Society functions are represented: risk, business and social performance.

The Investment Committee works in tandem with the Equity unit and the Equity Director, to which some decisions are delegated (for example, regarding standard matters related to the investee).

The equity risk mitigation entails an asset class exposure limit on the overall portfolio. This is currently set at around 15% of the total investable capital.[15] A proactive control of the current and prospective financial performance of the equity investment portfolio, the latter based on the internal fair value estimates performed on each equity stake, is also performed in order to set risk management guidelines and positively influence the active equity asset allocation. Below the gross exposure of the equity investment portfolio, at acquisition price is presented.

[15] The Society's total investable capital is equal to total assets minus the target liquidity ratio.

2022 equity exposure						
As at 31 December 2022	**Financial inclusion**	**Agriculture**	**Renewable energy**	**Other**	**Total**	
Region	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**	**%**
Africa	4,787	19,151	2,715	1,918	28,570	19.7%
Asia	31,441	6,730	7,545	-	45,716	31.6%
Latin America & the Caribbean	46,448	5,366	-	-	51,814	35.8%
Other	5,438	6,002	6,831	463	18,733	12.9%
Total	**88,114**	**37,249**	**17,090**	**2,380**	**144,833**	**100.0%**
%	**60.9%**	**25.7%**	**11.8%**	**1.6%**	**100.0%**	

2021 equity exposure						
As at 31 December 2021	**Financial inclusion**	**Agriculture**	**Renewable energy**	**Other**	**Total**	
Region	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**	**%**
Africa	4,546	14,872	1,216	1,870	22,504	15.1%
Asia	35,470	17,541	7,545	-	60,556	40.7%
Latin America & the Caribbean	43,513	5,541	1,157	-	50,210	33.8%
Other	6,202	6,002	3,262	4	15,470	10.4%
Total	**89,731**	**43,956**	**13,180**	**1,874**	**148,740**	**100.0%**
%	**60.3%**	**29.6%**	**8.9%**	**1.3%**	**100.0%**	

Note that these tables do not include committed-not-yet-disbursed amounts (committed-not-yet-disbursed includes investments that are approved with conditions), which for 2022 were € 25.4 million (2021: € 12.9 million). The tables also do not include impairments. Impairments amounted to an addition of € 2.5 million in 2022 (2021: release of € 0.4 million). The dividend received in 2022 amounted to € 3.3 million (2021: € 1.5 million). The results from the sale of equity stakes amounted to a € 17.5 million profit (2021: € 3.5 million loss).

Foreign currency (FX) risk

FX risk is defined as the risk that the value of the Society's active investments will fluctuate due to changes in foreign currency exchange rates compared to the Society functional currency.

Although the functional currency of the Society is the euro, a significant part of the Society's investments in development financing is outstanding in United States dollars and in other domestic currencies (emerging and frontier currencies). In addition to euro shares, the Society also issues shares denominated in British pounds, Canadian dollars, Swedish krona, Swiss francs and United States dollars.

The net foreign currency position of the Society is monitored by the risk management function throughout the year, in order to steer the offsetting FX hedging portfolio and bring the overall FX position in line with the FX risk appetite established in the Society's FX risk management policy.

In the overview below, the positions as at 31 December 2022, translated to euro at the exchange rates prevailing at the balance sheet date, are presented. FX exposures arising from equity participations are not taken into account, hence not hedged, due to the relatively small cash flow generated by this exposure. The United States dollar is not shown separately in the table below because it is fully hedged.

Foreign currency exposure - net foreign currency asset positions							
As at 31 December 2022		**FX gross credit assets**	**FX cash**	**FX LLP**	**FX member capital + FX liabilities**	**FX hedging**	**Net foreign currency asset exposure**
		€ ,000	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**
XOF	West African CFA Franc	22,126	27,675	2,039	-	15,981	31,782
GTQ	Guatemalan Quetzal	14,465	-	255	-	9,902	4,308
KES	Kenyan Shilling	4,051	1,981	547	-	2,452	3,032
CRC	Costa Rican Colón	1,888	-	24	-	-	1,863
HNL	Honduran Lempira	16,001	-	1,495	-	12,645	1,861
NGN	Nigerian Naira	154	1,345	54	-	284	1,162
ZMW	Zambian Kwacha	4,990	-	284	-	3,559	1,147
GHS	Ghanaian Cedi	4,985	2,358	1,164	-	5,324	855
COP	Colombian Peso	836	-	5	-	-	831
PYG	Paraguayan Guaraní	4,675	-	279	-	3,831	556
Other		751,045	10,809	52,376	43,585	670,873	(4,979)
Total		**825,215**	**44,169**	**58,523**	**43,585**	**724,850**	**42,427**

Foreign currency exposure - net foreign currency liability positions							
As at 31 December 2022		**FX gross credit assets**	**FX cash**	**FX LLP**	**FX member capital + FX liabilities**	**FX hedging**	**Net foreign currency liability exposure**
		€ ,000	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**
GBP	British Pound	501	8,006	340	7,333	-	834
CAD	Canadian Dollar	-	398	-	2,031	-	(1,633)
SEK	Swedish Krona	-	117	-	7,384	-	(7,267)
CHF	Swiss Franc	-	3,742	-	73,839	-	(70,097)
Total		**501**	**12,263**	**340**	**90,587**	**-**	**(78,163)**

Foreign currency exposure - net foreign currency asset positions							
As at 31 December 2021		**FX gross credit assets**	**FX cash**	**FX LLP**	**FX member capital + FX liabilities**	**FX hedging**	**Net foreign currency asset exposure**
		€ ,000	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**
XOF	West African CFA Franc	30,593	27,676	2,060	-	21,113	35,096
GTQ	Guatemalan Quetzal	15,227	1	257	-	10,698	4,273
PHP	Philippine Peso	129	2,686	81	-	-	2,734
ZMW	Zambian Kwacha	5,881	-	347	-	2,813	2,721
PEN	Peruvian Sol	7,069	-	2,068	-	2,730	2,270
PYG	Paraguayan Guaraní	4,791	-	358	-	2,301	2,132
UGX	Ugandan Shilling	4,781	1,051	962	-	2,803	2,067
KES	Kenyan Shilling	7,192	2	620	-	4,903	1,671
CRC	Costa Rican Colón	1,578	-	20	-	-	1,557
IDR	Indonesian Rupee	28,771	2,356	182	-	29,717	1,228
Other		709,448	14,660	58,801	36,267	628,755	(286)
Total		**815,459**	**48,432**	**65,756**	**36,267**	**705,833**	**55,464**

Foreign currency exposure - net foreign currency liability positions							
As at 31 December 2021		FX gross credit assets	FX cash	FX LLP	FX member capital + FX liabilities	FX hedging	Net foreign currency liability exposure
		€ ,000	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000
CHF	Swiss Franc	550	264	331	10,223	(10,697)	957
CAD	Canadian Dollar	-	159	-	2,265	-	(2,106)
GBP	British Pound	-	113	-	10,335	-	(10,222)
SEK	Swedish Krona	-	30	-	66,530	-	(66,500)
Total		**550**	**566**	**331**	**89,353**	**(10,697)**	**(77,871)**

These tables include the net foreign currency exposure in loans (loans minus loss provisioning), cash and deposits, hedging contracts, member capital and liabilities in foreign currencies.

The Society's exposure to foreign currency risk is assessed through a value at risk (VaR) estimation model. The VaR figure obtained is then compared with the value of 1% of the Society's totals assets, which represents the Society's FX risk appetite. The excess exposure that could generate an unacceptable result compared to the level of reserves held to cover FX results is hedged externally with FX derivatives through selected counterparties.

At reporting date, the Society is discussing with the Central Bank of West African States (BCEAO) and the Ministry of Finance in Côte d'Ivoire how cash can be converted and repatriated from West Africa. This is visible in the level of XOF reported in the table above. As the XOF is subject to a currency peg with the euro, the exchange rate risk is within our risk tolerance. A currency peg is a policy in which a national government sets a specific fixed exchange rate for its currency with foreign currency.

Sensitivity of member capital to main foreign currency		
Change of value to the euro	2022	2021
	Sensitivity of member capital	Sensitivity of member capital
	€ ,000	€ ,000
USD value increase of 1.0%	(8)	64
USD value decrease of 1.0%	8	(64)

Due to our increased hedging position, net income is less volatile and the sensitivity of the nominal value of the shares has been reduced to changes in the euro-United States dollar rate.

Transfer and conversion risk

There are two subtypes of FX risk to which the Society is inevitably exposed in its investment activity: transfer risk and conversion risk. Transfer risk is the risk that the proceeds cannot be repatriated to the Netherlands. Conversion risk is the risk that proceeds generated in local currency cannot be converted into euro. Often these two types of risk are the by-product of the capital controls that many emerging and frontier countries adhere to. These two risks can become material especially in the case of actual or potential sudden capital outflows that could put the financial systems of these countries at risk.

Geographical diversification of the portfolio is key for the Society in limiting the potential losses that these two risks can generate, especially in terms of liquidity. The materiality of these risks for each country is assessed by the Treasury unit on a day-to-day basis and by the risk management function on a long-term basis and is reported to the ALCO on a periodical basis.

Interest rate risk

Interest rate risk is the risk arising from movements in interest rate environments (both for hard and local exposures) that affect the value of the portfolio and the income statement.

Euro interest rate risk

One of the main sources of interest rate risk for the Society arises from exposure to the euro, resulting in fluctuations in net interest income and value due to changes in the euro interest rate environment. Exposure to euro interest rates is mainly synthetically generated by the Society through the FX and interest rate derivatives instruments that are used to hedge the underlying development financing loan portfolio. Another source of exposure to this risk arises from the liquidity buffer of the company. As a weighted average, the euro assets of the Society have a duration of approximately 0.5 years, hence synthetically exposing the Society to the fluctuations of the short-term European money market benchmark, the Euro Interbank Offered Rate (Euribor). In 2022 the six-month Euribor averaged 0.68%. The Society does not aim to synthetically create euro interest rate duration (through pure interest rate derivatives) but rather accepts the exposure to the short-term European money market benchmarks.

United States dollar interest rate risk

The United States dollar credit exposure in the development financing portfolio is the main foreign currency exposure of the Society. Although the credit products are hedged through FX and interest rate derivatives (e.g. FX forwards and FX swaps), changes in the United States interest rate market unavoidably affect the value and net interest income of the United States dollar exposure. This is especially due to a mismatch between the duration of the underlying portfolio (i.e. United States dollar credit exposure) and the derivatives cash flows (i.e. United States dollar hedging instruments). A reduction of the United States dollar swaps curve increases the net interest income and the overall value of the portfolio and vice versa. This risk exposure is periodically monitored by the Risk Monitoring unit and the ALCO to ensure that the gap does not become excessively wide in a way that could significantly impair the net results of the company.

Local currency interest rate risk

Among the main interest rate risk issues arising from local currency exposure is the lack of liquidity behind the domestic interest rate markets of the related countries. The first challenge that the Society has to overcome is the selection of appropriate benchmark rates (i.e. basis risk) to be used when pricing its loans. In addressing this issue, the rates used are offered by the same specialised local currency hedging counterparties that give indications about what would be a realistic benchmark rate to use.

In addition, the local currency exposure is subject to interest rate duration mismatch between the portfolio of originated credit products and the underlying FX and interest rate hedging portfolio. This usually arises from the limitations the Society encounters in the local currency hedging market in terms of derivatives product availability. This could potentially lead to a reduction of the contractual net interest income. However, the variety of currencies in the local currency portfolio limits the exposure to the risk of individual losses that can result from local currency interest rate risk.

Duration of interest rate sensitive assets

As at 31 December 2022	**Exposure**	**Weight**	**Duration (before hedging)**	**Duration (FX hedging, 1st currency leg)**	**Duration (FX hedging, 2nd currency leg)**
	€ ,000	**%**	**Years**	**Years**	**Years**
Local currency credit products	363,753	33%	0.83	1.03	1.06
USD credit products	461,963	43%	1.25	1.12	1.12
EUR credit products	40,507	4%	1.94	None	1.94
EUR term investments	0	0%	4.00	None	4.00
EUR cash and liquidity	221,058	20%	0.20	None	0.20
Totals (weighted average)	**1,087,281**	**100%**			**0.94**

Duration of interest rate sensitive assets					
As at 31 December 2021	Exposure	Weight	Duration (before hedging)	Duration (FX hedging, 1st currency leg)	Duration (FX hedging, 2nd currency leg)
	€ ,000	%	Years	Years	Years
Local currency credit products	358,904	32%	0.80	0.96	0.22
USD credit products	453,134	40%	1.50	0.31	0.32
EUR credit products	36,670	3%	0.89	None	0.89
EUR term investments	214,352	19%	4.00	None	4.00
EUR cash and liquidity	55,853	5%	0.20	None	0.20
Totals (weighted average)	**1,118,912**	**100%**			**1.00**

Liquidity risk

Liquidity risk can be defined as the risk that the Society is unable to meet payment obligations, redemption requests from members and investors, and/or payment commitments to partners and other counterparties.

Liquidity is defined as the sum of cash and bank balances; the value of the term investment portfolio, adjusted for any portions of it pledged to third parties; and the available credit lines with banks. Liquidity divided by the total assets stated on the balance sheet is referred to as the liquidity ratio.

The Society aims to have a liquidity ratio above 12.5% of total assets. The main source of liquidity is new member capital shares that can be issued by the Society. On the reporting date and during the year 2022, the Society holds a sufficient liquidity buffer.

Some of the volatility in the liquidity available arises from the margin calls that could derive from the FX and interest rate hedging portfolio held by the Society. Although these contracts are held for hedging purposes only and are therefore effectively covering the risk arising from an underlying exposure, the cash flows of the two exposures (underlying and derivative) might not be perfectly matched. It could therefore be possible that hedge providers require a collateral pledge after a sharp decrease of the mark-to-market value of the derivative contract while the underlying investment has yet to generate cash flows (interest income and instalments). This liquidity risk could be significant, especially for the hedges on the United States dollar investment portfolio, where a sharp appreciation of the United States dollar to the euro could trigger a margin call.

This liquidity buffer enables the Society to meet its commitments to contracts it has already entered into and to possible redemptions of member capital. To manage liquidity risk, the Society uses liquidity monitoring tools for a better understanding and forecasting of liquidity trends.

Below is an overview of the liquidity position as at year-end.

Liquidity				
As at 31 December	2022		2021	
	€ ,000	%	€ ,000	%
Cash and banks	225,207	76,2%	60,136	21.3%
Term investments	0	0%	214,352	76.1%
Unused credit lines	70,493	23.8%	7,301	2.6%
Gross liquidity	**295,700**	**23.9%**	**281,789**	**22.4%**
Pledged term investments	**0**		**8,558**	
Net liquidity	**295,700**	**23.9%**	**273,231**	**21.7%**
Total assets	**1,238,220**		**1,258,134**	

The Society is primarily funded by member capital. The Articles of Association include provisions that shares shall be redeemed no later than five years after a redemption request has been submitted. Redemption will be at the nominal value. However, if the net asset value per share is lower than the nominal value per share in the most recent (interim) balance sheet preceding redemption by the Society, the amount payable upon redemption of the share(s) shall not exceed the sum corresponding to the net asset value of the share(s) according to that balance sheet. Even though the Society has the right to delay redemptions for five years, to date, it has never delayed redemptions. The Society is following the share issuance and redemption policy adopted by the Managing Board and approved by the Supervisory Board in 2019. The policy sets out a standardised and transparent process for the issuance and redemption of shares across the Society's members and investors. This policy was implemented in 2020.

Non-financial risk

Operational risk
Operational risk is the risk of losses resulting from inadequate or failed internal processes, actions by people (e.g. human error) and systems, or from external events. The Society's objective is to minimise overall operational losses and avoid material losses, as well as maintain its reputation among investors and partners as an effective and reliable organisation. To this end, the Society utilises a cost-benefit approach for putting in place policies, procedures and systems that are capable of mitigating the impact and/or probability of occurrence of the operational risks inherent to its activities.

Building on the streamlining of operations and optimisation of controls within processes, the Society is paving the way towards a more rational and effective approach to operational risk management. The Society relies on an internal process for incident reporting, which enables the timely reporting of potential losses and near misses occurring in the course of day-to-day operations, and also enhances consistency and timeliness in responding to incidents. The purpose of this process is to derive lessons learned for avoiding future incidents while enabling the absorption of potential losses through appropriate capital planning. No incidents with a net material impact on the Society's financial condition took place in 2022.

Compliance risk
Compliance risk encompasses both the risk of losses as a result of the Society's failure to comply with relevant laws, regulations, rules, internal policies, standards and code of conduct applicable to its business activities, and the risk of losses due to integrity-related events.

The Society makes it its explicit target to be a compliant organisation: all of the Society's commercial actions are tailored and it is continuously further enhancing its policies and procedures in order to meet statutory obligations and act in accordance with market practices. An example is the Society's 'customer due diligence' (CDD) practices (CDD screening and scoring of 'customers' and documentation checks) to verify the suitability and risks involved with entering and maintaining a business relationship, including but not limited to anti-money laundering (AML), sanctions and combating the financing of terrorism (CFT) risks.

The Society has a very low appetite for incidental breaches of laws and regulations, internal rules and policies governing its operations, and good business practices. The Society has zero tolerance when a legal or ethical red line has been crossed.

As failures to comply might lead to sanctions and fines, financial losses, and reputational damage, the Society ensures that its very low tolerance for non-compliance is embedded in the culture of its business operations.

Compliance risks (such as fraud risk, money laundering risk, financing terrorism risk, corruption or bribery risk, business practices risk and circumvention of sanctions risk) are governed by a set of policies and associated control activities, including but not limited to CDD policies, a conflict of interest policy, a personal trading policy, a whistle-blower policy, an anti-bribery and anti-corruption policy, a personal data protection policy, a transfer pricing policy and the code of conduct. Fraud risk is monitored through our Non-Financial Risk Committee.

Reputational risk
Reputational risk is the risk of losses due to negative perception of the Society's commercial practices and financing activities by its direct stakeholders (e.g. partners, members and investors) or by the general public and other business counterparties.

Typically, reputational risks arise from failing to manage compliance or operational risks. Another important element of reputational risk is the need to ensure that all staff members act consciously and in line with the Society's mission, vision and values, and that all new staff members get sufficient training to act in line with the mission, vision and values.

With increasing competition and marketing from the 'impact investing' sector, it has become increasingly difficult for the Society to effectively distinguish itself from competitors purely on the basis of what is considered 'impact'. This could constitute a risk, also if one such competitor was to be scrutinised and exposed to negative media coverage, as this may negatively reflect on the Society's reputation as well.

The Society consistently updates its standards for ESG scoring and new sectors, to ensure that only the partners that meet the Society's standards are selected. Once a partner is financed, the Society monitors the developments of the partner's activity and ESG scores, as well as its adherence to social covenants (in case of credit deals, namely requirements in the loan agreement with respect to improvements or minimum criteria for impact and social conduct) or to social performance indicators (in the case of equity deals). In 2022 the Society created a new Sustainable Impact unit and implemented an enhanced governing policy for ESG.

We were notified that three non-governmental organisations requested the Dutch National Contact Point to offer its good offices to examine Oikocredit compliance to the OECD Guidelines for Multinational enterprises, in relation to our activities in Cambodia. We are committed to cooperate with them.

Strategic risk

Strategic risk can be defined as the risk of losses caused by a failure to respond well to changes in the business and market environment and can potentially have a major impact on the Society's financial situation and ability to meet its strategic objectives. The Society distinguishes three types of strategic risks: business model, operating model and regulatory.

Business model risk

Business model risk is the risk of losses, declined market share, worsened competitive position or reduced financial sustainability due to proposing mispriced or unsuitable financial solutions to potential clients or an undesirable product to prospective members or investors.

As part of its ongoing strategy, the Society identified two distinct sets of products and markets, namely:

- Products and markets relating to the development financing portfolio ('outflow') in which the Society has a focus on 33 countries that were selected as focus countries based on our past performance, the need for social investing and the Society's ability to be successful.
- Products and markets relating to the funding of these activities ('inflow'), which currently comprise nine countries in which the Society actively attracts investments from non-members. The Society is repositioning its capital-raising (inflow) model, which was a major undertaking in 2022. The new model will decrease complexity and regulatory risk, increase transparency and free up more resources for our core mission.

In 2022, the Society continued to monitor the gradual withdrawal of products and markets aligned to the implemented business model (e.g. refocus of geographical scope and emphasis on three sectors). The society will continue to review the business model as part of the strategy for 2022-2026.

Operating model risk

Operating model risk is the risk of losses; declined market share or worsened competitive position; reduced financial sustainability due to suboptimal efficiency and scalability of the Society's operating model; or because of excessive complexity in the execution of its strategy.

In 2022 the Society implemented a balanced scorecard methodology which closely tracked the implementation of the strategy based on a selection of 17 key performance indicators (KPIs). One of the key indicators is the cost ratio on total assets (excluding grant-based expenses), which the Society aims to reduce to 2.4%. For the year 2022 the cost ratio on total assets is 2.9%.There are initiatives undertaken to bring back costs after the implementation of the new capital raising model.

Regulatory risk

Regulatory risk is the risk of losses; declined market share or reputation amongst stakeholders; worsened competitive position or reduced financial sustainability due to changes in law; and regulations affecting the Society's ability to execute its strategy.

In late 2020, the Society initiated a process to review our capital-raising model and look for possibilities to make it more resilient in the face of evolving financial markets regulation, especially in the European Union. This process continued throughout 2021 and an Extraordinary General Meeting (EGM) was held in December 2021 to seek a mandate for the next steps, which were carried out commencing in 2022. This initiative coincided with legal changes in Germany, which took effect on 17 August 2022 and made it impossible to raise capital from German investors via the heritage trust model used by the German support associations. An EGM held in October 2022 approved the new capital-raising model. This model was implemented as per 1 March 2023 pending regulatory processes.

The Society frequently updates its legal assessment of new and upcoming regulation by using a system that is generally used in the Netherlands. Additionally, the Society's representatives attend seminars to remain aware of upcoming changes and of the response of peers.

The Corporate Sustainability Reporting Directive (CSRD) will come into effect in phases starting in 2024 for companies that are already subject to the Non-Financial Reporting Directive (NFRD) reporting. The Society meets two out of three criteria for applicability of the CSRD and therefore the reporting requirements of the CSRD will also apply to the Society as of financial year 2025 with reporting in 2026. The CSRD will require the Society to set clear ESG targets and disclose progress annually based on European Reporting Standards (ESRS) through more detailed reporting to its stakeholders on sustainability factors, including mandatory disclosures on social, environmental and financial sustainability, including impact, risks and opportunities, and including setting clear ESG targets and disclosing progress on its partners. The Society considers this regulation an opportunity to continue to report to its stakeholders on its ESG standards and the impact it has on partners, and to be transparent on the related sustainability risks.

7. Intangible fixed assets

Changes in intangible fixed assets in 2022 and in the costs of acquisition and accumulated depreciation as at 31 December 2022 can be specified as follows:

	31/12/2022	31/12/2021
	€ ,000	**€ ,000**
Historical cost price as at 1 January	3,387	2,843
Accumulated depreciation as at 1 January	(2,399)	(2,060)
Balance as at 1 January	**988**	**783**
Investments	1,166	544
Disposals	-	-
Depreciation	(513)	(339)
Movements in the year	**653**	**205**
Historical cost price as at 31 December	4,553	3,387
Accumulated depreciation as at 31 December	(2,912)	(2,399)
Balance as at 31 December	**1,641**	**988**

The intangible assets consist of acquired software. The software relates to an online portal for investors, a data warehouse and software to develop an online partner portal to enhance our cooperation with and monitoring of partners. Software is depreciated in three years. The investment relates to the monitoring software and the data warehouse.

8. Tangible fixed assets

Changes in tangible fixed assets in 2022 and in the costs of acquisition and accumulated depreciation as at 31 December 2022 can be specified as follows:	IT equipment	Furniture	Installation solar assets	Total 2022	Total 2021
	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000
Historical cost price as at 1 January	2,631	2,650	4,062	9,659	8,112
Accumulated depreciation as at 1 January	(2,481)	(1,968)	(614)	(5,378)	(4,715)
Balance as at 1 January	**150**	**683**	**3,448**	**4,281**	**3,397**
Investments	164	43	1	208	1,057
Disposals	(1,118)	(1,015)	-	(2,133)	(74)
Depreciation	(156)	(130)	(189)	(474)	(1,051)
Depreciation disposals	1,118	945	-	2,063	-
Prior year adjustment depreciation	64	-	(164)	(100)	731
Exchange rate adjustment historical cost	(3)	(1)	(179)	(183)	251
Exchange rate adjustment accumulated	-	-	22	22	(30)
Movements in the year	**69**	**(158)**	**(508)**	**(597)**	**884**
Historical cost price as at 31 December	1,675	1,677	3,884	7,237	9,659
Accumulated depreciation as at 31 December	(1,456)	(1,153)	(945)	(3,554)	(5,378)
Balance as at 31 December	**220**	**524**	**2,940**	**3,683**	**4,281**

The useful life of the furniture is estimated at five years on average. Information technology (IT) equipment is depreciated in three years. Installations consisting of solar panels are depreciated in 20 years.

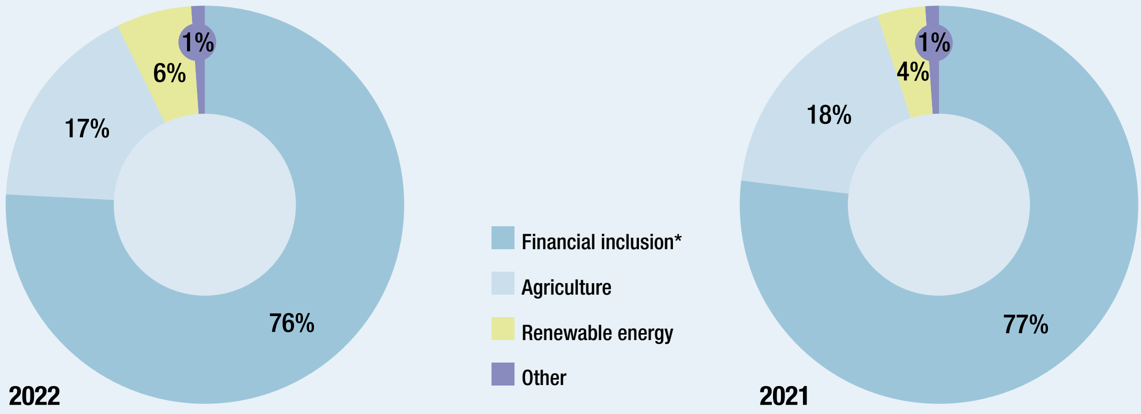
In 2021 we adjusted the depreciation method of solar assets from written down value (WDV) to the straight line method in line with Dutch GAAP and created a prior year adjustment of € 0.7 million. The prior year adjustment depreciation of in total € 0.1 million in 2022 is made to align the table with the underlying fixed assets register.

9. Development financing

Changes in development financing outstanding		
Can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Outstanding as at 1 January	995,890	845,063
Disbursements	408,479	474,120
Capitalised interest and dividends	(933)	(1)
Less: - repayments	(380,714)	(341,171)
- write-offs	(28,256)	(12,800)
Equity divestments	(13,858)	(9,106)
Exchange rate adjustments	26,640	39,785
Outstanding as at 31 December	**1,007,248**	**995,890**

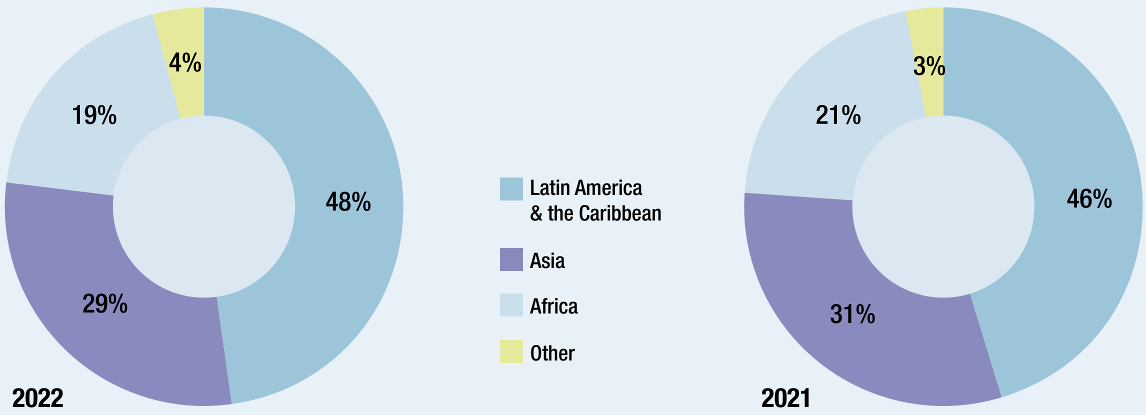
Breakdown of development financing outstanding

Development financing outstanding by sector as at 31 December

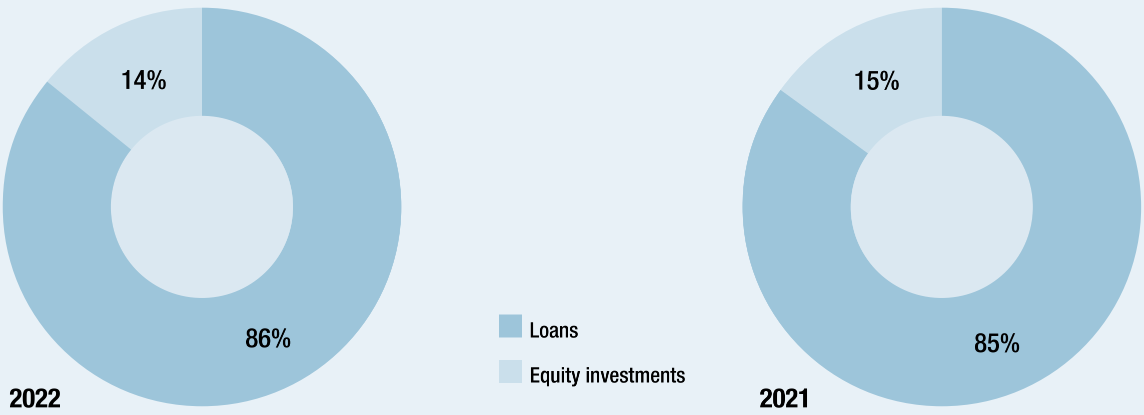


* Including microfinance and SME finance

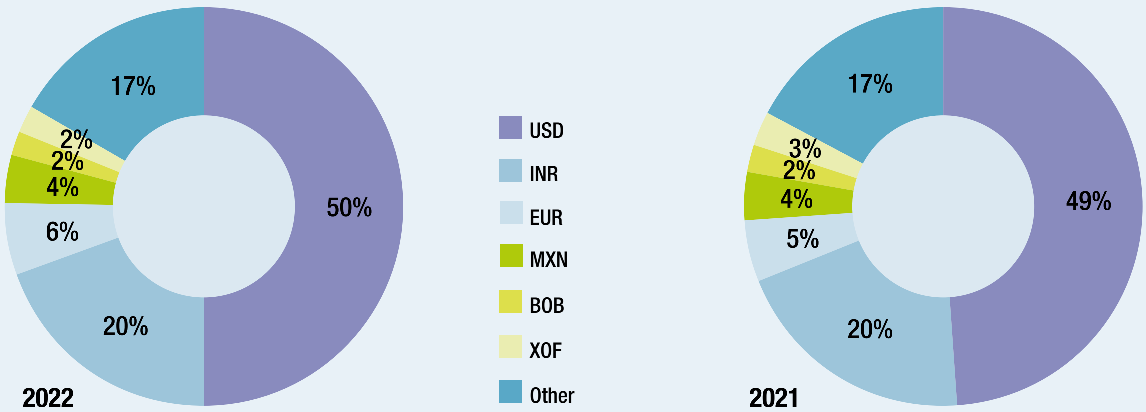
Development financing outstanding by region as at 31 December



Development financing outstanding by type of financing as at 31 December



Development financing outstanding by type of currency as at 31 December



Maturity of development financing outstanding		
Can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Instalments maturing < 1 year	375,839	334,971
Instalments maturing > 1 < 5 years	469,701	497,275
Instalments maturing > 5 years	16,875	14,904
Equity investments	144,833	148,740
Balance as at 31 December	**1,007,248**	**995,890**

Movement schedule loans (before provisioning)		
Can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Balance as at 1 January	847,150	695,848
Disbursements	389,325	461,252
Repayments	(380,714)	(341,171)
Capitalised interest and dividends	(933)	(1)
Write-offs	(19,055)	(8,563)
Exchange rate adjustments	26,641	39,785
Balance as at 31 December	**862,414**	**847,150**

Movement schedule equity investments (before impairment)		
Can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Balance as at 1 January	148,740	149,215
Additions	19,153	12,868
Write-offs	(9,202)	(4,237)
Disposals	(13,858)	(9,106)
Balance as at 31 December	**144,833**	**148,740**

Schedule equity investments < 20% and > 20%				
Can be specified as follows:	**< 20%**	**> 20%**	**Total 2022**	**Total 2021**
	€ ,000	**€ ,000**	**€ ,000**	**€ ,000**
Historical cost value	113,943	30,890	144,833	148,740
Impairments	(9,335)	(11,376)	(20,711)	(27,395)
Net value as at 31 December	**104,608**	**19,514**	**124,122**	**121,345**

In the table above the equity investments are split into equity investments where the Society holds less than 20% of the shares and equity investments where the Society holds more than 20% of the shares. In the table below the equity investments where the Society has significant influence are disclosed.

Associate equity				
The Society had significant influence in the following equity investments as at 31 December 2022:	**Participation**	**Participation**	**Net equity [1] (latest available)**	**Result [1] (latest available)**
	2022	**2021**	**€ ,000**	**€ ,000**
Outgrower SPV, Nicaragua	44.2%	44.2%		
Fertiplant East Africa Ltd., Kenya	30.0%	30.0%		
Cafedirect Plc, United Kingdom	27.7%	27.8%	4,022	(198)
Sempli S.A.S. Columbia [2]	-	23.3%		
Inclusive Guarantee, France	26.6%	33.4%		
AGROSERV Industrie S.A., Burkina Faso	31.3%	-		

[1] The net equity and result in the table are the equity and result of the whole organisation and not only the equity stake of the Society. For these equity investments the exemption of Art. 379.2 under Part 9, Book 2, of the Netherlands Civil Code is used. These equity investments are not obliged to publish their net equity and result according to local law.

[2] The stake the Society has in Sempli has been diluted in 2022 and therefore the Society has no significant influence in this investment anymore.

The table above includes all equity investments in which the Society has significant influence. The shareholding percentages of 20% and above are one of the indicators of significant influence.

The presented net equity value and result are based on local accounting standards from unaudited financial statements and are not adjusted to reflect the Society's share in the respective net equity value and result. Financial reporting may not always be comparable to the requirements under Part 9, Book 2 of the Netherlands Civil Code (European and International Financial Reporting Standards (IFRS) reporting requirements are comparable for the Society) and may not be available in a timely manner (reporting should take no longer than one year). As such all the equity investments in which the Society has significant influence are valued at cost less impairment as at 31 December 2022.

Loan loss provision and impairments on equity		
Can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Loan loss provision	(58,836)	(66,006)
Impairments equity	(20,711)	(27,395)
Balance as at 31 December	**(79,547)**	**(93,401)**

Movement schedule loan loss provision		
Can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Balance as at 1 January	(66,006)	(74,414)
Additions	(22,756)	(28,587)
Releases	14,744	23,236
One-off release country provision	-	9,459
Exchange rate adjustments	(3,780)	(4,221)
	(77,798)	(74,527)
Less: - write-offs	18,962	8,521
Balance as at 31 December	**(58,836)**	**(66,006)**

In the year 2022 there were no one-offs in the loan loss provision, but in the year 2021 there was a one-off release of € 9.5 million due to an update of our provisioning method for country risk.

Movement schedule impairments equity investments		
Can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Balance as at 1 January	(27,395)	(32,042)
Additions	(6,288)	(4,712)
Reversals	3,770	5,122
	(29,913)	(31,632)
Less: - write-offs	9,202	4,237
Balance as at 31 December	**(20,711)**	**(27,395)**

Fair value of development financing loan portfolio

- The development financing loan portfolio consists of local currency loans and hard currency loans, usually with semi-annual or annual equal instalments.
- The interest rates charged to 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 are usually comparable to local market offerings. The majority of the Society's local currency loans are floating rate based.
- The interest rates charged to 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. The Society uses the applicable base rates of the currencies the Society offers (Euribor, Libor, swap rates and similar rates).
- The loans have an average contractual maturity of approximately four years and two months (2021: four years and three months).
- An analysis of the recoverability of the loans is performed quarterly and a provision for possible losses on the development financing loan portfolio is made.
- When all possible efforts to collect a loan have been exhausted and a loan is deemed uncollectible by the Special Collections unit, a (partial) write-off proposal is prepared. The final write-off decision is made by the Credit Committee. The write-off policy has not been changed compared to 2021.

The fair value of the development financing loan portfolio at least equals the book value, which is estimated at € 803.6 million (2021: € 781,1 million).

Fair value of development financing equity portfolio

- Equity investments are in practice valued at the lower of cost or realisable value.
- The Society operates in countries where there is no active market for these equity investments. The fair value is determined taking into account suitable valuation methods such as book value multiples, price-earnings ratios and recent sale prices of similar investments.

It is estimated that the fair value of the equity portfolio at least equals the book value, which is estimated at € 124.1 million (2021: € 121.3 million).

10. Other securities

Changes in other securities can be specified as follows:	31/12/2022	31/12/2021
	€ ,000	€ ,000
Balance as at 1 January	23,386	35,168
Investments during the year at cost	-	-
Disinvestments/redemptions during the year	-	(11,782)
Impairment	-	-
Balance as at 31 December	**23,386**	**23,386**

The other securities consist of:	31/12/2022	31/12/2021
	€ ,000	€ ,000
GLS Alternative Investments Microfinance Fund, Germany	9,539	9,539
TCX, The Currency Exchange Fund N.V., the Netherlands	13,138	13,138
GLS Gemeinschaftsbank, Germany	500	500
Banca Popolare Etica, Italy	100	100
Ekobanken, Sweden	10	10
Other	99	99
Total other securities	**23,386**	**23,386**

Fair value of other securities

The fair value of the investment in TCX as at 31 December 2022 amounted to US$ 21.5 million (€ 20.1 million) for 27 shares (2021: US$ 20.9 million (€ 18.4 million) for 27 shares). With respect to the other investments in the portfolio, the fair value at least equals the carrying amount.

11. Other financial assets

Summary of other financial assets:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Hedge contracts financial institutions [1]	7,362	2,158
Staff loans [2]	21	54
Tax asset Maanaveeya	417	509
Total	**7,800**	**2,721**

[1] The fair value of these hedge contracts and other details are disclosed in Note 33.

[2] All housing loans to staff are covered by mortgages. Market interest rates are charged on staff loans.

12. Term investments

Changes in term investments can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Balance as at 1 January	214,352	182,811
Investments during the year at cost	-	45,930
Disinvestments/redemptions during the year	(199,557)	(10,090)
Revaluation to market value as at 31 December	(14,795)	(4,299)
Balance as at 31 December	**-**	**214,352**

The term investments portfolio consists of:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Buy and Maintain ESG Credit Portfolio [1]	-	214,352
Total term investments	**-**	**214,352**

[1] 'Buy and Maintain Environmental Social Governance (ESG) Credit Portfolio' is the name of the bond portfolio managed by AXA.

The Society can sell the bonds at any time and the bonds are therefore liquid, although the Society needs to take into account the conditions mentioned in Note 14. The term investments in bonds have been rated 'investment grade' by Moody's, S&P and/or Fitch in line with the policy.

13. Receivables and other current assets

The receivables maturing within one year can be specified as follows:		**31/12/2022**		**31/12/2021**
		€ ,000		**€ ,000**
Hedging contracts (refer to Note 33)		22,784		7,544
Accrued interest on development financing net of allowance		11,881		13,142
Hedging receivable		8,626		3,422
Interest receivable		1,345		900
- Nominal value	5,361		4,169	
- Less: allowance for uncollectability	(4,016)		(3,269)	
Receivables Share Foundation		1,318		1,930
Amounts prepaid		825		55
Value added tax and wage taxes		448		280
Staff loans [1]		12		8
Collateral related to hedging contracts [2]		-		20,474
Sundry receivables		1,563		2,026
Balance as at 31 December		**48,802**		**49,781**

Changes in the allowance for uncollectability (loan loss provision on interest income) are specified as follows:	**2022**	**2021**
	€ ,000	**€ ,000**
Balance as at 1 January	(3,269)	(3,475)
Additions	(2,776)	(3,325)
Releases	913	688
Write-offs from allowance	1,327	2,908
One-off release country provision	-	50
Exchange rate adjustment	(211)	(115)
Balance as at 31 December	**(4,016)**	**(3,269)**

[1] All housing loans to staff are covered by mortgages. Market interest rates are charged on staff loans.

[2] The collateral related to hedging contracts is a liability at 31 December 2022 and therefore presented under the current liabilities.

In 2021 there was a one-off release of € 0.05 million on the loan loss provision of interest due to the update of our provisioning method for the country provision.

14. Cash and banks

Can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Cash and banks including time deposits maturing within one year	225,207	60,136
Balance as at 31 December	**225,207**	**60,136**

The Society maintains its funds in banking institutions in Africa, Asia, Europe, Latin America and the United States. At reporting date, the Society is in discussion with the Central Bank of West African States (BCEAO) and the Ministry of Finance in Côte d'Ivoire about how a cash balance of € 27.7 million can be converted and repatriated from West Africa. The time deposits included in cash and banks as at 31 December 2022 all mature in 2023.

The Society has a credit facility agreement with two Dutch banks. The facility amounts to € 70.0 million. This facility is subject to the following conditions:
- Audited financial statements should be provided within six months of year-end.
- Within 45 days after quarter end a report with consolidated financial statements and the financial statements of Maanaveeya should be provided.
- A report setting out the net asset value of the shares of the Society denominated in euro should be provided within 30 days after month end.
- The leverage ratio should not exceed 10%.
- The solvency ratio of the Society should be at least 70% (2022: 95.8%).
- Without the written permission of the credit institution, the Society is not allowed to sell or securitise fixed assets or establish mortgages or other encumbrances on fixed assets (except for transactions taking place in the normal course of business) or to issue guarantees for liabilities of third parties.

A facility of € 5.0 million with an Italian bank ended in the year 2021. A facility of € 5.0 with a Dutch bank ended in the year 2022.

15. Member capital

The Society issues shares in euro, British pounds, Canadian dollars, Swedish krone, Swiss francs and United States dollars.

The shares shall be redeemed no later than five years after a redemption request has been submitted and are as such considered a potential liability (puttable shares). Redemption will be at the nominal value. However, if the net asset value per share is lower than the value stated in the most recent audited (interim) balance sheet preceding the redemption by the Society, the amount payable upon redemption of the share(s) shall not exceed the sum corresponding to the net asset value of the share(s) according to that balance sheet (Article 13 of the Articles of Association). As at 31 December 2022, the net asset value per share amounted to € 213.95 (2021: € 213.58). Following the member share issuance and redemption policy, the decision to honour issuance and redemption requests received in a calendar month is made on the fifth working day of the following month, and the issuance and redemption orders are registered as of the first of that month. This means that requests for issuance and redemption of shares received during December 2022 will be registered as of 1 January 2023. There was € 3.4 million of shares to be issued and € 8.4 million of shares to be redeemed to members as at 31 December 2022. On 6 January 2023 the Managing Board decided to issue and redeem the requests submitted in December 2022.

The Managing Board opted to make use of the exemption in the Dutch GAAP rules to classify the puttable shares as equity (RJ 290.808) as disclosed in the accounting policies in Note 2.

New capital-raising model

The task of identifying a new capital-raising model was a major undertaking during 2021 and 2022. The project was initiated in late 2020, in response to increasing and always evolving financial markets regulation the Society and/or its support associations have to comply with. Under the new capital-raising model investors across the Society's active markets are able to buy and hold the same investment product, which is a non-voting equity instrument issued by the Society, called a participation. Eventually participations will completely replace both the shares the Society currently issues only to cooperative members, and the other investment products that are derived from such member shares but issued by the Society's support associations and Stichting Oikocredit International Share Foundation (Share Foundation).

The introduction of participations means a simpler and more direct way for individuals and organisations to invest in the Society. The new model is expected to be more resilient in the face of evolving financial markets regulation, especially in the European Union. Furthermore, by offering a single product (i.e. the participation), the Society's capital-raising work will be more efficient. This will allow the Society to invest more resources in partnerships and projects that benefit low-income communities, and in promoting sustainable development together with its global network of investors, members and partners.

On 14 October 2022 the General Meeting resolved to amend the current Articles of Association in connection with the new capital-raising model. The execution of the notarial deed of amendment to the Articles of Association took place on 1 March 2023, and the new capital-raising model is being implemented incrementally in the different jurisdictions and with respect to the different groups of investors.

Can be specified as follows:	31/12/2022	31/12/2021
	€ ,000	**€ ,000**
Member capital		
Balance as at 1 January	1,128,976	1,104,070
New euro shares issued	19,166	35,442
New shares in other currencies issued	4,546	5,792
Redemption of euro shares	(37,637)	(8,511)
Redemption of shares in other currencies	(4,175)	(7,903)
Exchange rate adjustments	(184)	86
Balance as at 31 December	**1,110,692**	**1,128,976**
Of which - euro shares	1,011,986	1,030,456
- shares in other currencies	98,686	98,500

16. General reserve

Can be specified as follows:	31/12/2022	31/12/2021
	€ ,000	**€ ,000**
Balance as at 1 January	73,598	95,837
Appropriation of the prior-year results	15,257	(22,182)
Paid dividend	(5,618)	-
Prior-year adjustment	275	(57)
Balance as at 31 December	**83,512**	**73,598**

For the restricted exchange fluctuation reserve please refer to the Society financial statements in Note 45.

The prior year adjustment is related to an unadjusted difference in the result of the year 2021. The adjustment was not significant enough to change the annual report of 2021, therefore it has been added as a prior year adjustment to the 2022 figures.

17. Funds for subsidised activities

The funds below originate from grants received for purposes described for each separate fund below.

Funds for subsidised activities, capacity building funds		
Can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Capacity building funds	3,842	3,891
Balance as at 31 December	**3,842**	**3,891**

Funds for subsidised activities

	Donated investments [1]	Funds for subsidised activities [2]	Total 2022	Total 2021
	€ ,000	€ ,000	€ ,000	€ ,000
Balance as at 1 January	-	-	-	1,164
Addition to/released from fund	-	-	-	(1,164)
Balance as at 31 December	**-**	**-**	**-**	**-**

[1] This fund was established to account for donated shares. In the year 2021 all donated shares have been redeemed and the fund has been added to the capacity building fund.

[2] This fund was set up in 1999 to cover the subsidised activities of the Society. As of 2021 this fund has been dissolved.

Capacity Building (CB) funds

	Balance as at 1 January 2022	Addition to/ (released from) fund [12]	Allocation of prior year result	Balance as at 31 December 2022
	€ ,000	€ ,000	€ ,000	€ ,000
Capacity building funds [1]	1,819	446	(246)	2,020
CB - Oikocredit Westdeutscher Förderkreis (Rwanda seedling fund) [2]	-	-	-	-
CB - SSNUP / ADA project [3]	-	-	-	-
CB - Plan International Canada (WISE) [4]	-	-	-	-
CB - The Primate's World Relief fund [5]	-	-	-	-
CB - We Effect / SIDA [6]	-	-	-	-
CB - Oikocredit Stiftung Deutschland (End-client survey) [7]	-	-	-	-
CB - International fund for Agricultural Development [8]	-	-	-	-
CB - Enterprise Support facility [9]	-	700	-	700
CB - Innovation Support facility [10]	-	500	-	500
CB - Development Education & Advocacy facility [10]	-	300	-	300
General guarantee fund & Guarantee fund for Africa [11]	2,072	(1,749)	-	323
Total	**3,891**	**197**	**(246)**	**3,842**

[1] This fund was set up for capacity building of existing and potential partners in all countries in which the Society operates.
[2] In Rwanda, the Support Foundation worked with Karongi and Muganza Kivu tea factories, whereby two million high-quality tea seedlings were distributed to 2,000 low-income farmers.
[3] The Support Foundation has been selected to participate in the Smallholder Safety Net Upscaling Programme (SSNUP), coordinated by the Swiss Agency for Development and Cooperation, the Luxembourg Directorate for Development Cooperation and Humanitarian Affairs, and Ada Microfinance. This is a 10-year public-private partnership intending to support at least 10 million smallholder farmers in Africa, Asia and Latin America by boosting the development of agricultural value chains.
[4] The Women's Innovation for Sustainable Enterprises (WISE) project was established to enhance the economic empowerment, well-being and inclusive economic growth for women in Ghana. The project is identifying and creating links between women-led micro, small, and medium enterprises and partner financial institutions.
[5] The Primate's World Relief and Development Fund (PWRDF) aims to form partnerships and relationships of mutual support rooted in a shared commitment to a more just and peaceful world. The purpose of this fund is to ensure data-driven decision making and digital inclusion.
[6] The objective of the Innovative Finance Pilot Project is to address capacity weaknesses of farmer-based organisations (FBOs) by recognising the diversity of challenges faced by such organisations in Kenya and Uganda. By providing debt finance, the project aims for farmer-based organisations to gauge their readiness for commercial loans and identify capacity gaps.
[7] The end-client self-perception survey was launched in 2021 with the aim of providing partners insights into how their clients perceived changes happening in their lives. After a successful pilot stage, the project received € 180,000 of additional funding in 2022 to further expand its reach.
[8] With support from the International Fund for Agricultural Development (IFAD), the Support Foundation brought the price risk management training to Rwanda and Honduras, building on the project's successes and lessons learned during its implementation in Latin America.
[9] The Enterprise Support Facility (ESF) is a revolving fund, aimed at providing short-term loans at concessionary rates to organisations with an initial and early track record of working to address the needs and/or opportunities of low-income people and their communities in a sustainable way. The ESF has received initial funding of € 0.7 million from the Church of Sweden and will seek to generate additional funds on the basis of its performance.
[10] The aims of Innovation Support Facility and Development Education & Advocacy Facility are to stimulate innovation and to support connections between 'developing'–'developed', 'north'–'south', privileged–underprivileged communities and societies. These facilities will offer grant funding to partner and non-partner organisations across Africa, Asia, and Latin America. The initial funding of € 0.8 million was provided from the Church of Sweden.
[11] Church of Sweden funds were allocated to the Enterprise Support Facility, Innovation Support Facility, Development Education & Advocacy Facility and capacity building funds.
[12] For the additions to and releases from these funds, please refer to Note 32.

18. Provisions

Can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Restructuring provision [1]	92	216
Total provisions	**92**	**216**

[1] This provision as at 31 December 2022 reflects costs associated with the closure of some country offices.

19. Non-current liabilities

Can be specified as follows:	**2022**	**Remaining term > 1 year < 5 years**	**Remaining term > 5 years**	**2021**
	€ ,000	**€ ,000**	**€ ,000**	**€ ,000**
Bank loans	15,092	15,092	-	14,434
Hedge contracts (refer to Note 33)	1,536	1,536	-	1,184
Total other non-current liabilities	**16,628**	**16,628**	**-**	**15,618**

Repayment obligations due within 12 months of the end of the financial year are included under the current liabilities.

Changes in bank loans can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Balance as at 1 January	14,434	13,453
New loans	24,991	10,662
Repayments	(8,749)	(1,488)
Reclassification to current liabilities	(14,231)	(9,615)
Exchange rate adjustments	(1,353)	1,422
Balance as at 31 December	**15,092**	**14,434**

Bank loans consist of the following:

- Loans with a total principal amount of INR 2.6 billion from financial institutions in India maturing in 2023 for INR 1.3 billion (included under current liabilities), in 2024 for INR 987.7 million and for the years after 2024 for INR 324.7 million. The loans carry an average interest rate of 9.40%.
- A loan granted by a Swedish bank was repaid in full in November 2022 (2021: € 1.8 million). The loan carried an interest rate equal to the base rate of the financial institution (as at 31 December 2021: 0.00%) plus an agreed margin (for 2022: 0.57%).

Fair value of long-term liabilities

The majority of the bank loans are at variable interest rates. Therefore, the fair value of the current liabilities approximates the book value. Bank loans for investment in development financing have been invested in the Society's development financing portfolio for risk and account of the funders.

20. Current liabilities

All current liabilities mature within one year and can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Long-term loans expired or expiring within one year [1]	14,231	9,619
Hedge contracts (refer to Note 33)	6,294	14,070
Other taxes payable [2]	2,757	3,019
Hedge premiums payable	2,744	1,270
Accrued personnel expenses	1,769	1,304
Collateral related to hedging contracts [3]	1,630	-
Accounts payable	1,642	832
Provision hedges	-	109
Accrued expenses, sundry liabilities [4]	3,930	6,685
Balance as at 31 December	**34,997**	**36,908**

[1] Consists of amounts maturing within one year from loans taken from financial institutions in India for € 14.2 million.
[2] The growth of the Society has led Oikocredit to thoroughly review its tax and legal structures in the countries where it has offices, to ensure there is a structure in place to pay Oikocredit's fair share of taxes. In 2022 a release of € 0.3 million was accounted for. The total tax accrual amounts to € 2.7 million.
[3] The collateral related to hedging contracts was at 31 December 2021 a receivable and therefore presented under the receivables in 2021.
[4] Mainly consists of account payables and accruals.

Fair value of current liabilities
Applicable 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.

21. Commitments and contingencies not included in the balance sheet

Rental agreement
With effect from 1 July 2019 the Society renewed its rental agreement for the office building in Amersfoort, the agreement will end on 31 December 2024. The yearly rent payments amount to € 328,156 up until 31 December 2024. The yearly rent is indexed. For this agreement, a bank guarantee was issued for € 73,754.

Hedging agreements
The hedging agreements with Rabobank, Standard Chartered Bank and TCX contain an obligation to post eligible collateral under a credit support annex. This means the change in market value of the derivative portfolio can lead to a debit or credit daily from the current account. Next to that the Society agreed with NatWest on a minimum transaction amount of € 250,000, the threshold for collateral is set at € 0.

In the contract with Standard Chartered Bank, the threshold for the Society is set at US$ 3.0 million and for Standard Chartered Bank at US$ 50.0 million. In the contract with TCX, the threshold is set at US$ 3.0 million for both the Society and TCX. In the contract with Rabobank, the threshold is set at € 0 for both the Society and Rabobank. As at 31 December 2022 the market value of the hedge contracts with Standard Chartered Bank was US$ 1.2 million positive. As at 31 December 2022 the market value of the hedge contracts with TCX was US$ 2.2 million positive. The market value of the derivative portfolio with Rabobank was € 22.2 million positive. The market value of the hedge contracts with NatWest was EUR 0.7 million negative. For posted cash collateral, refer to Note 13.

Operational lease agreement
Maanaveeya Development & Finance Private Limited in India has three operational lease agreements. The leased assets are solar panels that are visible on our balance sheet (refer to Note 8). The expected cash flows from the lease agreements amount in total to € 2.7 million. The last contract will end in 2028.

Pledges
In 2022 the Society sold its entire bond portfolio, therefore there are no pledges as per 31 December 2022.

India tax
Maanaveeya Development & Finance Private Limited in India filed appeals to the Commissioner of Income Tax/High Court of Judicature at Hyderabad for the state of Telangana, challenging demand notices totalling INR 151.28 million (€ 1.72 million). This amount is not recorded as a tax liability.

Committed not yet disbursed
The Society had committed € 135.1 million (2021: € 155.6 million) to its partners as at 31 December 2022 that was not yet disbursed in 2022.

Unfunded participation agreements
The Society signed an unfunded participation agreement with Stichting Titleholder AGRI3. The Society granted a loan of USD 2 million to a partner ("Loan Agreement") and AGRI3 will share the payment default risk on pari passu basis with the Society in an amount up to USD 0.8 million (up to 40% of the outstanding facility) in an unfunded participation agreement. Therefore, AGRI3 instructed Rabobank to issue an irrevocable Standby Letter of Credit for an amount of USD 0.8 million in favor of the Society that allows the latter to request immediate payment if the Society's partner under the loan agreement falls into payment default.

22. Interest and similar income

Can be specified as follows:	2022	2021
	€ ,000	€ ,000
Interest on development financing portfolio	**84,335**	**69,332**
Interest on term investments:		
- Interest unrealised (accrued interest)	-	(237)
- Interest realised	(141)	2,558
Total interest on term investments	**(141)**	**2,321**
Revaluation term investments	**(14,795)**	**(4,299)**
Total interest and similar income	**69,399**	**67,354**

23. Interest and similar expenses

Can be specified as follows:	2022	2021
	€ ,000	€ ,000
Interest payable on long-term loans, current accounts and other short-term liabilities	(2,353)	(2,398)
Total	**(2,353)**	**(2,398)**

24. Income from equity investments

Can be specified as follows:	2022 € ,000	2021 € ,000
Result from sale of equity investments		
Fusion Micro Finance Private Limited	21,108	-
Opportunity International Savings and Loans Limited	(1,083)	-
Y-Cook India Private Limited	(2,564)	-
Vehículos Líquidos Financieros	-	(2,514)
Musoni Microfinance Limited	-	(1,248)
Tujijenge Tanzania Financial Services Limited	-	(386)
Les Saveurs du Sud	-	(17)
Vision Banco	-	323
Africinvest II	-	360
Total result from sale of equity investments	**17,461**	**(3,482)**
Dividends	**3,323**	**1,540**
Management fees funds	**(34)**	**(397)**
Total income from equity investments	**20,750**	**(2,340)**

25. Grant income

Grants	2022 € ,000	2021 € ,000
Can be specified as follows:		
Grants recognised from Appui au développement autonome a.s.b.l.	177	61
Grants recognised from Agricultural Fund for Development	130	-
Grants recognised from Oikocredit Stiftung Deutchland	99	-
Grants recognised from Act Church of Sweden	96	-
Grants recognised from Plan International Canada Inc. (WISE)	70	21
Grants recognized from Evangelical-Lutheran Church in Württemberg, Germany	57	-
Grants recognised from Fintrac Inc. (USAID)	55	81
Grants recognised from We Effect	27	-
Grants recognised from Primate's World Relief and Development Fund	19	-
Grants recognised from Oikocredit Westdeutscher Förderkreis	(4)	28
Other grants recognised	93	183
Total grants	**819**	**374**

Grants are received according to contractual agreements with partners or from other parties in the form of general donations. Grant income from partners means that they were spent during the year. Unused grants (from contractual agreements) are accounted for under current liabilities (non-allocated grants). The general grants are not repayable if underutilised; in the event of unutilised grants they will be deployed to other capacity building related causes. Therefore these grants have been disclosed in full and are not treated as part of the non-allocated grants. Other grant income is recognised in the year received.

Funds were donated to the Support Foundation by investors via the Share Foundation for an amount of € 85,000. The Support Foundation received from Oikocredit Stiftung Deutschland € 180,000 in 2022 for the 'end-client survey', a global initiative that commenced in 2021. During 2022 funds have also been received from Plan International Canada for the WISE program in Ghana (€ 72,045) as well as from International Fund for Agricultural Development (€ 76,800) for the price risk management training project in Rwanda and Honduras.

26. Other income and expenses

Can be specified as follows:	**2022**	**2021**
	€ ,000	**€ ,000**
Exchange rate differences	1,386	822
Hedge premiums	(29,672)	(16,899)
Hedge provision	109	(109)
Dividends and sales from other securities	4	194
Other	86	39
Total	**(28,087)**	**(15,953)**

27. Personnel

The number of employees who were directly or indirectly employed by the Society at the end of 2022 on the basis of full-time equivalents (FTEs) amounted to 250 (2021: 206). This number includes staff based outside the Netherlands employed by the regional, country and national support offices (2022: 135 FTE, 2021: 109 FTE). Of the total FTEs (250), 57.4% were women, 42.3% men and 0.3% non-binary. Of the total Managing Board FTEs (four), 50% were women and 50% men. Of the Supervisory Board (eight), 63% were women and 37% men. The Supervisory Board members do not count as employees.

Can be specified as follows:	**2022**	**2021**
	€ ,000	**€ ,000**
Salaries	(12,300)	(10,712)
Expenses temporary staff	(2,395)	(1,788)
Social security charges	(1,754)	(1,443)
Pension charges	(1,140)	(1,440)
Other allowances (13th month, holiday allowance)	(1,032)	(857)
Settlements	(107)	(12)
All other personnel costs	(2,346)	(1,724)
Total personnel expenses	**(21,074)**	**(17,976)**

28. General and other expenses

Can be specified as follows:	**2022**	**2021**
	€ ,000	**€ ,000**
Contribution to support associations and Share Foundation	(3,345)	(3,249)
IT-related expenses	(2,567)	(1,729)
Consultancy expenses including audit fees	(2,361)	(1,161)
Office expenses	(1,936)	(2,082)
Legal expenses	(1,890)	(125)
Marketing expenses	(686)	(619)
Capacity building expenses	(608)	(417)
Expenses General Meetings and Supervisory Board	(90)	(164)
All other general expenses	(1,339)	(1,878)
Total general and other expenses	**(14,822)**	**(11,424)**

Auditor's fees

The following auditor's fees were charged by KPMG Accountants N.V. to the Society, as referred to in Article 2:382a (1) and (2) of the Netherlands Civil Code, and expensed in the income statement in the reporting period:	**2022** **€ ,000**	**2021** **€ ,000**
Audit of financial statements	(280)	(232)
Assurance services	(29)	(29)
Consulting services	(29)	(21)
Total audit fees	**(338)**	**(282)**

29. Additions to loss provisions and impairments

Can be specified as follows:	**2022**	**2021**
	€ ,000	**€ ,000**
Additions to and releases from provisions against loan losses and equity impairments		
- equity impairments	(2,517)	408
- on principal of loans	(8,009)	(5,343)
- on interest	(1,872)	(2,736)
- one-off release country provision on principal	-	9,459
- one-off release country provision on interest	-	50
Total	**(12,398)**	**1,838**

The equity impairments compared to 2021 increased with € 2.9 million. In 2022 a total of three equity investments were sold, two of which resulted in a loss of € 3.6 million (refer to Note 24) and one that resulted in a gain of € 21.1 million. The two investments that resulted in a loss were 100% impaired and therefore released from the equity impairments when the sales were recognised. The total amount of release was € 3.8 million. The performance of one of our equity investments improved structurally and the impairment was therefore reduced, which resulted in a release of €0.1 million. We increased the impairments for four equity investments compared to 2021, which resulted in an addition of € 6.3 million. The additions and releases to the loan loss provision were mainly driven by a few large loans which we needed to provision, which we see as the normal course of business.

30. Taxes

The tax rate in the Netherlands is 25.8% (2021: 25%), with an initial rate of 15% on the first € 395,000 of taxable income. As mentioned in the notes to the consolidated financial statements, the offices in Brazil, Costa Rica, Guatemala, Kenya, Nigeria and the Philippines are incorporated as legal entities, but due to the limited size of their assets, these offices were regarded as if they were owned branch offices. The taxes of € 0.1 million relate to these offices. Due to the consolidated fiscal loss for the year no income taxes are expected to be due in the Netherlands. The tax amount in the profit and loss statements largely relates to Maanaveeya and is € 2.7 million.

Can be specified as follows:	**2022**	**2021**
	€ ,000	**€ ,000**
Taxes regional and country offices	(69)	(122)
Taxes Maanaveeya Development & Finance Private Limited	(2,738)	(3,494)
Additions and releases to Taxes accrual	182	1,028
Total taxes	**(2,625)**	**(2,588)**

31. Result from discontinued operations

As per 4 February 2021, the Ukraine entity has been liquidated. In April 2021 the subsidiary Ukraine repaid the capital to the Society. With this repayment of capital, the subsidiary value is zero (refer to note 39). A restricted exchange fluctuation reserve was built up for the Ukraine subsidiary of € 1.6 million. By the repayment of capital, this reserve was released, which resulted in a loss of € 1.6 million.

Can be specified as follows:	**2022**	**2021**
	€ ,000	**€ ,000**
Result liquidation Ukraine	-	(1,636)
Total result from group companies	**-**	**(1,636)**

32. Additions to and releases from funds

In the table below the additions to and the releases from the capacity building funds are disclosed.

Regarding the capacity building funds the movements shown in the table are the movements due to costs incurred and grants received within the funds over the year. The funds receive support from donors. For an overview of the grant income, refer to Note 25.

Can be specified as follows:	**2022**	**2021**
	€ ,000	**€ ,000**
Revolving fund		
Transfer between funds	-	539
Addition to/(released from) fund	-	539
Subsidised activities		
Transfer between funds	-	625
Addition to/(released from) fund	-	625
Capacity building funds		
Grants received	(15)	(87)
Transfer between funds	(3)	(1,164)
Non-allocated grants	(250)	35
Interest received/(paid)	-	-
Management fee	-	(27)
Other costs	77	109
Addition to/(released from) fund	(191)	(1,134)
Guarantee fund for Africa		
Guarantee calls	-	-
Transfer between funds	-	-
Interest added/(paid)	-	122
Addition to/(released from) fund	-	122
Corona solidarity fund		
Grants received	-	-
Non-allocated grants	-	(77)
Other costs	-	77
Addition to/(released from) fund	-	-

	2022 € ,000	2021 € ,000
Capacity building – USAID		
Grants received	-	(94)
Non-allocated grants	-	54
Other costs	-	40
Addition to/(released from) fund	-	-
Capacity building – Oikocredit Westdeutscher Förderkreis (Rwanda seedling fund)		
Grants received	-	(74)
Non-allocated grants	(8)	19
Other costs	8	55
Addition to/(released from) fund	-	-
Capacity building – International Fund for Agricultural Development		
Grants received	-	-
Non-allocated grants	(130)	-
Other costs	130	-
Addition to/(released from) fund	-	-
Capacity building – SSNUP / ADA (Appui au Développement Autonome)		
Grants received	-	(64)
Non-allocated grants	(178)	(31)
Other costs	178	95
Addition to/(released from) fund	-	-
Capacity building – Plan International Canada (WISE) [1]		
Grants received	72	(28)
Non-allocated grants	(142)	(48)
Other costs	70	76
Addition to/(released from) fund	-	-
Capacity building – We Effect / SIDA		
Grants received	-	(48)
Non-allocated grants	(29)	48
Other costs	29	-
Addition to/(released from) fund	-	-
Capacity building – The Primate's World Relief and Development Fund		
Grants received	-	(34)
Non-allocated grants	(26)	18
Other costs	26	14
Addition to/(released from) fund	-	-
Capacity building – Oikocredit Stiftung Deutschland (end-client survey)		
Grants received	-	(137)
Non-allocated grants	(96)	137
Other costs	96	-
Addition to/(released from) fund	-	-
Total addition to/(released from) funds	**(191)**	**152**

[1] Plan International Canada (WISE) was added to the additions to and releases from funds disclosure for the year 2021. It should have been part of the Annual report 2021.

33. Use of financial instruments

Balance sheet item	Product	2022 Notional € ,000	2022 Carrying amount € ,000	2021 Carrying amount € ,000
Oikocredit has entered into the following derivatives to cover its exposure:				
Non-current assets				
FX derivatives	Under hedge accounting	18,036	-	-
Cross currency swaps	Under hedge accounting	101,210	7,362	2,158
	Total		**7,362**	**2,158**
Current assets				
FX derivatives	Under hedge accounting	339,156	22,784	7,544
Cross currency swaps	Under hedge accounting	103,027	-	-
	Total		**22,784**	**7,544**
Non-current liabilities				
FX derivatives	Under hedge accounting	5,250	-	-
Cross currency swaps	Under hedge accounting	19,382	(1,536)	(1,184)
	Total		**(1,536)**	**(1,184)**
Current liabilities				
FX derivatives	Under hedge accounting	132,951	(6,294)	(14,070)
Cross currency swaps	Under hedge accounting	28,245	-	(109)
	Total		**(6,294)**	**(14,179)**

The total book value of the hedge contracts as at 31 December 2022 was € 22.0 million positive (2021: € 5.6 million positive) and the market value was € 25.5 million positive (2021: € 9.0 negative). The hedge-effectiveness test established for 2022 that all contracts were effective, hence no provision was applicable in 2022. In 2021 the hedge-effectiveness test established that some hedge contracts were ineffective during 2021, for which a provision was formed of € 109,000. The hedge provision can be seen under the current liabilities (refer to Note 28).

34. Related party transactions

For transactions with the Managing Board and Supervisory Board, please refer to Note 35 of the consolidated financial statements.

Transactions with Oikocredit International Support Foundation during the year
The Society charged an administration fee to the Support Foundation amounting to € 26,500 (2021: € 30,250).

In 2021 the Articles of Association of the Support Foundation and the service level agreement between the Support Foundation and the Society were updated. A material change in these documents is that the Society will not charge Category B costs (refer to Note 1 on general information) to the Support Foundation and the Support Foundation will act more independently from the Society. This will also mean that actual spend costs for capacity building will be charged from the Society to the Support Foundation.

Transactions with Oikocredit International Share Foundation
The Society and Oikocredit International Share Foundation entered into a service level agreement on 1 January 2021. Pursuant to this agreement the Society will perform all back-office activities and bear the related costs as its own costs. This means the Society will no longer grant a yearly contribution for costs to the Oikocredit International Share Foundation.

In 2022 the total costs accounted in the Society related to the Share Foundation amounted to € 311,000 (2021: € 165,000).

Funds were donated via the Share Foundation by investors to the Support Foundation for an amount of € 85,000 (2021: € 129,000) from dividends and investments in depository receipts.

Transactions with Maanaveeya Development & Finance Private Limited
The Society charged interest to Maanaveeya on external commercial borrowing totalling € 6.8 million (2021: € 4.7 million).

Transactions with support associations and members
The Society granted a contribution for costs to the support associations during 2021 for € 3.3 million (2021: € 3.2 million).

Oikocredit Stiftung Deutschland donated € 180,000 to the 'end-client survey', a global initiative that commenced in 2021.

The Society has members that are also partners of the Society. The members who are also partners and with which there were transactions in the year 2022 and 2021 are listed below. The transactions consist of disbursements, interest and capital repayments in the years 2022 and 2021:

Name of partner	Country	Sum of disbursements, interest and capital repayments in 2022
Alternativa, Centro de Investigación Social y Educación Popular	Peru	233,349
Chajul, Asociación Chajulense Va'l Vaq Quyol	Guatemala	216,528
CLU, Central Lanera Uruguaya	Uruguay	303,355
Banco Pyme Ecofuturo S.A.	Bolivia	3,799,477
Fundación Sembrar Sartawi	Bolivia	436,209
Unaitas Sacco Society Ltd	Kenya	2,007,217
Total		**6,996,135**

Name of partner	Country	Sum of disbursements, interest and capital repayments in 2021
Alternativa, Centro de Investigación Social y Educación Popular	Peru	102,403
Chajul, Asociación Chajulense Va'l Vaq Quyol	Guatemala	1,446,962
Calcar, Cooperativa Agraria de Responsabilidad Ltda Carmelo	Uruguay	8,593
CLU, Central Lanera Uruguaya	Uruguay	270,031
Crecer, Crédito con Educación Rural	Bolivia	4,254,233
Fundación Sembrar Sartawi	Bolivia	1,010,620
Idesi Huánuco, Instituto de Desarrollo del Sector Informal	Peru	120,343
Unaitas Sacco Society Ltd	Kenya	8,406,766
Total		**15,619,951**

Amounts owed by and to Oikocredit [1]	31/12/2022 € ,000	31/12/2021 € ,000
Oikocredit International Support Foundation	(4,132)	(4,229)
Maanaveeya Development & Finance Private Limited (owed to Oikocredit)	73,394	72,910

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

35. Remuneration policies

Supervisory Board remuneration policy

The Society offers Supervisory Board members compensation for their travel, administrative expenses and loss of income due to the extensive time commitment involved in serving on the board. In 2022 the AGM approved the Supervisory Board's proposal to amend the remuneration policy for Supervisory Board members. Amendments include an increase in basic annual fees, the vice-chair will no longer receive an additional compensation per annum, a reduction of the fee for the committee chairs, no member attendance fee per meeting when there are more than fifteen meeting days in a year, and compensation for working hours lost on international travel.

The Supervisory Board remuneration structure is composed of four elements:

a) Basic annual fee: basic fixed fee for all board members and a fixed fee for the chair person to cover the work as a board member on the basis of fifteen board meeting days per year and additional virtual meetings, including preparation and follow-up.
b) Additional annual fees:
   - Additional committee chair fee: fixed fee for chairing a Supervisory Board committee.
c) Variable fees:
   - Intercontinental travel compensation fee: fixed fee per eight working hours lost with a fixed amount per return travel to compensate for loss of time due to intercontinental travelling to Supervisory Board (committee) meetings.
d) Expense reimbursement: compensation for actual expenses incurred in relation to the Society's activities, provided that these expenses are documented (e.g. travel and communication).

The total compensation/remuneration in 2022 amounted to € 163,000 (2021: € 116,000).

Remuneration Managing Board

The remuneration can be specified as follows:	**2022**	**2021**
	€ ,000	**€ ,000**
Gross salary, holiday and year-end allowance	699	963
Expense allowances	-	-
Pension contributions	129	182
Total	**828**	**1,145**

Staff of Oikocredit globally

The Society believes in remunerating its employees in a fair and equitable manner. This means that the remuneration of its staff worldwide should be aligned with the values and nature of the Society, acknowledging people's diverse experience and educational backgrounds, and elements of both the financial sector as well as the social sector at an international or national level, depending on the job requirements.

Performance reward

In 2021 and 2022 no performance rewards were allocated to staff. On 1 January 2020 a new remuneration policy was implemented. Under this new policy, variable pay, such as a performance reward, is no longer part of the remuneration package.

Supervisory Board and Managing Board holdings in Oikocredit share capital

Some Supervisory Board and Managing Board members have indirect holdings in the Society's shares amounting to € 36,000 at 31 December 2022. These holdings do not have any voting rights.

Elisete Lüneburger and her husband Valter grow vegetables on a 20-hectare plot of land in Maravilha in the Brazilian state of Santa Caterina. The couple are members of the Cooperativa de Crédito Rural de São Miguel do Oeste (Sulcredi). The cooperative, created in 2006 to serve rural producers and reduce urban migration, focuses on family farming and agroindustry in nearly 25 municipalities. Sulcredi has been working with Oikocredit since 2016. The Lüneburgers have been members of Sulcredi since 2011. They recently bought a tractor and now want to renovate eight greenhouses that were damaged by recent storms.

Society financial statements

Society **balance sheet**

(Before appropriation of net income)

Notes	Balance sheet	31/12/2022 € ,000	31/12/2021 € ,000
	NON-CURRENT ASSETS		
7	**Intangible fixed assets**	**1,641**	**988**
37	**Tangible fixed assets**	**722**	**833**
	Financial assets		
38	Development financing		
	Total development financing outstanding	848,811	853,524
	Less: - loss provision and impairments	(76,545)	(87,510)
		772,266	**766,014**
	Consists of:		
	Loans (net of loss provision)	*648,143*	*644,671*
	Equity (net of impairments)	*124,122*	*121,343*
39	Investments in group companies	57,983	52,851
40	Other securities	25,466	25,466
41	Other financial assets	67,505	61,229
	Total financial assets	**150,954**	**139,546**
	Total non-current assets	**925,583**	**907,381**
	CURRENT ASSETS		
	Term investments	-	214,352
42	Receivables and other current assets	61,763	59,990
43	Cash and banks	220,256	50,456
	Total current assets	**282,019**	**324,798**
	TOTAL	**1,207,602**	**1,232,179**

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

Society **balance sheet**

(Before appropriation of net income)

Notes	Balance sheet	31/12/2022	31/12/2021
		€ ,000	**€ ,000**
	MEMBER CAPITAL AND RESERVES		
44	Member capital	1,110,692	1,128,976
45	General reserve	83,536	73,897
45	Restricted exchange fluctuation reserve	(20,039)	(16,330)
	Undistributed net income for the year	8,495	15,257
		1,182,684	**1,201,800**
18	**PROVISIONS**	**92**	**216**
47	**NON-CURRENT LIABILITIES**	**1,536**	**3,031**
48	**CURRENT LIABILITIES**	**23,290**	**27,132**
	TOTAL	**1,207,602**	**1,232,179**

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

Society **income statement**

Notes	Income statement	2022	2021
		€ ,000	€ ,000
	RESULTS		
39	Results participation in group companies after taxes	7,875	6,241
	Other results	507	8,110
	INCOME BEFORE TAXATION	**8,382**	**14,351**
	Taxes	113	906
	INCOME AFTER TAXATION	**8,495**	**15,257**

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

Notes to the **Society financial statements**

36. 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 (Dutch GAAP).

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, refer to the summary of accounting policies as included in the notes to the consolidated financial statements.

37. Tangible fixed assets

Changes in tangible fixed assets in 2022 and in the costs of acquisition and accumulated depreciation as at 31 December 2022 can be specified as follows:	**IT equipment € ,000**	**Furniture € ,000**	**Total 2022 € ,000**	**Total 2021 € ,000**
Historical cost price as at 1 January	2,602	2,632	5,234	4,246
Accumulated depreciation as at 1 January	(2,448)	(1,953)	(4,401)	(3,499)
Balance as at 1 January	**154**	**679**	**833**	**748**
Investments	130	34	164	1,056
Disposals	(1,089)	(1,005)	(2,094)	(68)
Depreciation	(147)	(122)	(269)	(902)
Depreciation disposal	1,089	936	2,024	-
Prior year adjustment depreciation	63	-	63	-
Movements in the year	**46**	**(157)**	**(112)**	**85**
Historical cost price as at 31 December	1,642	1,661	3,303	5,234
Accumulated depreciation as at 31 December	(1,442)	(1,139)	(2,581)	(4,401)
Balance as at 31 December	**200**	**522**	**722**	**833**

The useful life of the furniture is estimated at five years on average. Information technology (IT) equipment is depreciated in three years.

The prior year adjustment depreciation of in total € 0.1 million in 2022 is made to align the table with the underlying fixed assets register.

38. Development financing

Changes in development financing outstanding		
Can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Outstanding as at 1 January	853,524	744,805
Disbursements	295,063	360,592
Capitalised interest and dividends	(933)	(1)
Less: - repayments	(292,330)	(276,249)
- write-offs	(25,684)	(9,407)
Equity divestments	(13,858)	(9,106)
Exchange rate adjustments	33,029	42,890
Outstanding as at 31 December	**848,811**	**853,524**

Total loan loss provision and impairments equity	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Loan loss provision	(55,834)	(60,115)
Impairments equity	(20,711)	(27,395)
Balance as at 31 December	**(76,545)**	**(87,510)**

Loan loss provision		
Can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Balance as at 1 January	(60,115)	(69,114)
Additions	(21,791)	(22,601)
Releases	13,622	20,976
One-off release country provision	-	9,311
Exchange rate adjustments	(3,939)	(3,817)
	(72,223)	(65,245)
Less: - write-offs	16,389	5,130
Balance as at 31 December	**(55,834)**	**(60,115)**

Impairments equity investments		
Can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Balance as at 1 January	(27,395)	(32,042)
Additions	(6,288)	(4,712)
Reversals	3,770	5,122
	(29,913)	(31,632)
Less: - write-offs	9,202	4,237
Balance as at 31 December	**(20,711)**	**(27,395)**

Refer to Note 9 of the consolidated financial statements for further detailed information on consolidated development financing.

39. Group companies

Net asset value investments in group companies		
	31/12/2022	**31/12/2021**
	€ ,000	**€ ,000**
Maanaveeya Development & Finance Private Limited, Hyderabad, India [1]	57,983	52,851
Financial Company Oikocredit Ukraine, Lviv, Ukraine [2]	-	-
Balance as at 31 December	**57,983**	**52,851**

[1] The investment in Maanaveeya Development & Finance Private Limited, Hyderabad, India, consists of 100% of the ordinary shares amounting to INR 2.5 billion (228,652,711 shares). One share is held by the Managing Director of Maanaveeya.
[2] The investment in Financial Company Oikocredit Ukraine in Lviv, Ukraine, consists of 100% of the ordinary shares, amounting to UAH 20 million. This entity has been liquidated.

Maanaveeya Development & Finance Private Limited		
Can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Balance as at 1 January	52,851	48,042
Result for the year	7,875	6,241
Interest paid to Oikocredit on external commercial borrowing (ECB) loans	-	(4,659)
Reclass of accrued interest to separate line item in receivables	(454)	-
Prior year adjustment	-	(748)
Exchange rate adjustments	(2,289)	3,975
Balance as at 31 December	**57,983**	**52,851**

As per 2022 the interest paid to the Society on the external commercial borrowing (ECB) loan by Maanaveeya is no longer part of the net assets value of investments in group companies. The accrued interest is shown as a separate line within the Society's receivables, the interest income is also recorded separately in the income statement.

Financial Company Oikocredit Ukraine		
Can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Balance as at 1 January	-	224
Capital payments	-	(224)
Net result for the year	-	-
Exchange rate adjustments	-	-
Balance as at 31 December	**-**	**-**

40. Other securities

Can be specified as follows:	31/12/2022	31/12/2021
	€ ,000	€ ,000
Balance as at 1 January	25,466	36,709
Investments during the year at cost	-	-
Impairment	-	-
Disinvestments/redemptions during the year	-	(11,243)
Balance as at 31 December	**25,466**	**25,466**

Can be specified as follows:	31/12/2022	31/12/2021
	€ ,000	€ ,000
GLS Alternative Microfinance Fund	9,539	9,539
TCX, The Currency Exchange Fund N.V., the Netherlands	15,218	15,218
GLS Gemeinschaftsbank, Germany	500	500
Banca Popolare Etica, Italy	100	100
Ekobanken, Sweden	10	10
Other	99	99
Total other securities	**25,466**	**25,466**

41. Other financial assets

Summary of other financial assets:	31/12/2022	31/12/2021
	€ ,000	€ ,000
Loans to group companies	60,122	59,017
Staff loans [1]	21	54
Hedge contracts financial institutions	7,362	2,158
Balance as at 31 December	**67,505**	**61,229**

[1] All housing loans to staff are covered by mortgages. Market interest rates are charged on staff loans.

Loans to group companies consists of the following:

- External Commercial Borrowing (ECB) Loan 1 with Maanaveeya Development & Finance Private Limited with a total principal amount of INR 1.5 billion (€ 17.0 million). The loan carries an interest of 9.54%. The first repayment of the loan is due in February 2024, the second repayment in February 2025 and the last repayment in February 2026.
- ECB Loan 2 with Maanaveeya Development & Finance Private Limited with a total principal amount of INR 1.05 billion (€ 11.9 million). The loan carries an interest of 10.59%. The next repayment of the loan is due in October 2023, which has been presented under receivables (Note 42) since it is short term and the last repayment in October 2024.
- ECB Loan 3 with Maanaveeya Development & Finance Private Limited with a total principal amount of INR 1.42 million (€ 16.1 million). The loan carries an interest of 10.11%. The next repayment of the loan is due in June 2023, which has been presented under receivables (Note 42) since it is short term. The second repayment is due in December 2023, also presented under receivables. A third repayment is due in June 2024 and the last repayment is due in December 2024.ECB Loan 4 with Maanaveeya Development & Finance Private Limited with a total principal amount of INR 2.5 million (€ 28.4 million). The loan carries an interest of 9.83%. The first repayment of the loan is due in December 2025, followed by half-year repayments with the last repayment in June 2028.

42. Receivables and other current assets

The receivables maturing within one year can be specified as follows:		31/12/2022		31/12/2021
		€ ,000		€ ,000
Hedging contracts (refer to Note 33)		22,784		7,544
Loans to group companies expiring within one year		13,272		13,893
Accrued interest on development financing net of allowance		11,484		10,003
Hedging receivable		8,626		3,422
Interest receivable:		1,903		1,646
- Face value	5,361		4,169	
- Less: allowance for uncollectability	(3,458)		(2,523)	
Receivables Share Foundation		1,318		1,930
Amounts prepaid		825		55
Value added tax and wage taxes		448		280
Accrued interest ECB loans with Maanaveeya		414		-
Staff loans [1]		12		8
Collateral related to hedging contracts [2]		-		20,474
Sundry receivables		677		735
Balance as at 31 December		**61,763**		**59,990**

[1] All housing loans to staff are covered by mortgages. Market interest rates are charged on staff loans.
[2] The collateral related to hedging contracts is a receivable at 31 December 2021 and therefore presented under the receivables.

43. Cash and banks

The Society maintains its funds in banking institutions in Africa, Asia, Europe, Latin America and the United States. At reporting date, the Society is discussing with the Central Bank of West African States (BCEAO) and the Ministry of Finance in Côte d'Ivoire, how a cash balance of € 27.7 million can be converted and repatriated from West Africa. The time deposits included in cash and banks as at 31 December 2022 all mature in 2023.

The Society has a credit facility agreement with two Dutch banks. The facility amounts to € 70.0 million. This facility is subject to the following conditions:

- Audited financial statements should be provided within six months of year-end.
- Within 45 days after quarter end a report with consolidated financial statements and the financial statements of Maanaveeya should be provided.
- A report setting out the net asset value of the shares of the Society denominated in euro should be provided within 30 days after month end.
- The leverage ratio should not exceed 10%.
- The solvency ratio of the Society should be at least 70% (2022: 95.8%).
- Without the written permission of the credit institution, the Society is not allowed to sell or securitise fixed assets or establish mortgages or other encumbrances on fixed assets (except for transactions taking place in the normal course of business) or to issue guarantees for liabilities of third parties.

A facility of € 5.0 million with an Italian bank ended in 2021. A facility of € 5.0 million with a Dutch bank ended in 2022.

44. Member capital

For details about the member capital, please refer to Note 15 of the consolidated financial statements.

45. General and other reserves

General reserves [1]		
Can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Balance as at 1 January	73,897	95,834
Appropriation of prior-year results	15,257	(22,182)
Paid dividend	(5,618)	-
Prior year adjustment	-	245
Balance as at 31 December	**83,536**	**73,897**

[1] The Society allocated € 9.6 million of result of 2021 to the general reserve, a dividend of 0.5% has been paid out. The prior year adjustment is related to an unadjusted difference in the result of the year 2021. The adjustment was not significant enough to change the annual report of 2021, therefore it has been added as a prior year adjustment to the 2022 figures.

Restricted exchange fluctuation reserve [1]		
Can be specified as follows:	**31/12/2022**	**31/12/2021**
	€ ,000	**€ ,000**
Balance as at 1 January	(16,330)	(16,333)
Revaluation of hedges on subsidiary	1,543	(2,567)
Hedge premiums paid	(2,963)	(2,529)
Revaluation of subsidiary	(2,289)	5,099
Balance as at 31 December	**(20,039)**	**(16,330)**

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

46. 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:	**31/12/2022** **€ ,000**	**31/12/2021** **€ ,000**
Equity according to the Society financial statements	1,182,684	1,201,800
Reserves Oikocredit International Support Foundation	3	3
Funds for subsidised activities Support Foundation	3,842	3,891
Prior year adjustment	(26)	(302)
Group equity and funds according to consolidated financial statements	**1,186,503**	**1,205,392**

47. Non-current liabilities

Can be specified as follows:	2022	Remaining term > 1 year < 5 years	Remaining term > 5 years	2021
	€ ,000	€ ,000	€ ,000	€ ,000
Bank loans	-	-	-	1,847
Hedge contracts (refer to Note 33, consolidated financial statements)	1,536	1,536	-	1,184
Total non-current liabilities	**1,536**	**1,536**	**-**	**3,031**

Repayment obligations due within 12 months of the end of the financial year are included under the current liabilities.

The bank loans consisted of a loan granted by a Swedish bank, which was repaid in full in November 2022 (2021: € 1.8 million). The loan carried an interest rate equal to the base rate of the financial institution (as at 31 December 2021: 0.00%) plus an agreed margin (for 2022: 0.57%).

Fair value of long-term liabilities

The majority of the bank loans are at variable interest rates. Therefore, the fair value of the current liabilities approximates the book value. Loans for investment in development financing have been invested in the Society's development financing portfolio for risk and account of the funders.

48. Current liabilities

All current liabilities mature within one year and can be specified as follows:	31/12/2022	31/12/2021
	€ ,000	€ ,000
Hedge contracts (refer to Note 33)	6,294	14,070
Group companies (refer to Note 34)	4,133	4,230
Other taxes payable [1]	2,757	3,019
Hedging premiums payable	2,744	1,270
Collateral hedging [2]	1,630	-
Provision hedges	-	109
Accrued expenses, sundry liabilities [3]	5,732	4,434
Balance as at 31 December	**23,290**	**27,132**

[1] The growth of the Society has led Oikocredit to thoroughly review its tax and legal structures in the countries where it has offices, to ensure there is a structure in place to pay Oikocredit's fair share of taxes. We have released € 0.3 million from the accrual. The total accrual is per 31 December 2022 € 2.7 million (2021: € 3.0 million).
[2] The collateral related to hedging contracts was at 31 December 2021 a receivable and therefore presented under the receivables in 2021.
[3] Mainly consists of account payables and accruals.

Fair value of current liabilities

Applicable 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.

49. Commitments not included in the balance sheet

Corporate guarantee

The Society issued a corporate guarantee for a maximum of INR 1.0 billion to Rabobank International, Mumbai Branch, for a loan issued by Rabobank to Maanaveeya Development & Finance Private Limited in India.

For other commitments not included in the balance sheet please refer to the consolidated financial statements Note 21.

50. Subsequent events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are prepared and recognised in the financial statements. There are no subsequent events that are not recognised in the financial statements.

Other information

Proposal for allocation of net income

With respect to the allocation of net income, the Society's Articles of Association determine the following (Article 45): 'The net profits shall be allocated by the General Meeting after receiving the proposal of the Managing Board.' Such proposal is subject to approval by the Supervisory Board (Article 40.3).

The Managing Board will make the following proposal to the Annual General Meeting in 2023 with regard to 2022 net income.

Allocation of net income 2022	
The Managing Board proposes to appropriate the net income as follows:	**2022**
	€ ,000
Dividend distribution	**5,599**
Net income 2022	*8,495*
Proposal to be added to the general reserve	**2,896**

In the Annual Report 2021 the below table was included:

Allocation of net income 2021	
The Managing Board proposes to appropriate the net income as follows:	**2021**
	€ ,000
Dividend distribution	**5,626**
Net income 2021	*15,256*
Proposal to be deducted from general reserve	**9,631**

Independent auditor's report

To: the General Meeting and the Supervisory Board of Oikocredit, Ecumenical Development Cooperative Society U.A

Report on the audit of the accompanying consolidated financial statements

Our opinion

We have audited the consolidated financial statements For the year ended 31 December 2022 of Oikocredit, Ecumenical Development Cooperative Society U.A, based in Amersfoort.

In our opinion the accompanying consolidated financial statements give a true and fair view of the financial position of Oikocredit, Ecumenical Development Cooperative Society U.A as at 31 December 2022 and of its result for the year ended 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1 The consolidated and separate balance sheet as at 31 December 2022;

2 The consolidated and separate income statement for the year ended 2022;

3 The consolidated cash flow statement for the year 2022;

4 The consolidated statement of comprehensive income; and

5 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the consolidated financial statements' section of our report.

We are independent of Oikocredit, Ecumenical Development Cooperative Society U.A in accordance with the ‘Wet toezicht accountantsorganisaties’ (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of fraud and non-compliance with laws and regulations and going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

Audit response to the risk of fraud and non-compliance with laws and regulations

In section 6 'Risk management'of the annual report, the management board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment, and assessed the design and implementation and, where considered appropriate, tested the operating effectiveness of the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of conduct, whistleblowing procedures, incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management, those charged with governance and other relevant functions, such as Internal Audit, Legal Counsel and Compliance. As part of our audit procedures, we:

- obtained an understanding of how the company uses information technology (IT) and the impact of IT on the financial statements, including the potential for cybersecurity incidents to have a material impact on the financial statements;
- assessed other positions held by Management Board members and/or other employees and paid special attention to procedures and governance/compliance in view of possible conflicts of interest;
- evaluated investigation reports on indications of possible fraud and non-compliance; and
- evaluated correspondence with supervisory authorities and regulators as well as legal confirmation letters.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and identified the following areas as those most likely to have a material effect on the financial statements:

- anti-money laundering and terrorist financing law; and
- data protection law.

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

In accordance with the information presented above and the applicable auditing standards, we have identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards and responded as follows:

Management override of controls (a presumed risk)

Risk: Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries, estimates and unusual transactions.
- We performed a data analysis of high-risk journal entries and evaluated key estimates and judgments for bias by the Company's management. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

Audit response to going concern

The management board has performed its going concern assessment and has not identified any going concern risks. To assess the management board's assessment, we have performed, inter alia, the following procedures:

- we considered whether the management board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit; and
- we analysed the company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Report on the other information included in the annual report

In addition to the consolidated financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the consolidated financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code regarding the management report and the other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the consolidated financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the consolidated financial statements.

The Managing Board is responsible for the preparation of the other information, including the management report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the consolidated financial statements

Responsibilities of the Managing Board and the Supervisory Board for the consolidated financial statements

The Managing Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Managing Board is responsible for such internal control as the Managing Board determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the consolidated financial statements, the Managing Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Managing Board should prepare the consolidated financial statements using the going concern basis of accounting unless the Managing Board either intends to liquidate the Cooperation or to cease operations, or has no realistic alternative but to do so. The Managing Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the consolidated financial statements.

Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the consolidated financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the consolidated financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperation's internal control;

— evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Managing Board;

— concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Cooperation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;

— evaluating the overall presentation, structure and content of the consolidated financial statements, including the disclosures; and

— evaluating whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and the risk profile of the group entities. On this basis, we selected Maanaveeya Development & Finance Private Limited and Stichting Oikocredit International Support Foundation for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amstelveen, 31 March 2023

KPMG Accountants N.V.

M.L.M. Kesselaer RA

Strategic **partners** and relevant **networks**

act Church of Sweden
www.svenskakyrkan.se

African Guarantee Fund
www.africanguaranteefund.com

Aqua for All
www.aquaforall.org

AVCA African Private Equity and Venture Capital Association
www.avca-africa.org

avpn
www.avpn.asia

Bundesinitiative Impact Investing
www.bundesinitiative-impact-investing.de

CapPlus CapitalPlus Exchange
www.capplus.org

CRIC
www.cric-online.org

CSAF Council on Smallholder Agricultural Finance
www.csaf.org

European Microfinance Platform
Networking with the South
www.e-mfp.eu

Fair Climate Fund
www.fairclimatefund.nl

Fairtrade
www.fairtrade-deutschland.de

Fairtrade Österreich
www.fairtrade.at

Financial Inclusion Equity Council
www.centerforfinancialinclusion.org

FNG Forum Nachhaltige Geldanlagen
www.forum-ng.org

Global Alliance for Banking on Values
www.gabv.org

GIIN Member
www.thegiin.org

GOGLA
www.gogla.org

idh Farmfit Fund
www.idhsustainabletrade.com

Center for Financial Inclusion Accion
www.inclusivefintech50.com

Opportunity International
www.opportunity.org

Plan International
www.plancanada.ca

PRI Principles for Responsible Investment
www.unpri.org

Signatory Investor Responsible Finance Forum
www.responsiblefinanceforum.org

safe Sustainable Agriculture Food Environment
www.safeplatform.org

Sida Swedish International Development Cooperation Agency
www.sida.se

Solidaridad
www.solidaridad.nl

ssnup Smallholder Safety Net Upscaling Programme
www.ada-microfinance.org

Wageningen University & Research
www.wur.nl

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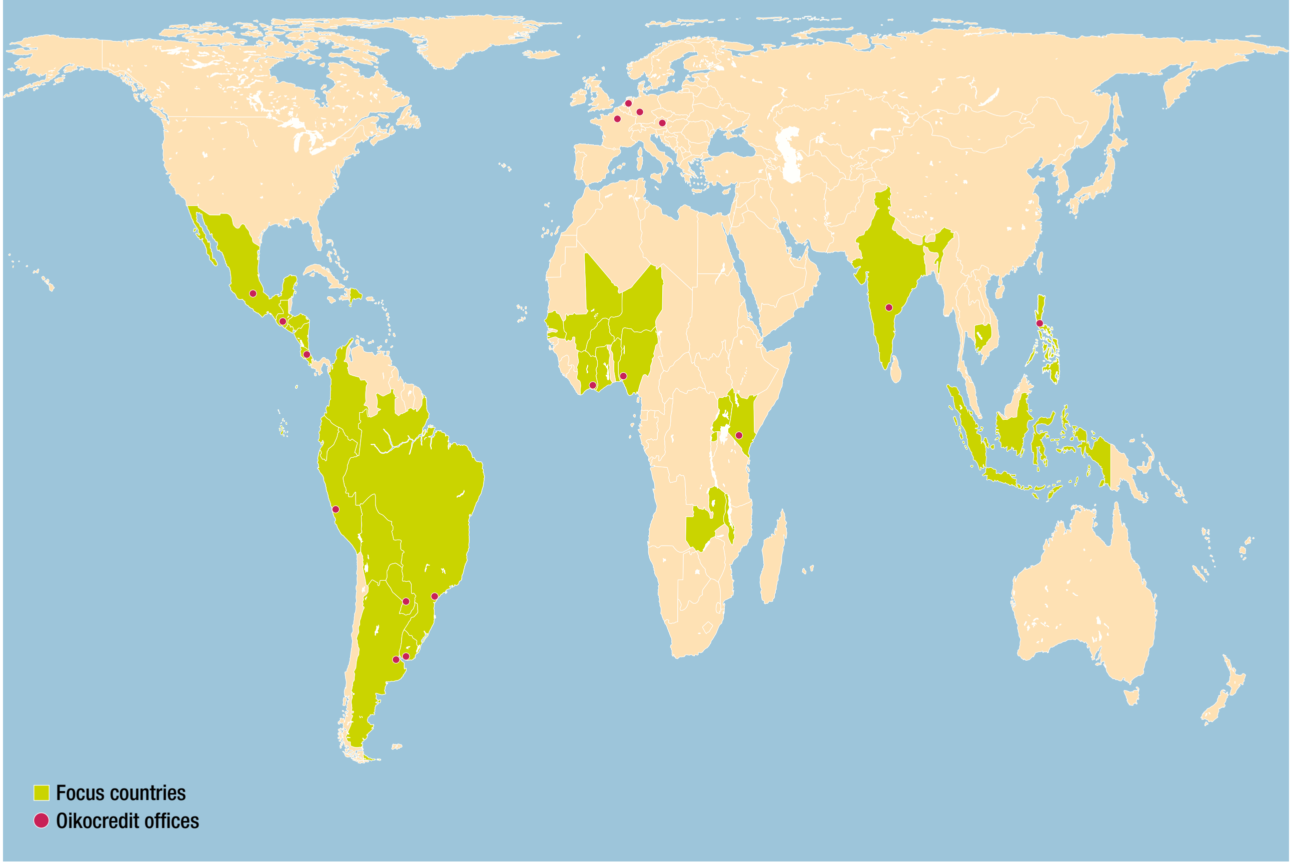
Oikocredit's presence and focus countries



Support associations

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USA
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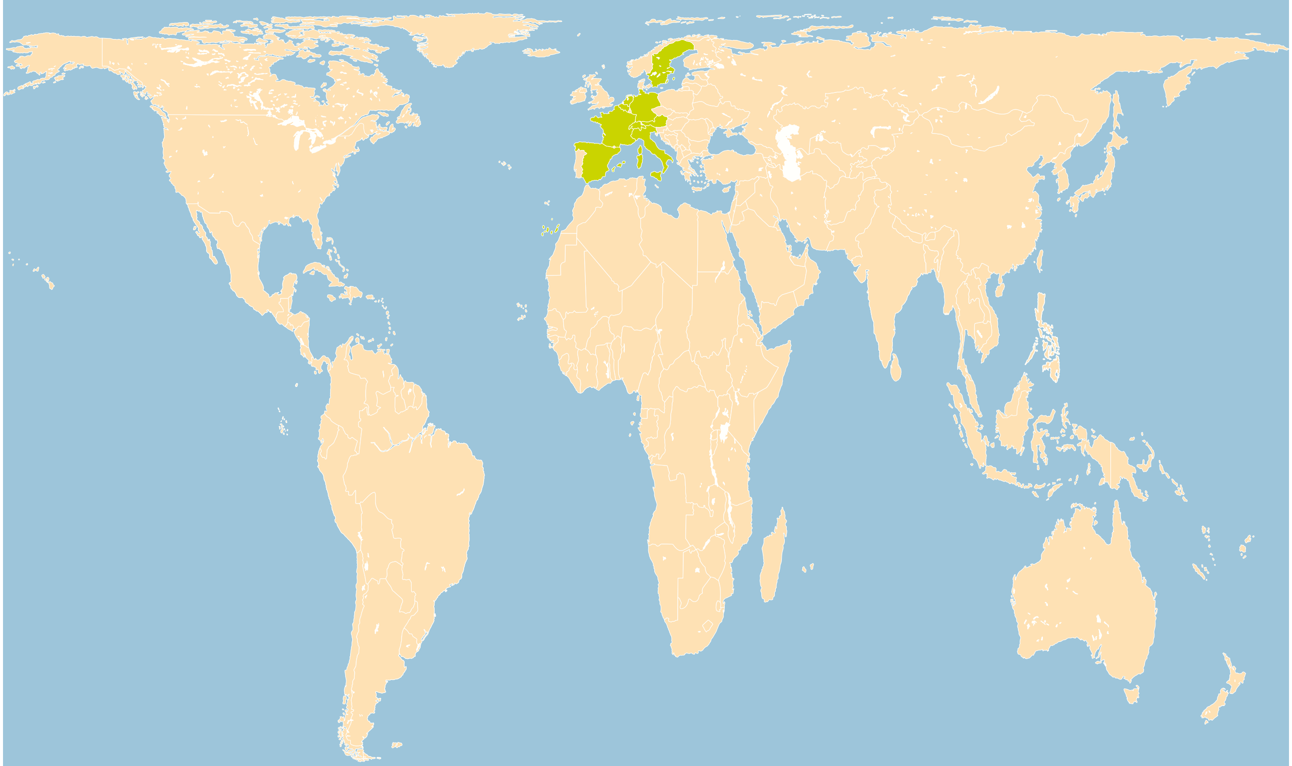
Countries in which Oikocredit actively attracts investments



In these countries individuals and organisations can invest in Oikocredit via its network of support associations and the Oikocredit International Share Foundation (OISF).

www.oikocredit.coop

Oikocredit's vision is a global, just society in which resources are shared sustainably and all people are empowered with the choices they need to create a life of dignity.

investing in people