Oikocredit
investing in people

Annual Report **2023**

Successfully meeting our transition objectives

Contents
Annual Report 2023

About the cover picture:

Caravela Coffee

Isabel Franco is deputy manager for operations in Colombia and Ecuador at Caravela Coffee. An engineer by training, Isabel used to work in the food industry but is now full of enthusiasm about working at responsible speciality coffee trader Caravela.

Caravela Coffee works closely with about 4,000 smallholders and their communities in several Latin American countries. It sources high-quality coffee to sell to roasters in more than 25 countries. Besides providing access to international markets, Caravela offers training, technical assistance and quality analysis, enabling its clients to produce higher-quality coffee and receive better prices.

Oikocredit made an equity investment in Caravela in 2019.

Isabel values Caravela's work with young people. "We work directly with the farmers and then we work with the young people from farmer families," she says. "This way you get a good link to the community." Caravela's education programme and technical training internships are open not just to farmer families but to other young people.

The enterprise's focus on women's participation and diversity also matters to Isabel. "We have a big number of women in the leadership team – that is new for me, and very nice." Caravela's quality director in Colombia and Ecuador, for example, is a farmer's daughter.

Caravela provides a respectful environment for all, not just between women and men but also including members of the LGBTQ+ community.

From the Managing Director

For Oikocredit, 2023 was dynamic in many ways. From the start of the year, we set out to fully implement our new four-year community-focused strategy and roll out our new capital-raising model. We made commendable progress with both these major transitions, thanks to much hard work and dedication on the part of all concerned.

After a modest start, the community resilience-building projects we began to pilot in 2022 have multiplied. We see much potential in working with strategic partners and with carefully selected in-country organisations to finance and support access to education, water, sanitation, housing and community infrastructure that will sustain people in their communities in living better lives now and in the future.

Our new capital-raising model represents a historic shift. When Oikocredit began nearly five decades ago, individuals who wanted to invest directly in our cooperative's work were not able to. But now, with participations in place of member shares, this is possible. I hope this step-change will help take our capacity and impact to a new level while our support associations will provide the crucial link between our investors and ourselves and continue to act as ambassadors for Oikocredit's mission and vision.

We performed well – and not only in terms of change and risk management. In 2023 we took on more partners, grew our credit and equity portfolio, increased the number of capacity building engagements, and enlarged our social impact – reaching more women and rural communities, and expanding our support for off-grid renewable energy. Despite the economic headwinds and other challenges in the countries we operate in, we generated a modest positive financial result.

Organisationally, we invested in the development of staff, and we strengthened our cooperative mindset and culture by rewording our values and translating them into what we expect from ourselves in terms of day-to-day behaviour. We see this as essential to encourage, inspire and serve our partners, end-clients, members and investors even better.

Oikocredit continues to push the boundaries of impact investing and development financing. We continually seek innovative approaches and better ways to build on what we do well. This quest for constant improvement is part of Oikocredit's DNA and will, I hope, remain so for many years to come. The remarkable development of our Client Self-Perception Survey, whose third iteration we discuss in this year's Annual Report, is just one example of the way we lead in our sector.

At a time of so much hardship and turbulence worldwide – wars, unrest, coups and climate change – these are genuine achievements.

What will always continue is our commitment to people and communities with low incomes in Africa, Asia, and Latin America and the Caribbean. Communities such as the smallholder coffee growers and their families served by our partner Caravela Coffee in Colombia and Ecuador. Isabel Franco, featured on this year's cover page and a trained engineer, is Caravela's deputy manager for operations. Caravela sources high-quality coffee to sell to roasters in more than 25 countries, providing technical support to help farmers produce better coffee for higher prices. Caravela's focus on women's participation and diversity helps create a respectful working environment, while its education programme and internships for young people benefit the wider community.

The need for sustainable impact and investment in lives, livelihoods and communities in emerging economies is still immense and growing. I believe we have the right strategy and capabilities to continue advancing our mission of responsible investing and helping people with low incomes build their resilience.

As always, we owe a huge debt to our members and investors, our strategic and donor partners, our credit and equity portfolio partners, our support associations and volunteers, our board members, and all our colleagues around the world. Their – your – commitment has made Oikocredit the unique organisation it is and can take our achievements even further.

Mirjam 't Lam
Managing Director

Five-year **Oikocredit key figures**

Figures from the consolidated financial statements as at 31 December	2023	2022	2021	2020	2019	Reference
Members	490	528	546	552	555	
Investors (approximate number)	48,200	56,300	58,900	58,400	59,000	
Outflow offices [1]	10	13	14	14	15	
Inflow offices [2]	5	3	3	3	3	
Support associations [2]	20	22	22	22	24	
National support offices and support associations [2]	n/a	26	26	26	28	
Staff members in full-time equivalents (FTE) [3]	277	250	206	192	201	Note 28
Partners in portfolio [4]	540	519	517	563	674	
€ millions						
Total consolidated assets	1,156.9	1,252.5*	1,258.1	1,241.7	1,310.4	Consolidated balance sheet
Member and investor capital	1,000.8	1,110.7	1,129.0	1,104.1	1,129.8	Consolidated balance sheet
Other funding [5]	104.0	100.5*	88.0	109.3	141.4	Consolidated balance sheet
Total funds available for investing	1,104.8	1,211.2*	1,217.0	1,213.4	1,271.2	
Development financing activities						
New disbursements	530.5	408.5	474.1	243.5	404.5	Note 9
De/Increase in disbursements (%)	*29.9%*	*-13.8%*	*94.7%*	*-39.8%*	*-9.0%*	
Cumulative disbursements	5,856.2	5,325.7	4,917.2	4,443.1	4,199.6	
Total cumulative payments (capital, interest and dividends) by partners [6]	5,516.1	5,030.1	4,572.4	4,168.7	3,728.7	
Total development financing outstanding	1,084.7	1,007.2	995.9	845.1	1,064.6	Note 9
As % of total funds available for investing at 1 January	*89.6%*	*82.8%*	*82.1%*	*66.5%*	*86.6%*	
Portfolio at risk 90 days [7]	5.8%	3.8%	5.5%	5.8%	5.4%	
Loan loss provisions on capital and interest and impairment of equity [8]	64.6	69.5*	96.7	109.9	97.3	Notes 9 and 12
Loan loss provisions on capital and interest and impairment of equity as % of development financing outstanding	*6.0%*	*6.9%**	*9.7%*	*13.0%*	*9.1%*	
Write-offs of capital charged to loan loss provisions	11.1	28.2	12.8	12.9	5.7	Note 9
As % of development financing outstanding loan portfolio	*1.2%*	*3.3%*	*1.5%*	*1.9%*	*0.6%*	
Term investments	-	-	214.4	182.8	139.8	Consolidated balance sheet
Total financial income [9]	91.8	105.0	69.3	78.6	98.1	Consolidated income statement
General and administrative expenses [10]	44.6	36.8	29.5	29.1	31.5	Consolidated income statement
As % of total assets	*3.9%*	*2.9%**	*2.3%*	*2.3%*	*2.4%*	
General and administrative expenses excluding grant-based expenses [11]	43.5	36.2	29.1	28.4	30.7	
As % of total assets	*3.8%*	*2.9%*	*2.3%*	*2.3%*	*2.3%*	
Impairments and additions to loss provisions	-10.8	-11.6*	-1.8	33.0	23.1	Consolidated income statement
As % of development financing outstanding	*-1.1%*	*-1.2%*	*-0.2%*	*3.9%*	*2.2%*	
Net income available for distribution [12]	1.2	6.8*	15.3	(22.2)	14.3	Society income statement
Dividend	5.3	5.6	5.6	0	0	Other information

* The 2022 figures have been restated for comparison purpose. Please refer to page 43 for more details regarding error accounting.

[1] Countries with legal entities that no longer carry out operational activities are not included in this number.
[2] As of 2023 we have split the inflow offices (formerly known as national support offices) figure and the support association figure.
[3] Including staff employed by outflow offices and inflow offices.
[4] *Partners in portfolio* includes development financing outstanding as well as partners currently in the process of disbursement. It 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.
[5] *Other funding* is general reserves (2023: € 84.6 million) and non-current liabilities (2023: € 18.6 million) excluding hedge contracts and other liabilities (2023: € 0.7 million).
[6] *Total cumulative payments by partners* comprises payments of capital, interest and dividends.
[7] *Portfolio at risk 90 days* excludes payment holiday partners. Please refer to Note 6 on risk management for additional information.
[8] Loan loss provisions on capital and impairments on equity investments (2023: € 61.5 million) and loan loss provisions on interest (2023: € 3.1 million).
[9] Consists of interest on the development financing portfolio (2023: € 88.4 million), arrangement and maintenance fees (2023 € 4.5 million) and income from equity investments (2023: € 1.1 million negative).
[10] Including expenses covered by grants (for example capacity building expenses).
[11] Excluding expenses covered by grants (for example capacity building expenses).
[12] Please refer to the Society financial statements.

Corporate governance

Fatimah and her husband Dedi Hardadi have five children, of whom three are married and two are studying. Dedi, blind since youth, is retired. Fatimah supports the family with her sewing business, making clothes and working with a neighbour to make and sell small printed children's backpacks. Fatimah is a client of Indonesian non-bank financial institution Esta Dana Ventura.

With more than 200 branches across Indonesia, Esta Dana lends to micro, small and medium enterprises and to people on low incomes. Nine-tenths of Esta Dana's clients are rural women. It became an Oikocredit partner in 2022.

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 participations are not listed on a government-recognised stock exchange (or any other exchange). However, certain best practices from the code are reflected in the cooperative’s Articles of Association and rules for both its Supervisory Board and Managing Board as necessary.

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 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 by 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 total value of its participations in the cooperative. Oikocredit is therefore not directly or indirectly owned or controlled by any member or other entity. Members do not have different classes of voting rights. While exercising their voting right at the General Meeting, a member may be represented by an alternative representative on the basis of a written power of attorney. No person may represent more than three members.

Members’ Council
The Members’ Council was 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 has a Members’ Council consisting of eight member representatives.

The Members’ Council meets regularly between the General Meetings 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 General Meeting in 2022 adopted a proposal to strengthen and formalise the role of the council as a formal body of Oikocredit. The work of the Members’ Council over the past year is described in the council’s report starting on page 31.

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;

[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).

- compliance with regulations and legislation;
- 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. In 2023 the Investment Committee and the Impact and Innovation Committee merged to become the Impact Investments and Innovation Committee, and the Project House Committee became the Capital Inflow Committee. The committees are composed exclusively of Supervisory Board members.

The work of the Supervisory Board over the past year is described in the board's report starting on page 25.

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 Netherlands.

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 & Capital Raising, Director of Specialised Finance & Community Building, Director of Strategy & Sustainable Impact and Director of People & Development. A further seat on the Executive Committee is filled on a rotational basis.

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 2023. This report highlights the most important developments during the year.

Mammatha Kavali is a smallholder rice farmer in Kistagiri, Telangana state, southern India. Mammatha works two hectares of land with her husband, Mahesh, and is a client of Spandana Sphoorty, an inclusive finance partner that has received seven Oikocredit loans since 2007.

With 2.7 million clients, 1,540 branches and 12,300 staff, Spandana focuses on women's empowerment and entrepreneurship, lending mainly to women in low-income households. Spandana is one of India's largest microfinance institutions. Based in Hyderabad, it has a close relationship with Maanaveeya, Oikocredit's Indian subsidiary, which is based in the same city.

Successfully meeting our transition objectives

Oikocredit has come through a testing year in good shape. Our work in 2023 included two important transitions whose preparation has occupied us for much of the past few years. Meanwhile our cooperative was able to increase the size of our development financing portfolio, realise a moderate positive financial result and make satisfying progress towards our social impact objectives.

In advancing responsible investing, every year Oikocredit sets out to achieve positive sustainable financial and social outcomes for our partner organisations, members and investors, and our partners' end-clients, in keeping with our mission. The cooperative's efforts centre on diligent stewardship of the money entrusted to us, and careful partner selection and support, as we strive to help people and communities with low incomes in Africa, Asia, and Latin America and the Caribbean improve their lives.

As our latest Impact Report and most recent Client Self-Perception Survey outcomes show, we continue to increase the number of financial inclusion clients, women, smallholder farmers and rural communities we reach through our partnerships, and to bring clean and renewable energy to more formerly unserved households and communities. Out of every 10 partners we provide with a new loan or equity investment, four show improved environmental, social and governance (ESG) scores compared to the last time we reviewed them. Partners are increasingly proactive in improving their ESG as well as their financial performance.

Transitions

In 2023 we set out to fully execute our 2022-2026 community-focused strategy and to implement the new capital-raising model, with participations as our new investment product in place of shares. We can report success in both these major undertakings.

The community-resilience-building approach has progressed well as we join forces with like-minded partners already active in supporting such sectors as education, water and sanitation ('WASH'), housing and community infrastructure. At the start of the year, we aimed to grow our community-focused portfolio to € 54 million, and we have exceeded this target, with € 57.3 million of our development financing at 31 December 2023 in this category. Among these projects, we have made promising investments in affordable housing in India and in Latin America, implemented education and WASH projects with partners in Africa and Southeast Asia, and further developed solar energy infrastructure in Africa and in India.

Community building also means connecting our members and investors with each other and with our outflow partners. This year we held the first three of our online Oikocredit Live events, bringing together portfolio partners, members, investors, prospective investors and Oikocredit staff to showcase and discuss key areas of our work.

Introduction of Oikocredit's new capital-raising model has marked a fundamental shift in how we raise capital in most of our inflow markets. For the first time, any eligible individual or organisation can now invest directly in the cooperative. This change, from shares to participations, simplifies and standardises how we raise member and investor capital across different countries with the same terms and conditions. It enables all investors to be part of the same global community.

The support associations in our inflow countries have been instrumental in our development as an organisation and a cooperative network. The recent strategic changes have highlighted the support associations' value and importance to Oikocredit. We deeply appreciate their agreement to enhance their key role in engaging with our current and prospective investor communities. Oikocredit and the support associations are expanding our joint long-term initiative of global learning for transformation and advocacy whereby we raise awareness in higher-income countries to promote our mission and vision of a better and fairer world.

Challenges

The year had its challenges. Externally, 2023 was turbulent. Many kinds of instability appeared to intensify around the world: climate change and biodiversity loss, natural disasters, socioeconomic and racial injustice, political turmoil and violent conflict. Extremes of poverty and wealth continued to diverge. Most of our partners – and to some extent our members and investors and the cooperative itself – experienced some of these effects.

As anticipated, we lost some members and investors during the capital-raising transition. Although these departures were a matter of regret, we are very glad that most members and investors, representing about 90% of Oikocredit's member and investor capital, decided to stay. It is also sad that our two much-valued North American support associations, in Canada and the United States, are winding down, largely because we do not currently raise capital in those two countries. We will, however, continue to serve cooperative members based in North America.

An external change that has transformed our operating context has been the rapid turnaround from a low- (and in some cases negative-) interest-rate environment to one of high inflation and high interest rates. Many partners must now meet higher borrowing costs, and some are struggling with their interest payments. On the other hand, for our cooperative, higher interest rates – which we aim to keep at affordable levels for our partners – mean more interest income, including from the liquidity we hold in banks to meet redemption requests and to finance new disbursements.

Stability

Oikocredit has achieved a welcome degree of internal stability. The composition of our Supervisory Board, Managing Board and Executive Committee remained unchanged in 2023. Staff turnover, although still higher than pre-Covid-19 levels, has reduced and is in line with the wider market. We have built a team of skilful, loyal and committed people, and our organisation has the agility and stamina to cope with challenges and adjust as needed. Having the right policies and tools is important, but having capable and engaged people makes the crucial difference.

The cooperative's three governing bodies – the Supervisory Board, Members' Council and Managing Board – have collaborated especially well. In August 2023, with the full Executive Committee, we spent several productive days meeting together. We have evolved greater understanding of each other's strengths and clearer alignment on organisational aims and direction.

Sustainability statement

Oikocredit's work has always been concerned with the delivery of sustainable impact. This year we developed the following sustainability statement to formalise our approach and provide a framework for future reporting under the European Union's 2023 Corporate Sustainability Reporting Directive (CSRD):

At Oikocredit, we see a world where smallholder farmers produce roughly one third of the world's food but often don't receive a fair price;[2] nearly one in two people live on less than US$ 6.85 per day;[3] one in ten people have no access to electricity;[4] one in five children have no access to education;[5] and only one in three women are part of the formal economy.

We want to contribute to building a better world where everyone has access to opportunities and resources for a life of dignity. A world where every household makes sufficient income to live safely and enjoy good health, education and decent work. A world where everyone has meaningful participation in decision-making in the political, economic and social spheres.

We are a social investor that puts human rights and social impact at the core of our purpose. We support millions of people around the world in their efforts to improve their lives.

[2] Lowder, Sánchez and Bertini, 'Which farms feed the world and has farmland become more concentrated?' World Development, 142, June 2021, https://www.sciencedirect.com/science/article/pii/S0305750X2100067X?via%3Dihub

[3] World Bank Group, Correcting Course: Poverty and Shared Prosperity 2022, https://openknowledge.worldbank.org/server/api/core/bitstreams/b96b361a-a806-5567-8e8a-b14392e11fa0/content

[4] Ritchie, Rosado and Roser, 'Access to Energy', OurWorldInData.org, 2019, https://ourworldindata.org/energy-access

[5] Ritchie, Samborska, Ahuja, Ortiz-Ospina and Roser, 'Global Education', OurWorldInData.org, 2023, https://ourworldindata.org/global-education

We do this through investments in microfinance institutions, small and medium enterprise banks, agricultural cooperatives and renewable energy enterprises across Africa, Asia, and Latin America and the Caribbean.

Oikocredit's financial and non-financial support helps increase access to decent jobs and improve wellbeing, including through more affordable water and sanitation, health services, education, renewable energy and housing. We also advocate and work for an environmentally sustainable world where humankind lives within planetary boundaries.[6] We create opportunities for a solidarity economy, international cooperation, innovation and partnerships.

Our local presence in our countries of operation enables us to build long-term relationships with investee partner organisations and to continually enrich our understanding of country- and sector-specific circumstances and challenges. This proximity to our partners facilitates the development of joint solutions to enhance their financial, social and environmental performance, thereby improving organisational value in the long term.

This commitment to financial, social and environmental performance – a holistic approach to sustainability – shapes our mission, leading to positive outcomes in five essential areas:

Income resilience

Oikocredit provides financial services and supports organisations to improve the quality of life of low-income people or communities in a sustainable way. This means ensuring that our partners directly or indirectly provide living wages and income-generating opportunities for people and households with low incomes, ultimately enhancing their resilience and contributing towards their progress out of poverty. When unforeseen income shocks such as Covid-19-related unemployment or health consequences arise, Oikocredit is there to help partners navigate these challenges through financial and non-financial services that support end-clients.

Social justice and inclusiveness

To contribute to the building of a just global society, Oikocredit is committed to providing inclusive access to financial services. We seek to include and support cooperatives, as we consider their structure and dynamics to be strongly aligned with our values. We strive for gender equality and inclusion of youth. We support our partners in following client protection standards, and in ensuring fair and respectful treatment of clients, transparent interest rates and contracts that prevent over-indebtedness.

Within our own organisation, we recognise that fostering a diverse and inclusive workplace is fundamental to achieving our goals. We want to ensure that every individual associated with Oikocredit feels valued, respected and empowered. Diversity, equity and inclusion are not simply buzzwords for us but integral pillars of our organisational culture.

[6] Doughnut Economics Action Lab, 'About Doughnut Economics', https://doughnuteconomics.org/about-doughnut-economics

We cherish and acknowledge what we have achieved together. We are a gender-diverse organisation, we embrace what makes us unique and we treat each other with respect. As an organisation we offer everyone the development opportunities they need to reach their full potential (within the boundaries of what we can afford) and treat all employees equally.

Environmental sustainability

Oikocredit's ambition focuses on delivering our strategy within planetary boundaries. This includes building sustainable infrastructure for communities and working with future generations of leaders and enterprise owners on ways to achieve sustainable long-term community development and wellbeing.

Where we suspect high environmental risk, we ask our partners to conduct environmental impact assessments. And through our investments in renewable energy (solar electricity and clean cooking stoves), regenerative agriculture and reforestation, we seek to reduce and offset CO_2 emissions and contribute towards a carbon-neutral economy. Where emissions cannot be completely eliminated, Oikocredit aims to offset these through its own value chain.

Community services and quality of life

Recognising that income resilience and social justice are incomplete without good-quality community services, Oikocredit supports communities' access to education, affordable housing, water, sanitation, renewable energy and health services. We believe that access to such good-quality services and infrastructure improves wellbeing and contributes towards enhancing climate adaptation and mitigation. Building communities' resilience strengthens and supports local economic development.

Organisational resilience and enhanced capacities

Over the years, Oikocredit has learned that social impact and development benefits are best sustained if we work with our partners to address challenges relating to skills, governance, management capacity, new technology, networks and markets. We have therefore developed our capacity building programmes to help enhance partners' organisational effectiveness and clients' wellbeing.

Oikocredit seeks to incorporate income resilience, social justice, inclusivity, environmental sustainability and community access to infrastructure in our work and outcomes to contribute towards a sustainable future for everyone. While not every project we invest in aims to address all aspects of sustainability, we make thoughtful decisions that prioritise sustainable impact, yield decent returns and strike a balance with risk.

Community of investors

Oikocredit's structure as a cooperative reflects the importance we give to the engagement, inclusion, participation and empowerment of our stakeholders. Our members and investors are indispensable for the functioning and operation of the cooperative.

Our operational model nurtures the formation of communities of members and investors around themes, campaigns and issues. Our members and investors include individuals and organisations from various backgrounds across a number of countries who share a commitment to impact investing with a focus on social development, financial inclusion and sustainability. We believe that building a strong base of members and investors and fostering mutual learning with current and future generations in the countries where we raise capital are essential to achieve a more equitable and environmentally sustainable world.

Financial results

Oikocredit achieved a positive financial result of € 1.6 million in 2023. Macroeconomic factors affected our income and expense distribution, which led to a lower than targeted return. Positive factors included steady growth in the development financing portfolio (credit and equity) to an unprecedented level, with record highs in approvals and disbursements for a growing number of partner organisations. We also met our three main income goals: development financing interest income; gross income (comprising development financing interest income plus income from equity investments); and operating income (interest income and expenses, income from equity investments, grant income and other income and expenses). However, the challenging external circumstances and in particular significant additions to our loan loss provisioning cushion reduced overall profitability.

Total development financing outstanding increased by 7.7% to € 1,084.7 million. Total consolidated assets declined by 7.7% to € 1,156.9 million, from € 1,253.8 million in 2022.

Income statement 2023

Oikocredit's net result of € 1.6 million was lower than in 2022 (€ 8.5 million). Development financing portfolio income ended the year at € 89.4 million from € 84.3 million in 2022. Total operating income reached € 59.4 million (down from € 60.5 million).

The equity portfolio experienced a net loss of € 1.1 million. Equity sales generated a € 6.4 million loss, while equity dividends were € 4.6 million positive. Equities continue to be a risky investment, and our equity investments and exits were hampered by difficult market circumstances. Despite these risks, Oikocredit finds it important to invest in partners' equity, which can create high social and environmental impact. During the year we also sold 50% of the investment in GLS Microfinanzfonds (part of Oikocredit's other securities), resulting in a gain of € 0.4 million.

Exchange rate differences caused a significant loss of € 5.5 million compared with the previous year's net gain of € 1.4 million. We repatriated the amount pending on our XOF (West African CFA franc) bank account into euro against a foreign exchange loss of € 1.6 million.

A second loss factor was the depreciation of the Malawian kwacha (MWK), which we were not able to hedge properly. Third, the US dollar's weakening against the euro reduced the euro value of our dollar-based and dollar-linked local currency income. While we continued to protect our investing against widespread currency instability, hedging costs decreased to € 26.3 million from € 32.5 million in 2022.

Operational expenses

Operating costs, which increased by 21.0% to € 44.6 million, remained under control, with new costs arising mainly because of the transition to the new capital-raising model. General and administrative costs (excluding grant-based expenses) in relation to total assets grew to 3.9% (2022: 3.0%), and the cost-to-income ratio rose from 60.8% to 75.0%.

Loan loss provisions and equity impairments

Total loan loss provisions and impairments on equity investments decreased from 6.4% to 5.7% of the total outstanding portfolio, falling from € 65.6 million to € 61.6 million. Loan loss provisions amounted to € 45.4 million (2022: € 45.0 million) and stood at 4.9% (2022: 5.0%) of the credit portfolio. This was a result of the increase in our portfolio-at-risk ratio (PAR 90) – in part a delayed economic consequence of the Covid-19 pandemic – and because of accounting adjustments (both described below). Loan write-offs as a percentage of the total portfolio decreased compared to the previous year but were in line with historical numbers. Equity impairments declined by € 3.5 million (2022: € 2.5 million rise), with total equity impairment provisions down from 14.3% to 10.8% of the equity portfolio.

Cash and liquidity management

Liquidity levels were well balanced throughout the capital-raising transition and as we grew the portfolio. Net liquidity (cash) comprised 11.3% of our assets, falling from 23.9% during the year but still representing an acceptable buffer. Renewal of our € 70 million bank credit facility at a cost of € 1.0 million in interest rate expenses provided an additional safeguard. In periods of excess liquidity, we placed our cash in short-term bank deposits, which earned a positive return of €2.8 million.

Accounting adjustments

We have adjusted our method of accounting relating to two matters in order to comply with Dutch GAAP, the accounting standards set by the Dutch Accounting Standards Board and tailored to the Dutch regulatory and economic environment, and to increase the transparency and consistency of our annual financial reporting. The changes affect (1) the restricted exchange fluctuation reserve (restricted reserve) and (2) loan loss provisioning on our development financing portfolio. The changes provide more insight into our capital reserves and the hedging costs in relation to our subsidiary Maanaveeya. The total effect on group equity and funds amount to €14.1 million as at 31 December 2022.

The above changes also require a restatement of our 2022 results, available in the consolidated and Society financial statements on page 43 of this report.

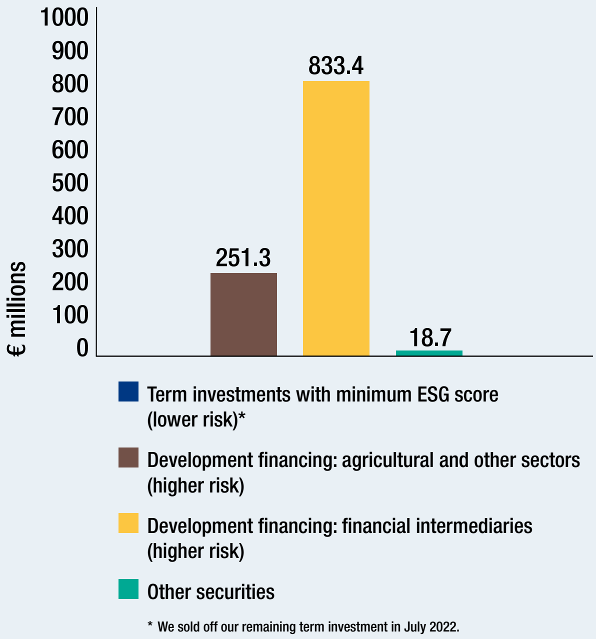
Annual dividend

The June 2023 Annual General Meeting (AGM) approved the Managing Board and Supervisory Board's proposal to pay a 0.5% members' and investors' dividend for 2022. In light of the net result and healthy state of the general reserves, the Managing Board, with the Supervisory Board's endorsement, will propose the award of a 0.5% dividend for 2023 at the June 2024 AGM, which we see as fully compatible with safeguarding the continuation of our impact investing and capacity building.

2023 in graphs

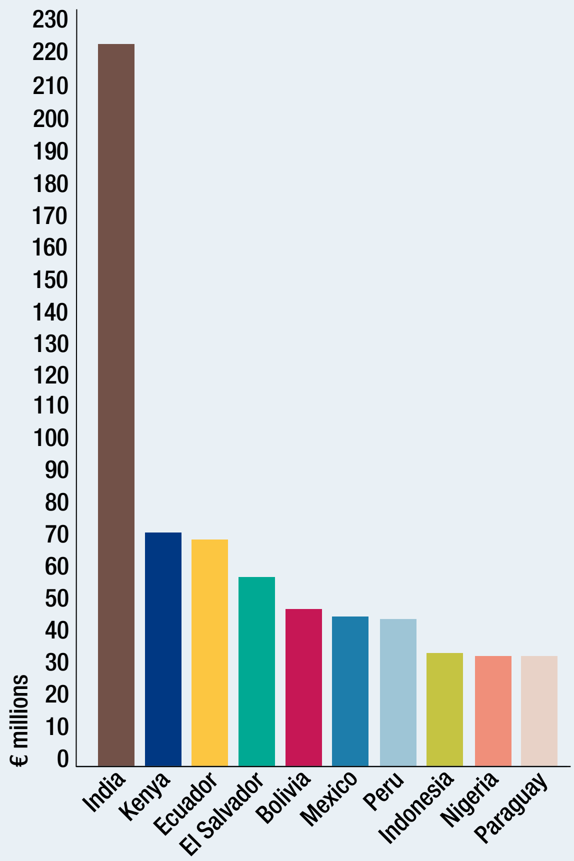
Investment mix Oikocredit invested funds

As at 31 December 2023



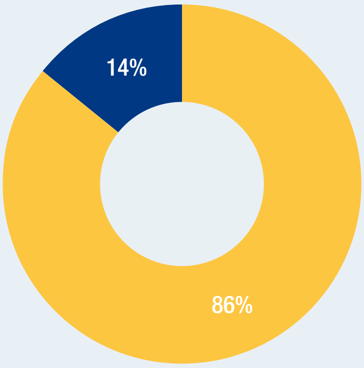
10 countries with highest capital outstanding

As at 31 December 2023



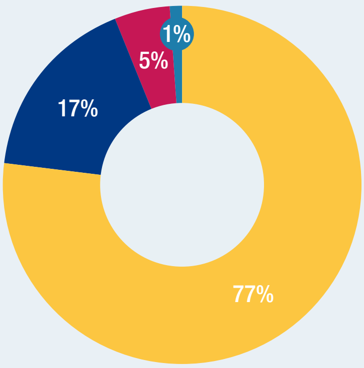
Type of financing offered by Oikocredit

As at 31 December 2023



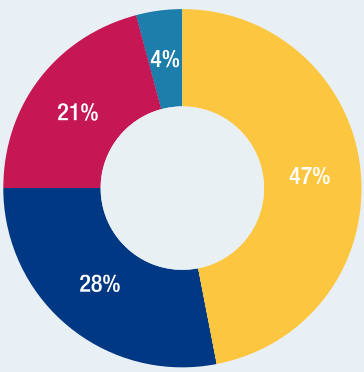
Development financing outstanding by sector

As at 31 December 2023



Development financing outstanding by region

As at 31 December 2023



Development financing

Oikocredit's development financing portfolio of loans and equity investments maintained growth in 2023. We onboarded new partners, increased disbursements, reached more end-clients, expanded our capacity building activities and achieved greater impact. Considering the challenging context, with humanity experiencing so many crises, this was a good achievement. We were pleased to see substantial growth in our innovative community-focused portfolio, which supports resilience-building projects in education, housing, water and sanitation, and community infrastructure.

Approvals and disbursements achieved record highs. However, some partners with approved loans decided not to borrow because of the uncertain economic conditions.

We have piloted a new fast-track loan pre-approval process for a selection of long-standing partners with good impact and a successful track record, based on the information already available in our systems and records. The pre-approved limit saves investment officers and partners considerable time and resources, with due diligence and dialogue mainly focused on confirmation of the credit and risk qualification criteria and conditions.

Portfolio volume, approvals and disbursements

The cooperative's total outstanding portfolio of credit and equity grew by 7.7% to € 1,084.7 million in 2023 from € 1,007.2 million in 2022. Net approvals rose by 56.3% to € 602.3 million (2022: € 385.3 million) and disbursements by 29.9% to € 530.6 million (2022: € 408.5 million). We had 540 partners in 52 countries at year-end (up from 519 partners in 52 countries in 2022); we are fully active in 33 of these countries in our focus regions – Africa, Asia, and Latin America and the Caribbean – and winding down in the others.

Current partners received € 515.5 million of the year's disbursements and new partners € 15.1 million. Average financing per partner increased from € 1.9 million to € 2.0 million. Average loan period reduced from 4.2 years to 4.1 years.

Sector developments

Financial inclusion is the largest of Oikocredit's three focus sectors, comprising 76.8% of our total credit and equity compared with 76.2% in 2022. In this sector our outstanding lending to and equity holdings in 336 financial inclusion partners – including microfinance institutions (MFIs), financial institutions supporting small to medium enterprises (SMEs), and other partners – increased by 8.6% to € 833.4 million in 2023 from € 767.9 million in 2022. We approved € 475.2 million (59.9% up from 2022) and disbursed € 393.1 million (40.8% up) in new credit and equity.

The global slowdown of economic growth, rising inflation, high interest rates, foreign exchange volatility, climate change effects and political uncertainty have made macroeconomic circumstances challenging for inclusive finance. Nevertheless, we completed a record number of loan transactions with financial inclusion partners this year and are pleased to have taken on 20 new finance partners. Feedback we received via our Client Self-Perception Survey shows our investing continues to support improvements in various aspects of clients' lives.

Agriculture, our second largest focus sector, accounted for 17.1% of our development financing in 2023 (17.4% in 2022). We had 129 agriculture partners at year-end, and the sector portfolio grew by 5.7% to € 185.8 million from €175.7 million. Agriculture approvals rose by 65.5% to € 105.1 million and disbursements by 10.4% to € 119.1 million. In late 2023 the Dutch government pledged € 8 million to AgriGRADE, our new joint strategic initiative with Agriterra, IDH, IDH Farmfit Fund and SCOPEinsight. This collaboration's support for cooperatives and other smallholder farmer organisations aims to strengthen and unlock investment in agriculture in emerging economies, starting in Kenya and Tanzania.

International dynamics like those impacting on our financial inclusion portfolio, especially extreme weather events, affected our lending and investing in agriculture, as did volatile commodity prices. Agriculture export markets face challenges as some importing countries have adjusted their requirements. Some agriculture partners in subsectors such as coffee, grains, cocoa, fruit and nuts were affected and had difficulty making interest payments on time.

Our third focus sector, renewable energy, continues to expand, comprising 5.4% of our credit and equity in 2023 (5.6% in 2022). The portfolio has reached € 58.6 million, up by 4.5% from € 56.0 million in 2022, with 31 partners. We approved mini-grid, domestic solar, clean cooking, and commercial and industrial solar projects throughout the year, including follow-on investments with current partners. Approvals and disbursements both decreased, by 15.3% to € 20.5 million and by 19.6% to € 16.8 million respectively. The portfolio's net interest margin was above the Oikocredit average.

Further extreme climatic events are lending mounting urgency to the energy transition. We announced at the Clinton Global Initiative 2023 meeting in New York our commitment to deliver € 26.5 million in lending and equity to finance distributed renewable energy infrastructure in sub-Saharan Africa through to 2026.

Community-focused projects

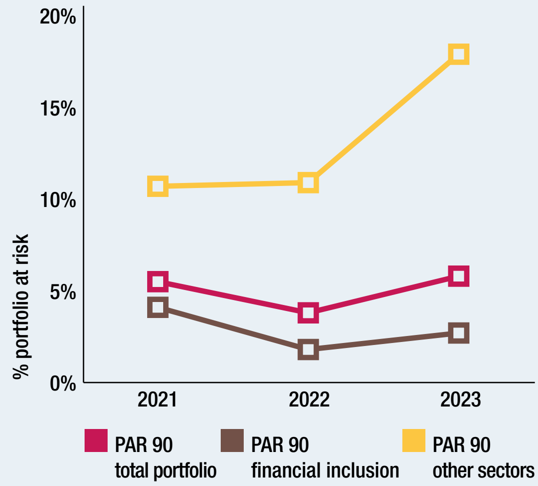
The cooperative's 2022-2026 strategy commits us to invest to help communities build resilience. Here we provide finance and capacity support to partners working in education, housing, water and sanitation (WASH), and community infrastructure. In 2023 our outstanding community-focused portfolio progressed from € 10.7 million to € 57.3 million, exceeding our target for the year.

We currently have two community-focused strategic partnerships. One is our collaboration with US-based Opportunity International supporting expansion of, and improved access to, affordable education for children from families with low incomes in Ghana, Kenya, Nigeria, Senegal, Uganda, Indonesia and Latin America. This project combines school improvement and training loans with fair-priced lending to households for school fees.

Our second strategic community-focused partnership, with the global foundation Aqua for All, works with financial inclusion partners in Kenya, Uganda and Cambodia to support private-sector-led WASH provision. In-country WASH enterprises receive project lending, technical assistance,

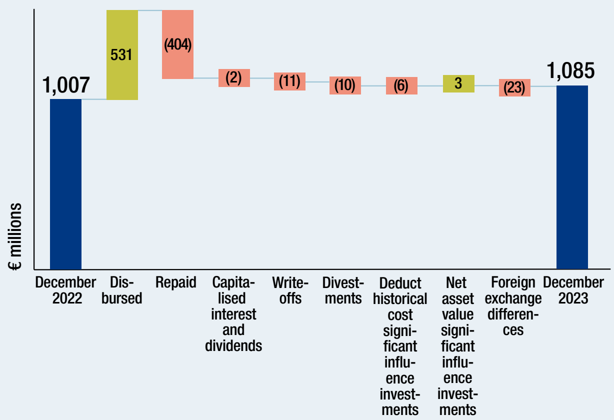
Portfolio at risk

As percentage of total development financing
As at 31 December 2023



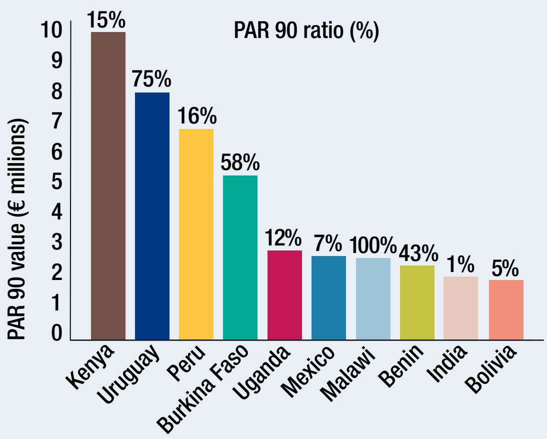
Progression of the development financing portfolio

As at 31 December 2023



10 countries with highest PAR 90

As at 31 December 2023



training grants, first-loss capital and performance-based incentives, while households benefit from loans to install and upgrade domestic facilities.

In housing we have community-resilience-building partnerships in Latin America, India and Cambodia. Our community infrastructure projects are currently all part of the renewable energy portfolio in partnership with developers of mini-grid initiatives. We showcased the community-focused approach as part of our contribution to European Microfinance Week 2023 in Luxembourg, participating as panel speakers on education and WASH.

Regional portfolios

Total outstanding loans and investments in Africa increased to € 225.7 million in 2023, up by 18.5% from € 189.2 million in 2022. At year-end we had 141 partners in Africa, and the region accounted for 20.8% of our development financing (18.8% in 2022). Africa experienced high inflation, currency devaluation and rising debt in almost all countries where we operate, as well as some political unrest, especially in West Africa. Despite this, our regional staff and partners have remained resilient and achieved impact, inspired by the mantra "Aiming higher for Africa".

This year in Africa our outstanding loans to smallholder farmer organisations reached € 67.3 million. Some of these partners received loans for the first time. We committed € 14 million to support community-focused education and WASH. Our Innovative Finance for Improved Livelihoods collaboration with We Effect, the Swedish International Development Cooperation Agency (Sida) and Act Church of Sweden in rural Kenya and Uganda has achieved success in helping farmer-based organisations become investment ready. We are committed to opening doors for African partners in access to finance.

The portfolio in Asia grew to € 308.9 million, rising by 6.7% from € 289.5 million. We had 120 Asian partners at end-2023, and the region comprised 28.5% of our total credit and equity (28.7% in 2022). Our Indian subsidiary Maanaveeya's portfolio grew by almost 15.4% while keeping most partner interest and principal payments on schedule and improving their ESG scores. With a view to adapting to changing market conditions, Maanaveeya is working on a new five-year strategy, which is progressing well. Maanaveeya is also implementing high-impact corporate social responsibility projects with an outlay of 2.3% of its previous three years' profit, against the regulatory stipulation of 2%.

In Southeast Asia, unlike the fast-growing Indian economy, market conditions are more challenging, and many partners remain cautious. Portfolio quality continues to be good, however, and we were pleased to acquire three new partners in Indonesia: a returning former partner cooperative with a good track record; a fintech company supporting previously unbanked SMEs; and an enterprise working in community-focused 'edufinance' and housing. Our new WASH collaboration with Aqua for All and Komida (a partner since 2016), also in Indonesia, addresses rural sanitation challenges. To support financial inclusion partners in Cambodia and Indonesia, former partners in the Philippines, and other financial service providers, we organised climate risk awareness and environmental performance management training.

In Latin America and the Caribbean our loans and investments increased to € 507.3 million, a rise of 4.9% from € 483.4 million. We had 259 partners in the region, which represented 46.8% of the total portfolio (48.0% in 2022). Latin American and Caribbean countries experienced political unrest, US dollar shortages, high interest rates, high inflation, economic deceleration, and some lingering pandemic effects. Nevertheless, portfolio quality remained satisfactory.

We are innovating and increasing our impact in Latin America and the Caribbean. Developments include co-financing a pioneering social thematic bond in Ecuador with IDB Invest (the Inter-American Development Bank's private-sector arm). This initiative aims to increase a savings and credit partner's services for micro, small and medium enterprises (MSMEs) owned or led by women, people with low incomes or low educational attainment, members of Indigenous and ethnic minority communities, and migrants. Other new sectors for which we approved loans in the region include climate adaptation and artisanal fisheries, and we expanded our community-focused portfolio, especially in housing. Across Latin America and the Caribbean, we support many capacity building initiatives, and we organised a webinar on client protection for more than 130 participants.

Credit portfolio

Oikocredit seeks to make loans of between € 0.5 million and € 10 million to organisations active in our focus sectors and in community resilience building across our three regions. Loans typically mature in three to four years. We strive to maintain a ratio of at least 85:15 between credit and equity investments, and at end-2023 outstanding credit was 86.2.% of our total development financing, growing by 8.4% from € 862.4 million to € 935.1 million (excluding loan loss provisions) during the year. We had 490 credit partners (2022: 470), approved € 558.0 million in 212 new loans (2022: € 369.0 million in 188 loans) and disbursed € 512.3 million (2022: € 389.3 million).

Our lending in financial inclusion was up by 9.4% from € 679.8 million to € 743.4 million (79.5% of total credit), in agriculture by 6.4% from € 138.5 million to € 147.3 million (15.8% of credit), and in renewable energy by 5.8% from € 39.0 million to € 41.2 million (4.4% of credit). Regional credit portfolio allocations were: Africa 20.2%, Asia 27.8%, Latin America and the Caribbean 49.1%, and other regions 2.9%.

Equity portfolio

Our equity investing offers patient capital and a long-term horizon to support selected partners in sustainably growing their social and financial impact. Equity accounted for 13.8% of our development financing at year-end. New equity investment approvals of € 44.3 million (€ 16.2 million in 2022) and disbursements of € 18.2 million (€ 19.2 million in 2022), and the total outstanding equity portfolio of € 149.6 million (up by 3.3% from € 144.8 million in 2022, excluding impairments), were the largest in our cooperative's history.

We hold equity investments in 56 partners in 30 countries, distributed between financial inclusion (€ 90.0 million, 60.2%

of the equity portfolio), agriculture (€ 38.5 million, 25.7%), renewable energy (€ 17.4 million, 11.6%) and other sectors (€ 3.7 million, 2.5%). Africa accounted for 24.7% of our equity investments in 2023, Asia 33.0%, Latin America and the Caribbean 32.0%, and other regions 10.4%. We received a good equity dividend income of € 4.6 million during the year (up by 39.1% from € 3.3 million in 2022).

As part of our 2023-2026 equity strategy, we develop a value creation plan and an exit plan with and for every new equity partner. One equity partner underwent audit in 2023, which will provide us with useful learning. Some have had difficulty in raising growth finance because of low risk tolerance among investors. Enlace in El Salvador became our first equity partner to engage with the Client Self-Perception Survey, whose outcomes have helped it improve its microfinance client services. Our research indicates that our equity investing helps partners achieve above-average improvements in ESG performance.

Portfolio quality and portfolio at risk

Oikocredit's key parameter for assessing portfolio quality is the percentage of loans repaid on time. Portfolio at risk (expressed by the PAR 90 ratio: the percentage of outstanding loans with payments more than 90 days overdue) increased in 2023 from 3.8% to 5.8%. PAR 90 varied between sectors: from a comfortably low 2.7% in financial inclusion (2022: 1.8%) and 10.0% in renewable energy (2022: 0.0%) to 20.0% in agriculture (2022: 11.7%).

In agriculture, where partners experience most difficulty in making payments, we have intensified monitoring of developments affecting our partners and increased our partner support. There are usually issues beyond partners' control, such as changing international regulations that disadvantage their exports.

Local currency loans

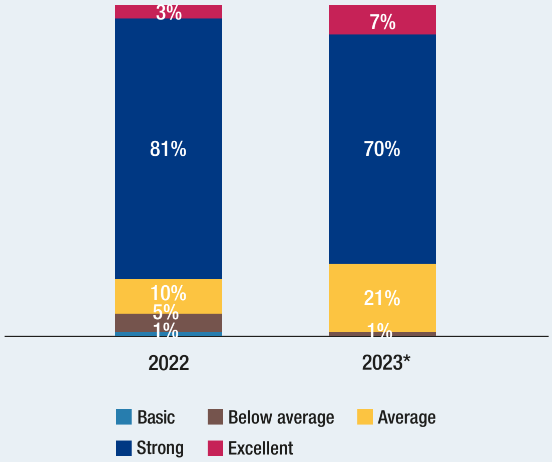
Local currency lending grew in 2023 as a proportion of the total credit portfolio to 44.9% (€ 419.5 million), up from 41.7% (€ 359.4 million) in 2022. The balance of loans, in hard currencies, was 55.1% (€ 515.6 million), down from 58.3% (€ 503.0 million). Oikocredit lends in local currencies to help protect partners from exchange rate volatility and devaluation risk, although hedging costs make this expensive. However, some partners prefer loans in more stable hard currencies, which are subject to lower inflation and lower interest rates, including to purchase imports such as machinery. The renewable energy sector is largely based on hard currencies. Much depends on partner preference, sector and market circumstances.

Social performance management

Oikocredit's pioneering approach to social impact investing involves a strong commitment to continuous improvement. We aim to go the extra mile in terms of social performance management, chiefly by placing clients' and communities' needs at the centre of everything we do. And we strive to motivate our partner organisations to do the same. Our internal staff training emphasises the importance of this approach.

ESG score classification financial inclusion

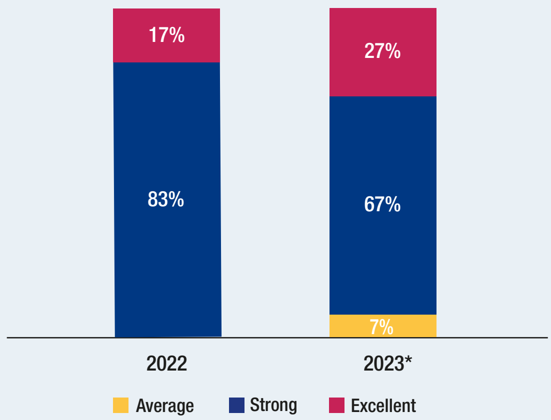
Partners approved for financing



*Percentages do not total 100% due to rounding.

ESG score classification agriculture

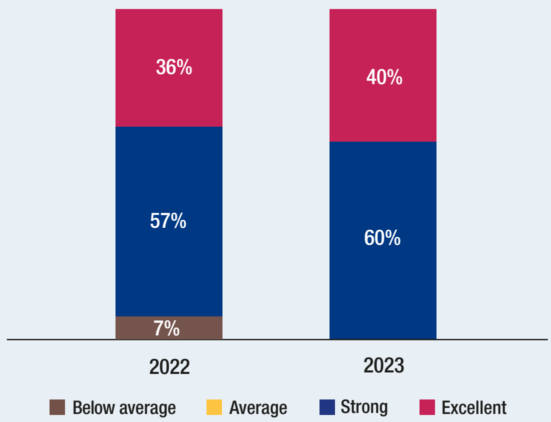
Partners approved for financing



*Percentages do not total 100% due to rounding.

ESG score classification renewable energy

Partners approved for financing



We have developed a range of tools over the years that we regularly review and update to ensure our social performance management methods remain relevant. As a first step in partner selection, we apply an exclusion list to avoid financing activities involving forced or child labour or the production of dangerous materials, for example. We use environmental, social and governance (ESG) scorecards to select, monitor and support our partners, to monitor our portfolio, for reporting and for planning. We have tailored ESG scorecards for each of our three focus sectors of financial inclusion, agriculture and renewable energy.

In 2023 we revised the agriculture scorecard in response to our increasing ambition to add value to smallholder farmers and rural organisations. The revision also takes account of recent developments in responsible business conduct, particularly the Principles for Responsible Investment in Agriculture and Food Systems promoted by the United Nations Food and Agriculture Organization and the Organisation for Economic Co-operation and Development.

Our partners' ESG scores generally improve over time. Once we have identified a partner's ESG strengths and weaknesses, we aim to work with them in improving their performance. Our support may be at the individual partner level by assisting the development and implementation of ESG action plans. Or it can be on a wider scale. Thus in 2023 we held two webinars on the sector-wide Client Protection Pathway initiative for partners in West Africa (in French) and Latin America (in Spanish). Close to 180 participants from nearly 100 partners joined the webinars to learn more about delivering financial services to end-clients in a safe, responsible and fair manner. This includes preventing client over-indebtedness, avoiding transferring unnecessary costs to clients and transparently disclosing prices.

Our annual Client Self-Perception Survey is another distinctive contribution we make to social impact investing. In 2023 our rapidly growing digital survey – the third in the series – gathered responses in nine languages from more than 41,600 clients of 34 financial inclusion partners working in 15 countries. The survey asks clients to assess significant changes in their lives over the past 12 months, provides a wealth of useful social data for our partners and ourselves, and demonstrates to clients the care with which we aim to serve them. Key findings from the latest survey include a correlation between extreme weather and income disruption for clients of 14 of the 34 participating organisations.

More than just a data-gathering exercise, the client survey findings inform our decision-making and capacity building. Better understanding of clients' needs, opportunities and risks means we and our partners can serve them better. Based on survey outcomes, several partners have introduced new loan products that respond to clients' health, education and business priorities. Others have developed new non-financial services, such as training for clients on financial literacy, budgeting, business management and marketing. Yet others have improved their client communications, strengthened their focus on women's empowerment, conducted additional research or begun exploring further opportunities for digitalisation.

We discuss in webinars with all participating partners what action can be taken on survey results. This year we held in-person workshops on client data analysis and integration for partners in Cambodia, Indonesia, El Salvador and Honduras.

Oikocredit publishes an annual Impact Report that presents data and qualitative information illustrated by case studies on our financing and approach to impact creation; our partners' outreach, targeting methodology, products and services; our capacity building; our work on gender and women's empowerment; our carbon footprint; our long-term strategic partnerships; and how our activities address the Sustainable Development Goals. The latest Impact Report highlights why women's empowerment is at the heart of our commitments, and how investments in rural renewable energy, for example, benefit women and girls. It also emphasises women's contribution to smallholder farming, and how increasing women's participation in leadership positions so often improves organisations' social and financial performance.

Capacity building

Oikocredit provides partners and potential partners with capacity building to help them improve their governance and their financial, social and environmental performance. We concentrate this support in three areas: climate change awareness and adaptation; the rural livelihoods of smallholder farmers and others; and improving financial inclusion, agriculture and renewable energy organisations' readiness for, and access to, finance. Our capacity building pays special attention to the inclusion of young people and women and to technological solutions that enhance benefits for people and communities with low incomes.

New capacity building strategy

In 2023 we adopted a new capacity building strategy that prioritises seeking impact in vulnerable communities (rural, farmers, women and youth), building communities between our partners, and strengthening local business development service ecosystems. The strategy's objectives are to enhance impact for the end-beneficiaries of our investing, improve partner business performance, and unlock more investment readiness in our focus sectors. The strategy commits us to provide capacity building support in response to specific partners' and non-partners' needs (rather than a one-size-fits-all approach) and to develop programmes with long-term growth potential.

We have an enlarged team to deliver the strategy, with more capacity building colleagues based in our focus regions to increase proximity and responsiveness to partners.

Key initiatives, strategic partnerships and donors

In 2023 we undertook 40 capacity building initiatives and approved 26 new initiatives, providing 85 partners and prospective partners (compared with 67 in 2022) with capacity building support. This represents a major uplift in this work during the year. We spent a total of € 956,631 on capacity building, of which donors contributed € 765,663 and the Oikocredit International Support Foundation (ISUP) € 190,968. Sectorially we allocated 43.1% of the funds to agriculture, 55.7% to financial inclusion and 1.2% to renewable energy. Regional allocations were 68.3% for Africa, 19.2% for Latin America and the Caribbean, and 12.5% for Asia. Our monitoring indicates our capacity building reached approximately 271,000 end-clients this year – the first year we have made such an estimate.

There are significant capacity building elements in our two current strategic partnerships for community resilience building, with Opportunity International and Aqua for All. In addition, we have entered into new strategic capacity building partnerships. One, with Solidaridad, with whom we already work in Guatemala, aims to strengthen livelihood resilience in smallholder farmer communities through support for MSMEs. Our part of the collaboration provides finance, linkages to inclusive financial service providers and ESG performance support. Solidaridad contributes enterprise development, engagement with cooperatives and communities, innovative knowledge and skills transfer, and promotion of market connections and transparent business models. Together we will seek additional external financing.

A new capacity building partnership we began in 2023 is with the Ugandan farmer-based organisation Agri Evolve. With our support, Agri Evolve is training smallholder coffee growers in financial literacy, integrated pest management, and soil and water conservation and helping them obtain Rainforest Alliance certification and better access to markets and fair prices via a digital buying system.

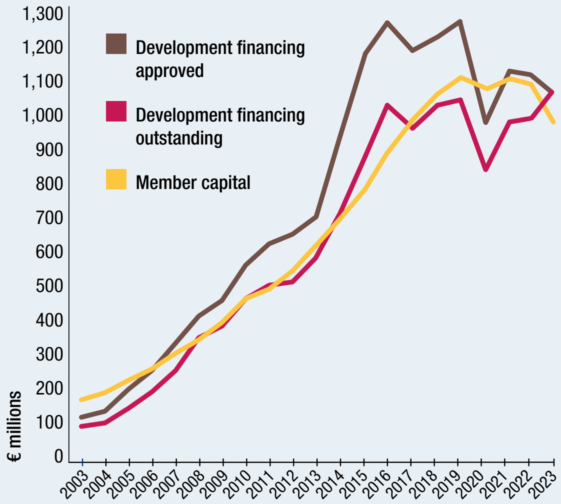
Our recently launched Regional Small Technical Assistance Initiative, financed by ISUP, currently comprises 12 capacity building projects with 21 current and potential partners in 10 countries, including Bolivia, the Dominican Republic, Ecuador and Nigeria among others. The programme supports financial inclusion and agriculture partners with training in generating economic opportunities and increasing access to small-scale finance.

Another important new capacity building partnership involves AgriGRADE, the initiative we established in 2022 in partnership with Agriterra, IDH, IDH Farmfit Fund and SCOPEinsight. AgriGRADE's objective is to graduate agricultural cooperatives in emerging economies towards higher levels of professionalism, strengthen their value chains and facilitate their access to finance. The Dutch government has committed € 8 million to support this initiative, which uses farmer organisation market data to enable a more precise and efficient distribution of resources and technical support. We are piloting the concept in Kenya and Tanzania with a funding contribution in Tanzania from the Smallholder Safety Net Upscaling Programme.

We have piloted a one-year capacity building project in the renewable energy sector. Working with solar-powered off-grid energy provider Weziza Benin, we developed,

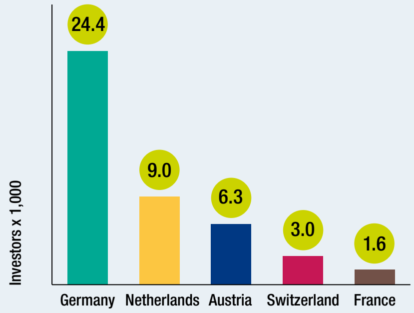
Member capital and development financing

As at 31 December 2023



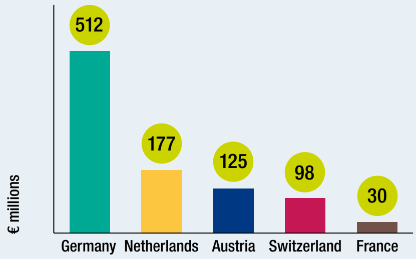
Number of investors

Top five countries as at 31 December 2023



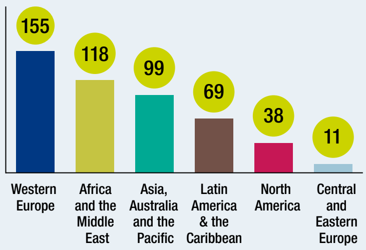
Five countries with highest member capital

Top five countries as at 31 December 2023



Number of members per region

As at 31 December 2023



tested and adjusted a business model to increase rural communities' productive use of clean and sustainable energy for business, industry and agriculture by deploying electric grain mills for flour milling.

Besides the donors and strategic partners mentioned above, in 2023 we also worked on capacity building with the support of Act Church of Sweden, the International Fund for Agricultural Development and Plan International Canada.

Members, investors and capital raising

In 2023 Oikocredit implemented a new capital-raising model with the launch of our new investment product: participations. Investments in our largest inflow market, Germany, transferred to participations in Oikocredit, followed by investments through the Oikocredit International Share Foundation (OISF) in Austria, France, Italy, Spain, Sweden and other legacy countries, and then Switzerland. Belgium will transition in 2024.

In the course of the year, we substituted all the member shares with participations. OISF, whose role in our capital raising has been superseded, went into liquidation.

Participations have considerable advantages over member shares for our cooperative. As a single investment product for all our members and investors, in whatever country they are based, with one set of conditions, participations enable eligible non-member individuals and organisations to invest directly in our work and create a single investor community. By streamlining our inflow model, we can also devote more time and resources to development financing and capacity building in our outflow markets and to further process improvements.

Members and investors

As expected, some members left the cooperative during 2023, and a number of non-member investors redeemed their investments, continuing the previous year's trends. Departures reduced total member numbers from 528 to 490, although we were also very pleased to welcome three new members joining the cooperative. Investor numbers fell to 48,182 (43,448 individuals and 4,734 organisations). We are immensely grateful to all those who have remained with us during this unprecedented transition period.

Among the organisations that are either Oikocredit members or investors, we appreciate the many churches, church-related and non-governmental organisations, and foundations that both provide capital and raise awareness about our work among their members, constituencies and peers. Act Church of Sweden does even more by actively supporting our revolving loan fund and capacity building. We thank all those who continue to engage in our work despite the many urgent demands on their attention and resources.

We were pleased to join the Presbyterian Foundation in the US in marking its 40th anniversary of Oikocredit membership. On the same visit to North America, we also met and reaffirmed our connection with long-standing members the Global Ministries of the United Methodist Church and the Evangelical Lutheran Church of America.

Oikocredit held its Members' Meeting and 47th AGM in hybrid form (in person in Amersfoort, the Netherlands, and online) on 8 and 9 June respectively. Close to 70 members and member representatives participated in the AGM, which approved the annual accounts and a 0.5% dividend for 2022 and agreed new appointments to the Members' Council and other matters.

As we have done for some years, we continue to provide members and investors with quarterly unaudited updates on our financial and social performance and organisational matters.

Capital inflow, redemptions and net asset value

Net capital inflow from Oikocredit members and investors during the year was, as anticipated, negative € 109.9 million (compared with negative € 18.3 million in 2022). Gross inflow totalled € 20.5 million (2022: € 23.7 million) and redemptions € 130.4 million (2022: € 41.8 million). Total member and investor capital reduced by 9.9% to € 1,000.8 million (2022: € 1,110.7 million). This change was anticipated, and we arranged additional capital to finance our planned activities during the capital-raising transition period. The countries with the highest member and investor capital were, as in 2022, Germany, the Netherlands, Austria, Switzerland and France.

Reasons for the loss of capital included our suspension of active capital raising in key markets during the transition to the new model. Some members and investors decided this was an appropriate time to redeem and reallocate their funds. We also strengthened 'know your customer' and anti-money-laundering measures, and the additional documentation requirements led to some exits of members and investors. Rising interest rates and the growing prominence of humanitarian causes worldwide have prompted investors to consider even more carefully how they deploy their money. Economic uncertainty probably also led to redemptions. We were pleased, however, to fulfil our aim of limiting capital loss during the year and reassured by the loyalty of the vast majority of our investors.

We have adjusted the way we calculate net asset value (NAV) per participation to ensure all participations will be treated equally regardless of currency in all possible circumstances. We do this by determining 'total investor amount' (multiplying the number of participations outstanding for each currency by the nominal value and the currency's exchange rate against the euro). We then calculate Oikocredit's NAV (deducting non-equity liabilities from total assets), derive the NAV quotient (dividing NAV by the total investor amount), and finally determine the exact NAV of participations issued in each currency (multiplying the NAV quotient by the participation's nominal value).

The new NAV calculation means that every participation gets the same share of reserves on every occasion, reflects the current market value of member and investor capital (and not historic value), recognises participations in different currencies, and accounts for currency fluctuations.

NAV at end-2022 stood at € 213.95 as previously calculated and will be € 211.79 based on the new calculation. NAV increased in 2023 from € 211.79 to € 214.03 and has strengthened the protection of our members' and investors' capital.

Members' Council

The work of the Members' Council over the past year is described in the council's report starting on page 31.

Support associations

Oikocredit's support associations have long made a valuable contribution in our inflow countries by strengthening links with and between our members and investors, raising awareness through events and campaigns about our mission of responsible investment, and helping us raise funding. We build on the goodwill created by our support associations and continue to collaborate with them to learn from their long experience.

The associations have played a key role in facilitating the introduction of our new capital-raising model. Their former role of marketing our investment product has now become the responsibility of Oikocredit. Henceforth the associations will focus more on nurturing local investor communities, informing them about our work and that of our partners. They will serve as the voice of investors, engaging even more actively in global learning for transformation and advocacy activities with the objective of raising awareness, fostering mutual learning, encouraging action and engaging in societal discourse towards a more just and sustainable world.

Our support associations held a hybrid meeting (in person in Zug, Switzerland, and online) in March 2023 and an online meeting in September 2023. Agenda items included global learning and advocacy, the new customer relations management (CRM) platform, the financial model, the cooperative's capacity building programme and onboarding partners.

We regret that the two North American support associations have ceased to operate because Oikocredit does not currently offer investments in Canada and the United States. We will miss our Canadian and US colleagues' valuable involvement in our work. In acknowledgement of Canadian members' and supporters' contribution, team members from Amersfoort were pleased to attend the Canadian support association's final celebration in Toronto.

Community building, outreach and marketing

In 2023 we held the first three of our new Oikocredit Live interactive online events, which are open to all with an interest in our work. The first, in March, covered our digital Client Self-Perception Survey and our financial inclusion partner Finca Perú's work in empowering women. In July we turned the spotlight on climate change impacts on rural communities, featuring the work of two partners: Norandino, a Peruvian cooperative supporting sustainable agriculture, and Burn in Kenya, which manufactures and distributes fuel-efficient cookstoves. The third event, in December, explored the transformative potential of inclusive finance, with presentations from our partner Pro Mujer and others.

As part of our strategy of facilitating connections, we hosted the Board Chair and the Managing Director of Maanaveeya, Oikocredit's Indian subsidiary, on a visit to Austria, Germany and the Netherlands. They met with members, investors, support association board members, staff and volunteers to discuss our work in India. Colleagues from our Africa regional office in Kenya also came to Europe and met with Amersfoort team members and others.

We organised a study tour this year to India for support association representatives. The tour provided first-hand experience of how Oikocredit's financing makes a difference in the lives of people we and our partners serve. These experiences will inform our support associations' engagement with members and with current and potential investors.

Also in 2023, we announced our new Oikocredit Journeys visit, which will take investors to see the real-world impact of their contributions through our partners' efforts, starting with a visit to Peruvian coffee partners in 2024. We are planning multiple measures to minimise the Peru journey's ecological footprint.

Marketing direct investment in our European inflow countries and promotion of the purchase of participations are largely a new task for Oikocredit. We build on the goodwill created by our support associations and continue to collaborate with them to learn from their long experience. In 2023 we developed a marketing strategy and began work on an institutional investor strategy. We are investing in improved capabilities for marketing and investor services, including the new CRM platform, a branding update, an improved portal where investors can manage their investments and a new website.

We undertook outreach activities, assisted by our in-country support associations, in Austria, France, Germany, the Netherlands, Spain and Switzerland. In Austria, we launched a multimedia marketing campaign using print, television, cinema, billboards and social media; we held presentation events in several cities and organised welcome webinars for new investors. In France and Germany, we made presentations at public events, while in Germany we also gained online and traditional media coverage of our work and launched an email top-up campaign with current investors. We undertook social media and television promotion in the Netherlands; events in four cities, exhibition fairs, a webinar and media promotion in Spain; and social media activity, print media advertising and live events in Switzerland.

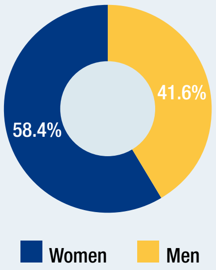
Organisational developments

Consolidating change

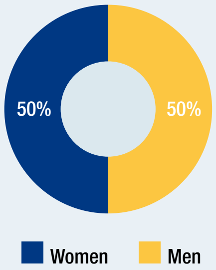
To implement Oikocredit's new capital-raising model, in 2023 we onboarded colleagues and integrated activities from the German and Swiss support associations into our Investor Relations & Capital Raising team. Marketing activities are now guided and coordinated from our international office in Amersfoort.

Oikocredit staff overview
As at 31 December 2023

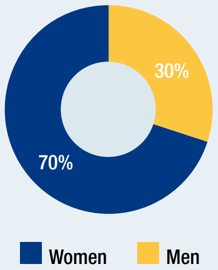
Division of staff by gender



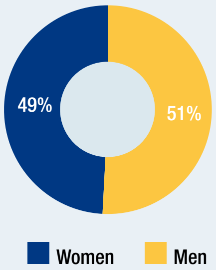
Division of Managing Board by gender



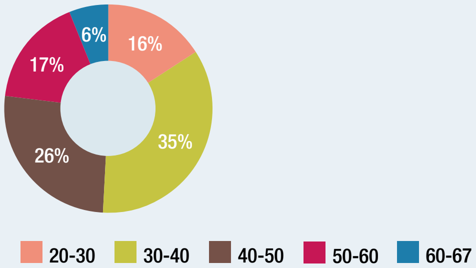
Division of Executive Committee by gender



Division of managers with at least one direct report by gender



Staff age overview



Oikocredit employs people of 46 different nationalities.

To fully adapt to the 2022-2026 strategy, we further focused on the capabilities needed to realise this strategy. This has involved intensified staff training programmes, increased learning and development opportunities, including for the leadership team, and enhanced onboarding of new staff members.

We have revised our performance management methodology to increase staff engagement. Our aim is to create more meaningful conversations, and we have implemented a new intranet community, Oikonnect. The result is that staff are better informed and more connected.

We defined the mindset we need to fully realise our strategy, which we call the 'just do it' mentality. This is a way to highlight what we want to see in our ways of working.

To revitalise our values and culture, we reworded our values and defined accompanying model behaviours to use for internal purposes. Oikocredit's DNA has not changed, but we have found more appropriate ways to express it, giving more emphasis to empowerment, sharing, solidarity, grassroots, integrity and sustainability.

Change project management
Oikocredit's Project Management Office supports and guides the organisation on its strategic transformation. Change initiatives we implemented in 2023 include our Libor transition initiative, aimed at updating several loan agreements to reflect new market practices, and the introduction of a trade management system to automate processes around exposure, risk management and record keeping. Our outflow optimisation initiative looks to digitise core business processes, including debt, equity and capacity building, introducing and further developing our customer relationship management (CRM) system, Salesforce. And in partnership with data platform ATLAS we aim to support transparency in the financial inclusion sector, contribute to better benchmarking and reduce reporting burdens on financial partners.

On the inflow side, we are implementing a comprehensive CRM system (also Salesforce) for capital raising and fundraising, and we have started to plan development of a new public website to ensure a more user-friendly experience. Our data strategy initiative seeks to establish consistent governance over Oikocredit's data assets, ensuring data quality, security, integrity, availability and usability.

Our people
We employed 277 full-time-equivalent staff at end-2023, compared to 250 the previous year; of these, 138 worked outside the Netherlands (2022: 135). We welcomed 57 new permanent employees, and 34 permanent employees left. We employ people of 46 different nationalities in 18 countries around the world. Our Executive Committee continues to comprise 70% women and 30% men, while Oikocredit International overall consists of 58.4% women, 41.6% men and 0% non-binary, with an average employee age of 41. We are pleased to report that no substantial gender pay gaps exists at Oikocredit.

Our Supervisory Board, Managing Board and Executive Committee remained unchanged this year. This is one example of the way our organisational stability has increased, and staff turnover has reduced, compared to 2022. Turnover (12.5%) is still slightly higher compared to past periods, as it is in the wider Dutch economy and in many other countries.

Hybrid flexible working, combining office and remote/home working, continues at the Amersfoort office. We maintain the good habits we developed during the Covid-19 pandemic of regular online meetings where participants are all online together, equalising opportunities to engage and contribute. We have begun to consider the different needs of the various age groups of our employees and whether we can develop specific age-appropriate forms of support to enhance our organisational diversity, equity and inclusion.

Works Council

The seven-member Works Council collaborates constructively with Oikocredit's Supervisory Board and Executive Committee. Matters discussed during the year included performance management methodology, remuneration, employee engagement and turnover, new staff onboarding, organisational innovation, policies and culture, Supervisory Board nominations and the core business model. The council also maintains regular dialogue with staff to discuss topics such as the financial results.

Environment

Many of our partners work with communities on the front line of climate change and biodiversity loss and currently have insufficient resourcing for effective adaptation. Partners and end-clients mention climate change impacts on smallholder farmers' and other MSME owners' livelihoods and wellbeing from extreme weather events such as heavy rainfall, floods and droughts, and from climate-induced crop disease and declining yields. Despite piecemeal successes, international cooperation to protect the climate and biodiversity has so far proved inadequate. Oikocredit does not claim to have all the answers, but our longstanding environment policy and commitment to sustainability across all our activities are, we believe, part of the solution.

We concentrate much of our investing and capacity building in areas where solutions-focused environmental action is both urgent and possible. Results we gathered from partners in 2023 show that 23% of active financial inclusion partners reporting had provided 'green loans' (defined as loans for renewable energy, energy efficiency, sustainable and climate-smart agriculture, recycling and waste management) the previous year. Of our agriculture partners, 94% per cent had applied sustainable farming practices, while 76% were certified under an internationally recognised sustainability standard, such as for organic farming, sustainable forestry or fair trade. Most agriculture partners – 82% in Latin America and the Caribbean, and 69% in Africa – reported working in sustainable forestry.

Our fast-growing renewable energy portfolio responds directly to the world's urgent need to reduce fossil fuel carbon emissions, and to many communities' lack of access to clean energy for domestic, commercial and industrial use.

The cooperative continues to buy FairClimateFund Fairtrade Gold Standard carbon credits to offset our Scope 1 (direct) and Scope 2 (indirect from generation of purchased energy) carbon emissions. In 2023 our offices offset 591 tonnes of CO_2 emissions from 2022. Business travel accounted for 47% of these emissions, followed by electricity and gas consumption (38%), office commuting (12%) and paper use (4%). Total emissions grew because of resumed business travel following the end of the Covid-19 pandemic.

Risk management

In 2023 our mitigation and evaluation of risks were satisfactory. We adhered to our risk appetite statement. The risks we paid specific attention to this year were market risk, credit risk, liquidity risk, compliance risk and reputational risk. In general, we improved our assessments, remediations and reports regarding the risks the cooperative faces and improved our risk culture and company frameworks.

Oikocredit is unavoidably exposed to different sources of financial risk stemming from market movements. Market risk is the risk of losses from exchange or interest rate fluctuations. We have developed extensive guidelines to assess and handle these exposures and have defined rules per currency category. We use hedging to protect against foreign exchange risk to our capital. In 2023 unforeseen action by some partners (early repayments, default situations), combined with the dynamic market conditions, created additional volatility in our income statement through (temporarily) unhedged positions and unrealised exchange rate differences.

The cooperative manages credit and investment risk relating to the development financing portfolio though careful monitoring, reporting, management and engagement with partners in difficulty. In responding to the increase in PAR 90 (portfolio at risk) we intensified our monitoring activities and implemented support measures where needed.

We address liquidity risk by balancing our investing with maintaining sufficient liquidity to meet investors' redemption requests. And we continue to improve our practices regarding operational risks. Last year we managed our liquidity levels in a well-balanced way during the capital-raising transition and while growing the portfolio, ending the year with a healthy liquidity ratio of 11.3%. We renewed a € 70 million credit line to maintain adequate buffers.

No IT-related security issues arose during the year. A third party conducted an IT security audit, which had a satisfactory result. There was one case of external fraud with limited financial damage, and we used this opportunity to strengthen our anti-fraud protection. Throughout 2023 we also focused on client due diligence processes and compliance risk around 'know your customer' requirements. While staff turnover is still high (turnover risk), we are very pleased with the capable new staff we have hired, and employee engagement remains good. We are fostering a more mature risk culture.

From a reputational risk perspective, the Dutch National Contact Point (NCP) for the OECD Guidelines for Multinational Enterprises has accepted three non-governmental organisations' filing regarding our investment approach in

Cambodia's microfinance sector. The NCP's acceptance marks the start of a consultation process that may last about a year, after which the NCP will release a report or statement. We had our first meeting with the NCP and the three NGOs in December 2023 to agree on formal aspects of the process such as confidentiality, information sharing, and meeting dates and location. Part of our immediate response this year has been to strengthen our complaint procedure, which is accessible to all our stakeholders via a dedicated page on our website.

Taxes

Oikocredit carries out its tax governance responsibilities in a transparent and sustainable way. We keep our tax compliance framework under constant review to ensure we continue to pay tax responsibly. Oikocredit incurred taxes of € 2.4 million in 2023. During the year we released € 0.6 million of the tax accrual (2023: € 2.1 million), which was formed to ensure we had a cushion to pay our fair share of taxes in the countries where we have a presence.

Looking ahead

Oikocredit anticipates achieving modest portfolio growth in 2024 in view of current global economic conditions and rising tensions. The need for our investing in support of people and communities with low incomes, and for a more sustainable economy, is as urgent as ever. We will need to remain agile in the face of continuing macroeconomic and political uncertainty and climate unpredictability, with potentially severe effects in the lower-income countries where we work.

Completing our capital-raising transition and increasing our member and investor capital will be major priorities. We expect members and investors in Belgium to transfer to the new investment product, participations, in early 2024. Across our inflow countries we will embark on amplified outreach and marketing while improving our investor services. We want to learn more about our members' and investors' interests, increase their participation in the life of the cooperative, and achieve more value for them in terms of both social impact and financial return, including by increasing the annual dividend for participation holders.

Our ambitions for the development financing portfolio centre on providing partners with high-quality and affordable products and services, and on further improvements in our efficiency and partner support. We will also focus on projects with high impact and/or community-resilience-building dimensions and more innovation. We are keen to see Oikocredit improve its overall ESG performance even more to achieve greater impact for partners and clients.

We will continue working to ensure our organisation is fully fit for purpose and as future proof as possible. There will be further projects on digitalisation and automation to enhance our services to members, investors and partners, more attention to the long-term sustainability of our business model and our organisational culture, and additional efforts to manage our environmental footprint. Compliance risk and mitigation will remain high on our agenda, with a special focus on customer due diligence and the General Data Protection Regulation.

The role of artificial intelligence (AI) is growing rapidly. Our organisation will need to keep abreast of resulting changes, harness AI responsibly where relevant – for example, where it can enable cost savings – and protect our data where necessary.

The European Union's Corporate Sustainability Reporting Directive (CSRD) will require the cooperative to report on its 2025 financial year in 2026. We are planning to make our 2025 Annual Report a combined social impact and financial performance report.

Our governance bodies, support associations and staff teams will strive to maintain momentum and to engage our members and investors more in our activities.

Conclusions

There can be no doubt that 2023 was an eventful year. Having accomplished landmark changes while also responding effectively to day-to-day challenges, we are satisfied with Oikocredit's performance. As always, our successes owe a great deal to the many people within the cooperative and beyond who contribute to our work, and to the many organisations that share our mission. We remain ambitious to achieve more, both quantitatively and qualitatively, by increasing our member and investor capital, growing the development finance portfolio and reaching more end-clients who then report a positive impact on their wellbeing because of Oikocredit's intervention. The environment we operate in faces challenging tides that disproportionally affect our outflow countries and our partners and end-clients. Now is the time for Oikocredit to adapt, step up and play an even more influential role as a social impact investor. Going further and faster while successfully navigating a dynamically changing external environment is a challenge we are confident of meeting.

Amersfoort, 28 March 2024

Mirjam 't Lam
Managing Director

Gwen van Berne
Director Finance & Risk

Patrick Stutvoet
Director Inflow and Business Enablers

Dave Smit
Director Impact Investments

Weziza Benin, an Oikocredit partner since 2022, is an off-grid energy enterprise providing clean and sustainable electricity to people on low incomes. Fewer than half Benin's population currently have access to electricity. Weziza's new mini-grids have so far benefitted more than 2,500 households and 15,000 people.

Solar power enables peri-urban and rural Beninois to grow their businesses; community clinics can provide modern health care; and children can study at night. With Weziza's rental system, clients spread out their payments, and there is a financing programme for women. Émile Tokémé, pictured, is a Weziza community technician.

Supervisory Board report

Providing effective oversight and guidance

The Supervisory Board and its committees maintain effective oversight of Oikocredit's work and progress. The board provides deliberative guidance for the cooperative's impact investing to support people and communities with low incomes in improving their lives and livelihoods. The board's role in relation to the organisation's other governance bodies is described in the section on corporate governance starting on page 6.

Key discussions and decisions in 2023

Capital-raising model

Central to the Supervisory Board's deliberations in 2023 was the transition to Oikocredit's new capital-raising model, with participations replacing member shares as the investment product. In early 2023, the board gave formal approval to the proposed transition to the new model, a historic change for the cooperative. Related approvals involved changes in the Articles of Association to give the Managing Board discretion to determine which shares would convert to participations and the timing for when this would occur, and the new Participation Terms that relate to the holding, issuance and redemption of participations.

Transition to the new model required intense focus on liquidity and the monitoring of capital outflow arising from redemptions. Oikocredit had anticipated and responded effectively to the loss of some member and investor capital, and to the temporary suspension of capital raising in some inflow markets because of the transition. As a result, capital outflow was well within expectations.

Strategic objectives

At its annual strategy session with the Supervisory Board in August, management presented the 2022-2026 strategy overview. The discussions included the key outflow objectives of increasing investments, return and impact, and the inflow objective of raising member capital. The board reviewed the strategy plans, the attendant financial model, and budget principles, including management's plans for funding portfolio growth, increasing the percentage of the portfolio dedicated to additional impact, and the payment of a fair dividend to members and investors.

The role of equity in supporting our impact ambitions and financial targets required the attention of the Supervisory Board, as did the historic performance of our equity investments. At its September meeting in Amersfoort, the board welcomed Gouri Sankar (Managing Director) and Mohua Mukherjee (Chair of the Board) of Maanaveeya for the strategic review of Oikocredit's Indian subsidiary.

The Supervisory Board addresses progress on established strategic objectives on a quarterly basis. The board reviews the status of attainment of the key outflow and inflow objectives as well as progress on inflow and outflow strategy programme plans. It also monitors management's dashboards to follow strategy implementation. Throughout 2023, the board paid particular attention to the inflow ambitions and the building of capital-raising capacity within the organisation, including additional staffing and training in investor support, the development of digital tools for investors, and the development of marketing and communications materials and events. The Supervisory Board also reviews the Managing Board's balanced scorecard on a quarterly basis, including the key performance indicators aligned with our strategic objectives and associated initiatives. The coming year will be the fifth one in which the Managing Board has set its collective objectives using the balanced scorecard and key performance indicator methodology, fixing objectives in four areas: community and impact, financial, operational sustainability, and learning and growth.

Areas requiring the Supervisory Board's continued focus and monitoring were among the objectives approved for 2024. These include targets related to payment of a fair dividend, maintaining net asset value, optimal management of liquidity, limiting exposure risks, limiting and mitigating compliance risks, improving policies and procedures, and cultivating employee engagement and key people capabilities.

Financial and social performance

At each quarterly meeting, the Supervisory Board reviewed and discussed with management the cooperative's financial performance and significant balance sheet developments. We concentrated on portfolio growth and quality, with special attention to the agriculture portfolio as well as PAR 90 (the percentage of outstanding partner loans with payments more than 90 days overdue), net interest margins and cost structures. We monitored closely diversification of the portfolio into community-resilience-building sectors such as education, housing, WASH (water and sanitation) and community infrastructure, and followed the evolution of partners' environmental, social and governance (ESG) metrics, as well as expansion of Oikocredit's ground-breaking Client Self-Perception Survey.

Annual budget and annual plan

In early 2023, we approved the 2022 annual accounts and the Managing Board's proposed allocation of the past year's net income.

Constraints

Management reviewed and revised the provisional 2023 budget approved at the end of 2022. This was informed by the adoption of the new capital-raising model and revised forecasts of the impact of transition on member and investor capital inflow resulting from the capital-raising transition, resulting constraints on development finance portfolio growth, and evolving external macroeconomic conditions, including high inflation and rising interest rates. These developments, combined with increasing regulation in some export markets, impacted many partner organisations. Agriculture partners in Africa were especially affected by such challenges, reducing the ability of some to make loan repayments on time. Midyear, the Supervisory Board approved a revised annual budget incorporating updated estimates of operational costs, loan loss provisions, equity impairments, net interest and equity income.

The Supervisory Board reviewed and approved a 2024 budget setting moderate growth ambitions, growth in inflow consistent with that achieved prior to transition to the new capital-raising model, and a reduction in the ratio of costs to assets. The board encouraged management to be ambitious in the setting of targets while giving particular attention to Oikocredit's cost structures and the necessity for cost efficiencies.

Risk management and control environment

The Supervisory Board's duties include supervising and advising regarding the design, operation and effectiveness of Oikocredit's internal risk management and control systems. We approved the 2024 internal audit plan, as well as the updated internal compliance charter.

Compliance with regulatory requirements in inflow and outflow markets was a topic of discussions with management.

Employer role

Consistent with the Supervisory Board's role as the Managing Board's statutory employer, the board approved a proposed performance management methodology for the Managing Board. In coordination with the Managing Director, the board carried out annual performance reviews of Managing Board members based on 2022 performance and approved corresponding salary adjustments. The board also approved 2023 individual objectives for Managing Board members flowing from collective objectives previously established at the end of 2022.

Supervisory Board composition and internal governance

As the five Supervisory Board members appointed in 2022 gained a deeper understanding of Oikocredit as an organisation, we addressed our own functioning. We approved draft rules for the board, terms of reference for the board's four committees, and an updated board conflict-of-interest procedure. We further engaged an external consultant to assist us in our self-evaluation as a board in line with good corporate governance.

Our board's 2023 permanent education programme addressed the organisation's efforts to increase the impact of our work. We met with the management of a partner to discuss impact in the coffee sector and discussed the Client Self-Perception Survey with Oikocredit staff responsible for its design and implementation. We approved the board's 2024 permanent education programme, which will include future reporting under the European Union's Corporate Sustainability Reporting Directive (CSRD).

Members of the Supervisory Board

As at 31 December 2023

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

At the end of 2023, we prepared for the appointment of new members to the Supervisory Board in 2024, approving a collective board profile. We discussed and approved individual profiles for candidates for appointment who would complement the existing board and fulfil its current needs in light of Oikocredit's strategic objectives.

Cooperative functioning and cooperative membership

In 2023, we had occasion to reflect on cooperative functioning and cooperative membership. We participated in a joint governance training session with the Executive Committee and the Members' Council, clarifying the roles of the various governance bodies. We participated in a joint session with the Members' Council dedicated to a discussion of cooperative issues, including cooperative member engagement, and ensuring the proper representation of investor and member voices.

At the latter session, we considered conclusions drawn from a series of extensive interviews with representatives of all support associations and other stakeholders carried out by Mirjam 't Lam (Managing Director) and Cheryl Jackson (Supervisory Board Chair). The interviews covered topics related to cooperative functioning and membership, strategy and the role of Oikocredit support associations. A series of next steps were agreed upon by the Managing and Supervisory Boards and the Members' Council.

We followed with great interest discussions within the cooperative around the distribution of voting rights among members. We approved the admission of new cooperative members and the exit of members who were unable to comply with obligatory 'know your customer' (KYC) requirements.

Other discussions with Oikocredit bodies

The Supervisory Board and its members meet regularly with Oikocredit stakeholders. In addition to the joint meetings mentioned above, in 2023, we met with the full Executive Committee to discuss the committee's composition. The chair of the board's Remuneration, Nomination and Selection Committee (RNSC) joined the Managing Director in meetings with individual Managing Board and Executive Committee members to assess the composition and functioning of the Executive Committee.

The RNSC met the Works Council to discuss the council's strategy and committee structure, the results of employee engagement surveys, staff turnover, new staff onboarding, internal innovation, Oikocredit's global remuneration policy and the core business model. The RNSC and Supervisory Board chairs also met with both Works Council and Members' Council representatives to discuss the Supervisory Board collective profile and 2024 candidate profiles. Our consultations with these representatives and cooperative members regarding board candidates will help us ensure the appointment of qualified candidates supported by all stakeholders.

Board composition and meetings

The Supervisory Board successfully integrated the five new members appointed in 2022, enabling increasingly effective board and committee functioning. 2023 was the first full year of the current board membership, with noticeable advances in board and committee processes and decision-making.

Following Gaëlle Bonnieux's departure from the board on 1 January 2023, Charity Chanda Lumpa took on the role of Vice Chair.

Meetings

The Supervisory Board met for six days during 2023, in February, March, June, September and December. (This was in addition to our joint meeting with the Managing Board and Members' Council in November.) Four of these meetings were in person, while the others were online. The main matters discussed and decided upon were those reported above. Managing Board members are generally present at the Supervisory Board's quarterly meetings. Four preparatory meetings took place in a closed session without management present.

Attendance at Supervisory Board meetings in 2023

Supervisory Board members 2023	*Meeting attendance (days)*
Cheryl Jackson (Chair)	(10/10)
Charity Chanda Lumpa (Vice Chair)	(10/10)
Gaston Aussems	(9/10)
Myrtille Danse	(10/10)
Andries Doets	(10/10)
Lilit Gharayan	(10/10)
Francisco Olivares	(10/10)
Arpita Pal Agrawal	(10/10)

Board committees

The Supervisory Board's committees assist it in the execution of its duties. The board assigns responsibility to the committees to consider certain delegated matters in depth and then to report and make recommendations to the full board. The board discusses committee reports and recommendations in closed session, which allows us to come to informed decisions efficiently and to identify matters requiring further discussion with the Managing Board.

In 2023, the board had four functioning committees: the Impact Investments and Innovation Committee (formed by merging the former Investment Committee with the Impact and Innovation Committee); the Audit, Risk and Compliance Committee; the Remuneration, Nomination and Selection Committee; and the Project House Committee, which became the Capital Inflow Committee early in the year. Committee composition is determined on an expertise basis.

Impact Investments and Innovation Committee (IIIC)

The primary function of the IIIC is to assist the Supervisory Board with its oversight and advisory responsibilities in relation to the cooperative's development finance portfolio and its social impact and innovation objectives. The committee met four times in 2023, once every quarter. Three of these meetings took place via video conference and one in person. The committee also held dedicated in-person education sessions on exposure limits and hedging and a workshop on innovation.

The committee discussed portfolio developments at length, requesting and reviewing an in-depth analysis of non-performing loans. Discussions included management's response to developments, including intensification of partner monitoring and efforts aimed at specific sectors and regions. The committee also discussed the enhanced strategy of the equity unit and plans for Oikocredit's Indian subsidiary, Maanaveeya. Quarterly focus on impact and innovation included discussion with management of PAR 90 developments, the cooperative's Theory of Change and a report measuring impacts at partner level. The committee also reviewed strategic partnerships and monitored metrics for strategy execution.

Audit, Risk and Compliance Committee (ARC)

The ARC's primary function is to assist the Supervisory Board in fulfilling its oversight responsibilities regarding the integrity of the financial statements and the effectiveness of internal controls. The committee monitors and oversees the financial and risk reporting processes, internal control systems established by management, internal and external audit processes, and the process for monitoring compliance with laws and regulations. The ARC also supports the board in monitoring realisation of the strategic financial targets and the Managing Board's maintenance of sound risk management practices.

There were no changes in committee scope in 2023, and the committee focused on further maturing its management information and discussions with management on key topics. The ARC met four times during the year, twice in person and twice via video conference. It held no formal additional meetings, although the chair of the committee periodically met with the Director of Finance & Risk, the Head of Internal Audit and the external auditor.

In early 2023, the ARC discussed the 2022 annual results with management, focusing on the balance of risk and return, member capital outflow, liquidity, and NAV. In a meeting with external auditors, views were shared relating to accounting methods, the evolution of the development finance portfolio, treasury hedging, loan loss provisioning, the valuation of equity investments, and risks such as cybersecurity, the control environment, fraud and compliance with regulatory requirements. Taking note of the cooperative's Allocation of Income Policy, the ARC recommended that the Supervisory Board approve the 0.5% dividend proposed by management.

The ARC monitored the financial performance of the cooperative throughout 2023, reviewing NAV figures, adherence to risk appetite, portfolio and member capital developments, and cost levels. The committee advised the Supervisory Board on the revised budget for 2023, directing its attention to rising operating costs and ompetitive challenges in both capital inflow and outflow markets.

The ARC reviewed the risks related to non-performing loans and the related loan loss provision and equity impairment figures. As developments in both inflow and outflow impacted liquidity levels throughout the year, the ARC monitored the management of liquidity status on an ongoing basis, reviewing management's adoption and execution of contingency plans and the extension of credit facilities.

Non-financial risks reviewed by the ARC included reputation risks related to the filing of a specific instance with the Dutch National Contact Point for the OECD Guidelines for Multinational Enterprises by three NGOs for non-compliance related to business practices in Cambodia. Regulatory and compliance risks were regular topics of discussion, as the ARC noted the maturing of the compliance function within the organisation and recommended the adoption of an updated compliance charter proposed by management. The ARC further noted the necessity for continuous improvement in first and second lines of defense and recommended that close attention be paid to KYC requirements applicable to investors following implementation of the new capital raising model.

The ARC received regular reports from Internal Audit, taking note of open audit findings and management's remedial actions. The ARC approved the 2024 Internal Audit Plan, recommending that head count be addressed in the plan. In a meeting with external auditor KPMG, the ARC discussed the 2023 external Audit Plan focusing on the valuation of loans and equity investments, the control environment, hedge accounting, IT and cybersecurity risks, and regulatory compliance.

The committee discussed an improvement plan for business continuity management which included adoption of a business continuity management function, policy and standard operating procedures, as well as disaster recovery plans to be tested in 2024.

Remuneration, Nomination and Selection Committee (RNSC)
The RNSC oversees the alignment of Oikocredit's policies and practices with its mission, vision and values. The committee also advises the Supervisory Board with respect to culture and human resources management, the appointment, appraisal, development, dismissal, succession and remuneration of Managing Board members, and the nomination, assessment, development, succession and remuneration of Supervisory Board candidates. Following changes in its mandate in 2022, the committee continued with its updated scope in 2023.

The RNSC met four times officially during the year, three times via video conference and once in person. It also met with the Works Council. The committee discussed the performance of individual Managing Board members over 2022 and the goals for 2023, as well as the updated performance management methodology and the outcomes of the annual employee engagement survey. Other topics that the committee monitored were the implementation of Oikocredit's diversity, equity and inclusion policy and the self-evaluation of the Executive Committee.

Project House Committee (PHC) and Capital Inflow Committee (CIC)
The PHC was formed in mid-2022 to supervise and advise management on the development of the cooperative's new capital-raising model, referred to internally as 'Project House'. The committee met twice in the first quarter of 2023 to discuss with management and members of the Project House steering committee regulatory responses to the proposed capital-raising model in Germany and in the Netherlands. Based on positive responses, the PHC recommended to the Supervisory Board approval of the Managing Board's decision to execute the changes proposed and the progressive exchange of all Oikocredit shares for participations. The PHC reviewed and recommended approval of the Participation Terms governing the holding, issuance and redemption of participations.

After reviewing its mandate, in March 2023 the committee agreed to expand its scope to include supervision and advice on inflow strategy and cooperative membership matters and to change its name to the Capital Inflow Committee (CIC). The CIC met three times in 2023 and continued to monitor implementation of the new capital-raising model and its impact on net capital inflow, including plans for Oikocredit's remaining capital inflow markets. The committee paid particular attention to due diligence and regulatory (KYC) compliance measures.

The committee discussed global inflow strategy with management, including 2023 and 2024 targets for member and investor capital, the number of investors and the cost of funding. It supported management's focus on capital-raising capabilities in Oikocredit's central and branch offices, and it followed with great interest inflow marketing campaigns in Germany, the Netherlands, Austria and Südtirol (Italy), France, Switzerland, Belgium and Spain.

The CIC also monitored the work of Oikocredit's support associations in their roles of promoting global learning for transformation and advocacy and nurturing investor communities. Management consulted the CIC on the admission of new members to the cooperative and, following significant efforts aimed at regulatory KYC compliance, on the departure of non-compliant members. The CIC received management updates on discussions regarding the distribution of cooperative members' voting rights.

Board remuneration

There were no changes to the Supervisory Board's remuneration policy in 2023. Board member remuneration is intended to reflect time spent and responsibilities, and to enable Oikocredit to recruit and retain board members with the right balance of experience and competencies. Supervisory Board members receive a fixed fee for their services and reimbursement of travel and administrative costs 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.

Note 34 of the financial statements provides further details about Supervisory Board members' and other Oikocredit remuneration policies.

Looking ahead

The Supervisory Board will maintain close oversight of Oikocredit's affairs and progress in the coming year. Among matters we expect to remain high on our agenda are the development finance portfolio's growth and quality; funding of that growth through capital-raising efforts; liquidity; cost structures and operational sustainability; regulatory compliance; and impacts on partners of macroeconomic challenges. We will continue to closely monitor the cost-to-assets ratio target established in the 2024 budget as well as plans for increasing incremental revenue generation while managing operational costs. The exchange of shares for participations and participants' direct investment in the cooperative will require our continued monitoring of regulatory compliance during a transition period.

As to the board committees, for the IIIC major topics in 2024 will be portfolio quality and monitoring of strategy execution to increase portfolio size and impact. Key areas for the ARC in 2024 will be the organisation's financial sustainability based on its strategic growth ambitions, risk appetite and risk management, further maturing of the compliance and KYC processes, liquidity management and internal audit. The RNSC will review the Executive Committee structure, the organisational culture and the nomination of new Supervisory Board members. The CIC will maintain oversight of issues relating to implementation of the capital raising model, capital inflow, cooperative functioning and cooperative members‘ voting rights and obligations, with a view to advising the Supervisory Board on a proposal to be presented at the 2024 AGM.

The board foresees positive opportunities ahead in the further development of the cooperative, its governance structures, member engagement and membership benefits. We also look forward to advances in our inflow strategy and inflow markets; to further improvements in staff capabilities and organisational capacity and culture; to more innovation in Oikocredit's products and services aimed at increasing our financial and social impact; and to the evolving role of the support associations.

Amersfoort, 28 March 2024

Cheryl Jackson
Chair

Charity Chanda Lumpa
Vice Chair

Gaston Aussems
Supervisory Board member

Myrtille Danse
Supervisory Board member

Andries Doets
Supervisory Board member

Lilit Gharayan
Supervisory Board member

Francisco Olivares
Supervisory Board member

Arpita Pal Agrawal
Supervisory Board member

Cooperativa Agraria Cafetalera La Prosperidad de Chirinos is a Peruvian coffee growers' organisation and trader that has operated for more than 56 years. With 815 associated smallholder coffee cooperatives, Chirinos exports mainly organic and fair trade coffee, which earns farmers a better price. Chirinos is located in the district of Chirinos in northeast Peru, where agriculture and especially coffee production are the main economic activity. It has been an Oikocredit partner since 2011.

Nilter García Chimbo, pictured with a handful of red coffee berries, is one of Chirinos's agricultural engineers.

Members' Council report

Acting as the members' voice

The Members' Council became one of Oikocredit's governance bodies in 2022. It is responsible for voicing the interests of the cooperative's members and facilitating dialogue involving members. The council's role in relation to the other governance bodies is described in the section on 'Corporate governance' starting on page 6.

Roles and responsibilities

The roles and responsibilities of the Members' Council are defined in its terms of reference (ToR) as approved by Oikocredit's General Meeting and in the cooperative's Articles of Association (AoA). These are: to represent and promote the interest of the members (AoA); to reflect and defend members' interests (ToR); to represent the members in the cooperative structure of Oikocredit and operate in a governance role as members of a cooperative society (ToR); to share the members' views on relevant matters with the Supervisory Board and Managing Board and advise accordingly (AoA); and to represent the members in consultations with both boards (ToR).

The council focuses on Oikocredit's vision, mission and values, the international cooperative principles and the Society's high-level strategy and policies (ToR). It operates as a bridge between the members and the two boards (ToR). It coordinates meetings of members (other than General Meetings), such as the Members' Meeting that took place one day before the cooperative's Annual General Meeting in June 2023.

Council composition, committees and working groups

Council composition

Members' Council representatives can serve a maximum of six years (two terms of three years) on the council. At each AGM, representatives leaving the council at the end of their term stand down, and new representatives are elected and/ or those standing again for the council may be re-elected.

Each council representative must be nominated by a member organisation of the Oikocredit cooperative. To achieve a balance, half of the representatives are nominated by support associations and the other half by direct members.

Members' Council representatives

As at 31 December 2023

Name	*Nominated by*
Peter Ohligschläger (Chair)	Oikocredit Westdeutscher Förderkreis (Bonn)
Christiane Riffaud (Co-Vice Chair)	Oikocredit Franche Comté Bourgogne & Mediterrannée (Audincourt)
Anita Clemons (Co-Vice Chair)	Presbyterian Church (USA) Foundation
Guido Forsthuber	Fundación Protestante Hora de Obrar – Argentina
Aglaë Hagg	Katholische Sozialakademie Österreichs
Peter Koona Tefo	Lesotho Evangelical Church in Southern Africa (LECSA)
Malu Padilla	Oikocredit Nederland (Utrecht)
Wilfried Steen	Oikocredit Niedersachsen-Bremen (Braunschweig)

At the June 2023 AGM, Ueli Burkhalter (Council Chair,) and Ulrike Chini (Council Secretary,) left the council. Three new representatives were elected: Guido Forsthuber (Argentina), Malu Padilla (Netherlands/ Philippines) and Wilfried Steen (Germany). Two currently serving council members were re-elected at the AGM: Peter Ohligschläger (Germany) and Anita Clemons (USA), who were elected Chair and Co-Vice Chair respectively. Christiane Riffaud (France) was also elected Co-Vice Chair. The two other council representatives, bringing the total number of representatives to eight, are Aglaë Hagg (Austria) and Peter Koona Tefo (Lesotho).

Committees and working groups

The Members' Council has a Governance Committee, currently comprising Council Chair Peter Ohligschlaeger and Co-Vice Chairs Anita Clemons and Christiane Riffaud. This committee decides on the council's agenda, guides its action and ensures the council operates efficiently. It meets at least every two months and may meet more frequently according to the circumstances. Towards year-end the council began to participate as an observer in Oikocredit's new Network Coordinating Committee, which coordinates the work of the support associations and their work with Oikocredit.

The council has several working groups: a working group on membership, which discusses membership voting rights and related topics; a working group of representatives who participate in the Supervisory Board's nomination and election process, including by assessing profiles and providing views; and a working group on direct member relations that is developing proposals for connecting with direct members. (Direct members are members that are not support associations.)

Governance activity, meetings and discussions

The focus of the Members' Council's work following the June 2023 AGM was to increase its interaction with Oikocredit's governing boards – the Supervisory Board and Managing Board – and with the Executive Committee, to explore issues around membership of the cooperative (such as member voting rights, increasing members' engagement, attracting new members, and members' obligations), and to design a strategy to strengthen connections with members. The council also discussed its own role in the cooperative and elections to the council in 2024.

The council participated via representatives in Oikocredit's Voting Working Group and in the sounding board for Oikocredit's brand refresh and website update.

The Members' Council met in person over three days in August and September 2023 and nine times during the year by video conference, aiming to meet online at least once per month. The council co-organised with the support of Investor Relations the 2023 Members' Meeting in June, at which council representatives were present via video conference or in person in Amersfoort.

Recurring agenda items at Members' Council meetings are the update from the Managing Director and updates on work undertaken by the council's committees and working groups and on any specific assignments that council representatives may have. The Supervisory Board Chair and other Supervisory Board members participated in some of the council's meetings this year.

The Members' Council met with the Supervisory Board and the Managing Board twice during the year, once in person and once by video conference. In addition, the council maintains regular communication with the Managing Director, and alignment took place between the chairs of the Supervisory and Managing boards and of the council. Topics discussed in these meetings included the future of the cooperative's membership, the governance bodies' respective roles and their collaboration.

Some Members' Council representatives participated in the 2023 autumn and spring meetings of Oikocredit's support associations and in country-specific support association meetings, for example in Germany.

Training

As one of Oikocredit's permanent education sessions, the Members' Council, Supervisory Board and Managing Board made a joint study visit to one of the Netherlands' largest cooperatives, Royal FloraHolland. Here we met with the company's Supervisory Board Chair and Chief Executive, who gave a presentation on how they have transformed their cooperative's membership and the role of their governance bodies.

Looking ahead

To enhance its role as the members' voice in Oikocredit, the Members' Council plans to engage with members, particularly direct members, to find out more about their interests and to increase their participation in the life of the cooperative.

Peter Ohligschlaeger
Chair

Anita Clemons
Co-Vice Chair

Christiane Riffaud
Co-Vice Chair

Caurie Microfinance is a Senegalese credit and savings cooperative set up by Caritas and Catholic Relief Services in 1999 to address poverty, create jobs, provide financial services in underserved areas and empower women. An Oikocredit partner since 2008, Caurie operates in 13 regions of Senegal using a village bank approach. Many of its more than 80,000 clients are members of rural women's groups. The cooperative's managing director is currently president of the national microfinance association.

Pictured is a women's village banking group meeting in Thiaoune, Thiès province, Senegal.

Consolidated financial statements

Consolidated **balance sheet**

(Before appropriation of net income)

	Consolidated balance sheet		
Notes		31/12/2023	31/12/2022
		€ ,000	€ ,000
	FIXED ASSETS		
7	**INTANGIBLE FIXED ASSETS**	**4,134**	**1,641**
8	**TANGIBLE FIXED ASSETS**	**3,278**	**3,683**
	FINANCIAL ASSETS		
9	Development financing:		
	Total development financing outstanding	1,084,716	1,007,248
	Less: - loss provision and impairments	(61,551)	(65,674)*
		1,023,165	**941,574**
	Consists of:		
	Loans (net of loss provision)	*889,671*	*817,452**
	Equity (net of impairments)	*130,567*	*124,122*
	Significant influence investment	*2,927*	-
10	Other securities	18,743	23,386
11	Other financial assets	8,894	7,800
	Total	**1,050,802**	**972,760**
11	Deferred tax assets	230	-
	Total fixed assets	**1,058,445**	**978,084**
	CURRENT ASSETS		
12	Receivables and other current assets	39,656	49,042*
13	Cash and banks	58,772	225,207
	Total	**98,428**	**274,249**
	TOTAL	**1,156,873**	**1,252,334**

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

* The 2022 figures are restated for comparison purposes; refer to page 43 where the accounting error is explained.

Consolidated **balance sheet**

(Before appropriation of net income)

	Consolidated balance sheet		
Notes		31/12/2023	31/12/2022
		€ ,000	€ ,000
	GROUP EQUITY AND FUNDS		
14/15	Member and investor capital	1,000,786	1,110,692
15	General reserve	84,648	83,548*
15	Restricted exchange fluctuation	(4,351)	(4,227)*
16	Reserves for subsidised activities	2,514	1,828
17	Funds for subsidised activities	1,340	1,822
	Undistributed net income for the year	1,616	6,951*
	Total group equity and funds	**1,086,554**	**1,200,616**
18	**PROVISIONS**	**289**	**92**
19	**NON-CURRENT LIABILITIES**	**18,580**	**16,628**
20	**CURRENT LIABILITIES**	**51,450**	**34,997**
	TOTAL	**1,156,873**	**1,252,334**

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

* The 2022 figures are restated for comparison purposes; refer to page 43 where the accounting error is explained.

Consolidated **income statement**

Notes	Consolidated income statement	2023 € ,000	2022 € ,000
	INCOME		
	Interest and similar income		
22	Interest on development financing portfolio	88,396	84,335
	Total interest and similar income	**88,396**	**84,335**
	Interest and similar income and expenses		
23	Interest income and expenses	(1,490)	(2,353)
	Total interest and similar expenses	**(1,490)**	**(2,353)**
	Income from equity investments		
24	Result from sale of equity investments	(6,355)	17,461
24	Dividends	4,624	3,323
24	Management fees funds	(128)	(34)
25	Result significant influence investments	759	-
	Total income from equity investments	**(1,100)**	**20,750**
26	**Grant income**	**936**	**819**
	Other income and expenses		
27	Exchange rate differences	(5,506)	1,386
27	Hedge premiums and provisions	(26,263)	(32,526)*
27	Dividend from other securities	4	4
27	Interest on term investments	-	(141)
27	Revaluation term investments	-	(14,795)
27	Other	4,455	86
	Total other income and expenses	**(27,310)**	**(45,986)**
	TOTAL OPERATING INCOME	**59,431**	**57,565**
	GENERAL AND ADMINISTRATIVE EXPENSES		
28	Personnel	(24,513)	(21,074)
	Travel	(1,198)	(923)
29	General and other expenses	(18,840)	(14,822)
	TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	**(44,551)**	**(36,819)**
	ADDITIONS TO AND RELEASED FROM LOAN LOSS PROVISIONS AND EQUITY IMPAIRMENTS		
30	Additions to and releases from loan loss provisions	(14,288)	(8,653)*
30	Impairments on equity investments	3,458	(2,517)
	TOTAL ADDITIONS TO AND RELEASES FROM LOSS PROVISIONS AND IMPAIRMENTS	**(10,830)**	**(11,170)**
	INCOME BEFORE TAXATION	**4,050**	**9,576**
31	Taxes	(2,434)	(2,625)
	INCOME AFTER TAXATION	**1,616**	**6,951**

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

* The 2022 figures are restated for comparison purposes; refer to page 43 where the accounting error is explained.

Consolidated **cash flow statement**

Notes	Consolidated cash flow statement	2023 € ,000	2022 € ,000
	INCOME BEFORE TAXATION	**4,050**	**9,576***
	Interest expenses	1,490	2,353
	INCOME BEFORE INTEREST AND TAXATION	**5,540**	**11,929***
9/12	***Adjusted for non-cash items***		
	Value adjustments loans, equity and receivables	17,788	23,785*
	Unrealised revaluation term investments	-	14,957
7/8	Depreciation (in)tangible fixed assets	1,713	988
11/12/20/31	Taxes paid	(2,004)	(2,532)
	Exchange rate adjustments	22,641	(25,527)*
	Changes in		
9	Development financing (disbursements and repayments)	(124,489)	(26,832)
11	Other financial assets	(1,524)	(5,171)
12	Receivables and other current assets	14,519	230
18	Provisions paid	(69)	(363)*
23	Interest paid	(4,275)	(2,659)
23	Interest received	2,785	306
20	Current liabilities	8,585	(6,174)
	CASH FLOW FROM OPERATING ACTIVITIES	**(58,790)**	**(17,062)**
	Investments and divestments from term investments	-	199,395
7	Investments from intangible assets	(1,028)	(1,166)
8	Investments from tangible assets	(152)	(208)
8	Divestments from tangible assets	1	70
	CASH FLOW FROM INVESTING ACTIVITIES	**(1,179)**	**198,091**
14/45	Member and investor capital issuance in euro and foreign currencies	20,490	23,712
14/45	Member and investor capital redemptions in euro and foreign currencies	(130,411)	(41,812)
	Dividend paid on member and investor capital in euro and foreign currencies	(5,661)	(5,626)
19	Loans and notes	11,081	6,581
	CASH FLOW FROM FINANCING ACTIVITIES	**(104,501)**	**(17,145)**
	CHANGES IN CASH AND BANKS	**(164,470)**	**163,884**
13	Cash and banks beginning of the year	225,207	60,136
	Exchange rate difference on cash and banks	(1,965)	1,187
	Cash and banks end of the year	58,772	225,207
	CHANGES IN CASH AND BANKS	**(164,470)**	**163,884**

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

* The 2022 figures are restated for comparison purposes; refer to page 43 where the accounting error is explained.

Consolidated statement of **comprehensive income**

Notes	Consolidated statement of comprehensive income	2023	2022
		€ ,000	€ ,000
	INCOME FOR THE YEAR AFTER ADDITIONS TO AND RELEASES FROM FUNDS	**1,616**	**6,951***
46	Change in the restricted exchange fluctuation reserve	(124)	12,103*
16	Change in funds for subsidised activities	(482)	(49)
	Total of direct movements in the group equity and funds	**(606)**	**(12,054)**
	COMPREHENSIVE INCOME	**1,010**	**19,005**

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

* The 2022 figures are restated for comparison purposes; refer to page 43 where the accounting error is explained.

Notes to the **consolidated financial statements**

Year ended 31 December 2023

These financial statements cover the year 2023, which ended at the balance sheet date of 31 December 2023. The financial statements contain the financial information of both the Society and the consolidated companies of the Society.

These financial statements are expressed in euro (€). As at 31 December 2023, US$ 1 equalled € 0.904077 (31 December 2022: US$ 1 equalled € 0.934143).

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.

Oikocredit's mission is to challenge all to invest responsibly. It provides financial services and supports organisations to improve the quality of life of people and communities with low incomes 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.

The entities belonging to the Oikocredit group are:

- Oikocredit International Support Foundation, Amersfoort, the Netherlands
- Maanaveeya Development & Finance Private Limited, Hyderabad, India

The International Support Foundation has four board members, all four of whom are representatives of the Society, and therefore belongs to the group.

The Society is at the head of the Oikocredit group and has its central office in Amersfoort, the Netherlands.

The regional offices for the outflow market are located in Kenya, Peru and the Philippines. In addition, Oikocredit has offices in the following countries: Argentina, Brazil, Costa Rica, Côte d'Ivoire, Guatemala, Mexico and Nigeria. The offices in Brazil, Costa Rica, Guatemala, Kenya and Nigeria are incorporated as legal entities:

Brasil Assessoria a Consultoria Ltda) – Brazil
Oikocredit Centro Regional de Servicios Ltda – Costa Rica
Oikocredit Servicios para el Dessarallo Sostenible S.A. – Guatemala
Oikocredit Services Kenya Ltd – Kenya
Oikocredit Nigeria Ltd – Nigeria

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.

The offices of Oikocredit for the inflow market are located in Austria, Belgium, France, Germany and Switzerland. All inflow offices are branches of the Society.

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.

The consolidated financial statements are prepared by using uniform accounting policies for measurement and determination of result of the group.

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 Share Foundation has been liquidated with date 20 December 2023. The Share Foundation functioned as an administrative office of the Society for the sole purpose of issuing depository receipts to investors. As of 1 April 2023, the administration of depository receipts ceased as all former holders of depository receipts became holders of participations issued by the Society. As the Share Foundation no longer served a purpose, the board of the Share Foundation decided to liquidate the Share Foundation.

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 applied over the loan loss provision and the restricted exchange fluctuation reserve have been amended during the year 2023. We refer to the paragraphs 'change in accounting estimate' and 'correction of errors' below. The other 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.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Change in accounting estimate
For the calculation of the loan loss provision, the Society applies the incurred loss model that conforms with the Generally Accepted Accounting Principles in the Netherlands (Dutch GAAP). Part of this calculation is the provision on rescheduled partners. During the year 2023 the method for calculating the provision for rescheduled partners has changed. Instead of providing with a standard % for provisioning, a calculation based on the net present value of future cashflows is now applied.

This change in method resulted in a release of € 0.9 million.

Correction of errors

After adoption of the 2022 consolidated and Society financial statements, a material error was identified in the measurement of the allowance (provision) for loan losses and the recognition of hedge costs in a net investment in the foreign operation.

To correct the errors, the comparative figures for the year 2022 have been restated in the financial statements 2023.

Oikocredit uses the incurred loss model as defined in Dutch GAAP for determining the loan loss provision. In accordance with the incurred loss model, loan losses may only be recognised for incurred losses that exist on balance sheet date. Loan losses expected as a result of future events should not be recognised. As per 31 December 2022 an allowance (provision) for expected losses resulting from country risk has incorrectly been recognised for all loans while no loss has been actually incurred. The provision was therefore not in conformity with Dutch GAAP requirements.

The impact on group equity and funds is € 12.9 million as per 1 January 2022 and € 14.1 million as per 31 December 2022. The impact on the net result/result after tax for the year 2022 is € 1.2 million.

Oikocredit hedges the currency exposure of the net investment in the subsidiary in India. The hedge costs (defined as the difference between the spot rate and forward rate) has incorrectly been recognised in the restricted exchange fluctuation reserve, whereas these hedge costs should have been accounted for the profit and loss statement in accordance to Dutch GAAP.

The impact is a reclassification of € 15.8 million within group equity and funds between the restricted exchange fluctuation reserve, the general reserve and the undistributed income for the year. The impact on the net result/result after tax for the year 2022 is € 3.0 million.

An overview of the impact on the financial position in the balance sheet, the profit and loss account and the statement of comprehensive income can be specified as follows:

Consolidated balance sheet		**Impact of correction of errors**	
As at 31 December 2022	**As previously reported**	**Adjustment**	**As restated**
	€ ,000	**€ ,000**	**€ ,000**
(In)Tangible fixed assets	5,324	-	5,324
Financial assets	927,701	13,873	941,574
Other financial assets	31,186	-	31,186
Receivables and other current asstes	48,802	240	49,043
Cash and banks	225,207	-	225,207
Total assets	**1,238,220**	**14,113**	**1,252,334**
Member captial	1,110,692	-	1,110,692
Gereral reserve	83,512	36	83,548
Restricted exchange fluctuation reserve	(20,039)	15,812	(4,227)
Funds for subsidised activities	3,842	-	3,842
Undistributed income for the year	8,495	(1,735)	6,760
Provisions	92	-	92
Non-current liabilities	16,628	-	16,628
Current liabilities	34,997	-	34,997
Total liabilities	**1,238,220**	**14,113**	**1,252,334**
Total group equity	**1,186,503**	**14,113**	**1,200,616**

Consolidated profit and loss account and consolidated statement of comprehensive income	Impact of correction of errors		
As at 31 December 2022	**As previously reported**	**Adjustment**	**As restated**
	€ ,000	**€ ,000**	**€ ,000**
Gross income	87,795	-	87,795
Other income and expenses	(28,087)	(2,963)	(31,049)
Grant income	819	-	819
Total operating income	**60,527**	**(2,963)**	**57,565**
G&A expenses	(36,818)	-	(36,818)
Additions to loss provisions	(9,881)	1,228	(8,653)
Impairments on equity investments	(2,517)	-	(2,517)
Income before taxation	**11,311**	**(1,735)**	**9,576**
Tax on result	(2,625)	-	(2,625)
Income for the year	**8,685**	**(1,735)**	**6,951**

Group equity and funds				Impact of correction of errors	
As at 31 December 2022	**As previously reported**	**Error loan loss provision**	**Error restricted exchange fluctuation reserve**	**Other**	**As restated**
	€ ,000	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**
Member and investor capital	1,110,692	-	-	-	1,110,692
General reserve	83,512	12,885	(12,849)	-	83,548
Restricted exchange fluctuation reserve	(20,039)	-	15,812	-	(4,227)
Reserves for subsidised activities	-	-	-	1,828	1,828
Funds for subsidised activities	3,842	-	-	(2,020)	1,822
Undistributed net income for the year	8,496	1,228	(2,963)	191	6,951
Total assets	**1,186,503**	**14,113**	**-**	**-**	**1,200,616**

As a result of the aforementioned correction of errors, the consolidated cash flow statement has been adjusted as well. The change has been reflected in the cashflow from operating activities.

Further, the disclosure notes related to the loan loss provision and the restricted exchange fluctuation reserve has been restated.

Foreign currencies

Transactions in foreign currencies
The financial statements are presented in euro. 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 is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Society and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance-sheet assets.

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Society. Liabilities that are not recognised in the balance sheet are considered as off-balance-sheet liabilities.

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.

These financial assets are assessed at each reporting date to determine whether there is objective evidence that any is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

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.

Investments
Participating interests where no significant influence is exercised are measured as the lower of cost or realisable value. In case the Society has the firm 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.

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.

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 is based on incurred loss model.
The loan loss provision can be split in two, 1) incurred and reported loss and 2) incurred but not reported loss.

Incurred and reported loss
The entity considers evidence of impairment for loans measured at amortised cost both individually and on a portfolio basis. All individually significant assets are assessed individually for impairment. The individually significant assets that are not found to be individually impaired and assets that are not individually significant are then collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Society uses historical trends, the timing of collections and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Impairment losses are recognised in the profit and loss account and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised by using the asset's original effective interest rate.

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.

Incurred but not yet reported loss
In the event that a partner has defaulted in the year, but is only discovered after year end, will be called incurred but not yet reported loss. For this a general provision will be created, which is determined based on back testing. Back testing means that the Society will test whether partners went into default in the first and/or second quarter the year after year end and whether the cause was in the reporting year. A three years average will be taken into account to form the provision.

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.

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.

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 and investor capital
The Society raises its equity capital by issuing participations to participants. There is no limit to the number of participations that can be issued. Participations are issued with a nominal value of EUR 200, CAD 200, CHF 250, GBP 150, SEK 2,000 or USD 200.

The participations 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 participations 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 participations, the consideration paid is deducted from equity (member and investor capital). Where such participations are issued, any consideration received is included in equity (member and investor capital).

The Society assesses whether to honour issue and redemption requests on a monthly basis and, following a positive assessment, processes issue and redemption requests on a monthly basis. All issue and redemption requests made in the same calendar month shall be treated as having been made on the last day of that month.

The redemption price for a participation shall be determined by the Society in accordance with the following principles:

1. the redemption price for a participation with a nominal value in euros shall be equal to the net asset value (NAV) per participation, unless the NAV per participation is equal to or higher than two hundred euros (€ 200), in which case the redemption price shall be two hundred euros (€ 200);
2. the redemption price for a participation with a nominal value in a foreign currency is equal to the product of the NAV quotient (i.e., NAV divided by the total amount of participations calculated in euros) multiplied by the nominal value of the participation in the relevant foreign currency, unless the NAV per participation (which is calculated in euros by definition) is equal to or higher than two hundred euros (€ 200), in which case the redemption price is equal to the nominal value of the participation in the relevant foreign currency.

The NAV is derived from the Society's balance sheet at the last calendar day of each month.

The Society may at its sole discretion decide to have the balance sheet go through a process of independent assurance, including having it audited, in order to determine the NAV.

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

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 the (generic) 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 hedge is effective or if there is over-hedging. 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

Income and expense recognition

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises of which the size can measured with sufficient reliability.

Revenues and expenses are allocated to the respective period to which they relate.

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 or net asset value are recognised as income from equity investments in the period in which the dividends become payable.

Share in result of participating interests

The share in the result of participating interests consists of the share of the group in the results of these participating interests, determined on the basis of the accounting principles of the group. Results on transactions, where the transfer of assets and liabilities is between the group and the non-consolidated participating interests and/or mutually between non-consolidated participating interests themselves, are not recognised as they can be deemed as not realised.

The results of participating interests acquired or sold during the financial year are measured in the group result from the date of acquisition or until the date of sale respectively.

Interest and similar income and similar expenses

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

Grants

Designated grants are included as income in the year in which such grants are realised. Grants are realised when the expenses are made.

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). 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.

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% (2022: 25.8%), with an initial rate of 19% for the first € 200,000 of taxable income. No tax has to be withheld on dividends distributed by the Society to its holders of participations.

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 and investor 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 model (aka 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	Non-financial risks	Strategic risks
• Credit	• Operational	• Business model
• Equity	• Compliance	• Operating model
• FX	• Reputational	• Regulatory
• Interest rate		
• Counterparty		
• Liquidity		

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 & Capital Raising, 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 at least once a month.
- 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 & Capital Raising, 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 in aligning the work of different units with the Society's 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 of incurred loss model.

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 lowexposure 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 (geographical diversification)
- Per country group based on country rating (credit profile diversification)
- Per asset class (asset class diversification)
- Per business sector (sector diversification)
- Per partner (single borrower diversification)
- To a group of companies (group diversification)

The adherence to these limits as well as historical development are monitored on a monthly basis by the risk management function and the Portfolio Risk Committee in addition to being shared with the investment function.

2023 gross credit exposure						
As at 31 December 2023	**Financial inclusion**	**Agriculture**	**Renewable energy**	**Other**	**Total**	
Region	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**	**%**
Africa	113,065	59,645	17,482	1,412	191,604	20.4%
Asia	241,563	2,655	19,061	-	263,279	28.0%
Latin America & the Caribbean	379,962	73,160	4,472	1,860	459,454	48.9%
Other	8,771	11,852	3,905	-	24,528	2.6%
Total	**743,361**	**147,312**	**44,920**	**3,272**	**938,865**	**100%**
%	**79.2%**	**15.7%**	**4.8%**	**0.3%**	**100%**	

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%**	

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 at year-end 2023 amounted to € 225.6 million (2022: € 135.1 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. PAR 90 was 5.8% as at 31 December 2023 (2022: 3.8%).

Loans more than 30 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 fairly reflects the potential losses or if manual adjustments are needed. These specific provisions are reviewed each quarter.

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

As at 31 December	**2023**		**2022**	
	€ ,000	**%**	**€ ,000**	**%**
On time	848,354	90.4%	788,349	91.0%
PAR 1-30	22,914	2.4%	21,832	2.5%
PAR 31-90	13,423	1.4%	23,662	2.7%
PAR 91-180	11,647	1.2%	689	0.1%
PAR 181-360	24,988	2.7%	6,098	0.7%
PAR > 360	17,539	1.9%	25,662	3.0%
Total	**938,865**	**100.0%**	**866,292**	**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. Changes in country ratings and scores as well as the analysis from this external rating provider are monitored regularly. In addition to this, the Society also benefits from reports, analyses and news flow of this external rating provider to monitor ongoing developments in countries and regions.

Country risks are mitigated through diversification of the geographical distribution of the portfolio across a number of countries and by percentage limit allocation according to sovereign ratings. Higher-rated countries have a higher percentage (of investable capital) limit. Total exposure in CCC (to countries with CCC-, CCC and CCC+ ratings) and B (to countries with B-, B and B+ ratings) rating buckets are also capped with a percentage limit (of investable capital). For country risk, the Society uses sovereign ratings as assessed by S&P Global, 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			**2023**		**2022**	
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	387,090	35.5%	329,624	32.6%
BB	Speculative grade	Speculative grade	253,954	23.3%	276,811	27.4%
B	Speculative grade	Highly speculative	283,935	26.0%	189,259	18.7%
CCC	Speculative grade	Extremely speculative	166,244	15.2%	215,432	21.3%
CC	Speculative grade	Imminent default	-	0.0%	-	0.0%
D	Speculative grade	In default	-	0.0%	-	0.0%
Total [1]			**1,091,223**	**100.0%**	**1,011,125**	**100.0%**

[1] The totals include the financial lease construction regarding solar panels and guarantees and significant influence investments 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 66.0% 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		**2023**				**2022**	
	Sovereign rating	**€ ,000**	**%**		**Sovereign rating**	**€ ,000**	**%**
India	BBB	228,805	21.0%	India	BBB	200,824	19.9%
Kenya	B-	72,975	6.7%	Ecuador	CCC+	78,177	7.7%
Ecuador	B-	70,928	6.5%	Multinational	BB	60,408	6.0%
El Salvador	CCC+	59,207	5.4%	Kenya	B-	58,832	5.8%
Multinational	BB	52,977	4.9%	Cambodia	BB-	56,252	5.6%
Bolivia	CCC+	48,947	4.5%	Bolivia	CCC+	53,283	5.3%
Peru	BBB	47,566	4.4%	Mexico	BBB+	44,440	4.4%
Mexico	BBB+	46,928	4.3%	Peru	BBB	40,167	4.0%
Indonesia	BBB-	35,420	3.2%	Brazil	BB+	37,871	3.7%
Brazil	BB+	34,987	3.2%	Paraguay	BB+	35,390	3.5%
Total		**698,740**	**66.04%**	**Total**		**665,644**	**65.84%**
Total portfolio [2]		**1,091,223**	**100.0%**			**1,011,125**	**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.

Financial counterparties risk
Financial counterparties risk constitutes the risks run by the Society in its positions with banks (not being partners) and other financial institutions, which positions are functional to the main activity of the Society. Such risk can be defined as the change in creditworthiness or even the risk of default on the contractual obligations of the Society's 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), 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(er) rated counterparties.

ESG screening is done consistently for all bank counterparties. Any financial 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 Executive Committee. 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 Strategy & Sustainable Impact unit.

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 not all equity participations generate steady cash flows (i.e. dividends).

In order to mitigate equity risk in the first line, 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 adviser. The quorum for the Investment Committee is two Managing Board members plus one other voting member, or their respective delegates as long as 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, minor changes in contract and other 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] 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 is presented at acquisition price.

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

2023 equity exposure						
As at 31 December 2023	**Financial inclusion**	**Agriculture**	**Renewable energy**	**Other**	**Total**	
Region	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**	**%**
Africa	8,727	23,404	3,657	1,811	37,599	24.7%
Asia	33,768	8,166	-	-	41,934	27.5%
Latin America & the Caribbean	40,106	3,201	-	-	43,307	28.4%
Other	7,918	6,002	13,718	1,880	29,518	19.4%
Total[1]	**90,519**	**40,773**	**17,375**	**3,691**	**152,358**	**100.0%**
%	**59.4%**	**26.8%**	**11.4%**	**2.4%**	**100.0%**	

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%**	

[1] The totals include the financial lease construction regarding solar panels and guarantees and significant influence investments 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.

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 2023 were € 31.0 million (2022: € 25.4 million). The tables also do not include impairments. Impairments amounted to a release of € 3.5 million in 2023 (2022: addition of € 2.5 million). The dividend received in 2023 amounted to € 4.6 million (2022: € 3.3 million). The results from the sale of equity stakes amounted to a € 6.4 million loss (2022: € 17.5 million gain).

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 participations, the Society also issues participations 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 2023, 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.

Foreign currency exposure - net foreign currency asset positions							
As at 31 December 2023		FX gross credit assets	FX cash	FX LLP	FX member and investor capital + FX liabilities	FX hedging	Net foreign currency asset exposure
		€ ,000	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000
GTQ	Guatemalan Quetzal	19,851	6	-	-	15,955	3,902
KES	Kenyan Shilling	2,846	1,112	-	-	1,155	2,803
GHS	Ghana Cedi	3,706	2,711	1,661	-	3,176	1,581
IDR	Indonesian Rupee	34,810	1,243	-	-	34,579	1,473
MWK	Malawian Kwacha	2,767	-	-	-	1,375	1,392
PEN	Peruvian Sol	24,083	1	4,847	-	18,140	1,097
NGN	Nigerian Naira	705	42	-	-	-	747
UGX	Ugandan Shilling	13,108	212	137	-	12,738	445
USD	US Dollar	461,790	22,396	20,197	13,091	450,502	397
DOP	Dominican Peso	4,621	-	-	-	4,242	379
Other		316,744	5,819	17,110	40,297	277,261	(12,105)
Total		**885,031**	**33,542**	**43,952**	**53,388**	**819,123**	**2,111**

Foreign currency exposure - net foreign currency liability positions							
As at 31 December 2023		FX gross credit assets	FX cash	FX LLP	FX member and investor capital + FX liabilities	FX hedging	Net foreign currency liability exposure
		€ ,000	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000
CAD	Canadian Dollar	-	74	-	1,877	-	(1,803)
GBP	British Pound	-	76	-	6,720	-	(6,644)
SEK	Swedish Krona	-	65	-	7,209	-	(7,144)
CHF	Swiss Franc	-	1,517	-	78,916	-	(77,399)
Total		**-**	**1,732**	**-**	**94,722**	**-**	**(92,990)**

Foreign currency exposure - net foreign currency asset positions							
As at 31 December 2022		FX gross credit assets	FX cash	FX LLP	FX member and investor 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	565
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 and investor 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)**

These tables include the net foreign currency exposure in loans (loans minus loss provisioning), cash and deposits, hedging contracts, member and investor 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 total assets, which represents the Society's FX risk appetite. The excess exposure that could generate an unacceptable result compared to 1% of the Society's total assets limit is hedged externally with FX derivatives through selected counterparties.

Sensitivity of assets to USD		
Change of value to the euro	2023 Sensitivity of assets	2022 Sensitivity of assets
	€ ,000	€ ,000
USD value increase of 1.0%	(144)	(8)
USD value decrease of 1.0%	144	8

Due to the hedging, net income is less volatile and the sensitivity of the nominal value of the assets has been reduced to changes in the euro–US 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. The interest rate risk appetite of the Society in foreign currency is low, therefore the Society aims to hedge all such exposures through FX and interest rate derivatives.

In case interest rates as of 31 December would rise with 1%, leaving all other assumptions constant, interest expenses would rise with € 1.2m in 2023 (2022: € 1.0m) and interest income would rise with € 4.7m in 2023 (2022: € 5.7m).

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 European money market benchmark, the Euro Interbank Offered Rate (Euribor). In 2023 the six-month Euribor averaged 3.69%. 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 2023	**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	423,241	43%	1.05	1.50	0.39
USD credit products	461,790	46%	1.29	1.16	0.44
EUR credit products	53,833	5%	1.68	None	1.68
EUR term investments	0	0%	4.00	None	4.00
EUR cash and liquidity	58,772	6%	0.20	None	0.20
Totals (weighted average)	**997,636**	**100%**			**0.47**

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**

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 and investor capital participations that can be issued by the Society. On the reporting date and during the year 2023, 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. Refer to note 20 for more details on the margin calls.

This liquidity buffer enables the Society to meet its commitments to contracts it has already entered into on the one side and possible redemptions of participations on the other side. 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 at year-end.

Liquidity				
As at 31 December	**2023**		**2022**	
	€ ,000	**%**	**€ ,000**	**%**
Cash and banks	58,772	44.9%	225,207	76,2%
Unused credit lines	72,210	55.1%	70,493	23.8%
Net liquidity	**130,982**	**11.3%**	**295,700**	**23.9%**
Total assets	**1,156,873**		**1,238,220**	

The Society is primarily funded by member and investor capital, and the Managing Board also has authority to procure credit facilities. Redemption will be at the nominal value. However, if the net asset value per participation is lower than the nominal value per participation, the amount payable upon redemption of the participation(s) shall not exceed the sum corresponding to the net asset value. The Society is following the issuance and redemption rules included in the Participation Terms. These sets of rules set out a standardised and transparent process for the issuance and redemption of participations (please also refer to the Oikocredit Prospectus in connection with the offering of participations).

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 and resolution, 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 2023.

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 financing of terrorism (CFT) risks.

The Society adheres to applicable laws and regulations, and has a low risk appetite for incidental breaches – including breaches of internal rules and policies governing its operations. The Society has zero tolerance to cross ethical red lines.

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 whistleblower 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.

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.

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, 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 was notified that three non-governmental organisations filed a specific instance of non-compliance with the Dutch National Contact Point (NCP) to examine Oikocredit's compliance with the OECD Guidelines for Multinational Enterprises, in relation to the Society's activities in Cambodia. Oikocredit committed to cooperate with them, and in September 2023 the Dutch NCP announced that they accepted the specific instance. Following the acceptance, a mediation trajectory between the Society and the NGOs is initiated. The mediation process is expected to conclude in 2024 and Oikocredit will continue to cooperate with the NCP.

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 and 2023, with most of the transition work already completed for its biggest inflow market (Germany). The transition to the new model is decreasing complexity and regulatory risk, whilst increasing transparency and freeing up more resources for our core mission – as side effect, the Society experienced a contained withdrawal in the number of investors and investor capital (see chapter 15).

In 2023, the Society continued to monitor the gradual withdrawal of 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.

Since 2022 the Society relies on an enhanced balanced scorecard methodology, which closely tracks the implementation of the strategy based on a selection of 18 key performance indicators (KPIs). One of the key indicators is the cost ratio on total assets (excluding grant-based expenses). For the year 2023 the cost ratio on total assets is 3.8%. There are initiatives undertaken to improve the ratio.

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.

The Society frequently updates its legal assessment of new and upcoming regulation by using a system that is generally used in the Netherlands – as of 2023, a dedicated report is provided to the ExCo on a semi-annual basis. Additionally, the Society's representatives attend seminars to remain aware of upcoming changes and of the response of peers.

The EU 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 the 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 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

Intangible fixed assets		
Can be specified as follows:	**31/12/2023**	**31/12/2022**
	€ ,000	**€ ,000**
Goodwill	2,420	-
Software and data warehouse	1,714	1,641
Balance as at 31 December	**4,134**	**1,641**

Changes in goodwill	
Can be specified as follows:	**31/12/2023**
	€ ,000
Historical cost price as at 1 January	3,252
Accumulated amortisation as at 1 January	(507)
Balance as at 1 January	**2,745**
Investments	-
Disposals	-
Amortisation	(325)
Movements in the year	**(325)**
Historical cost price as at 31 December	3,252
Accumulated amortisation as at 31 December	(832)
Balance as at 31 December	**2,420**

Goodwill has been recognised in the intangible fixed assets as part of the significant influence investments.

Software and data warehouse		
Changes in intangible fixed assets in 2023 and in the costs of acquisition and accumulated depreciation as at 31 December 2023 can be specified as follows:	**31/12/2023**	**31/12/2022**
	€ ,000	**€ ,000**
Historical cost price as at 1 January	4,553	3,387
Accumulated depreciation as at 1 January	(2,912)	(2,398)
Balance as at 1 January	**1,641**	**988**
Investments	1,028	1,166
Disposals	-	-
Amortisation	(955)	(514)
Movements in the year	**73**	**653**
Historical cost price as at 31 December	5,581	4,553
Accumulated amortisation as at 31 December	(3,867)	(2,912)
Balance as at 31 December	**1,714**	**1,641**

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 amortised in three years.

8. Tangible fixed assets

Changes in tangible fixed assets					
Changes in tangible fixed assets in 2023 and in the costs of acquisition and accumulated depreciation as at 31 December 2023 can be specified as follows:					
	IT equipment	**Furniture**	**Installation Solar assets**	**Total 2023**	**Total 2022**
	€ ,000	**€ ,000**	**€ ,000**	**€ ,000**	**€ ,000**
Historical cost price as at 1 January	1,675	1,677	3,884	7,237	9,659
Accumulated depreciation as at 1 January	(1,456)	(1,153)	(945)	(3,554)	(5,378)
Balance as at 1 January	**220**	**524**	**2,940**	**3,683**	**4,281**
Investments	128	22	-	150	208
Disposals	-	(9)	-	(9)	(2,133)
Depreciation	(150)	(102)	(180)	(433)	(474)
Depreciation disposals	-	9	-	9	2,063
Prior year adjustments depreciation	-	-	-	-	(100)
Exchange rate adjustment historical cost	(2)	(1)	(163)	(166)	(183)
Exchange rate adjustment accumulated depreciation	-	-	43	43	22
Movements in the year	**(24)**	**(82)**	**(300)**	**(406)**	**(597)**
Historical cost price as at 31 December	1,802	1,689	3,721	7,211	7,237
Accumulated depreciation as at 31 December	(1,605)	(1,246)	(1,082)	(3,933)	(3,554)
Balance as at 31 December	**196**	**443**	**2,640**	**3,278**	**3,683**

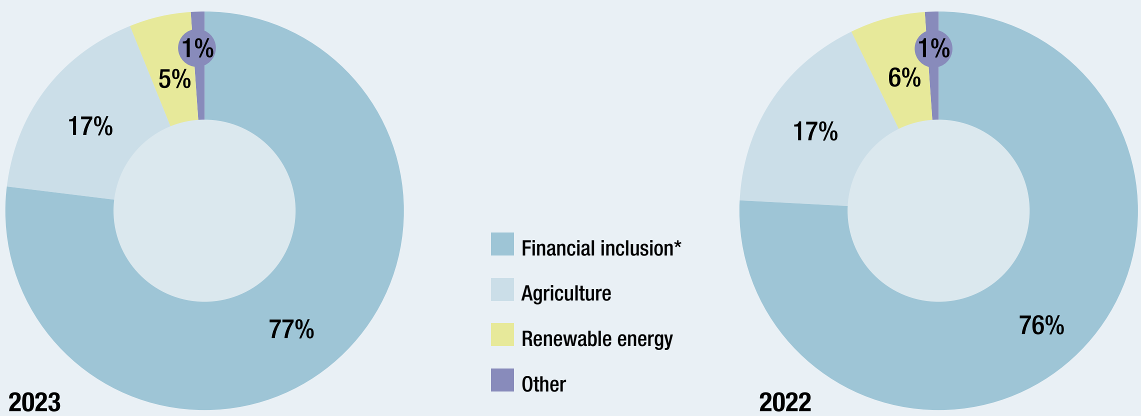
The useful life of the furniture is estimated at five years on average. Information technology (IT) equipment is depreciated in three years. Installations consisting of solar panels are depreciated in 20 years.

9. Development financing

Changes in development financing outstanding		
Can be specified as follows:	**31/12/2023**	**31/12/2022**
	€ ,000	**€ ,000**
Outstanding as at 1 January	1,007,248	995,890
Disbursements	530,464	408,479
Capitalised interest and dividends	(1,838)	(933)
Less: - repayments	(404,137)	(380,714)
- write-offs	(11,114)	(28,256)
Equity divestments	(10,225)	(13,858)
Deduct historical cost significant influence investments	(5,677)	-
Net asset value significant influence investments	2,927	-
Exchange rate adjustments	(22,932)	26,640
Outstanding as at 31 December	**1,084,716**	**1,007,248**

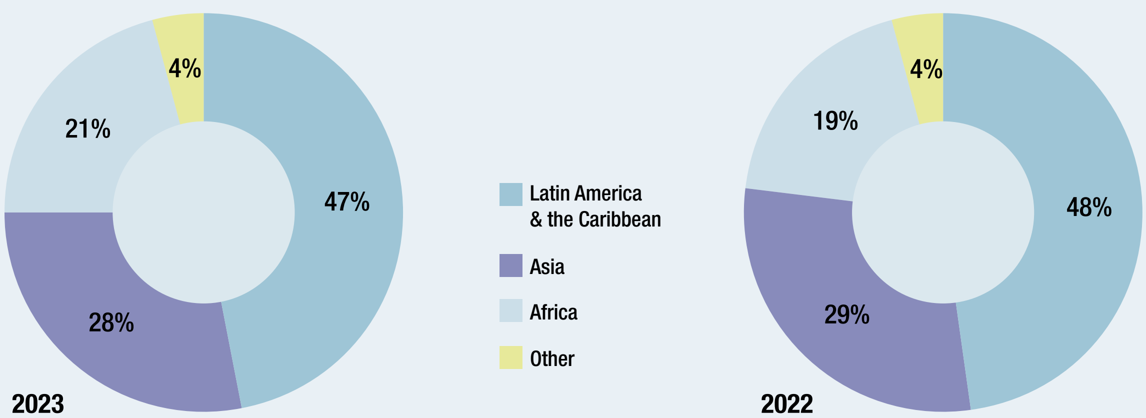
Breakdown of development financing outstanding

Development financing outstanding by sector as at 31 December

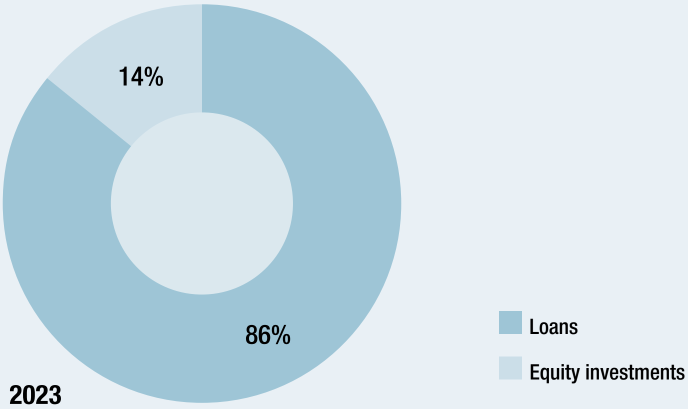


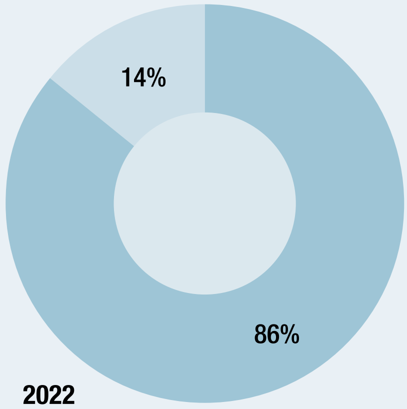
* Including microfinance and SME finance

Development financing outstanding by region as at 31 December

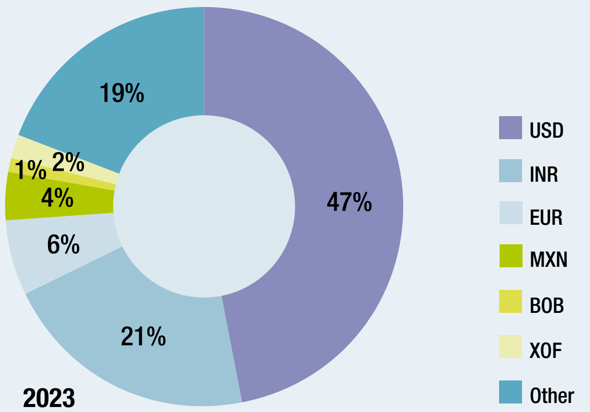


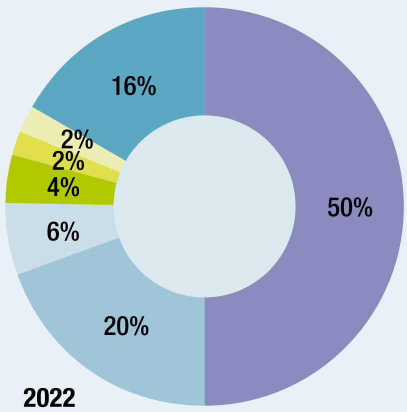
Development financing outstanding by type of financing as at 31 December





Development financing outstanding by type of currency as at 31 December





Maturity of development financing outstanding		
Can be specified as follows:	**31/12/2023**	**31/12/2022**
	€ ,000	**€ ,000**
Instalments maturing < 1 year	434,121	375,839
Instalments maturing > 1 < 5 years	490,467	469,701
Instalments maturing > 5 years	10,520	16,875
Significant influence investments	2,927	-
Equity investments	146,681	144,833
Balance as at 31 December	**1,084,716**	**1,007,248**

Movement schedule loans		
Can be specified as follows:	31/12/2023	31/12/2022
	€ ,000	€ ,000
Balance as at 1 January	862,414	847,150
Disbursements	512,349	389,325
Capitalised interest and dividends	(1,838)	(933)
Less: - repayments	(404,137)	(380,714)
- write-offs	(10,744)	(19,055)
Exchange adjustments	(22,937)	26,641
Balance as at 31 December	**935,107**	**862,414**

Movement schedule equity investments		
Can be specified as follows:	31/12/2023	31/12/2022
	€ ,000	€ ,000
Balance as at 1 January	144,833	148,740
Additions/disbursements	18,120	19,153
Write-offs	(370)	(9,202)
Disposals	(10,225)	(13,858)
Deduct historical cost significant influence investments	(5,677)	-
Net asset value significant influence investments	2,927	-
Outstanding as at 31 December	**149,608**	**144,833**

Schedule equity investments < 20% and > 20% and significant influence					
Can be specified as follows:	< 20%	> 20%	Significant influence	Total 2023	Total 2022
	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000
Historical cost value	126,017	20,662	-	146,679	148,740
Net asset value significant influence investments	-	-	2,927	2,927	-
Impairments	(7,523)	(8,592)	-	(16,115)	(27,395)
Outstanding as at 31 December	**118,494**	**12,070**	**2,927**	**133,491**	**121,345**

The significant influence investments were purchased for an amount of € 5.7 million. The goodwill has been recognised under the intangible fixed assets (note 7) for an amount of € 2.4 million.

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

Significant influence investments		
The Society had significant influence in the following equity investments as at 31 December 2023	**Participation 2023**	**Participation 2022**
	€ ,000	**€ ,000**
Outgrower SPV, Nicaragua	0.0%	44.2%
Inclusive Guarantee, France	26.6%	26.6%
Fertiplant East Africa Ltd., Kenya	30.0%	30.0%
Cafédirect Plc, United Kingdom	27.7%	27.7%
Agroserv Industrie S.A., Burkina Faso	31.3%	31.3%

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.

During the year 2023 the Society has recognised the significant influence investments against net asset value accounting method.

Movement schedule significant influence investments	
Can be specified as follows:	**31/12/2023**
	€ ,000
Balance as at 1 January	3,368
Result for the year	923
Impairment	(514)
Divestment	(850)
Balance as at 31 December	**2,927**

Movement schedule Outgrower SPV	
Can be specified as follows:	**31/12/2023**
	€ ,000
Balance as at 1 January	850
Result for the year	-
Impairment	-
Divestment	(850)
Balance as at 31 December	**-**

The Society sold its investment in Outgrower SPV in 2023.

Movement schedule Inclusive Guarantee	
Can be specified as follows:	**31/12/2023**
	€ ,000
Balance as at 1 January	340
Result for the year	205
Impairment	-
Balance as at 31 December	**545**

Movement schedule Cafédirect Plc	
Can be specified as follows:	**31/12/2023**
	€ ,000
Balance as at 1 January	1,146
Result for the year	91
Impairment	(514)
Balance as at 31 December	**723**

Movement schedule Agroserv Industrie S.A.	
Can be specified as follows:	**31/12/2023**
	€ ,000
Balance as at 1 January	1,032
Result for the year	627
Impairment	-
Balance as at 31 December	**1,659**

Loan loss provision and impairments on equity		
Can be specified as follows:	**31/12/2023**	**31/12/2022**
	€ ,000	**€ ,000**
Loan loss provision	(45,437)	(44,963)*
Impairments equity	(16,114)	(20,711)
Balance as at 31 December	**(61,551)**	**(65,674)**

* The 2022 figures have been restated for comparison purpose; refer to page 43 where the accounting error is explained.

Movement schedule loan loss provision		
Can be specified as follows:	31/12/2023	31/12/2022
	€ ,000	€ ,000
Balance as at 1 January	(44,963)	(66,006)
Additions	(20,731)	(22,755)
Releases	8,578	14,743
One-off release country provision	-	13,873*
Exchange rate adjustments	935	(3,780)
	(56,181)	(63,925)
Less: - write-offs	10,744	18,962
Balance as at 31 December	**(45,437)**	**(44,963)**

* The 2022 figures have been restated for comparison purpose, refer to page 43 error accounting.

Movement schedule impairments equity investments		
Can be specified as follows:	31/12/2023	31/12/2022
	€ ,000	€ ,000
Balance as at 1 January	(20,711)	(27,395)
Additions	(2,008)	(6,288)
Reclass to significant influence investments	764	-
Reversals	5,471	3,770
	(16,484)	(29,913)
Less: - write-offs	370	9,202
Balance as at 31 December	**(16,114)**	**(20,711)**

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 one month (2022: four years and two 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 changed compared to 2022.

The fair value of the development financing loan portfolio at least equals the book value, which is estimated at € 889.7 million (2022: € 817.5 million).

Fair value of development financing equity portfolio

- Equity investments are valued at the lower of cost or realisable value; the significant influence investments are valued at net asset 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 € 130.6 million (2022: € 124.1 million).

10. Other securities

Changes in other securities can be specified as follows:	31/12/2023	31/12/2022
	€ ,000	€ ,000
Balance as at 1 January	23,386	23,386
Investments during the year at cost	-	-
Divestments during the year	(4,643)	-
Impairment	-	-
Reclassification from development financing portfolio	-	-
Exchange adjustments	-	-
Balance as at 31 December	**18,743**	**23,386**

The other securities consist of:	31/12/2023	31/12/2022
	€ ,000	€ ,000
GLS Mitgliedschaf Genossenschaftsanteile	4,896	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	**18,743**	**23,386**

Fair value of other securities

The fair value of the investment in TCX as at 31 December 2023 amounted to US$ 24.5 million (€ 22.1 million) for 27 shares (2022: US$ 21.5 million (€ 20.1 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:	31/12/2023	31/12/2022
	€ ,000	€ ,000
Hedge contracts financial institutions [1]	8,886	7,362
Staff loans [2]	8	21
Tax asset Maanaveeya	-	417
Total	**8,894**	**7,800**

[1] The fair value of these hedge contracts and other details are disclosed in Note 32.

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

Summary of deferred tax assets:	31/12/2023	31/12/2022
	€ ,000	€ ,000
Tax asset Maanaveeya	230	-
Total	**230**	**-**

12. Receivables and other current assets

The receivables maturing within one year can be specified as follows:		31/12/2023		31/12/2022
		€ ,000		€ ,000
Hedging contracts (refer to Note 32)		20,033		22,784
Accrued interest on development financing net of allowance		12,403		11,881
Hedging receivable		3,177		8,626
Interest receivable		1,612		1,585*
- face value	4,667		5,361	
- less: allowance for uncollectability	(3,055)		(3,776)*	
Value added tax and wage taxes		486		448
Amounts prepaid		368		825
Staff loans [1]		13		12
Receivable Share Foundation		-		1,318
Sundry receivables		1,564		1,563
Balance as at 31 December		**39,656**		**49,042**

Changes in the allowance for uncollectability are specified as follows:	2023	2022
	€ ,000	€ ,000
Balance as at 1 January	(3,754)	(3,269)
Additions	(3,520)	(2,776)
Releases	266	913
Write-offs from allowance	3,881	1,327
- one-off release country provision on interest	-	240*
Exchange adjustment	72	(210)
Balance as at 31 December	**(3,055)**	**(3,776)**

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

* The 2022 figures have been restated for comparison purpose, refer to page 43 error accounting.

Fair value of receivables
The fair value of the current assets approximates the book value.

13. Cash and banks

Can be specified as follows:	31/12/2023	31/12/2022
	€ ,000	€ ,000
Cash and banks including time deposits maturing within one year	58,772	225,207
Balance as at 31 December	**58,772**	**225,207**

The Society maintains its funds in banking institutions in Africa, Asia, Europe, Latin America and the United States. The time deposits included in cash and banks as at 31 December 2023 all mature in 2024.

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 participations 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% (2023: 94%).
- 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.

14. Member and investor capital

The Society raises its equity capital by issuing participations to participants. There is no limit to the number of participations that can be issued. Participations are issued with a nominal value of EUR 200, CAD 200, CHF 250, GBP 150, SEK 2,000 or USD 200.

Participations are available for subscription by both members and other eligible investors alike. Participations do not confer on their holder the right to attend the General Meeting or the right to vote. Voting rights are attached to the membership of the Society. Membership of the Society is restricted to eligible organisations that meet the criteria as set out in the Society's Articles of Association. A participant does not become a member by acquiring or holding participations.

The participations are the most subordinated class of instruments issued by the Society. The Articles of Association of the Society and the participation terms 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 participations 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 participations, the consideration paid is deducted from equity capital. Where such participations are issued, any consideration received is included in equity capital.

Net asset value

As at 31 December 2023, the net asset value per participation amounted to € 214.03 (2022: € 213.95). Following the participation terms, 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 participations received during December 2023 will be registered as of 1 January 2024. There was € 2.5 million of participations to be issued and € 4.5 million of participations to be redeemed to members as at 31 December 2023. On 8 January 2023 the Managing Board decided to issue and redeem the requests submitted in December 2023.

The net asset value, the issue price and the redemption price of a participation are determined by the Society as set out in the Participation Terms.

Implementation of a new capital-raising model

The Society historically raised its equity capital through the issuance of shares to its members. Only members were allowed to hold shares. Other investors invested indirectly in the Society, largely through the Support Associations.

As of 1 March 2023, the Society implemented a new capital-raising model, which entails on the one hand the incremental introduction in the relevant jurisdictions of one direct investment opportunity offered to both members and other eligible investors, in the form of the participations, and on the other hand the phasing out of shares. As of 1 June 2023, all outstanding shares were converted to participations. Until the last share was converted, the Society had the obligation to redeem shares and participations within five years after a redemption request (although the redemption price could be below nominal price or even nil). Now that all shares have been converted to participations, this obligation no longer applies. As a result, the cooperative is in a better position to protect the value of the participations in potential times of stress.

As at the end of December 2023, all investors, except for investors in Belgium and the Netherlands, are holders of participations and invest directly in the Society rather than indirectly via a support association. Investors in Belgium became direct holders of participations as of 1 January 2024. Investors in the Netherlands currently still invest indirectly in the Society through an instrument derived from the participations and issued by the relevant support association, Oikocredit Nederland Fonds.

Can be specified as follows:	**31/12/2023**	**31/12/2022**
	€ ,000	**€ ,000**
Member capital Shares		
Balance as at 1 January	1,110,692	1,128,976
New euro shares issued	1,301	19,166
New shares in other currencies issued	653	4,546
Redemption of euro shares	(78,650)	(37,637)
Redemption of shares in other currencies	(2,482)	(4,175)
Transfers to participations EUR	(934,621)	-
Transfers to participations in other currencies	(107,542)	-
Exchange adjustments - transfer to participations	10,649	(184)
Balance as at 31 December	**-**	**1,110,692**

Can be specified as follows:		**31/12/2023**
		€ ,000
Member Capital - Participations		
Balance as at 1 January		-
Transfers from shares EUR		934,621
Transfers from shares in other currencies		107,542
New euro participations issued		15,848
New participations in other currencies issued		2,688
Redemption of euro participations		(46,862)
Redemption of participations in other currencies		(2,417)
Exchange adjustments - transfer from shares		(10,649)
Exchange adjustments		15
Balance as at 31 December		**1,000,786**
Of which	- euro participations	903,622
	- participations in other currencies (at original exchange rate)	97,164

15. General reserve

Can be specified as follows:	31/12/2023	31/12/2022
	€ ,000	€ ,000
Balance as at 31 December (as reported)	-	73,598*
Accounting change loan loss provision	-	12.885*
Accounting change restricted exchange fluctuation reserve	-	(12,849)*
Balance as at 1 January	83,548	73,634*
Appropriation of the prior-year results	6,760	15,257
Paid dividend	(5,661)	(5,618)
Prior-year adjustment	-	275
Balance as at 31 December	**84,647**	**83,548**

For the restricted exchange fluctuation reserve please refer to the Society financial statements in Note 46.
* The 2022 figures have been restated for comparison purpose, refer to page 43 error accounting.

The prior year adjustment for the year 2022 was related to an unadjusted difference in the result of the year 2021.

16. Reserves for subsidised activities

Reserves for subsidised activities		
Can be specified as follows:	31/12/2023	31/12/2022
	€ ,000	€ ,000
Capacity building reserve	2,514	1,828
Balance as at 31 December	**2,514**	**1,828**

General reserve		
Can be specified as follows:	31/12/2023	31/12/2022
	€ ,000	€ ,000
Balance as at 1 January	1,828	1,819
Additions to / releases from fund	172	133
Allocation of prior year result	191	(124)
Allocation between funds	323	-
Balance as at 31 December	**2,514**	**1,828**

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:	**31/12/2023**	**31/12/2022**
	€ ,000	**€ ,000**
Capacity building funds	1,340	1,822
Balance as at 31 December	**1,340**	**1,822**

Capacity building (CB) and guarantee funds	**Balance as at 1 January 2023 € ,000**	**Addition to/ (released from) fund € ,000**	**Allocation of prior year result € ,000**	**Allocation between funds € ,000**	**Balance as at 31 December 2023 € ,000**
CB - SSNUP / ADA project [1]	-	-	-	-	-
CB - Plan International Canada (WISE) [2]	-	-	-	-	-
CB - The Primate's World Relief fund [3]	-	-	-	-	-
CB - We Effect / SIDA [4]	-	-	-	-	-
CB - Oikocredit Stiftung Deutschland (End-client survey) [5]	-	-	-	-	-
CB - International fund for Agricultural Development [6]	-	-	-	-	-
CB - Enterprise Support facility [7]	700	(103)	-	-	597
CB - Innovation Support facility [8]	500	(25)	-	-	475
CB - Development Education & Advocacy facility [8]	300	(32)	-	-	268
General guarantee fund & Guarantee fund for Africa [9]	323	-	-	(323)	-
Total	**1,823**	**(160)**	**-**	**(323)**	**1,340**

[1] 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.

[2] The Women's Innovation for Sustainable Enterprises (WISE) project was established to enhance 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.

[3] 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.

[4] 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.

[5] The Client Self-Perception Survey was launched in 2021 with the aim of providing partners with insights into how their clients perceived changes happening in their lives. After a successful pilot stage, the project received € 280,000 of additional funding in 2023 to further expand its reach.

[6] 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 earlier implementation in Latin America.

[7] 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 in 2023 additional € 100,000 was awarded by Oikocredit Stiftung Deutschland.

[8] The aims of the 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 by the Church of Sweden.

[9] General guarantee funds were allocated to capacity building funds where they will be utilised to support various capacity building projects.

18. Provisions

Can be specified as follows:	31/12/2023	31/12/2022
	€ ,000	**€ ,000**
Restructuring provision [1]	289	92
Total provisions	**289**	**92**

[1] This provision as at 31 December 2023 reflects costs associated with the closure of some country offices.

Movement schedule provisions		
	31/12/2023	**31/12/2022**
	€ ,000	**€ ,000**
Opening balance	92	216
Withdrawal	(69)	(363)
Additions	266	239
Total provisions	**289**	**92**

19. Non-current liabilities

Can be specified as follows:	2023	Remaining term > 1 year < 5 years	Remaining term > 5 years	2022
	€ ,000	**€ ,000**	**€ ,000**	**€ ,000**
Bank loans	17,881	17,881	-	15,092
Hedge contracts (refer to Note 32)	699	699	-	1,536
Total other non-current liabilities	**18,580**	**18,580**	**-**	**16,628**

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:	31/12/2023	31/12/2022
	€ ,000	**€ ,000**
Balance as at 1 January	15,092	14,434
New loans	29,383	24,991
Repayments	(4,257)	(8,749)
Reclassification to current liabilities	(21,264)	(14,231)
Exchange rate adjustments	(1,074)	(1,353)
Balance as at 31 December	**17,880**	**15,092**

Bank loans consist of the following:
- Loans with a total principal amount of INR 3.6 billion from financial institutions in India maturing in 2024 for INR 1.96 billion (included under current liabilities), in 2025 for INR 1.04 billion and for the years after 2025 for INR 0.6 billion. The loans carry an average interest rate of 9.85%.

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.

20. Current liabilities

All current liabilities mature within one year and can be specified as follows:	**31/12/2023**	**31/12/2022**
	€ ,000	**€ ,000**
Long-term loans expired or expiring within one year[1]	21,264	14,231
Collateral hedging	11,510	1,630
Hedging premiums payable	3,168	2,744
Hedge contracts (refer to Note 32)	2,907	6,294
Accrued personnel expenses	2,169	1,769
Other taxes payable[2]	2,153	2,757
Accounts payable	1,478	1,642
Accrued expenses, sundry liabilities[3]	6,802	3,930
Balance as at 31 December	**51,450**	**34,997**

[1] Consists of amounts maturing within one year from loans taken from financial institutions in India for € 21.3 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 2023 a release of € 0.6 million was accounted for. The total tax accrual amounts to € 2.1 million.
[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.

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 € 345,797 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 our financial counterparts include the obligation to post collateral under a CSA (Credit Support Annex). This implies that changes in the market value of the derivative portfolio per counterparty may result in a daily exchange of Cash Collateral with that counterparty.

In the CSA's with Rabobank, ING, and NatWestMarkets, the thresholds, for both the Society and the counterparty are set at zero. In the CSA with TCX, the threshold, for both the Society and the counterparty is set at USD 3.0 million. In the CSA with Standard Chartered Bank, the threshold for the Society is set at USD 3.0 million, and for Standard Chartered Bank, it is set at USD 50.0 million.

As at December 31, 2023, no collateral was exchanged between Standard Chartered Bank and the Society. The Society posted EUR 0.2 million with ING and EUR 0.9 million with NatWestMarkets, while Rabo posted EUR 11.1 million, and TCX EUR 1.5 million with the Society.

As at 31 December 2023 the market value of the hedge contracts with Standard Chartered Bank was US$ 0.8 million positive. As at 31 December 2023 the market value of the hedge contracts with TCX was US$ 5.2 million positive. The market value of the derivative portfolio with Rabobank was € 14.1 million positive. The market value of the hedge contracts with ING was € 1.4 million. The market value of the hedge contracts with NatWest was € 0.2 million negative. For posted cash collateral, refer to Note 12.

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 INR 187.8 million (€ 2.05 million). The last contract will end in 2028.

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 (€ 1.65 million). This amount is not recorded as a tax liability.

Committed not yet disbursed
The Society had committed € 232.4 million (2022: € 135.1 million) to its partners as at 31 December 2023 that was not yet disbursed in 2023.

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 US$ 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 US$ 0.8 million in favour 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:	**2023**	**2022**
	€ ,000	**€ ,000**
Interest on development financing portfolio	88,395	84,335
Total interest and similar income	**88,395**	**84,335**

23. Interest and similar income and expenses

Can be specified as follows:	**2023**	**2022**
	€ ,000	**€ ,000**
Interest paid on long-term loans, current accounts and other short-term liabilities	(4,275)	(2,659)
Interest received on bank accounts and time deposits	2,785	306
Total	**(1,490)**	**(2,353)**

24. Income from equity investments

Can be specified as follows:	2023	2022
	€ ,000	€ ,000
Result from sale of equity investments		
Sale Banco Pyme de la Comunidad	(1,924)	-
Sale Nicafrance - Nicaragua Outgrower Holdings	(2,123)	-
Sale Avante	(2,308)	-
Sale Fusion Micro Finance Private Limited	-	21,108
Sale Opportunity International Savings and Loans Limited	-	(1,083)
Sale Y-Cook India Private Limited	-	(2,564)
Total result from the sale of equity investments	**(6,355)**	**17,461**
Dividends	4,624	3,323
Management fees funds	(128)	(34)
Total income from equity investments	**(1,859)**	**20,750**

25. Result from significant influence investments

Movement schedule significant influence investments	
Can be specified as follows:	2023
	€ ,000
Prior year adjustment/opening adjustment	350
Result for the year	923
Impairment	(514)
Balance as at 31 December	**759**

26. Grant income

Grants		
	2023	2022
	€ ,000	€ ,000
Grants recognised from Appui au développement autonome a.s.b.l.	381	177
Grants recognised from Agricultural Fund for Development	201	130
Grants recognised from Oikocredit Stiftung Deutschland	110	99
Grants recognised from Act Church of Sweden	-	96
Grants recognised from Plan International Canada Inc. (WISE)	15	70
Grants recognised from Evangelical-Lutheran Church in Württemberg, Germany	-	57
Grants recognised from Fintrac Inc. (USAID)	-	55
Grants recognised from We Effect	14	27
Grants recognised from Primate World Relief	-	19
Grants recognised from Oikocredit Westdeutscher Förderkreis	-	(4)
Other grants recognised	215	93
Total grants	**936**	**819**

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 € 215,000. The Support Foundation received € 0.9 million from SSNUP/ ADA for various projects supporting smallholder farmers and boosting the development of agricultural value chains. During 2023 funds were also received from: Oikocredit Stiftung Deutschland for the Client Survey (€ 280,000); Plan International Canada for the WISE programme in Ghana (€ 71,893); We Effect / SIDA for the IFIL project in Kenya and Uganda; and the International Fund for Agricultural Development (€ 209,665) for the price risk management training project in Rwanda and Honduras.

27. Other income and expenses

Can be specified as follows:	**2023**	**2022**
	€ ,000	**€ ,000**
Exchange rate differences	(5,506)	1,386
Hedge premiums	(26,263)	(32,635)*
Hedge provision	-	109
Dividends and sales from other securities	4	4
Impairments from other securities	-	-
Interest on term investments	-	(141)
Revaluation on term investments	-	(14,795)
Other	4,455	86
Total	**(27,310)**	**(45,986)**

* The 2022 figures have been restated for comparison purpose, refer to page 43 where the accounting error is explained.

28. Personnel

The number of employees who were directly or indirectly employed by the Society at the end of 2023 on the basis of full-time equivalents (FTEs) amounted to 277 (2022: 250). This number includes staff based outside the Netherlands employed by the regional and country offices in the outflow market and the offices in the inflow market (2023: 138 FTE; 2022: 135 FTE). Of the total FTEs (277), 58.4% were women, 41.6% men and 0.0% 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:	**2023**	**2022**
	€ ,000	**€ ,000**
Salaries	(14,637)	(12,300)
Expenses temporary staff	(2,769)	(2,395)
Social security charges	(2,199)	(1,754)
Pension charges	(1,365)	(1,140)
Other allowances (13th month, holiday allowance)	(1,209)	(1,032)
Settlements	(120)	(107)
All other personnel costs	(2,214)	(2,346)
Total personnel expenses	**(24,513)**	**(21,074)**

29. General and other expenses

Can be specified as follows:	2023	2022
	€ ,000	€ ,000
IT-related expenses (including development costs, new software)	(4,289)	(2,567)
Contribution to support associations and Share Foundation	(2,793)	(3,345)
Office expenses	(2,604)	(1,936)
Consultancy expenses including audit fees	(1,987)	(2,361)
Marketing expenses	(1,289)	(686)
Capacity building expenses	(1,069)	(608)
Legal expenses	(575)	(1,890)
Expenses AGM and board	(35)	(90)
Addition/release tax accrual	-	-
All other general expenses	(4,199)	(1,339)
Total general and other expenses	**(18,840)**	**(14,822)**

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:	2023 € ,000	2022 € ,000
Audit of financial statements	(209)	(280)
Assurance services	(67)	(29)
Consulting services	-	(29)
Total audit fees	**(276)**	**(338)**

30. Additions to loss provisions and impairments

Can be specified as follows:	2023	2022
	€ ,000	€ ,000
Additions to and releases from provisions against loan losses and equity impairments		
- equity impairments	3,458	(2,517)
- on principal of loans	(12,108)	(8,009)
- on interest	(3,254)	(1,872)
- Recoveries on write-offs	1,074	-
- one-off release country provision on capital	-	1,228*
Total	**(10,830)**	**(11,170)**

* The 2022 figures have been restated for comparison purpose; refer to page 43 where the accounting error is explained.

The equity impairments show a release of € 3.5 million which is caused by three investments that were sold that resulted in a loss of € 6.4 million (refer to Note 24). The 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 € 6.4 million. We increased the impairments for four equity investments compared to 2022, which resulted in an addition of € 2.9 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.

31. Taxes

The tax rate in the Netherlands is 25.8% (2022: 25.8%), with an initial rate of 19% on the first € 200,000 of taxable income. The tax rate in India for our subsidiary is 25.2%.

As mentioned in the notes to the consolidated financial statements, the offices in Brazil, Costa Rica, Guatemala, Kenya and Nigeria 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 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. The taxes of € 0.1 million relate to these offices and no income taxes are expected to be due in the Netherlands.

The effective tax rate of the Society is 170.6% and differs from the applicable tax rate. This is due to the fact that our subsidiary in India has made a profit locally which resulted in € 2.9 million taxes. The Society has fiscal loss carryforwards and does ecognize fiscal losses in a deferred tax asset on balance sheet. Next to that, there are participation exemptions applicable on results on equity investments which are the permanent difference between commercial and fiscal results.

Can be specified as follows:	**2023**	**2022**
	€ ,000	**€ ,000**
Taxes regional and country offices	(104)	(69)
Taxes Maanaveeya Development & Finance Private Limited	(2,935)	(2,738)
Additions to tax accruals	(141)	(141)
Releases to tax accrual	746	323
Total taxes	**(2,434)**	**(2,625)**

32. Use of financial instruments

Balance sheet item	Product	31/12/2023 Notional € ,000	31/12/2023 Carrying amount € ,000	31/12/2022 Carrying amount € ,000
Oikocredit has entered into the following derivatives to cover its exposure:				
Non-current assets				
FX derivatives	Under hedge accounting	10,119	-	-
Cross currency swaps	Under hedge accounting	163,292	8,886	7,362
	Total		**8,886**	**7,362**
Current assets				
FX derivatives	Under hedge accounting	135,659	20,033	22,784
Cross currency swaps	Under hedge accounting	337,573	-	-
	Total		**20,033**	**22,784**
Non-current liabilities				
FX derivatives	Under hedge accounting	2,888	-	-
Cross currency swaps	Under hedge accounting	30,486	(699)	(1,536)
	Total		**(699)**	**(1,536)**
Current liabilities				
FX derivatives	Under hedge accounting	129,616	(2,907)	(6,294)
Cross currency swaps	Under hedge accounting	34,803	-	-
	Total		**(2,907)**	**(6,294)**

The total book value of the hedge contracts as at 31 December 2022 was € 25.3 million positive (2022: € 22.0 million positive) and the market value was € 20.6 million positive (2022: € 25.5 positive). The hedge-effectiveness test established for 2023 that all contracts were effective, hence no provision was applicable in 2023. In 2022 the hedge-effectiveness showed all contracts to be effective as well.

33. Related party transactions

For transactions with the Managing Board and Supervisory Board, please refer to Note 34 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 € 30,000 (2022: € 26,500).

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, 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 Oikocredit International Share Foundation. The Share Foundation was liquidated in December 2023.

In 2023 the total costs accounted in the Society related to the Share Foundation amounted to € 17,000 (2022: € 311,000).

Funds were donated via the Share Foundation by investors to the Support Foundation for an amount of € 215,000 (2022: € 85,000) 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 € 9.0 million (2022: € 6.8 million). The Society has a service level agreement with Maanaveeya where it has been agreed that Maanaveeya will provide support services in relation to the equity investment activities of the Society in India. Maanaveeya will charge the Society its net cost for these services plus a mark-up. The total costs charged in 2023 were INR 19.1 million (€ 207,000).

Transactions with support associations and members
The Society granted a contribution for costs to the support associations during 2023 of € 2.8 million (2022: € 3.3 million). Oikocredit Stiftung Deutschland donated € 280,000 to the end-client self-perception survey and another € 100,000 to the Enterprise Support Facility revolving fund.

The Society has members that are also partners of the Society. The members that are also partners and with which there were transactions in the years 2023 and 2022 are listed below. The transactions consist of disbursements, interest and capital repayments in the years 2023 and 2022:

Name of partner	Country	Sum of disbursements, interest and capital repayments in 2023
Alternativa, Centro de Investigación Social y Educación Popular	Peru	134,389
Chajul, Asociación Chajulense Va'l Vaq Quyol	Guatemala	2,167,090
CLU, Central Lanera Uruguaya	Uruguay	1,921,422
Unaitas Sacco Society Ltd	Kenya	37,466
Total		**4,260,367**

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**

Amounts owed by and to Oikocredit [1]	31/12/2023 € ,000	31/12/2022 € ,000
Oikocredit International Support Foundation	(6,943)	(4,132)
Maanaveeya Development & Finance Private Limited (owed to Oikocredit)	84,835	73,394

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

34. Remuneration

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 15 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 chairperson to cover their work as a board member on the basis of 15 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:
   - (Inter-)continental 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 accommodation).

The total compensation/remuneration in 2023 amounted to € 154,000 (2022: € 163,000).

Remuneration Managing Board

The remuneration can be specified as follows:	**2023**	**2022**
	€ ,000	**€ ,000**
Gross salary, holiday and year-end allowance	813	699
Expense allowances	-	-
Pension contributions	157	129
Total	**970**	**828**

During part of the year 2022 (April till September) the Managing Board comprised three members.

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 2022 and 2023 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 capital

Some Supervisory Board and Managing Board members have indirect holdings in the Society's participations amounting to € 34,000 at 31 December 2023. These holdings do not have any voting rights.

35. 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 qualify as an adjusting event to be recognised in the financial statements 2023.

Society financial statements

José Buñay farms tomatoes in the village of Cacha, Ecuador, and employs 15 people. José has been a member of Cooperativa de Ahorro y Crédito Daquilema since 2009. Daquilema, an Oikocredit partner, is a savings and credit cooperative serving people who have low and middle incomes.

With branches across the country and more than 160,000 members, Daquilema's services include savings and investment products, microfinance, mobile payments such as for utility bills and remittances, mortgages and insurance. José has received several loans from Daquilema and used his latest loan of US$ 7,000 to build a greenhouse.

Society **balance sheet**

(Before appropriation of net income)

Notes	Balance sheet	31/12/2023	31/12/2022
		€ ,000	**€ ,000**
	Fixed ASSETS		
37	**Intangible fixed assets**	**4,134**	**1,641**
38	**Tangible fixed assets**	**619**	**722**
	Financial assets		
39	Development financing		
	Total development financing outstanding	901,649	848,811
	Less: - loss provision and impairments	(59,982)	(63,409)*
		841,667	**785,402**
	Consists of:		
	Loans (net of loss provision)	*708,173*	*661,280**
	Equity (net of impairments)	*130,567*	*124,122*
	Significant influence investments	*2,927*	*-*
40	Investments in group companies	63,907	58,701
41	Other securities	20,823	25,466
42	Other financial assets	74,696	67,505
	Total financial assets	**159,426**	**151,672**
	Total fixed assets	**1,005,846**	**939,437**
	CURRENT ASSETS		
43	Receivables and other current assets	58,782	62,023*
44	Cash and banks	53,431	220,256
	Total current assets	**112,213**	**282,279**
	TOTAL	**1,118,059**	**1,221,716**

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

* The 2022 figures are restated for comparison purposes; refer to page 43 where the accounting error is explained.

Society **balance sheet**

(Before appropriation of net income)

	Balance sheet		
Notes		**31/12/2023**	**31/12/2022**
		€ ,000	**€ ,000**
	MEMBER AND INVESTOR CAPITAL AND RESERVES		
45	Member and investor capital	1,000,786	1,110,692
46	General reserve	84,672	83,572*
46	Restricted exchange fluctuation reserve	(4,351)	(4,227)*
	Undistributed net income for the year	1,246	6,760
		1,082,353	**1,196,798**
17	**PROVISIONS**	**289**	**92**
48	**NON-CURRENT LIABILITIES**	**699**	**1,536**
49	**CURRENT LIABILITIES**	**34,719**	**23,290**
	TOTAL	**1,118,059**	**1,221,716**

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

* The 2022 figures are restated for comparison purposes; refer to page 43 where the accounting error is explained.

Society **income statement**

Notes	Income statement	2023	2022
		€ ,000	€ ,000
	RESULTS		
40	Results participation in group companies after taxes	7,886	7,875*
	Other results	(7,140)	(1,228)*
	INCOME BEFORE TAXATION	**746**	**6,647**
	Taxes	500	113
	INCOME AFTER TAXATION	**1,246**	**6,760**

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

* The 2022 figures are restated for comparison purposes; refer to page 43 where the accounting error is explained.

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.

The participating interests in group companies are accounted for in the separate financial statements according to the equity accounting method on the basis of net asset value. For details we refer to the accounting policy for financial fixed assets in the consolidated financial statements.

Share of result of participating interests
This item concerns the Society's share of the profit or loss of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Society and its participating interests, and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realized.

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. The 2022 figures are restated for comparison purposes; refer to page 43 where the accounting error is explained.

37. Intangible fixed assets

Intangible fixed assets		
Can be specified as follows:	**31/12/2023**	**31/12/2022**
	€ ,000	**€ ,000**
Goodwill	2,420	-
Software and data warehouse	1,714	1,641
Balance as at 31 December	**4,134**	**1,641**

Changes in goodwill	
Can be specified as follows:	**31/12/2023**
	€ ,000
Historical cost price as at 1 January	3,252
Accumulated amortisation as at 1 January	(507)
Balance as at 1 January	**2,745**
Investments	-
Disposals	-
Amortisation	(325)
Movements in the year	**(325)**
Historical cost price as at 31 December	3,252
Accumulated amortisation as at 31 December	(832)
Balance as at 31 December	**2,420**

Goodwill has been recognised in the intangible fixed assets as part of the significant influence investments.

Software and data warehouse		
Changes in intangible fixed assets in 2023 and in the costs of acquisition and accumulated depreciation as at 31 December 2023 can be specified as follows:	**31/12/2023 € ,000**	**31/12/2022 € ,000**
Historical cost price as at 1 January	4,553	3,387
Accumulated amortisation as at 1 January	(2,912)	(2,398)
Balance as at 1 January	**1,641**	**988**
Investments	1,028	1,166
Disposals	-	-
Amortisation	(955)	(514)
Movements in the year	**73**	**653**
Historical cost price as at 31 December	5,581	4,553
Accumulated amortisation as at 31 December	(3,867)	(2,912)
Balance as at 31 December	**1,714**	**1,641**

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 amortised in three years.

38. Tangible fixed assets

Changes in tangible fixed assets in 2023 and in the costs of acquisition and accumulated depreciation as at 31 December 2023 can be specified as follows:				
	IT equipment € ,000	**Furniture € ,000**	**Total 2023 € ,000**	**Total 2022 € ,000**
Historical cost price as at 1 January	1,642	1,661	3,304	5,234
Accumulated depreciation as at 1 January	(1,442)	(1,140)	(2,581)	(4,401)
Balance as at 1 January	**200**	**522**	**722**	**833**
Investments	121	18	139	164
Disposals	-	-	-	(2,094)
Depreciation	(141)	(101)	(242)	(269)
Depreciation disposals	-	-	-	2,024
Prior year adjustments depreciation	-	-	-	64
Movements in the year	**(20)**	**(83)**	**(103)**	**(111)**
Historical cost price as at 31 December	1,763	1,680	3,442	3,304
Accumulated depreciation as at 31 December	(1,583)	(1,241)	(2,823)	(2,581)
Balance as at 31 December	**180**	**439**	**619**	**722**

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.

39. Development financing

Changes in development financing outstanding		
Can be specified as follows:	**31/12/2023**	**31/12/2022**
	€ ,000	**€ ,000**
Outstanding as at 1 January	848,811	853,524
Disbursements	395,590	295,063
Capitalised interest and dividends	(1,838)	(933)
Less: - repayments	(301,415)	(292,330)
- write-offs	(10,479)	(25,684)
Equity divestments	(10,225)	(13,858)
Deduct historical cost significant influence investments	(5,677)	-
Net asset value significant influence investments	2,927	-
Exchange adjustments	(16,045)	33,029
Outstanding as at 31 December	**901,649**	**848,811**

Loan loss provision and impairments on equity		
Can be specified as follows:	**31/12/2023**	**31/12/2022**
	€ ,000	**€ ,000**
Loan loss provision	(43,868)	(42,698)*
Impairments equity	(16,114)	(20,711)
Balance as at 31 December	**(59,982)**	**(63,409)**

* The 2022 figures are restated for comparison purposes; refer to page 43 where the accounting error is explained.

Movement schedule loan loss provision		
Can be specified as follows:	**31/12/2023**	**31/12/2022**
	€ ,000	**€ ,000**
Balance as at 1 January	(42,698)	(60,115)
Additions	(20,501)	(21,791)
Releases	8,430	13,622
One-off release general and country provision	-	13,136*
Exchange rate adjustments	792	(3,939)
	(53,977)	(59,087)
Less: - write-offs	10,109	16,389
Balance as at 31 December	**(43,868)**	**(42,698)**

* The 2022 figures are restated for comparison purposes; refer to page 43 where the accounting error is explained.

Movement schedule impairments equity investments		
Can be specified as follows:	**31/12/2023**	**31/12/2022**
	€ ,000	**€ ,000**
Balance as at 1 January	(20,711)	(27,395)
Additions	(2,008)	(6,288)
Reclass to significant influence investments	764	-
Reversals	5,471	3,770
	(16,484)	(29,913)
Less: - write-offs	370	9,202
Balance as at 31 December	**(16,114)**	**(20,711)**

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

40. Group companies

Net asset value investments in group companies		
	31/12/2023	**31/12/2022**
	€ ,000	**€ ,000**
Maanaveeya Development & Finance Private Limited, Hyderabad, India [1]	63,907	58,701*
Balance as at 31 December	**63,907**	**58,701**

[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.

* The 2022 figures have been restated for comparison purpose; refer to page 43 where the accounting error is explained.

Maanaveeya Development & Finance Private Limited		
Can be specified as follows:	**31/12/2023**	**31/12/2022**
	€ ,000	**€ ,000**
Balance as at 31 December		52,851
Accounting change loan loss provision	-	718
Balance as at 1 January	58,701	53,569
Result for the year	7,886	7,875
Reclass of accrued interest to separate line item in receivables	-	(454)
Exchange adjustments	(2,680)	(2,289)
Balance as at 31 December	**63,907**	**58,701**

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.

* The 2022 figures have been restated for comparison purpose; refer to page 43 where the accounting error is explained.

41. Other securities

Changes in term investments can be specified as follows:	31/12/2023	31/12/2022
	€ ,000	€ ,000
Balance as at 1 January	25,466	25,466
Investments during the year at cost	-	-
Impairment	-	-
Divestments during the year	(4,643)	-
Reclassification from development financing portfolio	-	-
Exchange adjustments	-	-
Balance as at 31 December	**20,823**	**25,466**

Can be specified as follows:	31/12/2023	31/12/2022
	€ ,000	€ ,000
GLS Alternative Microfinance Fund	4,896	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	**20,823**	**25,466**

42. Other financial assets

Summary of other financial assets:	31/12/2023	31/12/2022
	€ ,000	€ ,000
Loans to group companies	65,801	60,122
Staff loans [1]	9	21
Hedge contracts financial institutions	8,886	7,362
Balance as at 31 December	**74,696**	**67,505**

[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 (€ 16.3 million). The loan carries an interest rate 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 0.6 billion (€ 6.5 million). The loan carries an interest rate of 10.59%. The next and last repayment of the loan is due in October 2024.
- ECB Loan 3 with Maanaveeya Development & Finance Private Limited with a total principal amount of INR 0.7 million (€ 7.6 million). The loan carries an interest rate of 10.11%. The next repayment of the loan is due in June 2024, which has been presented under receivables (Note 42) since it is short term. The second and last repayment is due in December 2024, also presented under receivables.
- ECB Loan 4 with Maanaveeya Development & Finance Private Limited with a total principal amount of INR 2.5 million (€ 27.2 million). The loan carries an interest rate of 9.83%. The first repayment of the loan is due in December 2025, followed by half-yearly repayments, with the last repayment in June 2028.

- ECB Loan 5 with Maanaveeya Development & Finance Private Limited with a total principal amount of INR 2.5 million (€ 27.2 million). The loan carries an interest rate of 9.99%. The first repayment of the loan is due in June 2028, followed by quarterly repayments, with the last repayment due in September 2029.

43. Receivables and other current assets

The receivables maturing within one year can be specified as follows:		**31/12/2023**		**31/12/2022**
		€ ,000		**€ ,000**
Hedging contracts (refer to Note 32)		20,033		22,784
Loans to group companies expiring within 1 year		19,034		13,272
Accrued interest on development financing net of allowance		11,849		11,484
Hedging receivable		3,177		8,626
Interest receivable		2,267		2,163
- face value	4,667		5,361	
- less: allowance for uncollectability	(2,400)		(3,198)*	
Accrued interest ECB loans MV		990		414
Value added tax and wage taxes		486		448
Amounts prepaid		368		825
Staff loans [1]		13		12
Receivable Share Foundation		-		1,318
Sundry receivables		565		677
Balance as at 31 December		**58,782**		**62,023**

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

* The 2022 figures have been restated for comparison purpose, refer to page 43 error accounting.

Fair value of receivables
The fair value of the current assets approximates the book value.

44. Cash and banks

The Society maintains its funds in banking institutions in Africa, Asia, Europe, Latin America and the United States. The time deposits included in cash and banks as at 31 December 2023 all mature in 2024.

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 participations 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% (2023: 94%).
- 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.

45. Member and investor capital

For details about the member and investor capital, please refer to Note 14 of the consolidated financial statements.

46. General and other reserves

General reserves		
Can be specified as follows:	**31/12/2023**	**31/12/2022**
	€ ,000	**€ ,000**
Balance as at 31 December	-	73,897
Accounting change LLP	-	12,885
Accounting change restricted reserve	-	(12,849)
Balance as at 1 January	83,572	73,933
Appropriation of prior-year results	6,760	15,257
Paid dividend	(5,661)	(5,618)
Balance as at 31 December	**84,672**	**83,572**

The Society allocated € 0.7 million of result of 2022 to the general reserve, and a dividend of 0.5% was paid out.
* The prior year adjustment in the year 2022 is related to a change in accounting for the loan loss provision and the restricted exchange fluctuations reserve; see also page 43 where the accounting error is explained.

Restricted exchange fluctuation reserve		
Can be specified as follows:	**31/12/2023**	**31/12/2022**
	€ ,000	**€ ,000**
Balance as at 31 December	-	(16,330)
Adjustment hedge premiums paid	-	12,849*
Balance as at 1 January	(4,227)	(3,481)
Revaluation of hedges on subsidiary	2,554	1,543
Revaluation of subsidiary	(2,678)	(2,289)
Balance as at 31 December	**(4,351)**	**(4,227)**

* The 2022 figures are restated for comparison purposes; refer to page 43 where the accounting error is explained.

The restricted exchange fluctuation reserve is a legal reserve. 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.

47. Differences in equity and net income between the Society and consolidated financial statements

Changes in the difference between the Society and consolidated equity	**31/12/2023**	**31/12/2022**
and profit/loss in the financial year can be specified as follows:	**€ ,000**	**€ ,000**
Equity according to society financial statements	1,082,353	1,196,798*
Reserves Oikocredit International Support Foundation	3	3
Reserves for subsidized activities Support Foundation	2,514	1,828
Funds for subsidised activities and model costs Support Foundation	1,340	1,822
Prior year adjustment	(26)	(26)
Group equity and funds according to consolidated financial statements	**1,086,555**	**1,200,617**

* The 2022 figures have been restated for comparison purpose, refer to page 43 error accounting.

48. Non-current liabilities

Can be specified as follows:	2023	Remaining term > 1 year < 5 years	Remaining term > 5 years	2022
	€ ,000	€ ,000	€ ,000	€ ,000
Hedge contracts (refer to Note 32, consolidated financial statements)	669	669	-	1,536
Total non-current liabilities	**669**	**669**	**-**	**1,536**

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

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.

49. Current liabilities

All current liabilities mature within one year and can be specified as follows:	31/12/2023	31/12/2022
	€ ,000	€ ,000
Collateral hedging	11,510	1,630
Group companies	6,926	4,133
Accrued expenses, sundry liabilities[1]	4,487	2,321
Hedge contracts	2,907	6,294
Accrued personnel expenses	2,168	1,769
Other taxes payable[2]	2,153	2,757
Accounts payable	1,400	1,642
Hedging premiums payable	3,168	2,744
Balance as at 31 December	**34,719**	**23,290**

[1] Mainly consists of account payables and accruals.
[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. We have released € 0.3 million from the accrual. The total accrual is per 31 December 2022 € 2.7 million (2021: € 3.0 million).

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.

50. 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 20.

51. 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 qualify as an adjusting event to be recognised in the financial statements 2023.

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 2024 with regard to 2023 net income.

Allocation of net income 2023	
The Managing Board proposes to appropriate the net income as follows:	**2023**
	€ ,000
Dividend distribution	**5,279**
Net income 2023	*1,246*
Proposal to be deducted from the general reserve	**(4,033)**

In the Annual Report 2022 the below table was included:

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 add to the general reserve	**2,896**

The net income 2022 has been restated and amounts to € 6.8 million. This did not affect the dividend proposal of the year 2022 and the addition to the general reserve.

Independent auditor's report

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

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements 2023 of Oikocredit, Ecumenical Development Cooperative Society U.A, based in Amersfoort.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Oikocredit, Ecumenical Development Cooperative Society U.A as at 31 December 2023 and of its result for the period 1 January 2023 up to and including 31 December 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1 the consolidated and society balance sheet as at 31 December 2023;

2 the consolidated and society income statement for the period 1 January 2023 up to and including 31 December 2023; and

3 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 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 auditor report' 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 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 financial statements and does not contain material misstatements;

— contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the 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 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 as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements

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

The Managing Board is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the 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 financial statements using the going concern basis of accounting unless the Managing Board either intends to liquidate the Cooperative 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 financial statements.

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

Our responsibilities for the audit of the 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 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.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at: http://www.nba.nl/ENG_algemeen_01

This description forms part of our independent auditor's report.

Amstelveen, 28 March 2024

KPMG Accountants N.V.

W.G. Bakker RA

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

act Church of Sweden
www.svenskakyrkan.se

African Guarantee Fund
www.africanguaranteefund.com

Agri Grade
www.agrigrade.org

Aqua for All
www.aquaforall.org

AVCA The African Private Capital Association
www.avca-africa.org

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

CERISE+SPTF
www.cerise-sptf.org

Clinton Global Initiative 2023 Commitment-Maker
www.clintonfoundation.org

CRIC
www.cric-online.org

DFC U.S. International Development Finance Corporation
www.dfc.gov

European Microfinance Platform
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

label finansol.
www.finansol.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

Hábitat para la Humanidad El Salvador
www.habitat.sv

idh transforming markets
www.idhsustainabletrade.com

MFR Make the Difference We Prove It
www.mf-rating.com

NAB Driving real impact
www.nabimpactinvesting.nl

Opportunity International
www.opportunity.org

Plan International
www.plancanada.ca

PWRDF The Primate's World Relief and Development Fund The Anglican Church of Canada
www.pwrdf.org

Sida Swedish International Development Cooperation Agency
www.sida.se

Solidaridad
www.solidaridad.nl

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

Contact information

International office

T +31 33 422 40 40
F +31 33 465 03 36
E info@oikocredit.org

Berkenweg 7
3818 LA Amersfoort
The Netherlands

PO Box 2136
3800 CC Amersfoort
The Netherlands

Regional offices

Latin America & the Caribbean
americalatina@oikocredit.org

Africa
africa@oikocredit.org

Southeast Asia
sea@oikocredit.org

India
maanaveeya@oikocredit.org

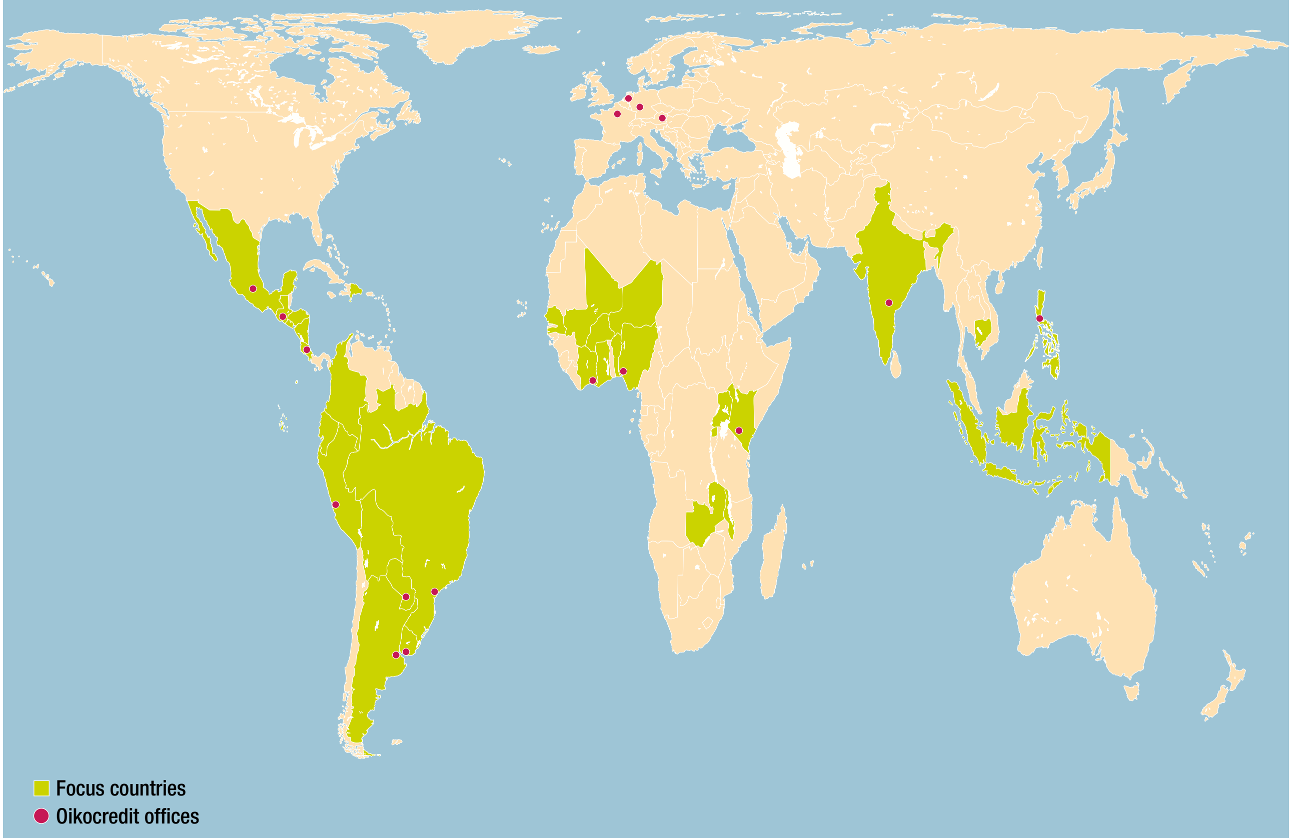
Branches

Austria
Oikocredit Austria (Vienna)
office@oikocredit.at

France
Oikocredit France (Paris)
france@oikocredit.org

Germany
Oikocredit Deutschland
(Frankfurt am Main)
info@oikocredit.de

Oikocredit's presence and focus countries



Support associations

Austria
- Oikocredit Austria (Vienna)
  austria@oikocredit.at

Belgium
- Oikocredit-be vzw (Brussel/Bruxelles)
  vzw-asbl@oikocredit.org

Canada
- Oikocredit Canada (Toronto)
  canada@oikocredit.org

France
- Oikocredit Centre Alpes Rhône (Grenoble)
  car@oikocredit.org
- Oikocredit France Est (Strasbourg)
  francest@oikocredit.org
- Oikocredit Franche-Comté Bourgogne & Mediterrannée (Audincourt)
  franche-comte@oikocredit.org
- Oikocredit Ile de France & Ouest (Paris)
  iledefranceouest@oikocredit.org

Germany
- Oikocredit Baden-Württemberg (Stuttgart)
  baden-wuerttemberg@oikocredit.de
- Oikocredit Bayern (Nürnberg)
  bayern@oikocredit.de
- Oikocredit Hessen-Pfalz (Frankfurt am Main)
  hessen-pfalz@oikocredit.de
- Oikocredit Niedersachsen-Bremen (Braunschweig)
  niedersachsen-bremen@oikocredit.de
- Oikocredit Norddeutschland (Hamburg)
  norddeutschland@oikocredit.de
- Oikocredit Ostdeutscher Förderkreis (Berlin)
  ostdeutsch@oikocredit.de
- Oikocredit Westdeutscher Förderkreis (Bonn)
  westdeutsch@oikocredit.de

Italy
- Oikocredit Südtirol (Brixen)
  suedtirol@oikocredit.org

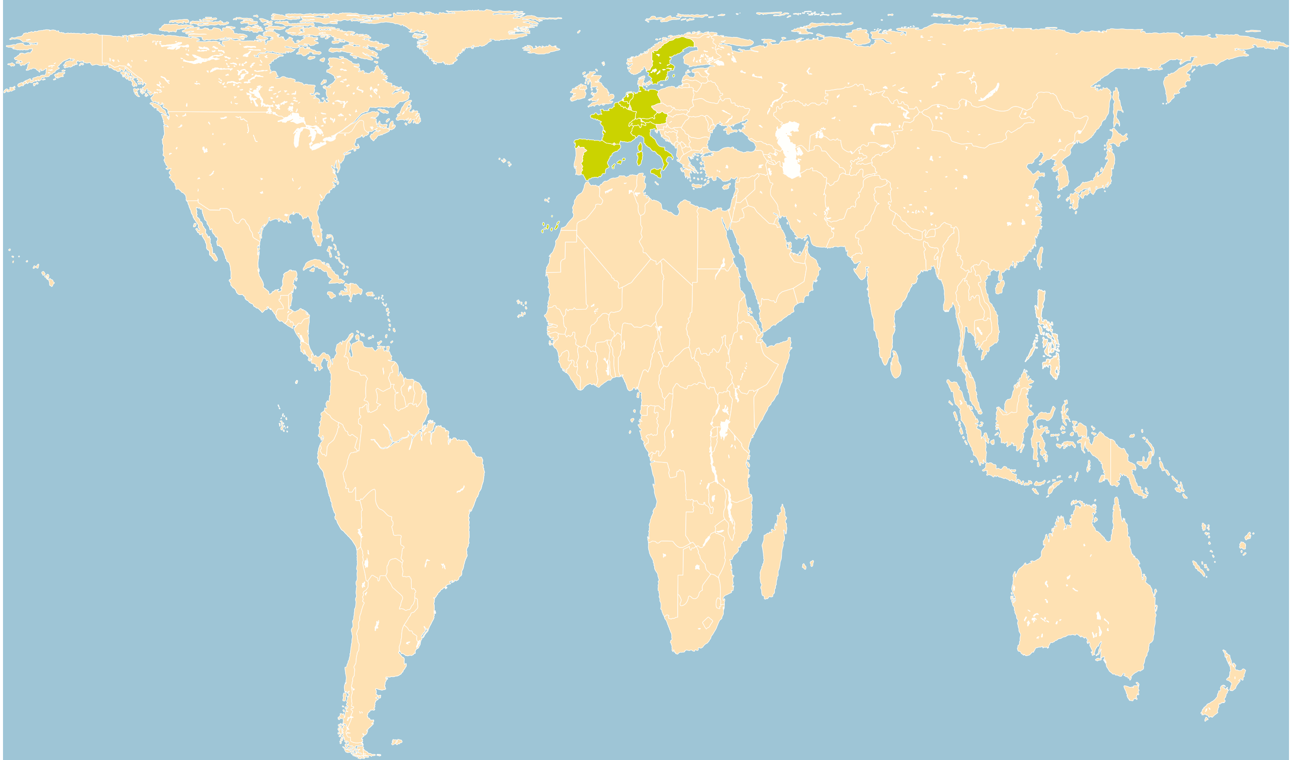
The Netherlands
- Oikocredit Nederland (Utrecht)
  nederland@oikocredit.nl

Spain
- Oikocredit Catalunya (Barcelona)
  catalunya@oikocredit.org
- Oikocredit Euskadi (Bilbao)
  euskadi@oikocredit.org
- Oikocredit Sevilla (Sevilla)
  sevilla@oikocredit.org

Switzerland
- Oikocredit deutsche Schweiz (Winterthur)
  deutsche.schweiz@oikocredit.ch
- Oikocredit Suisse Romande (Lausanne)
  suisse.romande@oikocredit.org

USA
- Oikocredit US (Seattle)
  info@oikocreditus.org

Countries in which Oikocredit actively attracts investments



In these countries individuals and organisations can invest in Oikocredit.

Text and production: Oikocredit staff, Miles Litvinoff
Photographs: Makmende, Opmeer Reports, Philippe Lissac/GODONG
Design: Van Santen Productions

MIX
Paper from
responsible sources
FSC® C011332

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.

OIKO CREDIT
investing in people