

Continuous issuance of Shares with a Nominal Value of EUR 200, CAD 200, CHF 250, GBP 150, SEK 2,000, or USD 200 each in the capital of:

**OIKOCREDIT, Ecumenical Development Cooperative Society U.A.
(the “Cooperative”)**

*Incorporated in the Netherlands as a cooperative society with excluded liability
having its registered office in Amersfoort, the Netherlands.*



Photo of a coffee plantation supported by Oikocredit partner Ecookim, a coffee cooperative in Côte d'Ivoire

A copy of this prospectus can be obtained from the issuer at:

OIKOCREDIT, Ecumenical Development Cooperative Society U.A.,
PO Box 2136, 3800 CC Amersfoort, the Netherlands

Email: investor@oikocredit.org

Website: www.oikocredit.coop/prospectus

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*This prospectus is valid for a period of 12 months after 3 June 2019 (date of approval) by the
Authority for the Financial Markets (Autoriteit Financiële Markten) in the Netherlands.*

1. General information about the issuer

The definitions as included in section 5 of this Prospectus shall fully apply to the definitions used in this summary, unless the context explicitly provides otherwise.

By continuously issuing Shares to its 558 Cooperative Members (as at 31 December 2018), the Cooperative mobilises the capital needed to carry out its mission of development financing through the funding of organisations that are engaged in economic activity or engaged in enterprises which provide both a financial and social return, mostly in low-income countries (“Partners”).

The Shares are continuously offered to Members and organisations eligible to be Members. There is no realistic estimation of the proceeds of Shares issued and how many Shares will be issued. The number of New Shares issued can be derived from the annual audited consolidated financial statements of the Cooperative, and in general is not publicly announced separately. Participation in the Cooperative is restricted to organisations that meet the criteria set up in the Articles of Association of the Cooperative. Primarily these are church organisations and the Support Associations of the Cooperative. For more information, see section 7.9, ‘Participation in the Cooperative’. There are other local ways to participate in the Cooperative indirectly via the Support Associations, the Oikocredit International Share Foundation and other organisations such as certain social banks which support the mission of the Cooperative. Full details can be found on the website: www.oikocredit.coop. The Cooperative had approximately 57,000 investors as at 31 December 2018.

The Shares are in book entry form, meaning that the Cooperative holds a register stating the number of Shares registered in each Member’s name. Upon the issuance of Shares, the name and details of the shareholder are entered into the share register. Each Member may at any time apply for a certified extract from the register stating the number of Shares registered in their name.

Shares are issued and registered with a Nominal Value of EUR 200, CAD 200, CHF 250, GBP 150, SEK 2,000, or USD 200. According to the Articles of Association of the Cooperative, the Managing Board, following the prior approval of the Supervisory Board can decide to issue Shares in currencies other than the euro, Canadian dollar, Swiss franc, British pound, Swedish krona or US dollar.

Before issuing Shares in other currencies, the Nominal Value per Share will be determined for each additional currency in which the Shares are issued. Shares are in principle continuously issued at the discretion of the Managing Board, and there is no limit to the number of Shares that can be issued. The Managing Board of the Cooperative issues and redeems Shares at its discretion in accordance with the Cooperative’s Articles of Association. Currently, the Managing Board is preparing a policy (the Member Share Issuance and Redemption policy) which is to be considered as a further elaboration of the Articles of Association in relation to the issuing and redemption of Shares. The Managing Board expects to apply this policy with effect from Q4 2019.

Subscriptions which do not result in the issuance of Shares will be refunded via the payment method used for the payment of the subscriptions. No interest will be paid on refunded subscriptions. Shares are issued pursuant to a decision of the Managing Board.

Prospective investors are explicitly informed that owning and redeeming Shares entail financial risks and that they should therefore read and carefully review the content of this Prospectus (including the information incorporated by reference). In making an informed investment decision, investors must rely on their own analysis of the Cooperative and its Shares, including the merits and risks involved. The risks summarised in this Prospectus are distinctive and characteristic for the Cooperative’s operations and organisation. These risks may have a material impact on the Cooperative’s future financial performance and risks related to the Shares. Please refer to section 4 of this Prospectus for a more detailed description of these risks.

This Prospectus was approved by the Authority for the Financial Markets (*Autoriteit Financiële Markten*, the “AFM”) in the Netherlands for the purposes of Directive 2003/71/EC (the “Prospectus Directive”) on 3 June 2019 (the “Approval Date”). The Prospectus is subsequently “passport” to several EU member states with formal notification of the approval of the Prospectus by the Dutch AFM given to the financial regulatory authorities in those countries (listed in section 6.3).

Pursuant to this Prospectus, Shares can be offered by the Cooperative until 3 June 2020. In the meantime, changes may occur in the financial position or the activities of the Cooperative. In accordance with article 5:23 of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*), the Cooperative shall make such information publicly available by issuing a supplement to this Prospectus. Supplements will be posted on the website: <https://www.oikocredit.coop/prospectus>.

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3. Definitions

In this Prospectus and in the general introduction, unless the context otherwise requires, the following terms shall have the following meanings:

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| “Appendix” | An appendix to this Prospectus which forms an integral part of this Prospectus. |
| “Approval Date” | The date of approval of the Prospectus by the Authority for the Financial Markets (Autoriteit Financiële Markten) in the Netherlands. |
| “Articles of Association” | The Cooperative’s articles of association, as incorporated by reference in this Prospectus and can be read at: www.oikocredit.coop/articles-of-association . |
| “Cooperative” | OIKOCREDIT, Ecumenical Development Cooperative Society U.A., which has its registered office in Amersfoort, the Netherlands. |
| “Cooperative Group”, or “the Group” | The economic unit in which the Cooperative and other legal entities and commercial partnerships are organisationally connected within the meaning of article 2:24b of the Dutch Civil Code. See section 7.6 for details. |
| “Financial Institution (FI)” | Financial institutions are organisations or intermediaries such as microfinance Institutions, duly registered non-bank financial institutions, banks, savings and credit cooperatives or other entities duly organised to provide access to credit, savings and other financial services to individuals and micro and small to medium enterprises (SME). |
| “General Meeting” | The general meeting of members (<i>algemene ledenvergadering</i>) of the Cooperative as mentioned in article 15 of the Articles of Association. |
| “Managing Board” | The Cooperative’s managing board (<i>bestuur</i>) as mentioned in articles 35-46 of the Articles of Association. |
| “Managing Director” | The managing director (MD) of the Cooperative as mentioned in article 38 of the Articles of Association. |
| “Member” | A member (and shareholder) of the Cooperative as mentioned in article 5 of the Articles of Association. |
| “Micro Finance Institution (MFI)” | Microfinance institution, which provides financial services to low-income people and other disadvantaged people. |
| “Net Asset Value (per Share)” | The current value of a Share as calculated by the Cooperative. See section 7.9 for details. Note the redemption value can never be higher than the Nominal Value. |
| “Nominal Value (per Share)” | The value of the Share when issued – in Euro this is € 200. Other currencies are available. |
| “Oikocredit International Office” | The Cooperative’s head office in the Netherlands, which coordinates and supports the Cooperative’s activities worldwide. |
| “Oikocredit International Share Foundation (OISF)” | OISF is a Member of the Cooperative established to enable non-Member individuals and non-Member organisations to invest indirectly in the Cooperative. To achieve its purpose, OISF conducts no activities other than acquiring and administering Shares in the interest of the holders (<i>ten titel van beheer</i>), issuing Depository |

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| | Receipts to holders and activities directly related to the foregoing and therefore functions as an administrative office (<i>administratiekantoor</i>) for the Cooperative. |
| “Oikocredit International Support Foundation (ISUP)” | Provides mainly capacity building grants to our Partner organisations, by raising donations from the Members, investors and others. Funds made available to ISUP also enable the Cooperative to make local currency investments and work with partners deemed too risky by other investors. |
| “Oikocredit Nederland Fonds” | An investment fund incorporated by Oikocredit Nederland, having its registered office in Utrecht, the Netherlands. |
| “Oikocredit Nederland” | The Cooperative’s support association in the Netherlands (<i>Oikocredit Ontwikkelingsvereniging Nederland</i>), having its registered office in Utrecht, the Netherlands. |
| “Partner Funding” | Partners financed by the Cooperative, referred to in the audited consolidated financial statements of the Cooperative as “outstanding development financing”. |
| “Partner(s)” | Organisations to which the Cooperative has provided funding and that are engaged in economic activity or engaged in enterprises which provide both a financial and social return mostly in low-income countries. |
| “Prospectus” | This prospectus of the Cooperative, including any Appendix and any supplements to be made publicly available via the Cooperative’s website www.oikocredit.coop . |
| “Shares” | Shares in the capital of the Cooperative, as mentioned in the Articles of Association. |
| “Society” | When referring to the Cooperative, as mentioned in article 2 of the Articles of Association (<i>only used in financial tables to mark the difference between the Society financials and consolidated financials</i>). |
| “Supervisory Board” or “SB” | The Cooperative’s supervisory board (<i>raad van toezicht</i>) as mentioned in articles 29-33 of the Articles of Association. |
| “Support Association” or “SA” | Support associations (legal entities independent from the Cooperative), that are established locally to raise awareness about the importance of development and socially responsible investments and to offer individuals, church congregations, parishes or other organisations an opportunity to invest indirectly in the Cooperative (in that event the SA being a Member of the Cooperative). Not all the Support Associations directly raise investment for the Cooperative, and they focus on raising general awareness of the Cooperative’s work in developing counties, as well as wider development education. |
| “Term Investment” or “TI” | The term investment portfolio of the Cooperative that consists of bonds and shares. The bonds have all been rated ‘investment grade’ by either Moody’s, S&P and/or Fitch. A maximum of 10% can be invested in shares. |

4. Summary

The definitions as included in section 5 of this Prospectus shall fully apply to the definitions used in this summary, unless the context explicitly provides otherwise.

Summaries are made up of disclosure requirements known as 'elements'. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the elements required for these types of securities and this type of issuer. As some elements are not required (to be addressed) in this summary, there may be gaps in the numbering sequence of the elements.

In the event that an element needs to be included in this summary for these types of securities and this type of issuer, it is possible that no relevant information can be given. In such cases, a short description of the element will be included in the summary, stating 'not applicable'.

| Section A – Introduction and warnings | | |
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| A.1 | <i>Introduction and warnings</i> | This summary should be read as an introduction to the Prospectus. Any decision to invest in the Shares should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary (including any translation thereof), but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or if it does not provide – when read together with the other parts of the Prospectus – key information in order to assist investors when considering investing in the Shares. |
| A.2 | <i>Consent</i> | Not applicable; there will be no subsequent resale or final placement of Shares by financial intermediaries. |
| Section B – Issuer | | |
| B.1 | <i>Legal and commercial name of the issuer</i> | OIKOCREDIT, Ecumenical Development Cooperative Society U.A. (the “Cooperative”). |
| B.2 | <i>Domicile, legal form, legislation and country of incorporation of the issuer</i> | The Cooperative is a cooperative society with excluded liability (<i>coöperatie met uitsluiting van aansprakelijkheid</i>) incorporated under the laws of and domiciled in the Netherlands. The Cooperative has its statutory seat in Amersfoort, the Netherlands, and its head office at Berkenweg 7, 3818 LA in Amersfoort, the Netherlands. |
| B.3 | <i>Key factors relating to the nature of the issuer's operations and its principal activities, including products, services and principal markets</i> | <p>The Cooperative was founded in 1975 as an initiative of the World Council of Churches to provide churches and church-related organisations with an investment tool aimed at supporting people in low-income countries.</p> <p>The Cooperative's mission is: challenge all to invest responsibly. It provides financial services and supports organisations to improve the quality of life of low-income people or communities in a sustainable way. The Cooperative maintains its ambition to serve low-income people and communities. We will do so in markets where need and opportunity are greatest and where we can maximise social impact, while safeguarding the environment and generating fair financial returns.</p> <p>The Cooperative's principal tool in achieving its mission is providing Partner Funding. In general the Cooperative provides loans and other types of financing (equity, quasi-equity - such as, but not restricted to convertible loans - or guarantees) for the development of viable economic enterprises conducted by or for the benefit of (groups of) low-income people who are generally denied access to financial services. The Cooperative supports other cooperatives and comparable organisations, as well as financial intermediaries such as MFIs. Through these MFIs the Cooperative can reach more individuals or small groups of people.</p> <p>The Partner Funding by the Cooperative mainly takes the form of loans. Direct loans or financing amounts provided by the Cooperative start from € 50,000 with an average loan repayment period of approximately four years. Loans or other financing amounts of € 10,000,000 and above require Supervisory Board approval.</p> |

| | | <p>The active Partner portfolio consists of approved funding of approximately € 1.2 billion to 684 Partners in 69 countries. Of this approved amount, approximately € 1,047 million was outstanding as at 31 December 2018. The attached table shows the principal markets in which the Cooperative operates.</p> <table border="1" data-bbox="805 192 1544 465"> <thead> <tr> <th>Countries invested in (> 4% of total outstanding)</th> <th>31-12-18</th> <th>31-12-17</th> <th>31-12-16</th> </tr> </thead> <tbody> <tr> <td>India</td> <td>12%</td> <td>10%</td> <td>9%</td> </tr> <tr> <td>Ecuador</td> <td>7%</td> <td>6%</td> <td>6%</td> </tr> <tr> <td>Bolivia</td> <td>7%</td> <td>7%</td> <td>8%</td> </tr> <tr> <td>Cambodia</td> <td>7%</td> <td>6%</td> <td>5%</td> </tr> <tr> <td>Paraguay</td> <td>4%</td> <td>5%</td> <td>6%</td> </tr> </tbody> </table> <p>The credit portfolio made up the largest part (84.5%) of the Cooperative's development financing portfolio (equity comprises 15.5%).</p> <p>The Cooperative also supports Partners with direct equity investments. As at 31 December 2018 15.5% of the total development portfolio consisted of these equity investments. As an active shareholder and through board representation, the Cooperative helps Partners enhance their social and financial performance and organisational sustainability.</p> <p>In capacity building, the Cooperative's three global programmes continued to develop and innovate, aiming to strengthen agricultural cooperatives and associations and financial intermediaries for the benefit of farmer members and low-income borrowers.</p> | Countries invested in (> 4% of total outstanding) | 31-12-18 | 31-12-17 | 31-12-16 | India | 12% | 10% | 9% | Ecuador | 7% | 6% | 6% | Bolivia | 7% | 7% | 8% | Cambodia | 7% | 6% | 5% | Paraguay | 4% | 5% | 6% |
|---|---|---|---|----------|----------|----------|-------|-----|-----|----|---------|----|----|----|---------|----|----|----|----------|----|----|----|----------|----|----|----|
| Countries invested in (> 4% of total outstanding) | 31-12-18 | 31-12-17 | 31-12-16 | | | | | | | | | | | | | | | | | | | | | | | |
| India | 12% | 10% | 9% | | | | | | | | | | | | | | | | | | | | | | | |
| Ecuador | 7% | 6% | 6% | | | | | | | | | | | | | | | | | | | | | | | |
| Bolivia | 7% | 7% | 8% | | | | | | | | | | | | | | | | | | | | | | | |
| Cambodia | 7% | 6% | 5% | | | | | | | | | | | | | | | | | | | | | | | |
| Paraguay | 4% | 5% | 6% | | | | | | | | | | | | | | | | | | | | | | | |
| B.4a | <p><i>Significant trends affecting the issuer and industries in which it operates</i></p> | <p>In 2018 the Cooperative expanded the Managing Board to include Petra Lens, Director of Human Resources and also added a Director of IT & Operations. Irene van Oostwaard, Director of Finance, left the organisation in December 2018. Director of Risk, Laura Pool, took on interim responsibility for Finance in addition to her role as Director of Risk. Following the departure of Director of Credit Hann Verheijen as a result of the merger of the Credit and Equity departments in 2018, Bart van Eyk Director of Equity took responsibility for both Credit and Equity as Director of Investments. On 1 March 2019 Patrick Stutvoet took up the position of Director of IT and Operations.</p> <p>In early 2018 the Cooperative communicated its decision to focus on offering loans, equity investments and capacity building in 33 countries in Africa, Asia, and Latin America and the Caribbean going forward. This will be done through a new operating model which is envisioned to provide better services, improve financial sustainability and ultimately deliver the Cooperative's mission more efficiently and effectively. Close proximity to Partners is an important element of the Cooperative's way of working, and distinguishes the Cooperative from its many competitors. Local presence and knowledge are important ingredients in the Cooperative's success and will be crucial in delivering on its catalyst ambitions in the future. The Cooperative has therefore decided to continue work with regional offices, country offices and one central office. This allows the Cooperative to make the best possible use of resources while staying close to Partners across all the 33 focus countries.</p> <p>The decision to focus on certain regions means that the Cooperative has stopped providing new loans, equity investments and capacity building in 31 countries, mainly in Eastern Europe and Central Asia and a select number of others in Africa where it had limited exposure. When this decision was made, these countries accounted for 14% of the Cooperative's portfolio and 16% of its Partners. The Partners concerned will continue to be supported from the Cooperative's office in Amersfoort until the end of existing commitments.</p> <p>A small number of the Cooperative's Partners, mainly funds and microfinance networks, are domiciled in countries outside of the Cooperative's focus regions but do business and/or channel funds to our growth countries. We no longer actively seek investments in funds, but we do plan to continue working with holding companies (e.g. in renewable energy or microfinance networks). This means the number of non-focus countries could change, depending on where these holding companies are located. The Cooperative currently has Partners in 10 non-focus countries: Australia, the Cayman Islands, France, Germany, Luxembourg, Mauritius, the Netherlands, the United Kingdom, the United States of America and Singapore.</p> <p>There have also been changes on the inflow side of the Cooperative's work. To ensure capital is raised in the most effective and efficient way, the Cooperative closed the National Support Office in the United Kingdom & Ireland at the end of 2018 and closed the office in Canada in Q1 2019. This was a necessary cost efficiency measure. Both offices attracted investors and raised the Cooperative's profile in these countries over the years despite facing several challenges. Members and investors in these countries will continue to be served from the Cooperative's offices in Amersfoort, the Netherlands.</p> | | | | | | | | | | | | | | | | | | | | | | | | |

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| | | <p>In addition to the decision to focus on specific regions, the Cooperative decided to focus on three sectors: financial inclusion, agriculture and renewable energy.</p> <p>Financial inclusion</p> <p>Financial inclusion remains the Cooperative’s leading development financing sector, and in 2018 the Cooperative started work to update its financial inclusion strategy. The strategy calls for working with MFIs as core partners while diversifying and increasing support for lenders to small and medium enterprises (SMEs) that stimulate job creation. It also calls for more support to Partners embracing digitalisation and fintech (financial technology) to reach underserved communities. More than ever before, capacity building support for Partners remains an important value-add contribution by the Cooperative to the development of this sector.</p> <p>The financial inclusion markets continue to mature, with growing demand for larger loans, competitive pressures and increasing regulation in many countries. There is a rise in mobile-device adoption, internet connectivity, and many other developments in technology-based provision of responsible financial services to low-income people and SMEs. In 2018, the Cooperative supported the development of guidelines for investing in responsible digital financial inclusion.</p> <p>Agriculture</p> <p>The agriculture sector is important to the Cooperative because of its capacity to reduce rural unemployment and poverty and to strengthen food security in developing countries.</p> <p>The Cooperative has identified nine crops that it will invest in to maximise its expertise and value-add for partners. Core subsectors continue to include coffee, cacao, grains, fruits, vegetables and nuts.</p> <p>Agriculture continues to be a challenging sector, where the Cooperative seeks to find the right balance between financial returns, targeting underserved market segments and high-impact business models. Blended finance, the combination of public and private funds, and the combination of funds with different risk profiles, is seen as a potential bridge to underserved segments such as smaller loans to first-time borrowers. The high proportion of loans at risk is a further challenge in this sector.</p> <p>Renewable energy</p> <p>In the renewable energy sector, declining costs of solar equipment are catalysing development and driving growth. Cheap solar and innovative business models are revolutionising energy access in least developed countries, while both demand for and availability of funding for clean energy are accelerating in emerging markets.</p> <p>The Cooperative’s renewables strategy focuses on projects such as micro grids and solar home systems that improve access to energy for low-income communities and clean cook stoves.</p> <p>Challenges</p> <p>2018 was a year of change and renewal for the Cooperative. After updating its global strategy in response to the emerging challenges of a rapidly changing world, the Cooperative began its transition to become an even more effective organisation – refining the sectors and markets in which it is active while reaffirming the values and qualities which have made the Cooperative a leader in social impact investing for more than four decades.</p> <p>Political tensions, reduced government spending and the continued interest rate cap regime in some countries in Africa continue to make it difficult for the Cooperative to do business and support Partners.</p> <p>The migration crisis in Venezuela and much of Central America, high inflation, high interest rates, the currency crisis in Argentina, and political uncertainty in Argentina, Bolivia, Brazil, Mexico and Nicaragua continue to impact on the work of Partners in Latin America.</p> <p>Furthermore, the combination of a prolonged low-interest rate environment and increased competition and liquidity in some of the markets where the Cooperative is active continues to put the Cooperative’s results under pressure even as it has identified opportunities and taken action to become more efficient, improve its processes and grow its portfolio to ensure long-term financial sustainability.</p> <p>Responding to the above-mentioned challenges, the Cooperative began to implement its updated strategy across the development financing portfolio in 2018 – first deciding on the sectors and markets to focus on. Within the three focus sectors of financial inclusion, agriculture and renewable energy, further prioritisation of sub-sectors will be carried out based on the Cooperative’s expertise to best support its Partners. The Cooperative has also introduced a new operating model with fewer offices organised in three regions: Africa, Asia and Latin America, ensuring that it maintains the proximity with Partners that has been a critical element of the Cooperative’s success all these years.</p> |
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| | | <p>The Cooperative is working to reduce complexity not only in its organisational structure but in its processes and build a culture of continuous improvement and feedback with the introduction of the methodology of Lean Six Sigma.</p> <p>Despite 2018 being a year of change, the Cooperative achieved improved income after taxation compared to 2017, as both lendable funds and the investment portfolio grew. Total outstanding loans and investments passed \$1 billion for the second time in the Cooperative's history (the first was in 2016). High environmental, social and governance (ESG) standards were upheld in growing the development finance portfolio with new Partners scoring higher on the Cooperative's ESG scorecard. Support for this growth came primarily from the Cooperative's members and investors.</p> <p>The Cooperative developed the Environmental, Social and Governance (ESG) Scorecard in 2009, taking the values and principles of the Cooperative and the general criteria established for the financing of projects. The scorecard has been reviewed and updated over the years to reflect current thinking on the social performance management standards as defined by the Social Performance Task Force (SPTF) and the guidelines set by the Smart Campaign. The SPTF is a platform of over 400 microfinance institutions, funders, academic and research institutions and rating agencies focusing on microfinance. The task force defined the Universal Standards for Social Performance Management to which the Cooperative's ESG scorecard is aligned. The Smart Campaign is an organisation which sets guidelines to help Micro Finance Institutions to integrate good client protection principles throughout the credit process.</p> <p>In other fields – for example SME financing and agriculture, the Cooperative has collaborated with other organisations such as the Council for Smallholder Agriculture to develop a similar ESG scorecard. This scorecard reflects the funders' priorities and devotes attention to matters such as outreach of the funding, benefit to end-clients and the promotion of environmental welfare.</p> <p>As a result of the Cooperative's new hedging and risk management policies, currency fluctuations have had far less impact on the results of the Cooperative. Some credit risks have increased nevertheless, particularly due to economic instability in Latin America and the Caribbean, where a significant part of our portfolio is invested.</p> <p>The Cooperative's ambition is clear: to serve low-income people and communities, in markets where need and opportunity are greatest and where the Cooperative can maximise social impact, while safeguarding the environment and generating fair financial returns.</p> |
| B.5 | <p><i>Description of the Cooperative Group and position of the issuer therein</i></p> | <p>The Cooperative forms the head of a group, as defined in section 2:24b of the Dutch Civil Code (<i>Burgerlijk Wetboek</i>). The Group includes the Cooperative itself, including its offices abroad, and its subsidiaries and other entities in which the Cooperative exercises direct or indirect control based on a shareholding of more than 50%, control through voting rights, or whose financial and operating policies it otherwise has the power to govern.</p> <p>The Cooperative operates directly in the following countries, through its offices or its subsidiaries or through other entities of the Group, whose offices may or may not have legal status according to the laws of the country concerned: Brazil, Costa Rica, Ecuador, Ghana, Guatemala, India, Côte d'Ivoire, Kenya, Mexico, Nigeria, Paraguay, Peru, the Philippines and Uruguay.</p> <p>The Cooperative also has offices (called "National Support Offices") in Austria, France and Germany. These offices raise awareness of the Cooperative, build strategic partnerships and liaise with the Support Associations (if applicable). In the course of 2018, the office in the United Kingdom & Ireland was closed and the office in Canada closed in Q1 of 2019.</p> <p>Material entities</p> <p>The following entities within the Cooperative Group are considered to have material importance, because of certain activities these companies conduct, for example lending and/or financing:</p> <ul style="list-style-type: none"> • Maanaveeya Development & Finance Private Limited, India. A wholly owned subsidiary of the Cooperative in India which conducts its development financing activities in India. • Finance Company Oikocredit Ukraine, Ukraine (in liquidation). A wholly owned subsidiary of the Cooperative in Ukraine which conducts its development financing activities in Ukraine. • Oikocredit International Support Foundation, the Netherlands. The Oikocredit International Support Foundation (ISUP) was established on 10 March 1995, in Amersfoort, as a foundation (<i>stichting</i>) under the laws of the Netherlands. The main purpose of ISUP is to promote the provision of microfinance and other forms of development finance to support enterprise initiatives by local people in developing countries lacking an adequate banking network available to fund such initiatives, and |

| | | <p>to promote the provision of anything related to this, or which may be conducive to achieving this goal.</p> <ul style="list-style-type: none"> • Low Income Countries Loan Fund, the Netherlands (LIC Loan Fund). The Cooperative has developed the LIC Loan Fund which invests in Partners in low-income countries. This fund has been created as a restricted, closed-end, tax transparent investment fund ('<i>beleggingsfonds</i>'). The fund is not an incorporated legal entity, but an unincorporated fund for joint account ('<i>fonds voor gemene rekening</i>'). The fund and the participations will not be listed on any stock exchange. The Cooperative acts as fund manager of the Low Income Countries Loan Fund. In June 2017 the LIC Fund reached the end of its five-year investment period. In November 2017 the terms and conditions of the LIC Loan Fund were amended to allow for the distribution of distributable assets. Since December 2017 and until the end of the life of the LIC Loan Fund on 30 June 2022, distributable assets are distributed to the participants of the LIC Loan Fund in proportion to the capital contributions made by the participants. Participants are the persons that are holders of participations in the LIC Loan Fund admitted as such to the fund by the Cooperative, subject to the unanimous approval of the meeting of participants. | | | | | | | | | | | | | | | | |
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| B.6 | <i>Persons who, directly and indirectly, have a notifiable interest in the company's capital or voting rights</i> | Not applicable; there is no obligation under Dutch Law or under the Articles of Association that Members need to disclose their interest in the Cooperative. | | | | | | | | | | | | | | | | |
| | <i>Whether major shareholders have different voting rights</i> | Not applicable. All Members have equal voting rights: every Member has one vote, regardless of the size of their shareholding. | | | | | | | | | | | | | | | | |
| | <i>Direct and indirect ownership of or control over the company and nature of such control</i> | The Cooperative is not aware of any party or parties that directly or indirectly control the voting at any General Meeting of Members, nor is the Cooperative aware of any arrangement that may result in a change of control of the organisation. | | | | | | | | | | | | | | | | |
| B.7 | Selected historical key financial information of the issuer for each financial year covered by the historical key financial information | <p>In 2018 the Cooperative's income after taxation showed a marked improvement on the previous year. The Cooperative achieved a significantly reduced loss in 2018 of € 1.3 million, contrasted with a loss of € 20.0 million in 2017, albeit still a modest net result. Local currency losses decreased substantially, and we drew on only € 2.8 million from the local currency risk fund, compared with € 38.5 million in 2017. Income after releases from funds was positive at € 1.3 million (2017: € 18.4 million), including the drawdown from the local currency risk fund. Total operating income rose from € 27.9 million to € 52.7 million. There were no large unforeseen gains or losses. Under the Cooperative's new hedging policy, hedging costs more than doubled to € 27.3 million (2017: € 11.5 million), but this expenditure significantly reduced exchange rate risks. The cost are largely priced in when loans in local currencies are provided.</p> <p>Additions to loss provisions increased from € 7.4 million to € 11.5 million, and impairments from € 0.2 million (release) to € 3.5 million (addition), partly in line with overall portfolio growth but also to address increased risk in the credit portfolio in Latin America.</p> <p>In 2018, despite challenging circumstances including the fact of a lower dividend over 2017 (1%, down from 2% dividend paid in 2017 over 2016) the Cooperative saw a gross inflow of € 99.2 million and net inflow of lendable funds (gross inflow minus redemptions) of € 77.9 million. Overall, the Cooperative's total lendable funds grew by 6.9% to € 1,082.5 million, a result that owes much to the hard work of the Cooperative's inflow network.</p> <p>The following information is derived from the audited consolidated financial statements for the years 2018, 2017 and 2016, contained in the annual reports 2018, 2017 and 2016 respectively, incorporated by reference in this Prospectus. The information should be read in conjunction with the consolidated financial statements and the related notes that have been incorporated by reference in this Prospectus, and with the rest of this Prospectus, including 'financial position'.</p> <table border="1"> <thead> <tr> <th>CONSOLIDATED BALANCE SHEET</th> <th>31-12-18</th> <th>31-12-17</th> <th>31-12-16</th> </tr> <tr> <td>(before appropriation of net income)</td> <td>EUR ,000</td> <td>EUR ,000</td> <td>EUR ,000</td> </tr> </thead> <tbody> <tr> <td>NON-CURRENT ASSETS</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Intangible fixed assets</td> <td>458</td> <td>1,132</td> <td>1,024</td> </tr> </tbody> </table> | CONSOLIDATED BALANCE SHEET | 31-12-18 | 31-12-17 | 31-12-16 | (before appropriation of net income) | EUR ,000 | EUR ,000 | EUR ,000 | NON-CURRENT ASSETS | | | | Intangible fixed assets | 458 | 1,132 | 1,024 |
| CONSOLIDATED BALANCE SHEET | 31-12-18 | 31-12-17 | 31-12-16 | | | | | | | | | | | | | | | |
| (before appropriation of net income) | EUR ,000 | EUR ,000 | EUR ,000 | | | | | | | | | | | | | | | |
| NON-CURRENT ASSETS | | | | | | | | | | | | | | | | | | |
| Intangible fixed assets | 458 | 1,132 | 1,024 | | | | | | | | | | | | | | | |

| | | | | |
|--|--|------------------|------------------|------------------|
| | | | | |
| | Tangible fixed assets | 4,886 | 2,247 | 1,328 |
| | | | | |
| | Financial assets | | | |
| | Development financing: | | | |
| | Total development finance outstanding | 1,046,583 | 981,664 | 1,047,226 |
| | Less: - loss provision and impairments | (75,989) | (69,329) | (77,513) |
| | | 970,594 | 912,335 | 969,713 |
| | | | | |
| | Term investments | 149,015 | 149,851 | 112,807 |
| | Other financial assets | 4,939 | 3,220 | 998 |
| | | 1,124,548 | 1,065,406 | 1,083,518 |
| | | | | |
| | Total non-current assets | 1,129,892 | 1,068,785 | 1,085,870 |
| | | | | |
| | CURRENT ASSETS | | | |
| | Receivables and other current assets | 53,724 | 31,936 | 27,958 |
| | Cash and banks | 109,327 | 119,324 | 95,447 |
| | Total | 163,051 | 151,260 | 123,405 |
| | | | | |
| | TOTAL | 1,292,943 | 1,220,045 | 1,209,275 |
| | | | | |
| | GROUP EQUITY AND FUNDS | | | |
| | Member capital ¹ | 1,082,492 | 1,012,421 | 912,968 |
| | General and other reserves and funds | 96,087 | 91,680 | 122,208 |
| | Undistributed net income for the year | 1,270 | 18,439 | 29,003 |
| | | 1,179,849 | 1,122,540 | 1,064,179 |
| | Third-party interests | 1,664 | 2,703 | 4,959 |
| | Total group equity and funds | 1,181,513 | 1,125,243 | 1,069,138 |
| | | | | |
| | PROVISIONS | 1,801 | 1,582 | - |
| | | | | |
| | LIABILITIES | | | |
| | Non-current liabilities | 56,808 | 56,934 | 39,877 |
| | Current liabilities | 52,821 | 36,286 | 100,260 |
| | | 109,629 | 93,220 | 140,137 |
| | | | | |
| | TOTAL | 1,292,943 | 1,220,045 | 1,209,275 |
| | | | | |
| | ¹ As from the 2015 financial year the Managing Board opted to make use of the exemption in Dutch Generally Accepted Accounting Principles (GAAP) to classify Member capital (shares in euro and foreign currencies) as equity (RJ 290.808) in the consolidated financial statements. Given the identical subordination and features in the event of dissolution of the Society, the Managing Board believes that the presentation of all Member capital as equity reflects the nature of these instruments. | | | |
| | CONSOLIDATED INCOME STATEMENT | 2018 | 2017 | 2016 |

| | EUR ,000 | EUR ,000 | EUR ,000 |
|---|-----------------|-----------------|-----------------|
| INCOME | | | |
| Interest and similar income | | | |
| Interest on development financing portfolio | 83,010 | 80,726 | 77,216 |
| Interest on term investments | 2,506 | 2,548 | 3,466 |
| Revaluation of term investments | (3,468) | (858) | (1,088) |
| Total interest and similar income | 82,048 | 82,416 | 79,594 |
| Interest and similar expenses | | | |
| Interest expenses | (2,492) | (2,068) | (1,544) |
| Total interest and similar expenses | (2,492) | (2,068) | (1,544) |
| Income from equity investments | | | |
| Result from sale of equity investments | (513) | 4,395 | 19,245 |
| Dividends | 2,165 | 2,465 | 1,946 |
| Total income from equity investments | 1,652 | 6,860 | 21,191 |
| Grant income | 1,068 | 894 | 796 |
| Other income and expenses | | | |
| Exchange rate differences | (2,353) | (48,699) | 10,227 |
| Hedge premiums and provisions | (27,291) | (11,489) | (5,456) |
| Other | 37 | 19 | 54 |
| Total other income and expenses | (29,607) | (60,169) | 4,825 |
| TOTAL OPERATING INCOME | 52,669 | 27,933 | 104,862 |
| GENERAL AND ADMINISTRATIVE EXPENSES | | | |
| Personnel | (23,687) | (23,083) | (20,380) |
| Travel | (1,008) | (1,116) | (1,286) |
| General and other expenses | (12,386) | (13,359) | (12,299) |
| TOTAL GENERAL AND ADMINISTRATIVE EXPENSES | (37,081) | (37,558) | (33,965) |
| ADDITIONS TO LOSS PROVISIONS AND IMPAIRMENTS | | | |
| Additions to loss provisions | (11,542) | (7,354) | (18,250) |
| Impairments on equity investments | (3,483) | 237 | (8,697) |
| TOTAL ADDITIONS TO LOSS PROVISIONS AND IMPAIRMENTS | (15,025) | (7,117) | (26,947) |
| INCOME BEFORE TAXATION | 563 | (16,742) | 43,950 |
| Taxes | (1,856) | (3,238) | (1,865) |
| INCOME AFTER TAXATION | (1,293) | (19,980) | 42,085 |

| | | | | |
|--|--|-----------------|-----------------|-----------------|
| | Third-party interests | (96) | (136) | (279) |
| | Additions to and releases from funds | 2,659 | 38,555 | (12,803) |
| | INCOME FOR THE YEAR AFTER ADDITION TO FUNDS | 1,270 | 18,439 | 29,003 |
| | CONSOLIDATED CASH FLOW STATEMENTS | 2018 | 2017 | 2016 |
| | | EUR ,000 | EUR ,000 | EUR ,000 |
| | Income before taxation | 563 | (16,742) | 43,950 |
| | Adjusted for non-cash items | | | |
| | Value adjustments loans, equity and receivables | 18,938 | (2,191) | 24,159 |
| | Unrealised revaluation term investments | 3,468 | 727 | 1,088 |
| | Depreciation tangible fixed assets | 1,303 | 1,091 | 581 |
| | Taxes | (2,410) | (3,249) | (1,774) |
| | Exchange adjustments | (9,611) | 61,656 | (30,125) |
| | Changes in: | | | |
| | Development financing (disbursements and repayments) | (70,728) | (41,453) | (128,788) |
| | Other financial assets | 87 | 287 | (8) |
| | Receivables and other current assets | (21,854) | 3,589 | (2,816) |
| | Provisions | 219 | 1,582 | 0 |
| | Current liabilities | 16,716 | (48,177) | 38,289 |
| | Cash flow from operating activities | (63,309) | (42,875) | (55,444) |
| | Term investments | (2,621) | (37,826) | 6,187 |
| | Intangible fixed assets | (12) | (325) | (91) |
| | Tangible fixed assets | (3,256) | (1,349) | (1,037) |
| | Cash flow from investing activities | (5,889) | (39,500) | 5,059 |
| | Member capital (issue and redemptions) | 70,071 | 99,453 | 106,691 |
| | Dividend paid on member capital | (9,609) | (16,706) | (15,005) |
| | Loans and notes | (126) | 21,113 | 11,932 |
| | Third-party interests | (1,135) | 2,392 | 0 |
| | Cash flow from financing activities | 59,201 | 106,252 | 103,618 |
| | CHANGES IN CASH AND BANKS | (9,997) | 23,877 | 53,233 |
| | | | | |
| | | 2018 | 2017 | 2016 |
| | Movements in members' equity and reserves Society | EUR ,000 | EUR ,000 | EUR ,000 |
| | Balance as at 31 December previous year | 1,105,461 | 1,008,545 | 887,491 |
| | New members' capital issued (net) | 70,071 | 99,453 | 106,691 |

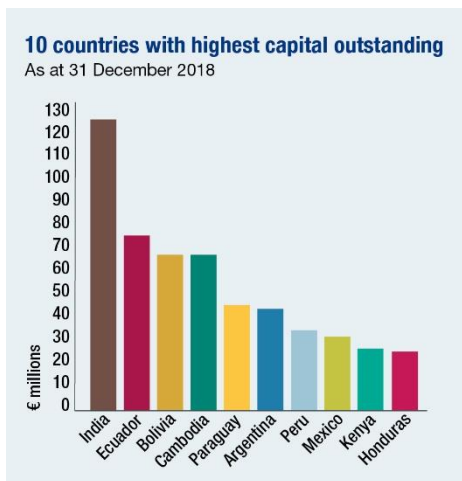
| | | | | | |
|-------------------------------|--|---|-----------------|-----------------|-----------------|
| | | Exchange rate differences | (1,767) | (4,275) | 365 |
| | | Dividends to members | (9,608) | (17,145) | (15,005) |
| | | Adjustments prior years | - | 444 | - |
| | | Undistributed net income for the year | 1,270 | 18,439 | 29,003 |
| | | Balance as at 31 December | 1,165,427 | 1,105,461 | 1,008,545 |
| | | | 2018 | 2017 | 2016 |
| | | Reconciliation between members' equity and reserves Society and consolidated equity and funds | EUR ,000 | EUR ,000 | EUR ,000 |
| | | Members' equity and reserves according to Society Financial Statements | 1,165,427 | 1,105,461 | 1,008,545 |
| | | Reclassification of members' capital to non-current liabilities | - | - | - |
| | | Reserves and funds Oikocredit International Support Foundation | 14,422 | 17,079 | 55,634 |
| | | Revaluation result hedges share capital | - | - | - |
| | | Third-party interests | 1,664 | 2,703 | 4,959 |
| | | Group equity and funds according to consolidated financial statements | 1,181,513 | 1,125,243 | 1,069,138 |
| B.7 | <i>Description of significant changes to the issuer's financial condition and operating results during or subsequent to the period covered by the key historical financial information</i> | <p>In 2018 the Cooperative's income after taxation showed a marked improvement on the previous year, with a significantly reduced loss in 2018 of € 1.3 million, contrasted with a loss of € 20.0 million in 2017, albeit still a modest net result. Local currency losses decreased substantially, and only € 2.8 million was drawn from the local currency risk fund, compared with € 38.5 million in 2017. Income after releases from funds was positive at € 1.3 million (2017: € 18.4 million), including the drawdown from the local currency risk fund. Total operating income rose from € 27.9 million to € 52.7 million. There were no large unforeseen gains or losses. Under the Cooperative's new hedging policy, hedging costs more than doubled to € 27.3 million (2017: € 11.5 million), but this expenditure significantly reduced exchange rate risks. The cost are largely priced in when loans in local currencies are provided.</p> <p>Additions to loss provisions increased from € 7.4 million to € 11.5 million, and impairments from € 0.2 million (release) to € 3.5 million (addition), partly in line with overall portfolio growth but also to address increased risk in the credit portfolio in Latin America.</p> <p>Increased cost awareness and tight cost control kept operational expenditure below 2017 levels. Despite investing in the organisation's future fitness through implementation of the updated strategy, operating costs decreased by 1.3% to € 37.1 million. Excluding one-off costs related to implementation of the updated strategy, operational expenditure decreased by 3.7% to € 34.6 million. General and administrative expenses fell both in absolute terms and in relation to total assets (-2.9 %) and portfolio size (-3.5%).</p> | | | |
| B.8 | <i>Selected key pro forma financial information</i> | Not applicable. No pro forma financial information is included in the Prospectus. | | | |
| B.9 | <i>Profit forecast</i> | Not applicable. No profit forecast is included in the Prospectus. | | | |
| B.10 | <i>Nature of any qualifications in the audit report on the historical financial information</i> | Not applicable. The auditor's reports on the published consolidated financial statements for the financial years ended 31 December 2018, 2017 and 2016 are unqualified. | | | |
| B.11 | <i>Explanation if insufficient working capital</i> | Not applicable. The Cooperative Group is of the opinion that it has sufficient working capital for its present requirements, which is for at least the next 12 months from the Approval Date of the Prospectus. | | | |
| Section C – Securities | | | | | |
| C.1 | <i>Description of type and class of shares</i> | Shares are registered Shares in the capital of the Cooperative with a Nominal Value of EUR 200, CAD 200, CHF 250, GBP 150, SEK 2,000, or USD 200, or in any other currency as resolved by the | | | |

| | | |
|-----|---|---|
| | <i>Security identification number</i> | <p>Managing Board, following the prior approval of the Supervisory Board. The Shares are subdivided into fractions of Shares, expressed in decimals.</p> <p>Not applicable. The Shares do not have a security identification number.</p> |
| C.2 | <i>Currency of the shares</i> | The Shares are denominated in EUR, CAD, CHF, GBP, SEK, or USD or in any other currency as resolved by the Managing Board, following the prior approval of the Supervisory Board. |
| C.3 | <i>Number of shares issued and fully paid, par value per share</i> <i>Number of shares issued and not fully paid</i> | <p>As at 31 May 2019, all 5,479,380 Shares were issued and fully paid. The Shares have a par value of EUR 200, CAD 200, CHF 250, GBP 150, SEK 2,000, or USD 200 or any other value in a currency as resolved by the Managing Board, following the prior approval of the Supervisory Board.</p> <p>Not applicable. The Cooperative has not issued Shares that are not fully paid.</p> |
| C.4 | <i>Rights attached to the shares</i> | <p>Shares are governed by, and shall be construed in accordance with, the laws of the Netherlands. Shares are in principle continuously issued at their Nominal Value, and there is no limit to the number of Shares that can be issued. The offer may be revoked or suspended by the Managing Board at its discretion in line with the Articles of Association (and as expected as of Q4 2019 the situations as mentioned in the Member Share Issuance and Redemption policy, please see below).</p> <p>All Shares entitle the holder to a dividend proportional to the Nominal Value of the Shares. Members represented at the General Meeting, having considered the recommendation of the Managing Board, decide on the allocation of the net profit. Dividends are paid either by allotting additional fractions of Shares or in cash.</p> <p>Provided at least one Share is held, fractions of Shares may also be issued. Each Member may exercise one vote at the General Meeting, irrespective of the number of Shares held. Shares are issued on the date the amounts for share capital are received by the Cooperative from its Members.</p> <p>When Shares are issued to new Members, the shareholdings of existing Members may dilute the financial position of the existing Members as the issuing of Shares to new Members could affect potential future earnings per Share negatively. Also, new Members will receive one vote at the General Meeting. The amount and percentage of the dilution cannot be calculated as Shares are issued on a continuous basis and the number of Shares that can be offered is unlimited.</p> <p>Shares will be redeemed by the Cooperative taking into account the conditions mentioned in article 13 of the Articles of Association which are set out below. The Cooperative will also take into account the Member Share Issuance and Redemption policy, which is expected to apply in Q4 2019.</p> <ul style="list-style-type: none"> • Shares shall be redeemed, if a Member has ceased to be a Member of the Cooperative, no later than five years after cessation of membership; • Shares shall be redeemed no later than five years after the redemption request, without prejudice to what has been provided in article 10 of the Articles of Association, without the Member ceasing its membership of the Cooperative; • The redemption shall be at Nominal Value. However, if the Net Asset Value per Share is lower than the Nominal Value per share in the most recently audited (interim) balance sheet preceding the redemption by the Cooperative, the amount payable upon redemption of the share(s) shall not exceed the sum corresponding to the Net Asset Value of the share(s) according to that balance sheet. <p>In June 2018 the General Meeting of the Cooperative approved the proposal of the Managing Board to take out the five year redemption period of article 13.1 and 13.2 of the Articles of Association of the Cooperative. This amendment implies that, in principle, any redemption request might be delayed indefinitely by the Cooperative. The approved amendment is included by integration of a transition clause in the Articles of Association through a notarial deed dated 30 July 2018. In summary, the transition clause states that when the conditions as mentioned below are met, the changes to article 13 of the Articles of Association will become effective. Until such time these amendments are put in place, redemption requests can be delayed, but only for a maximum period of five years.</p> <p>In accordance with the transition clause in the Articles of Association of the Cooperative the changes will only become effective if the following conditions are met:</p> <ol style="list-style-type: none"> 1. a Managing Board resolution to this change (which also includes the intended date of execution of the deed referred to under 3)); and 2. approval by the Supervisory Board of the resolution referred to under 1); and 3. the execution of a notarial deed recording the fulfilment of the conditions precedent referred to under 1) and 2). Article 13 will be effective upon execution of the deed. |

| | | |
|-----|---|--|
| | | The Managing Board of the Cooperative issues and redeems Shares at its discretion in accordance with the Cooperative's Articles of Association. Currently, the Managing Board is preparing a policy (the Member Share Issuance and Redemption policy) which is to be considered as a further elaboration of the Articles of Association in relation to the issuing and redemption of Shares. The policy was presented to Members as part of a consultation process. The Managing Board will present the policy at the General Meeting of 2019. The policy outlines the circumstances under which redemptions or the issuance of Shares may be stopped/suspended, revoked or resumed by the Managing Board. The Managing Board expects to apply this policy as of Q4 2019. |
| C.5 | <i>Restrictions on free transferability of the shares</i> | Members may freely transfer their Shares to other Members upon written notice to the Cooperative (article 14 of the Articles of Association). As the Articles of Association determine that only Members may hold Shares (based on articles 5 and 9 of the Articles of Association), it is not possible for Members to transfer the Shares to non-Members. |
| C.6 | <i>Listing and admission to trading of shares and regulated markets</i> | Not applicable. The Shares will not be listed nor admitted to trading. |
| C.7 | <i>Dividend policy</i> | <p>The allocation of the 2018 annual net income will be decided by the General Meeting in June 2019, after consideration of the Managing Board's proposal, as approved by the Supervisory Board. Net income available for distribution is calculated by correcting the annual net income with any extraordinary costs or income not arising from normal operations and an addition to the general reserves. The remaining net income available for distribution is paid out as dividend.</p> <p>The Cooperative's policy is to pay 1/12th of the dividend percentage as approved by the General Meeting for every full calendar month that the Shares were registered. Dividends may be payable in the form of one or more fractions of Shares and/or in cash. Dividends made available in cash, which are not claimed within five years, shall be forfeited for the benefit of the Cooperative. Dividends in amounts below EUR 50, USD 50, CAD 50, SEK 500, GBP 50 or CHF 50 will not be paid out but will be automatically reinvested.</p> <p>For 2018 the Managing Board proposed a dividend that amounts to € 10.6 million. The proposed dividend per share for 2018 amounts to 1/12th of 1% for every full calendar month of 2018 that the EUR, CAD, CHF, GBP, SEK and USD, Shares were registered. It is up to the General Meeting in June 2019 to adopt the proposal of the Managing Board and to approve the dividend.</p> |

Section D – Risks

| | | |
|-----|---|--|
| D.1 | <i>Key risks specific to the issuer or its industry</i> | <p>The following provides a brief overview of the important risk factors involved in the Cooperative's work. It should be noted that although the Cooperative believes that the risks and uncertainties described below are the Cooperative's material risks and uncertainties, these may not be the only ones the Cooperative faces. Additional risks and uncertainties not presently known to the Cooperative, or that the Cooperative currently deems immaterial, may also have a material adverse effect on the Cooperative's business, results of operations or the financial condition and could negatively affect the Net Asset Value of the Shares.</p> <p>Key risks specific to the Cooperative as issuer and its industry</p> <p>The events outlined in the following paragraphs may negatively impact the growth possibilities of the Cooperative as well as the financial results. These events may therefore have a negative impact on the dividend to be paid out on the Shares, and may impact the Net Asset Value of the Shares.</p> <p>Financial risk</p> <p>Credit risk</p> <p>A change in the credit quality of a counterparty to which the Cooperative has granted loans (for example</p> |
|-----|---|--|



due to: specific counterparty risks, the nature of activities or the sector in which the counterparty conducts its business), can affect the value of the Cooperative's position. A part of our development financing may also be concentrated in certain sectors. If problems occur within a certain sector (for example, natural disasters within the agricultural sector) this could have a negative impact on Partners that are active within the sector. This may result in non-payment from Partners which could result in losses in our development financing portfolio. Any losses could negatively impact the financial results and therefore have a negative impact on the dividend to be paid out on the Shares as well as on the Net Asset Value .

Credit risk also includes country risk. Country risk arises from country-specific events that have an impact on the exposure on Partners in a specific country, such as those of a political or macroeconomic nature from time to time in conjunction with (extreme) inflation or devaluation. All investments in low-income countries involve country risk. The top 10 of countries with the highest capital outstanding as at 31 December 2018 is shown in the graph on the right.

Equity risk

Equity investments have different risk characteristics compared with loans: there is a usually longer lock-up period of capital and no steady cash flow through instalments and interest payments. There are changes in the valuation of the equity stakes influencing the value of the portfolio, specific business and market risks, sector risks, reputational risks and country and currency risks. In general, equity risk is higher than the credit risk of a company because of the junior position of equity, meaning that the value of equity decreases significantly up to total loss in case the risk of default of a Partner increases or a Partner actually defaults. As at 31 December 2018, 16% of the Cooperative's financing activities were done in the form of equity.

Liquidity risk

Liquidity risk refers to the risk that the Cooperative will encounter lower cash buffers or difficulty in raising funds and as such is unable to meet its commitments to its Members (for example not being able to redeem all the Shares, when requested), Partners (for example not being able to meet loan or investment commitments) and other counterparties. Non-payment from Partners could also have a negative impact on the liquidity position of the Cooperative. As at 31 December 2018, the Cooperative had a 17.3% liquidity ratio, which is considered an adequate buffer for liquidity management purposes.

Foreign currency risk

Currency risk is defined as the risk that the value of the Cooperative's currency positions will fluctuate due to changes in foreign currency exchange rates. Significant currency risks exist, as the Cooperative's available Member capital is predominantly denominated in euro while 45% of the amounts outstanding in development financing were denominated in US dollars and 48% in local currencies, with 7% in euro, as at 31 December 2018.

Declining exchange rates of for example the US dollar, or domestic currencies versus the euro may negatively impact the financial results and the reserves and may therefore have a negative impact on the dividend to be paid out on Shares, as well as on the Net Asset Value .

Interest rate risk

Changes in market interest rates will cause fluctuations in the value of the Cooperative's development financing and Term Investment portfolio. This may negatively impact the financial results and therefore may have a negative impact on the dividend to be paid out on Shares, as well as on the Net Asset Value of the Shares. Like other investors in development financing the Cooperative faces the current risk of a prolonged period of low market interest rates which may negatively impact the financial results and therefore may have a negative impact on the dividend to be paid out on Shares, as well as on the Net Asset Value.

The main sources of interest rate risk within the Cooperative relate to:

- the exposure to movements in the European interest rate environment;
- the exposure to the United States interest rate environment caused by a duration mismatch between the US dollar hedging and the underlying loan exposure, and

| | | |
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| | | <ul style="list-style-type: none"> • a duration mismatch between local currency hedging and the underlying loan exposure caused by the fact that for some frontier market currencies it is not possible to hedge the duration of the loan portfolio effectively. <p>Non-financial risk</p> <p>Compliance risk</p> <p>Compliance risk is the risk related to the failure to comply with laws/regulations, internal rules/policies, and good business practices. Such failures may lead to regulatory sanctions, financial losses, and reputational damage.</p> <p>Reputational risk</p> <p>As the Cooperative is dependent on its Members for (new) share capital, damage to the Cooperative's reputation could seriously affect future capital inflow or might impel Members to cease their membership and/or to make a redemption request and thus could also affect the ability to finance new activities.</p> <p>Strategic risk</p> <p>Strategic risk can be defined as the risk of losses caused by a failure to respond well to changes in the business environment or implementation of strategy, and can potentially have a major impact on the Cooperative's financial situation and ability to meet its strategic objectives. Strategic choices could lead to fewer opportunities to invest because of (local) competition in social impact investments. This in turn could lead to less income for the Cooperative, through decreased margins, or because fewer investment opportunities are available. This could negatively affect the financial return for the investor in Shares of the Cooperative.</p> <p>Strategic issues that had an impact in 2017 and are expected to have an impact on the organisation for the years to come, are the low interest rate and high liquidity environment globally and accordingly increased competition that requires improved operational efficiency as well as a global increase in regulations that need to be complied with.</p> <p>The Cooperative conducted a review of its strategy in 2017. The implementation started in November 2017. In the first phase of implementation, the Cooperative sharpened its focus on specific countries within Latin America, Africa and Asia. The focus in the second phase is on efforts on core organisational priorities, reducing complexity and increasing efficiency through a review of processes and the operating model. Strengthening the capabilities of the organisation, its people and its systems will be key.</p> |
| D.3 | Key risks specific to the shares | <p>The following are risks specific to the Shares:</p> <p>Dividend risk</p> <p>Dividend can vary and is not certain. The key risks specific to the Cooperative as issuer and its industry may have a negative impact on the amount of dividend to be paid out on the Shares.</p> <p>Shares are in principle issued on a continuous basis and the number of Shares that can be offered is unlimited; distributable income may be diluted in case the additional funds cannot be invested at least at the average yield of the existing portfolio.</p> <p>Risk that redemption of Shares will be below the Nominal Value</p> <p>Shares can be redeemed by the Cooperative. Shares will be redeemed by the Cooperative taking into account the conditions mentioned in article 13 of the Articles of Association, which are as set out below. The Cooperative will also take into account the Member Share Issuance and Redemption policy, which is expected to apply in Q4 2019 (please be referred below).</p> <ul style="list-style-type: none"> • Shares shall be redeemed, if a Member has ceased to be a Member of the Cooperative, no later than five years after cessation of membership; • Shares shall be redeemed no later than five years after the redemption request, without prejudice to what has been provided in article 10 of the Articles of Association, without the Member ceasing its membership of the Cooperative; • The redemption shall be at Nominal Value. However, if the Net Asset Value per Share is lower than the Nominal Value per Share in the most recently |

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| | | <p>audited (interim) balance sheet preceding the redemption by the Cooperative, the amount payable upon redemption of the Share(s) shall not exceed the sum corresponding to the Net Asset Value of the Share(s) according to that balance sheet.</p> <p>Risk of delay in redemption</p> <p>The aforementioned article 13 of the Articles of Association states that a request for redemption could be delayed for up to five (5) years and the value of Shares could have reduced in that time waiting for redemption. Members cannot sell their Shares since there is no market for the Shares.</p> <p>In June 2018 the General Meeting approved the proposal of the Managing Board to take out the five-year redemption period of articles 13.1 and 13.2 of the Articles of Association of the Cooperative. This amendment implies that, in principle, any redemption request might be delayed indefinitely by the Cooperative. The approved amendment is included by integration of a transition clause in the Articles of Association through a notarial deed dated 30 July 2018. In summary, the transition clause states that when the conditions as mentioned below are met, the changes to article 13 of the Articles of Association will become effective. Until such time these amendments are put in place, redemption requests can be delayed, but only for a maximum period of five years.</p> <p>In accordance with the transition clause in the Articles of Association of the Cooperative the changes will only become effective if the following conditions are met:</p> <ol style="list-style-type: none"> 1. a Managing Board resolution to this change (which also includes the intended date of execution of the deed referred to under 3)); and 2. approval by the Supervisory Board of the resolution referred to under 1); and 3. the execution of a notarial deed recording the fulfilment of the conditions precedent referred to under 1) and 2). Article 13 will be effective upon execution of the deed. <p>The Managing Board of the Cooperative issues and redeems Shares at its discretion in accordance with the Cooperative's Articles of Association. Currently, the Managing Board is preparing a policy (the Member Share Issuance and Redemption policy) which is to be considered as a further elaboration of the Articles of Association in relation to the issuing and redemption of Shares. The policy was presented to Members as part of a consultation process. The Managing Board will present the policy at the General Meeting of 2019. The policy outlines the circumstances under which redemptions or the issuance of Shares may be stopped/suspended, revoked or resumed by the Managing Board. The Managing Board expects to apply this policy as of Q4 2019.</p> |
| Section E – Offer | | |
| E.1 | <i>Total net proceeds and estimated total expenses of the issuing of shares, including expenses charged to the investor</i> | <p>The total amount of the net proceeds is dependent upon the number of Shares sold to the Members of the Cooperative, numbering 558 Members as at 31 December 2018. The Shares are continuously offered to Members and there is no maximum number of Shares that can be offered. Therefore, there is no realistic estimation of the proceeds of the share issue and how many Shares will be issued. The maximum cost involved in the issuing of Shares is approximately € 6.4 million.</p> <p>Not applicable. No expenses have been/will be charged to the investors of the Cooperative in relation to the offering of Shares.</p> |
| E.2a | <i>Reasons for offering and use of proceeds, estimated net amount of the proceeds</i> | <p>The reason for the offering is to generate capital. The capital generated by the issuing of Shares is used for funding of activities in the ordinary course of business for the Cooperative. As Shares are continuously offered to Members, there is no realistic estimation of the net amount of the proceeds of the share issue and how many Shares will be issued.</p> |
| E.3 | <i>Terms and conditions of the offering</i> | <p>Membership of the Cooperative is open to eligible organisations, as governed by the Articles of Association. The Members and eligible organisations are:</p> <ul style="list-style-type: none"> • Member churches of the World Council of Churches; • Churches that are not members of the World Council of Churches; • Sub-divisions of churches and councils of churches; • Church-related organisations; • Support Associations; |

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| | | <ul style="list-style-type: none"> • Partner members who are invited by the Supervisory Board (SB); • Other organisations invited by the SB. Additionally these organisations invited to apply must: <ul style="list-style-type: none"> ○ have a mission and objectives that closely align with the Cooperative's mission; ○ be democratically organised to reflect the views of their constituency or membership; and ○ invest at least € 50,000 in Shares. <p>Support Associations are established locally within a country or region and can offer individuals and church congregations or parishes an opportunity to invest indirectly in the Cooperative. The OISF is a Member of the Cooperative established to enable non-Member individuals and non-Member organisations to invest indirectly in the Cooperative.</p> <p>Any interested party that meets the membership criteria of the Cooperative may at any time submit an application for membership of the Cooperative to the Managing Board. After approval, Shares may be acquired accordingly against payment of the Nominal Value thereof. Shares are registered Shares and issued at a Nominal Value of EUR 200, CAD 200, CHF 250, GBP 150, SEK 2,000, or USD 200 per share, or any other currency approved by the Managing Board, following the prior approval of the Supervisory Board.</p> <p>Each Member is required to purchase at least one Share to join the Cooperative. Fractions of Shares may also be purchased thereafter. There is no limit to the number of Shares that may be issued.</p> <p>The Managing Board, after consultation with the Supervisory Board informs new Members of their acceptance in writing. Shares are issued on the date the amounts for share capital are received by the Cooperative from its Members. Shares are governed by, and shall be construed in accordance with, the laws of the Netherlands.</p> |
| E.4 | <i>Any interest material to the offering (including conflicting interests)</i> | Not applicable. As far as the Cooperative is aware, no person involved in the issuing of Shares has an interest material to the offering of the Shares and there are no conflicting interests. |
| E.5 | <i>Name of the offering entity Lock-up agreements, parties involved, period</i> | The Cooperative issues and offers the Shares. Not applicable. There are no lock-up agreements. |
| E.6 | <i>Amounts and percentage of dilution resulting from the offer</i> | When Shares are issued to new Members, the shareholdings of existing Members may dilute the financial position of the existing Members as the issuing of Shares to new Members could affect potential future earnings per Share negatively. Also, new Members will receive one vote at the General Meeting. The amount and percentage of the dilution cannot be calculated as Shares are issued on a continuous basis and the number of Shares that can be offered is unlimited |
| E.7 | <i>Estimated expenses charged to the investors by the issuer</i> | Not applicable. No expenses have been/will be charged to investors by the Cooperative in relation to the offering of Shares. |