

# **Oikocredit International Support Foundation Financial statements 2019**

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## Financial statements 2019

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# Board report

## Developments during 2019 and outlook for 2020

Oikocredit International Support Foundation (Support Foundation) is situated in Amersfoort, the Netherlands. The main purpose of the Support Foundation is to mobilise grant funds to support Oikocredit Ecumenical Development Cooperative Society U.A. (Oikocredit) or one of the related foundations of Oikocredit.

The following people were members of the board of directors as at 31 December 2019:

- Mr T.H.L.J.M. Gieskes (the Netherlands)
- Ms M. L. Hilado Ledesma (the Philippines)
- Ms L.L. Pool (the Netherlands)
- Mr M.A. van Eyk (the Netherlands)
- Ms P.J. Lens (the Netherlands)
- Mr P.O. Stutvoet (the Netherlands)

Patrick Stutvoet joined the board of directors as per 1 March 2019.

Oikocredit's mission of empowering low-income people sustainably involves a holistic approach to responsible financing which includes supporting our partners to achieve their social missions and sustainability goals. Our capacity building work with partners is central to building resilience and generating positive social value.

Oikocredit's capacity building programmes aim to strengthen agricultural cooperatives and associations and financial intermediaries for the benefit of farmer members and low-income borrowers. We invested € 734,000 in our thematic programmes in 2019: agriculture and financial services. The largest area of support was agriculture, with € 582,000 followed by financial services with € 152,000. In total, 25 countries were supported across 3 regions.

In agriculture, our price risk management project for coffee partners in Latin America has developed well. The aim is to embed a participatory approach in the training and thereby translate academic knowledge into the farmers' practical action to mitigate their risks. Training sessions and peer to peer learning was conducted with 22 South and Central American partners. Nineteen of these organisations adopted monitoring tools to assess their exposure to coffee price risk volatility. Currently, the impact evaluation is being completed.

In financial services, we are still applying and developing a mentoring approach to our capacity building. We concluded a pilot project in the Philippines, 'Bridging the Gender Gap', funded by the Church of Sweden. Financial services capacity building also included work with partners in Africa, Latin America and Southeast Asia on CPP self-assessments, action planning to address gaps identified in the assessments and support in implementing these action plans. Monitoring visits to a number of African partners which had received capacity building support in previous years were also conducted.

In our work on monitoring client outcomes, we provided capacity building training in data management and analysis for several partners. We also undertook in-depth research on the welfare of microfinance borrowers over time using the Poverty Probability Index, collecting and processing data.

Our capacity building engagements are funded by the German relief agency Brot für die Welt Protestant Development Service, Church of Sweden, Evangelische Landeskirche in Württemberg, Germany, Multilateral Investment Fund, managed by Inter-American Development Bank, the Rabobank Foundation, Oikocredit Stiftung Deutschland, as well as donation funds from our investors and Oikocredit's own contribution. We will continue to strengthen our fundraising efforts and enhance our grant stewardship, while expanding the three global capacity building programmes.

Capacity building will be central in helping Oikocredit fulfil its ambition of becoming a catalyst in the sector. We aim to scale up the knowledge and experience we have gained while increasingly seeking and matching institutional funding to the needs of partners. We aim to pilot at least one capacity building engagement in digital finance and will continue to improve our follow-up of partners' implementation of action plans following social assessments, as well as our mentoring approach.

The local currency risk funds were used to cover the risks related to Oikocredit's exposure to loans granted in local currencies up to 1 December 2019. The Support Foundation and Oikocredit mutually agreed to end the covering of these currency risks per 1 December 2019 and to transfer the balance of the local currency risk funds to Oikocredit.

The exchange rate loss on the local currency portfolio amounted to € 1.1 million in 2019 (2018: € 5.3 million loss). Oikocredit paid around € 17.1 million (2018: 20.1 million) in hedge premiums to the fund. Approximately € 24.6 million (2018: 17.1 million) was paid for external hedge premiums.

Amersfoort, 3 March 2020

## Balance sheet as at 31 December 2019

(after appropriation of net income)

Notes		31/12/19	31/12/18
		€ ,000	€ ,000
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
1	Term investments	25,908	32,459
	<b>Current Assets</b>		
	Cash and banks	1,546	1,275
	<b>Total assets</b>	<b>27,454</b>	<b>33,734</b>
	<b>TOTAL RESERVES AND FUNDS</b>		
	General reserve	3	3
	Result for the year	-	-
2	Local currency risk funds	-	10,002
3	Other funds (available to cover costs and activities)	6,820	4,417
	<b>Total reserves and funds</b>	<b>6,823</b>	<b>14,422</b>
	<b>LIABILITIES</b>		
4	<b>Current liabilities</b>	<b>20,631</b>	<b>19,312</b>
	<b>Total liabilities</b>	<b>27,454</b>	<b>33,734</b>

## Income statement for the year 2019

Notes	2019	2018
	€ ,000	€ ,000
<b>INCOME</b>		
5 Grants	1,054	1,068
Interest income	382	332
Income from other investments	2,080	-
Revaluation term investments	718	(685)
<b>Total income</b>	<b>4,233</b>	<b>715</b>
<b>EXPENSES</b>		
6 'Category A' capacity building	737	933
Office expenses	62	65
Charged (addition) to the local currency risk funds	3,704	2,286
Charged (addition) to the guarantee funds	342	(185)
Exchange rate differences	316	275
<b>Total expenses</b>	<b>5,161</b>	<b>3,374</b>
<b>RESULT FOR THE YEAR</b>	<b>(927)</b>	<b>(2,659)</b>
7 Additions (-) to and releases (+) from funds	927	2,659
<b>RESULT AFTER ADDITIONS TO FUNDS</b>	<b>-</b>	<b>-</b>

# Notes to the financial statements

## Description of organisation

The Oikocredit International Support Foundation (Support Foundation) was established on 10 March 1995 in Amersfoort, the Netherlands, in accordance with the laws of the Kingdom of the Netherlands. The duration of the Support Foundation is unlimited. The main purpose of the Support Foundation is to mobilise grant funds to support Oikocredit Ecumenical Development Cooperative Society U.A. (Oikocredit) or one of Oikocredit's related foundations. Oikocredit is owned by its members throughout the world: churches, subdivisions of churches, councils of churches, church-related organisations, partners, members and support organisations established by individuals and local parishes. Oikocredit's objective is to mobilise financial credit and resources from its members as well as from third parties (mainly in developed countries) and to channel the proceeds to partners in order to raise standards of living in the poorer areas of the world.

Grant funds are used for Oikocredit's so-called 'subsidised and model costs'. These are costs no institution of this size would incur, but which are part and parcel of the Oikocredit cooperative model. The board of the Support Foundation decided to take some of these costs for their account (category A) and endeavour to raise funds to subsidise part of the costs that remain for Oikocredit's account (category B) from 1 January 2000 onwards. The board decided that the part of Oikocredit's category B costs that can be subsidised cannot exceed 15% of the operating costs of Oikocredit.

Category A capacity building costs are:

- 100% (2018: 100%) of external capacity building to partners.

Category B costs are:

- Investor relations costs: besides the category A costs charged to the Support Foundation, the target is to raise subsidies and grants for another 15% of costs of national support offices and 15% of technical and organisational assistance to support associations;
- Incidental costs: to be decided on a case-by-case basis.

The Support Foundation also manages the local currency risk funds and guarantee funds. The local currency risk funds are available to offset the risk of currency losses on Oikocredit loans disbursed in local currencies. The guarantee funds are available for Oikocredit loans deemed to be risky.

# Accounting policies

## General information

The financial statements are 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. Assets and liabilities are stated at historical cost, unless specifically stated otherwise.

The financial statements are denominated in euro. The balance sheet and income statement include references to the notes. Income and costs are recognised on an accrual basis. These financial statements have been prepared under the going concern assumption.

## Estimates

The preparation of the financial statements requires management to form opinions and to make estimates and assumptions that have an impact on the application of principles and the reported values of assets and liabilities and of income and expenses. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

## Foreign currencies

The financial statements are presented in euro, which is the functional and presentation currency of the Support Foundation. 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. As at 31 December 2019 0.8% of balance sheet total is denominated in US\$. Foreign exchange 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 (or the approximated rates).

Exchange rate differences arising upon the settlement of monetary items are recognised in the income statement in the period that they arise.

## Term investments

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

Non-listed term investments (only equity investments) are stated at cost less impairment. The impairment is tested on an annual basis.

## Grants

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

## Taxes

The Support Foundation has been exempted from paying corporation tax, value added tax as well as gifts and inheritance taxes by the tax authorities of the Netherlands.

# Risk factors

## Liquidity risk

Liquidity risk refers to the risk that the Support Foundation will encounter difficulty in raising funds to meet its commitments. Term investments are liquid and not subject to legal or contractual restrictions on their resale. As a result, investments can be easily acquired or disposed of at prices quoted on the various exchanges.

## Foreign currency risk

Foreign currency risk refers to the risk that the value of the Support Foundation will fluctuate due to changes in foreign currency exchange rates. The foreign currency risks related to the assets and liabilities of the Support Foundation are not hedged. For the foreign currency risk related to the local currency loans of Oikocredit, that are not hedged with external counterparties, the Support Foundation has obtained local currency risk funds to absorb these losses or part of these losses, should they occur.

## Credit risk

Credit risk refers to the risk of a change in the credit quality of a counterparty (in which the Support Foundation has invested in bonds or shares) affecting the value of the Support Foundation's position.

The term investments in bonds have all been rated 'investment grade' by either Moody's, S&P and/or Fitch, with at least 30% in the AAA range (Aaa-A3) and up to a maximum of 65% in the BBB range. Moreover, it is defined in the investment policy that individual issuers are maximised at 5% of total portfolio for quasi and foreign governments, 2.5% of total portfolio for AAA/AA range, 1.75% of total portfolio for A range and 1.5% of total portfolio for BBB and lower range. The manager of the bond portfolio, AXA Investment Managers Paris, constantly monitors the performance of the bonds and takes appropriate action when necessary. Despite this, a debtor can face sudden downgrades and/or price corrections. Such credit risk must always be taken into account when investing. A maximum of 10% of the total amount available for term investments can be invested in shares.

## Interest rate risk

Interest rate risk refers to the risk that changes in market interest rates will cause fluctuations in the value of the term investment portfolio. The average effective duration of the term investment portfolio is a measure of the sensitivity of the fair value of the fixed- interest securities to changes in market interest rates. The management of the term investment portfolio aims for a duration of its bond portfolio of approximately 4.5 to 5.5 years (a lower or higher duration can be accepted) and does not normally actively manage interest rate risks related to its bond portfolios. In 2018 the Board decided to reduce the exposure of the term investment portfolio to 4 years.

Since the interest income is fully allocated to the funds and liabilities, the net interest rate risk is limited.

# Notes to the balance sheet

## 1 Term investments

<i>Can be specified as follows:</i>	2019	2018
	€ ,000	€ ,000
Opening balance as at 1 January	32,459	32,620
Divestments/redemptions during the year	(7,710)	13
Investments during the year at cost	441	511
Revaluation to market value as at 31 December	718	(685)
<b>Balance as at 31 December</b>	<b>25,908</b>	<b>32,459</b>
<b>Breakdown of bonds and shares</b>	<b>31/12/19</b>	<b>31/12/18</b>
	€ ,000	€ ,000
Buy and Maintain ESG Credit Portfolio	25,369	28,393
<b>Bonds</b>	<b>25,369</b>	<b>28,393</b>
TCX, The Currency Exchange Fund N.V., the Netherlands	-	3,547
Donated investments in Oikocredit International Share Foundation	539	519
<b>Shares</b>	<b>539</b>	<b>4,066</b>
<b>Total bonds and shares</b>	<b>25,908</b>	<b>32,459</b>

Buy and Maintain environmental social governance (ESG) Credit Portfolio' is the name of the bond portfolio managed by AXA. Most term investments in bonds have been rated 'investment grade' by either Moody's, S&P and/or Fitch. In 2019 the Support Foundation transferred the Local currency risk fund to Oikocredit, to be able to do that part of the term investments has been transferred to Oikocredit, in total an amount of € 4.2 million.

As of 1 December 2019 the TCX shares are transferred to Oikocredit and therefore the balance in the Share Foundation is zero. Oikocredit EDCS U.A. used to hold 10 shares in TCX, the Netherlands on behalf of the Support Foundation. TCX is an investment fund initiated by the Dutch development organisation FMO, with the purpose of offering hedging facilities for exposure in the currencies of developing countries. The Support Foundation also used to hold shares in TCX for Triple Jump (€ 1.7 million) and the Grameen Foundation (€ 1.8 million), these shares are also transferred to Oikocredit. These shares are not part of the € 3.5 million (2018) in the table above.

The donated investments consists of donated depository receipts in EUR, CAD, GBP and USD of member capital in Oikocredit. The depository receipts are valued at nominal value, taking into account the foreign currency revaluation on the depository receipts in foreign currencies.

## 2 Local currency risk funds

The local currency risk funds were used until 1 December 2019 to cover the risk of currency losses on loans issued in the currencies of developing countries in which Oikocredit operates, rather than issuing loans in US dollars or euro in those countries. The funds originate from grants and subsidies from members and third parties and from the allocation of profits. The Support Foundation and Oikocredit mutually agreed to end the covering of these currency risks per 1 December 2019 and to transfer the balance of the local currency risk funds to Oikocredit.

	Philippines	Indonesia	General	Africa	South-east Asia	Mexico, Central America and the Caribbean	Local currency loans cum. exch. rate differences <sup>1)</sup>	TOTAL 2019	TOTAL 2018
	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000
Balance as at 1 January	6,841	1,290	19,630	7,820	4,587	8,168	(38,334)	10,002	12,813
Addition to / (released from) fund	177	11	(126)	1,395	39	68	(4,894)	(3,330)	(2,811)
<b>Balance as at 30 November</b>	<b>7,018</b>	<b>1,301</b>	<b>19,504</b>	<b>9,215</b>	<b>4,626</b>	<b>8,236</b>	<b>(43,228)</b>	<b>6,672</b>	<b>-</b>
Transfer external hedges to Society	-	-	-	-	-	-	-	(2,489)	-
Transfer of LCRF to Society	(7,018)	(1,301)	(19,504)	(9,215)	(4,626)	(8,236)	43,228	(4,183)	-
<b>Balance as at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,002</b>

<sup>1)</sup> Local currency loans cumulative exchange rate differences account.

The cumulative exchange rate differences account exists for local currency loans which have not yet matured. If losses or profits are realised when the loans in local currencies have matured, the cumulative profits or losses will be taken out of this cumulative exchange rate difference account and charged or added to the specified local currency risk fund mentioned above.

### 3 Other funds (available to cover Oikocredit costs and activities)

The funds (as mentioned below) originate from grants received for the purposes as described per fund. The Support Foundation charges the related Oikocredit costs to the funds (the costs charged to these funds are category A, B and other costs). Please refer to the notes to the financial statements under the heading 'Description of organisation' for an explanation of category A and B costs.

<i>Can be specified as follows:</i>	<b>2019</b>	<b>2018</b>
	<b>€ ,000</b>	<b>€ ,000</b>
Funds for subsidised activities and model costs	3,245	1,145
Capacity building, partner financing and guarantee funds	3,576	3,272
<b>Balance as at 31 December</b>	<b>6,820</b>	<b>4,417</b>

<b>Funds for subsidised activities and model costs</b>				
	<b>Donated investments <sup>1)</sup></b>	<b>Funds for subsidised activities and model costs <sup>2)</sup></b>	<b>TOTAL 2019</b>	<b>TOTAL 2018</b>
	<b>€ ,000</b>	<b>€ ,000</b>	<b>€ ,000</b>	<b>€ ,000</b>
Balance as at 1 January	479	666	1,145	1,212
Addition to / (released from) fund	60	2,040	2,100	(67)
<b>Balance as at 31 December</b>	<b>539</b>	<b>2,705</b>	<b>3,245</b>	<b>1,145</b>

<sup>1)</sup> This fund was established to account for donated shares.

<sup>2)</sup> This fund was set up in 1999 to cover Oikocredit's subsidised activities and model costs. In 2019 the gain on the sale of the TCX shares amounting to € 2.1 million was added to this fund.

Capacity building (CB) and guarantee funds									
	CB funds <sup>1)</sup>	Capacity Building ELK outcome Fund <sup>2)</sup>	Capacity Building BfW <sup>3)</sup>	Capacity Building IDB <sup>4)</sup>	Geographic programmes fund <sup>5)</sup>	General guarantee funds <sup>6)</sup>	Guarantee Fund for Africa <sup>6)</sup>	TOTAL 2019	TOTAL 2018
	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000	€ ,000
Balance as at 1 January	1,069	-	-	-	-	255	1,948	3,272	3,053
Addition to / (released from) fund <sup>4)</sup>	25	-	-	-	-	74	205	304	219
<b>Balance as at 31 December</b>	<b>1,095</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>329</b>	<b>2,153</b>	<b>3,576</b>	<b>3,272</b>

- 1) This fund was set up for capacity building of existing and potential partners and feasibility studies of potential partners in all countries in which Oikocredit operates.
- 2) The client outcome fund originates from the Evangelical-Lutheran Church in Württemberg and was set up for research and analysis training of microfinance institutions in Latin America and Asia as well as an agricultural project in East Africa.
- 3) A three-year capacity building programme Building Resilience of Smallholder Farmers Businesses started in 2017, financed by Bread for the World – Protestant Development Service.
- 4) The Multilateral Investment Fund – a member of the Inter-American Development Bank Group – supports the three-year capacity building programme Price Risk Management for Coffee Cooperatives in Latin America which started in 2017.
- 5) The Geographic programmes fund is a capacity building fund from the Church of Sweden under which two programmes ran in 2018, no new programmes in 2019. The programmes were Bridging the Gender Gap in Microfinance in the Philippines and a programme aiming at the strengthening of Small Cooperatives in Guatemala.
- 6) The two guarantee funds were established to enable institutional donors and individuals to participate in a fund that insures part of the counterparty risk (equity or loan and accumulated interest) of partners financed by Oikocredit.
- 7) For the additions to and releases from these funds, we refer to note 7.

#### 4 Current liabilities

<i>Can be specified as follows:</i>	<b>2019</b>	<b>2018</b>
	<b>€ ,000</b>	<b>€ ,000</b>
Current account Oikocredit	20,767	19,011
Non-allocated grants	(121)	263
Current account Oikocredit International Share Foundation <sup>1)</sup>	(15)	38
<b>Balance as at 31 December</b>	<b>20,631</b>	<b>19,312</b>

<sup>1)</sup> On the current account, consisting of several currencies, the interest percentage is equal to the average 1 week Euribor/USD Libor per year. The current account is payable on demand.

<b>Non-allocated grants</b>		
<i>Can be specified as follows:</i>	<b>2019</b>	<b>2018</b>
	<b>€ ,000</b>	<b>€ ,000</b>
Church of Sweden	113	139
Evangelical Lutheran Church of Württemberg	8	58
Inter-American Development Bank	(77)	120
Brot für die Welt	(165)	-54
<b>Balance as at 31 December</b>	<b>(121)</b>	<b>263</b>

The table is showing the balance of the non-allocated grants of 2019 compared to 2018. The non-allocated grants end of 2019 decreased by an amount of € 384,000.

## Notes to the income statement

### 5 Grants

<i>Can be specified as follows:</i>	<b>2019</b>	<b>2018</b>
	<b>€ ,000</b>	<b>€ ,000</b>
Grant recognised from Inter-American Development Bank	400	378
Grants recognised from Evangelical Lutheran Church of Württemberg	50	181
Grant recognised from Brot für die Welt	227	159
Grants recognised from Church of Sweden	24	136
Grant recognized from Rabobank	-	35
Other grants recognised	353	179
<b>Total grants</b>	<b>1,054</b>	<b>1,068</b>

Grants are received either according to contractual agreements with organisations with which we collaborate on capacity building projects, or from other parties, such as donations from dividends or legacies. Grants recognised from collaborating organisations means that the funds were spent during the year. Unused grants are accounted for under current liabilities. Grants recognised from other parties are immediately recognised in the year received as these grants have no specific spending requirements.

The Inter-American Development Bank disbursed US\$ 231,690 for the Price Risk Model programme in Central and South America, implemented in cooperation with Fair Trade USA and Catholic Relief Services. From Bread for the World – Protestant Development Service we received € 113,970 supporting an agricultural project in East Africa.

### 6 Category A capacity building <sup>1)</sup>

<i>Can be specified as follows:</i>	<b>2019</b>	<b>2018</b>
	<b>€ ,000</b>	<b>€ ,000</b>
Africa	282	379
South and Southeast Asia	12	84
South and Central America	443	470
<b>Total category A capacity building costs</b>	<b>737</b>	<b>933</b>

<sup>1)</sup> A definition of category A and category B costs is included in the notes to the financial statements under the heading 'Description of the organisation'

## 7 Additions to and releases from funds

In the table below the additions to and the releases from the Local currency risk funds and capacity building funds are disclosed. Regarding the Local currency risk funds the movements shown in the table are the movements due to interest and exchange rate differences within the funds over the year. The funds were established based on donations from organizations and members, in the table shown as grant received.

Regarding the Capacity building and guarantee funds the movements shown in the table are the movements due to costs incurred and grants received within the funds over the year. The funds receives support from donors. For an overview of the grants income we refer to note 5.

	2019	2018
	€ ,000	€ ,000
<b>Local currency risk fund the Philippines</b>		
Exchange rate differences on invested funds	40	33
Exchange rate differences on local currency loans repaid	(114)	(553)
Interest added	(103)	34
Released from / (addition) to fund	(177)	(486)
<b>Local currency risk fund Indonesia</b>		
Exchange rate differences on invested funds	8	6
Exchange rate differences on local currency loans repaid	1	(78)
Interest added	(20)	6
Released from / (addition) to fund	(11)	(66)
<b>Local currency risk fund general</b>		
Grants received	1	(83)
Exchange rate differences on invested funds	467	147
Exchange rate differences on local currency loans repaid	272	8,569
Interest added	(614)	196
Released from / (addition) to fund	126	8,829

<b>Local currency risk fund Africa</b>		
Exchange rate differences on invested funds	726	36
Exchange rate differences on local currency loans repaid	(1,994)	(1,008)
Interest added	(127)	38
Released from / (addition) to fund	(1,395)	(934)
<b>Local currency risk fund Southeast Asia</b>		
Exchange rate differences on local currency loans repaid	4	-
Exchange rate differences on invested funds	27	24
Interest added	(70)	24
Released from / (addition) to fund	(39)	48
<b>Local currency risk fund Mexico, Central America and the Caribbean</b>		
Exchange rate differences on invested funds	47	30
Exchange rate differences on local currency loans repaid	6	(2,511)
Interest added	(121)	36
Released from / (addition) to fund	(68)	(2,445)
<b>Local currency risk fund unrealised exchange rate differences</b>		
Addition exchange rate differences on local currency loans repaid	6,603	(4,421)
Addition exchange rate differences	(1,709)	2,286
Released from / (addition) to fund	4,894	(2,135)
<b>Subtotal local currency risk funds</b>	<b>3,330</b>	<b>2,811</b>
<b>Donated investments</b>		
Grants received	(60)	(1)
Released from / (addition) to fund	(60)	(1)
<b>Subsidised activities and model costs</b>		
Interest and gain received allocated to fund	(2,090)	3
Other costs; office expenses	50	65
Released from / (addition) to fund	(2,040)	68

<b>Capacity building Africa &amp; Southeast Asia</b>		
Grants received	-	-
Non-allocated grants	-	(87)
Transfer between funds	-	(3)
Other costs	-	90
Released from / (addition) to fund	-	-
<b>Capacity building funds - Other</b>		
Grants received	(147)	(97)
Non-allocated grants	(70)	(35)
Transfer between funds	9	69
Interest added	(17)	6
Other costs <sup>1)</sup>	200	77
Released from / (addition) to fund	(25)	20
<b>Capacity building ELK Client Outcome</b>		
Grants received	-	(150)
Non-allocated grants	(23)	(31)
Other costs	23	181
Released from / (addition) to fund	-	-
<b>Capacity Building BftW</b>		
Grants received	-	(70)
Non-allocated grants	(157)	(88)
Other costs	157	158
Released from / (addition) to fund	-	-

<b>Capacity building IDB</b>		
Grants received	-	(433)
Non-allocated grants	(261)	55
Other costs	261	378
Released from / (addition) to fund	-	-
<b>General guarantee funds</b>		
Guarantee calls	-	(186)
Transfer between funds	-	-
Interest added	(74)	1
Released from / (addition) to fund	(74)	(185)

<b>Guarantee fund for Africa</b>		
Transfer between funds	-	-
Interest added	(205)	10
Released from / (addition) to fund	(205)	10
<b>Capacity building CoS - Geographic programmes</b>		
Grants received	-	(63)
Non-allocated grants	(23)	14
Transfer between funds	-	(66)
Other costs	23	51
Released from / (addition) to fund	-	(64)
<b>Subtotal Capacity building and guarantee funds</b>	<b>(2,403)</b>	<b>(152)</b>
<b>TOTAL RELEASED FROM / (ADDITION) TO FUNDS</b>	<b>927</b>	<b>2,659</b>

<sup>1)</sup> Other costs include expenses to the amount of € 10,435 (2018: € 35,120) from the Rabobank Foundation.

## 8 Employees

In 2019 no employees were employed by the Support Foundation.

## 9 Audit fees

<i>The following audit fees were expensed in the income statement in the reporting period:</i>	<b>2019</b>	<b>2018</b>
	<b>€ 000</b>	<b>€ 000</b>
Audit of financial statements	8	7
	<b>8</b>	<b>7</b>

## 10 Related party transactions

### Transactions with Oikocredit EDCS U.A. during the year

Oikocredit added unrealised cumulated exchange rate differences on local currency loans to the fund for local currency loans cumulative exchange rate differences amounting to € 1.1 million (2018: charge € 5.3 million).

### Transactions with the Oikocredit International Share Foundation

Transactions relate to investors' donations from dividends and investments in Depository Receipts to the Oikocredit International Support Foundation. Total donations in 2019 amount to € 17,000.

### Transactions with members

The Support Foundation did not receive grants during 2019 from the Church of Sweden in comparison to 2018 € 64,000 was received from the church.

### Other information

#### Allocation of results

The net result is allocated by the board of the Support Foundation to the funds. The net result that has been allocated to funds for 2019 amounts to € 0.93 million.

#### Subsequent events

There are no subsequent events.



## **Independent auditor's report**

To: the Board of Directors of Oikocredit International Support Foundation

### **Report on the accompanying financial statements**

#### ***Our opinion***

We have audited the financial statements 2019 of Oikocredit International Support Foundation ('the Foundation'), based in Amersfoort, the Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2019, and of its result for the year 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- 1 the balance sheet as at 31 December 2019;
- 2 the income statement for the year 2019; 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 the Foundation in accordance with 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 believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **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 that consists of:

- the Board report;
- allocation of results; and
- subsequent events.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.



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 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.

Management is responsible for the preparation of the other information.

### **Description of the responsibilities for the financial statements**

#### ***Responsibilities of management and the Board of Directors for the financial statements***

Management is/are 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, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

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

The Board of Directors is responsible for overseeing the Foundation's financial reporting process.

#### ***Our responsibilities for the audit of the financial statements***

Our objective is to plan and perform the audit assignment 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.

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



Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Amstelveen, 3 March 2020

KPMG Accountants N.V.

M.L.M. Kesselaer RA