



Independent auditor's report

To: The Board of Directors of Oikocredit International Share Foundation

Report on the accompanying financial statements

Our opinion

We have audited the financial statements 2018 of Oikocredit International Share Foundation, based in Amersfoort, the Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Oikocredit International Share Foundation as at 31 December 2018, and of its result for 2018 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 2018;
- 2 the income statement for 2018; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Oikocredit International Share 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 that 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 financial statements

In addition to the financial statements and our auditor's report thereon, the financial statements contain other information that consists of:

- Board report;
- Other information

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

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, including the Board report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements

Responsibilities of Management and the Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, 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 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 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.

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

Amstelveen, 7 March 2019

KPMG Accountants N.V.

M. Frikkee RA

Oikocredit International Share Foundation Financial statements 2018

Contents

Financial statements 2018

Board report	2
Financial statements 2018	
Balance sheet	3
Income statement	4
General information	5
Accounting policies	5
Risk factors	6
Notes to the balance sheet	7
Notes to the income statement	8
Other information	9
Auditor's Report	10

Board report

Developments during 2018 and outlook for 2019

The Oikocredit International Share Foundation (Share Foundation) is domiciled in Amersfoort (the Netherlands).

The main purpose of the Share Foundation is to provide additional investment opportunities in Oikocredit Ecumenical Development Cooperative Society U.A. (Oikocredit) for non-church bodies, such as banks and development organisations, and for individuals.

The following people were members of the board of directors as at 31 December 2018:

Mr F.J. Boschert (Germany)

Mr K. Löffler (Germany)

Ms M. L. Hilado Ledesma (the Philippines)

Ms A. Austin (Australia)

Mr J. Berezo (Spain).

During 2018, the amount of depository receipts of the Share Foundation increased by €21.8 million. The same amount was or will be invested in member capital of Oikocredit Ecumenical Development Cooperative Society U.A.

The OISF financial administration of the issuance of the Depository Receipts and related matters are carried out on behalf of OISF by the staff of the Cooperative following an outsourcing agreement between OISF and the Cooperative. In accordance with this agreement, the Cooperative bears the costs for the services pursuant to the outsourcing agreement. OISF incurs annual costs including bank and interest charges, audit fees, administration fees, office expenses, exchange rate differences, applicable taxes including taxes in connection with the distribution of dividend or other distributions received on the Shares and sundries.

On 20 November 2018, Jorge Berezo became member of the Board of the Oikocredit International Share Foundation (OISF). The OISF Board is now composed of 5 members. OISF's volume has increased notably in recent years and also the number of other duties of some Board members, like duties for the Supervisory Board and Managing Board. The OISF Board felt it was prudent to underpin and expand the existing Board.

In 2018 the Share Foundation employed 2.5 FTEs who were based in the registered branch in Austria.

Amersfoort, 7 March 2019

Balance sheet as at 31 December 2018

(after appropriation of net income)

Notes		31/12/18	31/12/17
		€ ,000	€ ,000
	ASSETS		
	Non-current assets		
1	Member capital in Oikocredit	230,908	208,672
	Current Assets		
2	Receivable Oikocredit International Support Foundation	38	58
	Cash and banks	12,297	6,691
	Total current assets	12,335	6,749
	Total assets	243,243	215,421
	EQUITY AND FUNDS		
3	General reserve	(18)	(102)
	Result for the year	18	84
	Total reserves and funds	-	(18)
	LIABILITIES		
	Non-current liabilities		
4	Depository receipts	232,624	210,827
	Current liabilities		
5	Payable Oikocredit	10,585	4,582
	Other current liabilities	34	32
	Total current liabilities	10,619	4,614
	Total liabilities	243,243	215,421

Income statement for the year 2018

Notes	2018	2017
	€ ,000	€ ,000
INCOME		
Dividends received from Oikocredit	1,980	3,427
Dividends paid or credited to depository receipt holders	(1,980)	(3,427)
6 Financial support Oikocredit	41	452
Interest income	6	1
Exchange rate differences	(25)	70
Total income	21	523
EXPENSES		
7 Personnel expenses	-	(286)
8 General and other expenses	(3)	(153)
Total expenses	(3)	(439)
RESULT FOR THE YEAR	18	84

General information

Description of organisation

Oikocredit International Share Foundation (Share Foundation), situated in Amersfoort, the Netherlands, was established on 10 March 1995 according to the laws of the Kingdom of the Netherlands. The duration of the Share Foundation is unlimited. The main purpose of the Share Foundation is to provide investment opportunities in Oikocredit Ecumenical Development Cooperative Society U.A (Oikocredit) to enable non-Member individuals and non-Member organisations to invest indirectly in the Cooperative .

Oikocredit was established in 1975 according to the laws of the Netherlands. Oikocredit is owned by its members throughout the world: churches, subdivisions of churches, councils of churches, church-related organisations, project members and support organisations established by individuals and local parishes. The objective of Oikocredit is to mobilise financial credit and resources from members as well as from third parties mainly in developed countries and to channel the proceeds thereof to development projects in order to raise standards of living in the poorer areas of the world.

Accounting policies

General information

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

Foreign currencies

The financial statements are presented in euro, which is the functional and presentation currency of the Share Foundation. Management considers the euro the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The euro is the currency in which the Share Foundation measures its performance and reports its results, as well as the currency in which it receives subscriptions from its investors. This determination also considers the competitive environment of the Share Foundation as compared to other European investment products.

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

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

Member capital in Oikocredit

The investment in member capital in Oikocredit fully relates to the depository receipts included in the liabilities. The difference between the two balances is due to the timing of transferring the deposit receipts into member capital. The investment is tested annually for impairment. The member capital is revalued at the foreign currency exchange rate prevailing at the balance sheet date.

Depository receipts

Redemption is at par against the prevailing rate at redemption (or lower market value). As the market value exceeds par, the current 'cost' is the current share amount in currency revalued at the foreign currency exchange rate prevailing at the balance sheet date.

Taxes

The Share Foundation has been exempted from paying corporation and value added taxes by the tax authorities of the Netherlands.

Risk factors

OISF functions as an administration office (administratiekantoor) of the Cooperative and is not involved in any other activities. The following risks are a brief overview of the important risk factors involved.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, or systems or from external events. The administration of Depository Receipts carries an inherent, general risk of mistakes resulting from human error or system failures. In addition, The Share Foundation has outsourced to Oikocredit all aspects of the administration of Depository Receipts, including front-, mid-, and back-office activities, as well as second- and third-line monitoring. This means that the activities are monitored indirectly, through monitoring of the outsourcing agreement, and bring about an additional risk (relative to having all activities take place in-house) that operational risk may not be detected by The Share Foundation.

Currently, operational risk can arise that can potentially create foreign currency and liquidity risk in The Share Foundation. This is due to the way Oikocredit's systems and bank accounts for the settlement of Depository Receipts against Oikocredit shares and donated dividend to ISUP are set up. However, this risk has not materialized because Oikocredit ensures that all resulting amounts on The Share Foundation's accounts are settled and eliminated, in line with the flow-through nature of The Share Foundation. Further, the settlement process will be changed so that these FX results do not materialise at OISF level in the future either.

Compliance Risk

Compliance risk is the risk related to the failure to comply with laws/regulations, internal rules/policies, and good business practices. Depository Receipts qualify as securities, and therefore their issuance and distribution is subject to the securities laws and regulations in each jurisdiction, including requirements for disclosure documents, distribution, and qualifications of investors. While it is The Share Foundation's current policy to market Depository Receipts only in Austria, Canada, France, Italy, Sweden, and the UK, historically incidental sales have been done following the requests of investors resident in other jurisdictions where The Share Foundation is not engaged in an offer to the public. The total amounts are not material and The Share Foundation will monitor to ensure that Oikocredit adjusts its processes to ensure that sales occur only in the jurisdictions approved under the current policy.

Notes to the balance sheet

1 Member capital in Oikocredit

	2018	2017
	€ ,000	€ ,000
<i>Can be specified as follows:</i>		
Member capital in euro shares	203,876	184,166
Member capital in other currencies ¹⁾	27,032	24,506
Balance as at 31 December	230,908	208,672

¹⁾ Included are shares in CAD, GBP, SEK, CHF and USD. The exchange rate differences on the revaluation of member capital in foreign currency amounts to a €0.6 million gain (2017: €1.0 million gain).

The net asset value of an Oikocredit share as at 31 December 2018 is EUR 214.68.

2 Receivable Oikocredit International Support Foundation

The receivable on Oikocredit International Support Foundation amounts to € 38,369 (2017: € 57,642). Market interest rates are charged on the balance of the current account. The current account is payable on demand.

3 General reserve

	2018	2017
	€ ,000	€ ,000
<i>Can be specified as follows:</i>		
Balance as at 1 January	(18)	(102)
Appropriation of result book year	18	84
Balance as at 31 December	-	(18)

4 Depository receipts

	2018	2017
	€ ,000	€ ,000
<i>Can be specified as follows:</i>		
Depository receipts in euro	205,556	186,128
Depository receipts in other currencies ¹⁾	27,068	24,699
Balance as at 31 December	232,624	210,827

- 1) Included are depository receipts in CAD, GBP, SEK, CHF and USD. The exchange rate differences on the revaluation of depository receipts in foreign currency amounts to a €0.6 million loss (2017: €1.0 million loss).

	2018	2017
	€ ,000	€ ,000
<i>Changes in depository receipts can be specified as follows:</i>		
Balance as at 1 January	210,827	190,885
Investments during the year	34,555	33,175
Redemptions during the year	(12,167)	(12,231)
Exchange rate differences	(591)	(1,002)
Balance as at 31 December	232,624	210,827

5 Payable Oikocredit

The payable to Oikocredit amounts to €10.5 million (2017: €4.6 million). This position with Oikocredit is payable on demand and can be off set against the cash and banks position.

Notes to the income statement

6 Financial support Oikocredit

As disclosed in note 10 Related party transactions Oikocredit will no longer grant a contribution for costs to the International Share Foundation as an outsourcing agreement with the Share Foundation is effective as of the 1st of January 2018. The year 2017 closed with a negative equity of € 18,000 and without the financial support there would have been a loss of €23,000 for the year 2018. Therefore the Managing Board of Oikocredit decided to give a financial support to cover the negative equity and the loss in 2018 for in total €41,000.

7 Personnel expenses

In 2018 2.5 (2017: 3) full-time equivalents were employed by the Share Foundation. Of the total FTEs, 25% is male and 75% is female.

	2018	2017
	€ ,000	€ ,000
<i>Can be specified as follows:</i>		
Salaries	-	(212)
Social security charges	-	(67)
Other personnel expenses	-	(7)
Balance as at 31 December	-	(286)

8 General and other expenses

	2018	2017
	€ ,000	€ ,000
<i>Can be specified as follows:</i>		
Marketing expenses	-	(2)
Cost of prospectus	-	(65)
Consultancy expenses	-	(43)
Administration fee Oikocredit	(3)	(24)
Other expenses	-	(19)
Balance as at 31 December	(3)	(153)

9 Audit fees

	2018	2017
	€ ,000	€ ,000
<i>The following audit fees were expensed (within other expenses) in the income statement in the reporting period:</i>		
Audit of financial statements	-	(3)
Total audit fees	-	(3)

10 Related party transactions

Transactions with Oikocredit during the year

Oikocredit, signed an outsourcing agreement with the Share Foundation, which replaced the existing agreement. The outsourcing agreement is effective as of the 1st of January 2018. Oikocredit will bear the costs of the Share Foundation as its own costs and third parties will invoice these costs to Oikocredit only. Oikocredit receives an administration fee of €2,500 per year of the Share Foundation. The cost accounted in Oikocredit related to the Share Foundation for 2018 amount to € 348,000. Oikocredit will no longer grant a contribution for costs to the International Share Foundation (2017: € 452,000).

Transactions with the Oikocredit International Support Foundation

Transactions relate to donations from dividends by investors and investments in shares to the Oikocredit International Support Foundation from the donated investment fund and donations from dividend by investors to other funds of the Oikocredit International Support Foundation. Total donations in 2018 amount to € 27,640.

Other information

Allocation of results

The net result (€ 18,000 profit) is allocated by the board of the Share Foundation to the general reserve.

Subsequent events

There are no subsequent events.

Auditor's Report