

**Oikocredit  
key figures 2015**

**A year of growth  
and change**

**Strategic growth  
in lending and  
investing**

**Building a  
better world**

**Attracting the  
funds that  
sustain our work**

**What our  
investors say**



# Oikocredit key figures 2015

Key social performance indicators	2015	2014	2013	2012	2011
Clients reached by microfinance partners	46 million	37 million	28 million	28 million	26 million
% Female clients	86%	86%	81%	84%	83%
% Rural clients	51%	50%	47%	56%	53%
MFI clients reached with Oikocredit funds	5.9 million	1.5 million	2.8 million	1.7 million	1.6 million
Microfinance partners with a gender policy	52%	50%	50%	42%	38%
People employed by social enterprise partners <sup>1</sup>	84,000 <sup>2</sup>	124,078 <sup>2</sup>	46,607 <sup>2</sup>	37,438 <sup>2</sup>	39,323 <sup>3</sup>
of which permanent jobs	34,820	106,052	31,144	20,556	24,083
% Social enterprise partners with environmental policy	73%	73%	70%	72%	73%

<sup>1</sup> Excludes microfinance. <sup>2</sup> Definition narrowed to include only direct wage employment. <sup>3</sup> Includes indirect employment.

## Five years Oikocredit

The following is an unaudited extract of the full audited financial statements of the organization. The full accounts are available in English on [www.oikocredit.coop](http://www.oikocredit.coop).

	2015	2014	2013	2012	2011
Investors	51,000	53,000	52,000	48,000	45,000
Partners in portfolio <sup>1</sup>	809	805	815	854	896
Countries with regional and country offices	33	34	36	37	36
Staff members in full-time equivalents (FTE) <sup>2</sup>	258	253	254	250	222

## Key figures from the consolidated financial statements

€ thousands

Balance sheet	2015	2014	2013	2012	2011
Intangible fixed assets	1,182	717	-	-	-
Tangible fixed assets	623	529	827	630	614
Development financing outstanding	900,153	734,606	590,540	530,543	520,453
Loss provisions	(64,478)	(54,776)	(46,669)	(52,855)	(55,539)
Term investments	120,188	154,587	146,293	147,336	138,515
Other fixed assets	1,024	1,137	9,576	8,553	8,492
<b>Total non-current assets</b>	<b>958,692</b>	<b>836,800</b>	<b>700,567</b>	<b>634,207</b>	<b>612,535</b>
Current assets	67,656	70,328	78,657	89,113	59,349
<b>Total</b>	<b>1,026,348</b>	<b>907,128</b>	<b>779,224</b>	<b>723,320</b>	<b>671,884</b>
Group equity and funds	930,322	832,108	677,733	626,098	575,497
Third-party interest	4,680	2,900	1,583	1,106	1,073
Non-current liabilities	34,090	42,262	74,531	68,023	74,624
Current liabilities	57,256	29,858	26,960	29,199	21,763
<b>Total</b>	<b>1,026,348</b>	<b>907,128</b>	<b>779,224</b>	<b>723,320</b>	<b>671,884</b>
<b>Income statement</b>					
Interest and similar income	68,855	65,375	50,270	61,116	52,699
Interest and similar expenses	(1,381)	(1,242)	(2,336)	(2,929)	(3,815)
Income from equity investments	3,278	3,940	1,939	7,415	3,422
Grant income	3,436	1,862	3,661	2,836	1,890
Other income and expenses	(10,190)	10,784	(18,412)	(7,883)	939
General and administrative expenses	(31,364)	(28,715)	(26,273)	(23,893)	(21,283)
Additions to loss provisions and impairments	(16,984)	(12,454)	(6,382)	(15,581)	(14,975)
<b>Income before taxation</b>	<b>15,650</b>	<b>39,550</b>	<b>2,467</b>	<b>21,081</b>	<b>18,877</b>
Taxes and third-party interests	(1,807)	(4,071)	(1,092)	1,685	(162)
Additions to and releases from funds	1,528	(15,013)	11,994	(613)	(3,882)
<b>Net income</b>	<b>15,371</b>	<b>20,466</b>	<b>13,369</b>	<b>22,153</b>	<b>14,833</b>
Expenses as % total assets <sup>3</sup>	3.1%	3.2%	3.4%	3.3%	3.2%
<b>Society net income (available for distribution)</b>	<b>15,371</b>	<b>20,526</b>	<b>12,560</b>	<b>22,855</b>	<b>15,887</b>
Proposed dividend	15,005	13,200	11,609	10,520	9,717

<sup>1</sup> Partners in portfolio include financing outstanding as well as partners currently in the process of disbursement, excluding partners that have repaid, been written off or cancelled.

<sup>2</sup> Including staff employed by the regional offices, country offices and national support offices.

<sup>3</sup> Including expenses covered by grants (for example capacity building expenses) and investments in a new common investment administration system (Titan).

# A year of growth and change

**Oikocredit supports microfinance and fair trade organizations, cooperatives and small to medium enterprises through social finance. Our loans and investments help low-income earners improve their livelihoods.**

In 2015, our 40th anniversary year, our portfolio grew faster than expected. We surpassed € 1 billion in total assets and achieved record levels of incoming investments and disbursements. We sharpened our client-centred approach to social performance and invested in our organization and our people to meet the challenges ahead.

## Strategic focus

The microfinance sector is changing as governments promote financial inclusion and as domestic banks in developing countries increasingly engage with microfinance. This has led us to reflect on Oikocredit's role and to redouble our attention to business development.

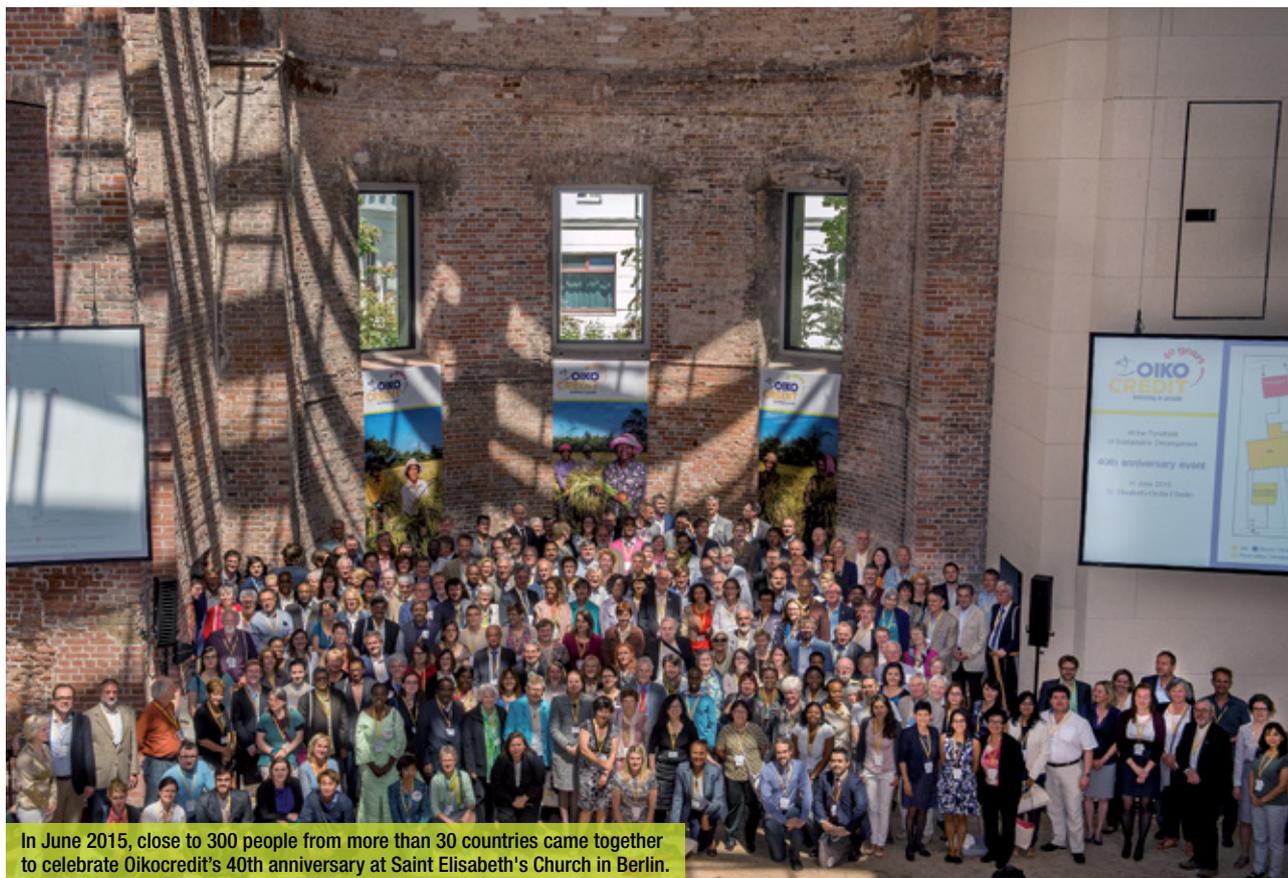
Our development financing portfolio (loans and investments) grew to € 900.2 million in 2015, from € 734.6 million in 2014, a rise of 23%. Our strategic focus areas remained financial services (including microfinance), agriculture, renewable

energy and our priority region, Africa. We continue to embed social performance management in all our activities and to develop more objective ways to measure social performance outcomes.

## The way forward

We have adopted a new strategy for 2016-2020. This includes a cumulative portfolio growth target of 50% by 2020, similar to the rate we have achieved over the past five years.

We expect 2016 to be another exciting and challenging year. Oikocredit has long been a frontrunner in social investment, and we want to maintain this innovative role. As the pace of change in microfinance accelerates, we expect to increase engagement with the agriculture and renewable energy sectors. We also see major opportunities to make an impact in equity investing, as some of our partners grow beyond needing our support in lending.



In June 2015, close to 300 people from more than 30 countries came together to celebrate Oikocredit's 40th anniversary at Saint Elisabeth's Church in Berlin.

# Strategic growth in lending

**Oikocredit supports partners with both credit (loans) and equity investments. We achieved record credit approvals and disbursements in 2015, while responding to changing market conditions. Equity investing increasingly matters to us, and we aim to build our equity portfolio. We have also put more focus on developing innovative business ideas.**

Oikocredit approved € 497.8 million in loans and investments in 2015, a rise of 30% from 2014, and disbursed € 419.0 million, up by 24%. Of the total development financing portfolio (€ 900.2 million), 82% was invested in financial services.

In agriculture, our development portfolio outstanding increased from € 81.6 million to € 113.3 million, more than anticipated, and our agricultural partners grew in number from 175 to 187. Agriculture represents 13% of our total outstanding development portfolio.

Our renewable energy portfolio also grew, from virtually zero to € 15.9 million, representing 2% of the total development portfolio.

In Africa the development portfolio grew in absolute terms and relative to our total portfolio, from € 104.1 million to € 158.1 million.

## **Credit: more opportunities ahead**

Oikocredit's total lending rose by 21% to € 822.9 million in 2015. Our credit strategy prioritizes support for socially oriented microfinance institutions (MFIs) that promote financial inclusion among low-income earners; for agricultural enterprises working with small-scale farmers; for partners active in renewable energy and energy inclusion; and for partners in Africa.

We support smallholder farmers by financing actors all along the value chain: input suppliers, agricultural cooperatives,

traders and agro-processing and exporting enterprises. All our agricultural projects aim to benefit the lives of small producers and to increase food security.

In renewable energy we aim to meet our commitment to environmental protection, to assist the transition away from high-carbon fossil fuels, and to provide affordable off-grid power to low-income households. We support small and innovative off-grid ventures as well as larger grid-connected infrastructure projects. 2015 was Oikocredit's first full year with a dedicated renewable energy unit.

We doubled our portfolio in Africa, where we increased lending to commercial banks that finance small to medium enterprises (SMEs). SMEs support employment creation and strengthen local economies. While not a priority target, this form of lending helps us channel our increasing inflow of funds.

Loan portfolio quality remained stable during 2015. Looking ahead we see good opportunities to increase lending in our priority sectors of agriculture and renewable energy.



BBOXX technicians installing solar panels in Rwanda. In late 2015 Oikocredit invested in BBOXX DEARS Kenya LLP.

# and investing



Mrs Rosalia Alicia Sanchez Valecia grows fruit, vegetables and flowers with her husband. Mrs Valecia is a client of CONCRESES, a credit union supporting micro, small and medium enterprises in Mexico.

## Equity: patient capital

Oikocredit's equity portfolio grew by 36% to € 77.3 million in 2015. We make equity investments in selected partners that need strategic risk capital. We offer patient, long-term capital for organizations that meet our financial, social and environmental criteria. Through our minority stakes and active board participation we offer guidance on governance and on key strategic decisions. In many cases we also add value by leveraging our international network and bringing in prospective co-investors.

Our equity strategy envisages direct investments of between € 2 million and € 10 million in an increasing number of partners, each comprising 15% to 35% of the investee company's equity. We strive to achieve a sound balance between social and financial impact and to earn a reasonable return.

In selecting equity partners we prioritize inclusive finance (microfinance institutions, regulated banks and companies providing factoring and leasing services to SMEs), agriculture (agricultural producers and agro-processing companies that serve smallholder farmers) and sub-Saharan Africa.

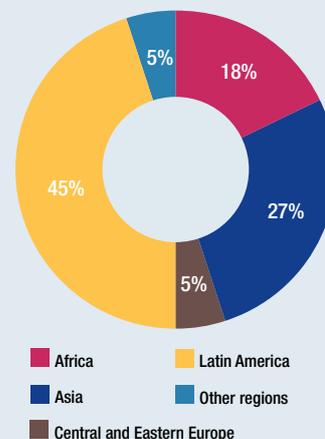
## Business development

Oikocredit was one of the first social investors to invest in microfinance, which has since become mainstream, and we want to continue in this pioneering tradition. We therefore established a business development unit in 2015. The aim is to seek new markets, sectors and products and to select interesting ideas based on clear criteria: social impact, scale or volume, margins (for financial sustainability) and innovation.

## 2015 in graphs

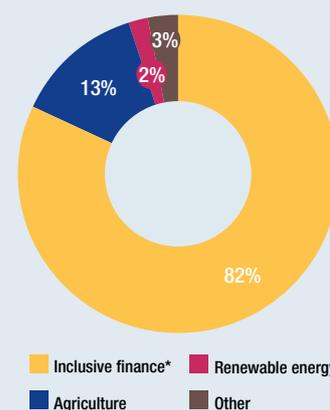
### Funding by region

As at 31 December 2015



### Funding by sector

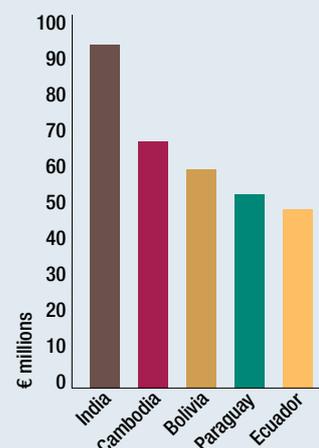
As at 31 December 2015



\* including microfinance, SME finance and leasing

### Countries with highest capital outstanding

As at 31 December 2015



# Our partners reach 46

Oikocredit provides funding in almost 70 countries

## Supporting access to markets

Oikocredit also finances several partners in Europe, North America and Australia which aim to create dignified trading relations to empower producers and consumers. Some, like Divine Chocolate and Cafédirect, are partially owned by farmers and producers in Latin America, Africa and Asia.

809  
partners

51,000  
investors



### Cafetalera Nicafrance

Cafetalera Nicafrance is an agro-forestry company specialized in the production of high-quality certified coffee and timber in Nicaragua's Matagalpa department. Established in 1992, the company is now one of the biggest coffee farms in Central America, supplying large international roasters and leading coffee brands.

Nicafrance has a significant impact on the local community and economy, creating up to 6,000 jobs and providing healthcare, transportation, housing and education to its workers and families.

Nicafrance became an equity partner of Oikocredit in late 2015, enabling the company to benefit from Oikocredit's strategic guidance, governance experience and global network of agricultural partners.



### Kenya Women Microfinance Bank

Kenya Women Microfinance Bank (KWFT) is a microfinance bank founded in 1981 by a small group of women. KWFT is the largest and only microfinance institution catering exclusively to women in Kenya.

KWFT now provides various financial services and products to more than 600,000 women across Kenya to start or build up income-generating enterprises. The majority of KWFT's clients are female entrepreneurs, salaried employees or smallholder farmers.

KWFT employs over 2,800 staff across Kenya with a network of over 220 branches and offices. The bank partnered with Oikocredit in 2010 to increase its lending to female entrepreneurs.

# million people



€900  
million  
development  
financing



## Maritza Invest

Maritza Invest is a Bulgarian agricultural credit cooperative founded in 1996 by 100 farmers to provide loans to small and medium-sized agricultural producers and entrepreneurs living in rural areas.

Maritza Invest has since grown to 730 members, 560 of whom are active borrowers from the cooperative. It is the only financial provider for farmers and entrepreneurs in the region surrounding Bulgaria's second-largest city, Plovdiv. The cooperative therefore plays a crucial role in the local community, providing farmers with much-needed capital to grow their businesses. Oikocredit originally partnered with Maritza Invest in 2006 to provide credit tailored to its members' needs.



## Thrive Solar

Thrive Solar Energy Pvt. Ltd is an Indian social enterprise that designs, develops and manufactures low-cost solar-powered products.

Thrive Solar's social mission is to bring safe and affordable lighting into off-grid households and workplaces, with a focus on study lamps for schoolchildren.

In addition to lamps and home lighting systems, Thrive Solar produces photovoltaic panel systems and solar LED street lights. The company employs more than 300 people, 70% of whom are women. Oikocredit disbursed its first loan to Thrive Solar in 2015 to fund home lighting systems and other solar products.

# Building a better world

**Social performance management (SPM) is central to Oikocredit's mission. We use our environmental, social and governance (ESG) scorecards for social due diligence in selecting partners. Once selected, we support partners in implementing their social mission and carefully monitor and report client outcomes.**

Oikocredit provides on-the-ground support, training and collaboration to help partner microfinance institutions (MFIs) and social enterprises enhance their capacity to serve low-income earners. Supporting our partners to achieve their social mission and sustainability goals is the focus of our capacity building programmes. We spent € 1.7 million on 140 capacity building engagements during 2015; the largest areas were risk management (€ 564,000), agriculture value chain development (€ 510,000) and improvement of SPM practices (€ 395,000).

Many MFIs need support in risk management. Our risk management capacity building explores key risks, enabling partners to draw up risk scorecards and identify steps to mitigate risk.

As an established leader in SPM, we share our learning with, and seek to influence, social investor peers. There are always lessons to learn and adjustments to make.

## Global programmes

We are implementing a new approach to capacity building (CB) centred on three global programmes focusing on agriculture, financial services and client outcomes.

Most of the world's poor still live in rural areas of low agricultural productivity or with poor market access. Oikocredit works with agricultural cooperatives, associations and organizations across the globe to improve business management and farmer welfare and to strengthen farmers' capacity to improve their environmental practices.

We encourage and support financial services partners' adoption of relevant approaches to improve their practices, such as the Progress out of Poverty Index (PPI), which assists with client targeting, and the Client Protection Principles (CPPs), which help ensure client protection. We also build partners' capacity in planning and positioning, for example with a strategic reorientation, and assist MFIs with product and service development to meet clients' needs more effectively.

Many MFIs collect client data but do not consistently analyze it or make decisions based on the findings. Our client outcomes programme develops partners' capacity to track, interpret and report changes in clients' lives over time and includes quantitative poverty analysis. We have introduced the programme in Cambodia, India, the Philippines and Tajikistan and have started selecting partners in Central America.



Mrs Victoria Yucra paints figures for the table football sets that her husband Felix manufactures. Her husband is a client of Banco Pyme de la Comunidad in Bolivia.



Employees of SEKEM harvest dates in Egypt. SEKEM is an agricultural social enterprise which adheres to biodynamic and fair trade principles.

During a training week, we support the MFIs in data collection, analysis and usage and help them build dynamic dashboards to track poverty and employment data over time for clients in their portfolio.

By December 2015 we had collected almost 2 million client records with 11 partners through this programme. Highlighting the value of evidence-based learning for MFI managers is a key focus. After training, managers often decide to modify the way their MFI works to provide better client services.

### Mentoring programme

Our SPM mentoring programme provides guidance to MFI partners on how to improve their strategies and operations. The programme supports partners in delivering client benefits such as higher incomes, reduced risk, women's empowerment, better access to services and improved management of repayment difficulties. Mentors help partners clarify goals, identify strengths and opportunities, build organizational commitment, and draw up and implement action plans.

In 2015, five years into the programme, we co-published *Mentoring Social Performance Management*, a guide that explains how mentors can support financial institutions

in understanding and implementing a truly client-centric approach.

### Environmental focus

Oikocredit is committed to its triple bottom line, which includes taking our environmental responsibilities seriously. Our ESG scorecards – one for financial intermediaries and another for non-microfinance enterprises – are key internal tools for due diligence in environmental, social and governance matters. Simultaneously we assess potential partners on their environmental impact; and depending on the category to which a project belongs, a full environmental impact assessment is commissioned.

All six principles of our environmental policy received attention in 2015, including an evaluation of our disaster risk management capacity building in the Philippines and a survey on regional experiences with our environmental assessment guidelines for projects.

In 2015 we disbursed € 20,000 from our CO<sub>2</sub> compensation fund to provide solar lights to 100 handloom weavers and 750 people living in slums in Hyderabad, India. We also invested € 40,000 from the fund in the Green Belt Movement's Greening Urban Schools tree-planting programme in Kenya.

# Attracting the funds that sustain our work

**Incoming funds surpassed expectations in 2015, fuelled by interest in impact investing and the current market environment. Our investors are indispensable – without them, we could not provide the financial support needed to help low-income earners improve their livelihoods.**

In 2015 Oikocredit received € 102.0 million in net lendable funds from members and other investors. Germany, the Netherlands, Austria, Switzerland and France were our main investor countries.

Volunteers and staff of our 31 support associations build public awareness through development education on issues such as women's empowerment, fair trade, rural development challenges, climate change, the Sustainable Development Goals and the contributions we can all make. They commit time and energy to promoting our vision and values and challenging people to invest responsibly.

Support associations, national support offices and our team at Oikocredit International are co-creating our inflow strategy to align with our overall 2016-2020 strategy. The goal is to sustain our capital inflow and to strengthen the impact of our social movement. Attracting new and younger investors, and keeping pace with technological and social developments, are essential to our future sustainability.

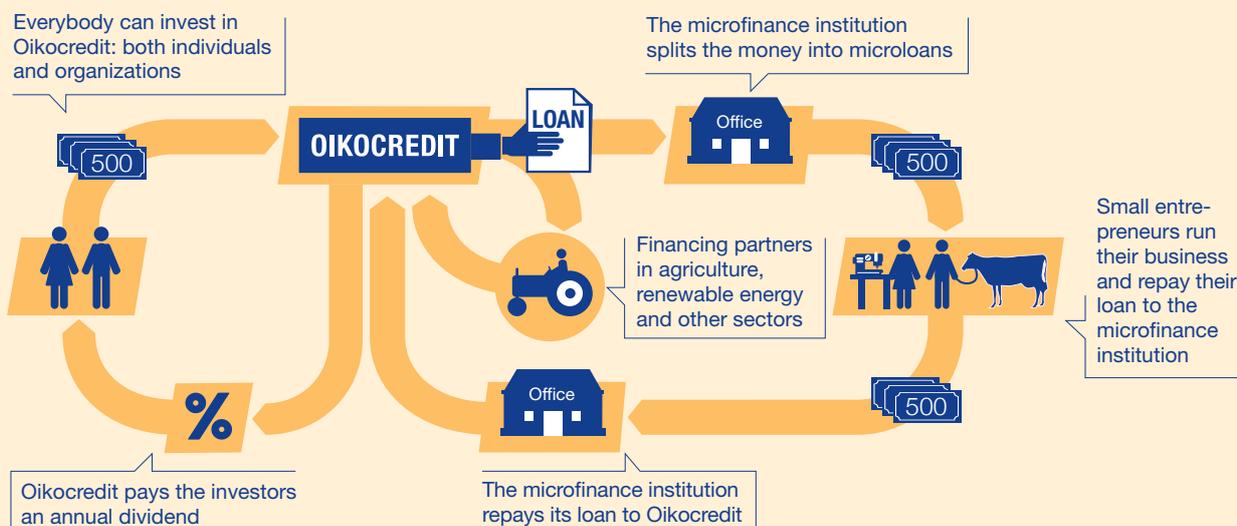
We offer joint savings products with ethical banking partners such as Mennonite Savings & Credit Union (Canada), Crédit Coopératif (France), GLS Bank (Germany) and Ekobanken (Sweden). Vancouver City Savings Credit Union (Vancity) is now our second banking partner in Canada.

Oikocredit's main 40th anniversary event of 2015 took place in Berlin, where the World Council of Churches had first endorsed the establishment of an international sustainable development cooperative financed by private investors. Close to 300 people from more than 30 countries gathered to celebrate four decades of innovative social investing.

Our annual study tour took members, support association volunteers and staff from six countries to India, and we organized several roadshows to cities in Germany, Spain and Switzerland.

## Oikocredit investment cycle

Oikocredit invests around 80% of its development financing portfolio in inclusive financial services (including microfinance) and about 20% directly in sectors including agriculture, renewable energy and education.



# What our investors say

**Fergal Greene, originally from Tipperary in Ireland, lives and works in Brussels, Belgium, where he teaches history and economics at the European School. Married with two children, he has also lived and taught in Dublin, Ireland, and in France.**

## How long have you been an Oikocredit investor and how did you hear about us?

I have been an investor in Oikocredit since January 2016. I first saw one of Oikocredit's newspaper advertisements while travelling back to Ireland in November 2015. This was just after the terrorist attacks in Paris, and I was feeling rather disheartened about the state of the world. The advertisement showed how positive ethical investing can be, which caught my attention at such a sombre time.

## Why did you invest in Oikocredit?

By investing in Oikocredit, I felt that I could make a contribution to social justice and show solidarity with others. As a teacher of economics, I am convinced that money should serve people, and not the other way round. I have known about microfinance for a few years and believe in the way it helps low-income earners in developing countries who otherwise would lack capital to invest in their small businesses.

I also like the idea of providing loans rather than only giving donations to charities. I think it helps people gain agency to take control over their destiny and creates a more equal relationship between giver and receiver. I feel confident that my Oikocredit investment will help people achieve concrete improvements in their lives. Oikocredit also attracted me because it is a cooperative.

## Do you plan to keep investing in Oikocredit?

Yes. Whatever dividends my investment earns will go back into Oikocredit. As somebody who regards himself as a world citizen, I want to help change the world by addressing poverty and inequality. Investing in Oikocredit is a step in the right direction.

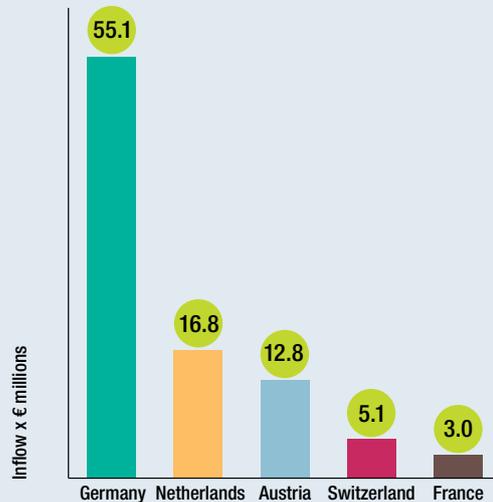


Fergal Greene

# 2015 in graphs

## Net inflow

Top 5 countries as at 31 December 2015



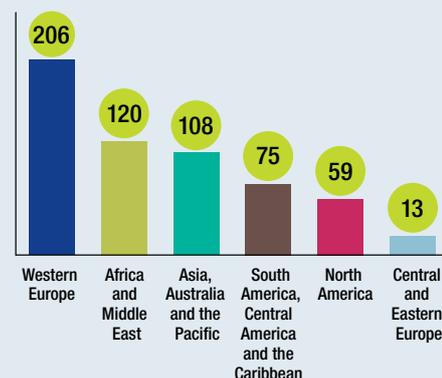
## Number of investors

Top 5 countries as at 31 December 2015



## Number of members per continent

As at 31 December 2015



## Present on the ground

Oikocredit's worldwide network of local offices in 33 countries keeps us close to the partner organizations we support. Local Oikocredit staff know our partners and markets well, and rigorous risk management enables us to provide longer-term financing among disadvantaged communities.

We provide loans, credit lines and equity investments to:

- Microfinance institutions ranging from small, rural cooperatives to larger, more established microfinance banks
- Multi-purpose institutions combining microfinance with community services in health or education
- Small to medium enterprises that create jobs for disadvantaged people
- Enterprises where women are influential in management and/or implementation
- Producer cooperatives, many of them selling to the fair trade market
- Organizations that take responsibility for their environmental impact
- Partners that are financially sustainable, or can soon become so, and have suitable management in place

## Making school boxes for boarding school pupils

Jitegemea Credit Scheme (JCS) client Mrs Teresia Kiaithira Muiruri (front cover) from Kiambu in Kenya runs Kanunga Steel Hardware, a small business producing school boxes for boarding school students. She buys metal sheets and pays local craftsmen to turn them into school boxes.

Together with her late husband, she started selling metal sheets in 2003. When they started out they only had one employee. She now employs a team of three workers and can pay for her two eldest children to attend university. Mrs Muiruri's latest loan from JCS for KES 700,000 (€ 6,150) has enabled her to buy more stock and continue to expand her business.

JCS provides financial services to promote and empower micro and small enterprises across Kenya. Its services include loans, savings products and technical assistance. JCS has been an Oikocredit partner since 2004, maintaining its focus on clients' needs, despite its rapid growth.

Oikocredit's financing has enabled JCS to disburse loans from various rural branches. This in turn is expected to lead to the expansion of thousands of micro and small enterprises, creating employment opportunities – especially in rural areas where access to credit remains a challenge.



Local craftsmen turning metal sheets into school boxes for Kanunga Steel Hardware.

[WWW.OIKOCREDIT.ORG](http://WWW.OIKOCREDIT.ORG)



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