

Stichting Oikocredit International Share Foundation Financial statements 2020

Contents

Financial statements 2020

Board report	2
Financial statements 2020	
Balance sheet as at 31 December 2020	3
Income statement for the year 2020	4
General information	5
Accounting policies	5
Member capital in the Cooperative, depository receipts and dividend	6
Risk factors	9
Notes to the balance sheet	10
Notes to the income statement	11
Other information	12
Auditor's report	13

Board report

Developments during 2020 and outlook for 2021

Stichting Oikocredit International Share Foundation (OISF or the Share Foundation) is a foundation incorporated under the laws of the Netherlands. It functions as an administrative office (*Stichting Administratiekantoor*) of OIKOCREDIT, Ecumenical Development Cooperative Society U.A. (the Cooperative or Oikocredit) for the sole purpose of issuing depository receipts.

The main purpose of the Share Foundation is to provide additional investment opportunities for legal and natural persons who would like to participate in the Cooperative to support Oikocredit's mission through investing but who do not meet the criteria to become members.

The following persons were members of the Share Foundation's board of directors as at 31 December 2020:

Mr J. Berezo (Spain)

Mr F. J. Boschert (Germany)

Mr K. Löffler (Germany)

Ms A. Austin (Australia) stepped down from the board of directors as of 30 April 2020.

In 2020, the amount outstanding in depository receipts issued by the Share Foundation decreased by €7.4 million. In the same period, the Share Foundation divested the same amount in member capital of the Cooperative.

At 31 December 2020 the Share Foundation employed 2.9 full-time equivalents, all based in the registered branch in Austria.

The Share Foundation's financial administration for the issuance of the depository receipts and related matters is carried out on behalf of the Share Foundation by the staff of the Cooperative following a service level agreement between the Share Foundation and the Cooperative. In accordance with this agreement, the Cooperative bears the costs for the administrative services provided to the Share Foundation pursuant to the service level agreement. These costs include: compliance costs related to the offering of depository receipts; audit fees; investor administration activities; office expenses; applicable taxes including taxes in connection with the distribution of dividend or other distributions received on the shares; and sundries. Costs that are borne by Share Foundation include charges by registries of commerce in the jurisdictions where Share Foundation is present and bank charges in relation to OISF bank accounts.

As of 2021, the Share Foundation no longer offers depository receipts in Canada, following the decision of the Cooperative to cease raising capital from investors in Canada who are not eligible to become members of the Cooperative.

Amersfoort, 12 March 2021

J. Berezo

F. J. Boschert

K. Löffler

Balance sheet as at 31 December 2020

(After appropriation of net income)

Notes		31/12/20	31/12/19
		€ ,000	€ ,000
	ASSETS		
	Non-current assets		
	Member capital in the Cooperative	p.m. ¹	p.m. ¹
	Current assets		
	Receivables	12	-
	Cash and banks	2,763	5,507
	Total current assets	2,775	5,507
	Total assets	2,775	5,507
	EQUITY AND FUNDS		
1	General reserve	10	-
	Result for the year	(25)	10
	Total reserves and funds	(15)	10
	LIABILITIES		
	Non-current liabilities		
	Depository receipts	p.m. ¹	p.m. ¹
	Current liabilities		
2	Payable to investors	1,468	1,694
3	Payable to the Cooperative	1,287	3,722
4	Payable to Stichting Oikocredit International Support Foundation	35	15
	Other current liabilities	-	66
	Total current liabilities	2,790	5,497
	Total liabilities	2,775	5,507

¹ The euro amounts related to the member capital in the Cooperative and the depository receipts of the Share Foundation are not shown on balance in the annual report of the administration office (*Stichting Administratiekantoor*), because the entitlement to economic benefits (e.g. dividend and value of invested capital) of the shares is with the holders of the depository receipts. The dividend received from the Cooperative and paid to the investors is also not included in the income statement.

Income statement for the year 2020

Notes	2020	2019
	€ ,000	€ ,000
INCOME		
Interest income	-	1
7 Compensation personnel expenses from the Cooperative	169	193
6 Exchange rate differences	(22)	12
Total income	147	206
EXPENSES		
7 Personnel expenses	(169)	(193)
8 General and other expenses	(3)	(3)
Total expenses	(172)	(196)
RESULT FOR THE YEAR	(25)	10

General information

Description of organisation

OISF offers depository receipts for shares in the Cooperative. OISF is a foundation incorporated under the laws of the Netherlands and functions as an administrative office (*Stichting Administratiekantoor*) of the Cooperative for the sole purpose of issuing depository receipts. OISF was established on 10 March 1995 for an indefinite period of time. OISF has its statutory seat and office in Amersfoort and its head office at Berkenweg 7 (3818 LA) in Amersfoort. OISF is registered at the Chamber of Commerce under number 41190347.

The Cooperative is a cooperative society with excluded liability (*coöperatie met uitsluiting van aansprakelijkheid*)¹ incorporated in the Netherlands and operating under Dutch law. The Cooperative has its statutory office in Amersfoort and its head office at Berkenweg 7 (3818 LA) in Amersfoort. The Cooperative is registered at the Chamber of Commerce under number 31020744. The Legal Entity Identifier of the Cooperative is 724500O951PB3SFR7U57.

The Cooperative was founded in 1975 to provide churches and church-related organisations with an ethical investment channel. OISF is a member of the Cooperative and a special type of a Support Association. The members of the Cooperative provide the capital for the Cooperative. The main purpose of OISF is to provide additional investment opportunities for legal and natural persons who would like to participate in the Cooperative to support Oikocredit's mission through investing, but do not meet the criteria to become members. Only the members of the Cooperative are permitted to hold shares in the Cooperative. To achieve its purpose, OISF functions as an administrative office (*Stichting Administratiekantoor*) of the Cooperative. OISF conducts no activities other than acquiring and administering shares in the interest of the holders (*ten titel van beheer*), issuing depository receipts to the holders and activities directly related to the foregoing.

In 2020 OISF actively offered depository receipts in Austria, Canada, France, Ireland, Italy, Spain, Sweden and the UK.

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 Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. Assets and liabilities are stated at historical cost, unless 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.

Comparative figures

The accounting policies have been consistently applied to all the years presented.

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 predominantly receives subscriptions from its investors.

¹ "Excluded liability" means that members' liability for the obligations of the society is limited to the funds they have invested through the purchase of shares.

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 in which they arise.

Taxes

The Share Foundation is not liable for corporate income tax and value added taxes in the Netherlands.

Member capital in the Cooperative, depository receipts and dividend

Member capital in the Cooperative

The member capital in the Cooperative and the depository receipts are off-balance-sheet items. The investment in member capital in the Cooperative fully relates to the depository receipts.

On 1 September 2020 the Cooperative implemented its member share issuance and redemption policy. Following this implementation, OISF submits to the Cooperative requests for issuance and redemption of member shares that match in quantity the total requests OISF has received during a calendar month from OISF investors to have depository receipts issued or redeemed. The Cooperative decides whether to honour issuance and redemption requests received in a calendar month from its members, including OISF, on the fifth working day of the following month. When the Cooperative decides to honour the issuance and redemption requests of its members, OISF acquires and has redeemed to it the member shares corresponding to the requests for issuance and redemption of depository receipts by OISF investors in the applicable calendar month, and simultaneously issues and redeems these depository receipts. The issuance and redemption orders of the member shares and the depository receipts are registered as of the first of the month in which the Cooperative took the decision. This means that requests for issuance and redemption of shares, and respectively depository receipts, received during December 2020 will be registered as of 1 January 2021. On 8 January 2021 the Cooperative gave the approval to issue and redeem the requests submitted in December 2020.

Since the implementation of the member share issuance and redemption policy, there are no differences occurring anymore between the member capital in the Cooperative held by OISF and depository receipts issued to OISF investors. The member capital is revalued at the foreign currency exchange rate prevailing at the balance sheet date.

Voting rights

Like all members of the Cooperative, OISF has one vote at the General Meeting of the Cooperative. There are no different voting rights in relation to major shareholders, if any. OISF will pass on all dividend or other distributions received by it on the shares to the depository receipt holders.

Redemption rights

Shares can be redeemed to OISF by the Cooperative taking into account the conditions mentioned in Article 13 of the Articles of Association of the Cooperative and the further elaboration thereof in the member share issuance and redemption policy of the Cooperative.

Dividend

Dividend and other shareholders' rights date from the moment the shares are issued. All shares entitle the holder to a dividend proportional to the nominal value of the shares. Participants in the General Meeting of the Cooperative, having considered the recommendations by the Managing Board of the Cooperative, decide how net profits are allocated. Dividend is paid either by allotting additional fractions of shares or in cash.

The member capital held by OISF in the Cooperative can be specified as follows:

	2020	2019
<i>Can be specified as follows:</i>	€ ,000	€ ,000
Member capital in euro shares	206,004	208,699
Member capital in other currencies ¹	22,535	27,226
Balance as at 31 December	228,539	235,925

¹ Included are shares in British pounds, Canadian dollars, Swedish kronor, Swiss francs and United States dollars. The exchange rate differences on the revaluation of member capital in foreign currency amounts to a €0.9 million loss (2019: €1.0 million gain).

As at 31 December 2020 the Share Foundation held 1,167,926 shares in the Cooperative. The total number of shares issued by the Cooperative is 5,517,351, therefore OISF holds 21.2% (2019: 21.3%) of the total shares issued.

The net asset value of a share of the Cooperative as at 31 December 2020 is €210.50 (2019: €214.41).

Depository receipts

The depository receipts are a liability towards the investors of the Share Foundation. Redemption is at nominal value against the exchange rate of the transaction date.

Depository receipts do not give holders any right to vote and no formal meetings of holders will be held. OISF may at its sole discretion and upon consideration of all facts and circumstances it deems relevant, redeem some or all of the depository receipts held by a particular holder at the request of that holder. The redemption only takes place if the Cooperative has agreed to repurchase from OISF a number of shares equal to the number of depository receipts to be redeemed.

The Managing Board of the Cooperative issues and redeems shares at its discretion in accordance with the Cooperative's Articles of Association and the member share issuance and redemption policy.

The depository receipts can be specified as follows:

	2020	2019
	€ ,000	€ ,000
<i>Can be specified as follows:</i>		
Depository receipts in euro	206,004	210,690
Depository receipts in other currencies ¹	22,535	26,929
Balance as at 31 December	228,539	237,619

¹ Included are depository receipts in British pounds, Canadian dollars, Swedish kronor, Swiss francs and United States dollars. The exchange rate differences on the revaluation of depository receipts in foreign currency amounts to a €0.9 million gain (2019: €1.0 million loss).

	2020	2019
	€ ,000	€ ,000
<i>Changes in depository receipts can be specified as follows:</i>		
Balance as at 1 January	237,619	232,624
Investments during the year	12,818	26,202
Redemptions during the year	(27,298)	(22,206)
Transfers	6,281	(5)
Exchange rate differences	(881)	1,004
Balance as at 31 December	228,539	237,619

As per 31 December 2020 OISF has issued 1,167,926 depository receipts. For the relative percentage, refer back to the note on the member capital in the Cooperative.

Dividend

In 2020 the Cooperative did not pay dividend on the member shares and consequently the Share Foundation did not receive dividend that it could pass on to the depository receipt holders.

	2020	2019
	€ ,000	€ ,000
<i>Dividends can be specified as follows:</i>		
Dividends received from the Cooperative	-	2,251
Dividends paid or credited to depository receipt holders	-	(2,251)
Balance as at 31 December	-	-

Risk factors

The Share Foundation functions as an administrative office (*Stichting Administratiekantoor*) of the Cooperative, for the sole purpose of issuing depository receipts. The proceeds of the depository receipts (after deduction of any taxes) will be used by the Share Foundation for the purchase of shares in the Cooperative. Unlike shares in the Cooperative, depository receipts do not come with voting rights. The board of the Share Foundation acts on behalf of the depository receipt holders and as a member of the Cooperative, the Share Foundation has one voting right at the Cooperative's General Meeting. The Share Foundation does not have any other activities. The following is an overview of the important risk factors involved.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, actions by people (e.g. human error) and 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 the Cooperative 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 service level agreement, which brings about an additional risk (relative to having all activities take place in-house) that operational risk may not be detected by the Share Foundation.

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 constitute registered claims (*vorderingen op naam*) against the Share Foundation. They represent the beneficial interest in the shares, issued on a one-to-one basis by the Cooperative. Depository receipts qualify as securities, and therefore their issuance and distribution are subject to the securities laws and regulations in each jurisdiction, including requirements for disclosure documents, distribution and qualifications of investors. While the Share Foundation's policy in 2020 was to market depository receipts only in Austria, Canada, France, Ireland, Italy, Spain, 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 monitors to ensure that the Cooperative has adjusted its processes to ensure that sales occur only in the jurisdictions approved under the current policy.

Notes to the balance sheet

1 General reserve

	2020	2019
<i>Can be specified as follows:</i>	€ ,000	€ ,000
Balance as at 1 January	10	-
Appropriation of result book year	(25)	10
Balance as at 31 December	(15)	10

The negative reserve that occurred in the year 2020 due to a loss on the exchange rate differences of €22.000 and general and other expenses of €2.500 can be resolved due to the fact that the Cooperative and OISF committed to strive to work towards a solution to resolve negative equity at OISF under the service level agreement. For the years after 2020 the exchange rate differences will be absorbed by the Cooperative as outlined in the service level agreement. General and other expenses will remain in the income statement of OISF. There is no fee charged to investors, the Cooperative will absorb these costs as a donation.

2 Payable to investors

In the section *Member capital in the Cooperative, depository receipts and dividend*, the member capital in the Cooperative and the depository receipts of the Share Foundation are disclosed. During December 2020 investors wishing to invest in depository receipts advanced funds to OISF. In accordance with the Cooperative's member share issuance and redemption policy, and its implementation by OISF, these depository receipts were issued on 1 January 2021. Therefore there is a payable towards the investors as at 31 December for €1.5 million (2019: €1.7 million).

3 Payable to the Cooperative

The amount payable to the Cooperative was €1.3 million (2019: €3.7 million). This position with the Cooperative is payable on demand and can be offset against the cash and banks position. The payable occurs due to the fact that transactions are occasionally processed through the bank account of the Cooperative and are booked through the intercompany account between the Cooperative and OISF.

4 Payable (receivable) Oikocredit International Support Foundation

As at 31 December 2020 the Share Foundation had an amount payable to Stichting Oikocredit International Support Foundation of €35,000 (2019: €15,000). This amount is generated by OISF investors electing to donate all or part of their investment, including any dividend, to the Stichting Oikocredit International Support Foundation. Market interest rates are charged on the balance of the current account. The current account is payable on demand.

5 Commitments and contingencies not included in the balance sheet

Following the implementation of the member share issuance and redemption policy on 1 September 2020, the decision to honour issuance and redemption requests received in a calendar month is made on the fifth working day of the following month, and the issuance and redemption orders are registered as of the first of that month. This means that requests for issuance and redemption of shares and thus depository receipts received during December 2020 will be registered as of 1 January 2021. There was €4.2 million of depository receipts to be redeemed to investors as at 31 December 2020. The depository receipts to be issued as per 31 December 2020 are visible on balance as a payable towards the investors of €1.5 million. On 8 January 2021 the Managing Board of the Cooperative decided to issue and redeem the requests submitted in December 2020.

Notes to the income statement

6 Exchange rate differences

The exchange rate differences amount to €22,000 negative (2019: € 12,000 positive) and arises from two sources:

1. OISF has bank accounts in local currencies. While revaluing these bank accounts, an exchange rate result occurs (€7,000).
2. Prior to the implementation of the member shares issuance and redemption policy by the Cooperative and OISF in September 2020, the issuance and redemption of shares and depository receipts did not always take place on the same date. This led to an exchange rate difference (€ 15,000).

7 Personnel expenses

At 31 December 2020, 2.9 (2019: 3.25) full-time equivalents (FTEs) were employed by the Share Foundation based in Austria. Of the total FTEs, 17% were men and 83% women. All expenses are carried by the Cooperative.

8 General and other expenses

	2020	2019
	€ ,000	€ ,000
<i>Can be specified as follows:</i>		
Administration fee from the Cooperative	(3)	(3)
Balance as at 31 December	(3)	(3)

9 Related party transactions

Transactions with the Cooperative during the year

Effective as of 1 January 2018, the Share Foundation signed a service level agreement with the Cooperative, which replaced the previous agreement. The Cooperative will bear the costs of the Share Foundation as its own costs and third parties will invoice these costs to the Cooperative only. This means that the Cooperative will no longer grant a contribution for costs to the Share Foundation. In 2020 the total costs accounted in the Cooperative related to the Share Foundation amounted to € 189,000 (2019: € 109,000).

The Cooperative and OISF entered into a new service level agreement on 1 January 2021. Pursuant to this agreement, the Cooperative will perform all back-office activities and bear the related costs as its own costs.

Transactions with the Stichting Oikocredit International Support Foundation

Transactions relate to investors' donations to the Stichting Oikocredit International Support Foundation from dividends and investments in depository receipts. Total donations in 2020 amount to € 57,939.

Other information

Allocation of results

The net result (€ 25,000 loss) is allocated by the board of the Share Foundation to the general reserve.

Subsequent events

There are no subsequent events.



Independent auditor's report

To: the Board of Stichting Oikocredit International Share Foundation

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements 2020 of Stichting Oikocredit International Share Foundation, based in Amersfoort.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Oikocredit International Share Foundation as at 31 December 2020, and of its result for the year 2020 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 2020;
- 2 the income statement for the year 2020; 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 Stichting 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 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:

- 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.

The board is responsible for the preparation of the other information.

Description of the responsibilities for the financial statements

Responsibilities of the board for the financial statements

The board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board is responsible for such internal control as the board 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, the board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board should prepare the financial statements using the going concern basis of accounting unless the board either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so. The board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

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

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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 among others:

- 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 the board;
- 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 company 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 those charged with governance 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, 12 March 2021

KPMG Accountants N.V.

M.L.M. Kesselaer RA