

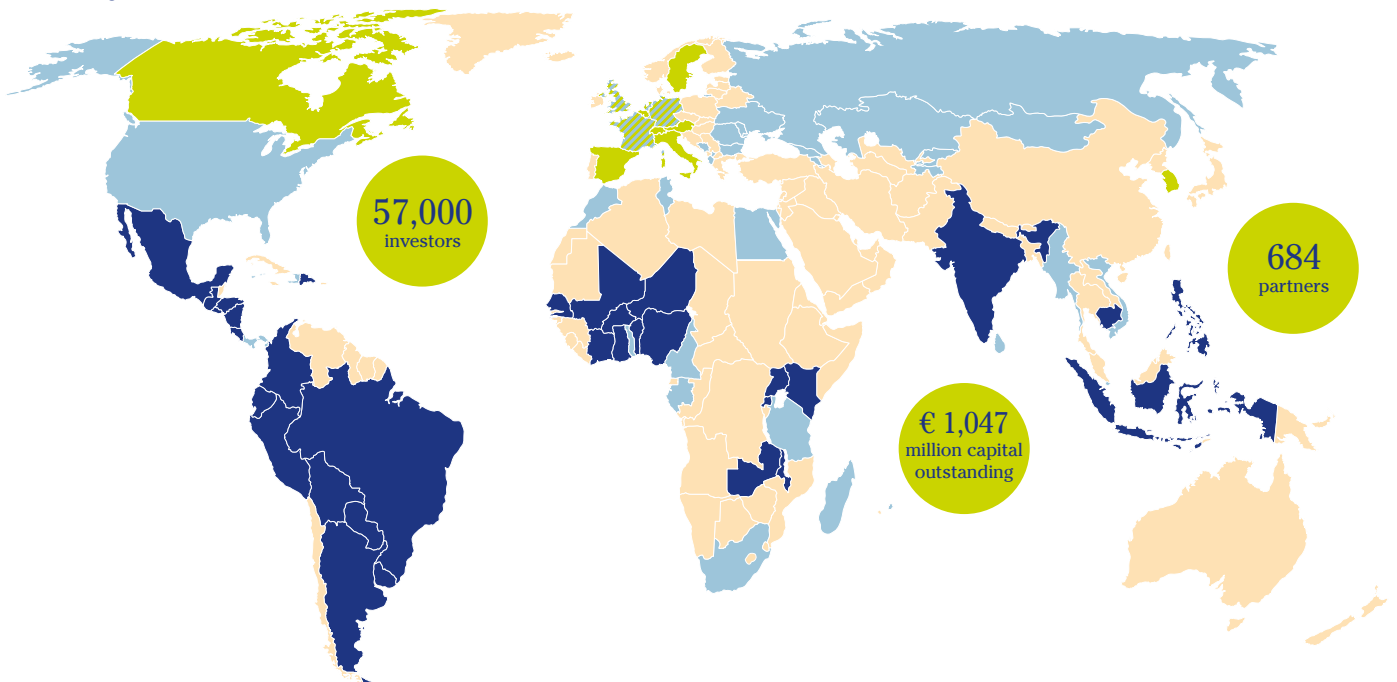
Investing for positive social impact

Oikocredit is a social impact investor and worldwide cooperative with over four decades of experience in leading positive change through investments in financial inclusion, agriculture and renewable energy.

Guided by the principle of empowering low-income people to improve their quality of life, Oikocredit supports partners in Africa, Asia and Latin America through loans, investments and capacity building.

Oikocredit is financed by individuals and institutions who want to be part of a global movement for social change. Our investments prioritise social impact while safeguarding the environment and generating fair financial returns.

We're a global organisation with local presence, able to respond to our partners' needs and strengthen them by offering more than financing.



- 33 countries where Oikocredit will focus its activities going forward
- Other countries where Oikocredit currently has loans and investments
- 12 countries where Oikocredit actively attracts investments

India – Improving the lives of smallholder farmers

Oikocredit partner Y-Cook India Private Limited (Y-Cook) produces a range of healthy ready-to-eat food products free of preservatives and additives. This is a fast-growing market, catering to India's growing working and middle classes. Y-Cook works closely with smallholder farmers who benefit by gaining access to markets, training in agricultural best practices and quality control. Krishna Muthy (right) is one of Y-Cook's 1,300 farmer suppliers. "Before we worked with Y-Cook we didn't grow sweet corn, but only flowers and millet. With corn we have fixed prices, which are much better," he says.



Looking back on a year of change



Oikocredit's Managing Director, Thos Gieskes, reflects on 2018 and shares what is ahead for the cooperative.

2018 marked 50 years since the idea to create Oikocredit came about at the World Council of Churches meeting in 1968. Looking back, we can be really proud of what Oikocredit has achieved over the past decades.

In recent years, we have seen the world around us changing rapidly, and external trends are impacting the work we do. While our social impact continues to be strong, our financial results have been under pressure as noted in recent annual reports. This is mainly due to the global low interest rate environment which has persisted for a number of years, as well as increased competition in the social impact investing industry. In 2017, our results were also adversely affected by foreign currency effects.

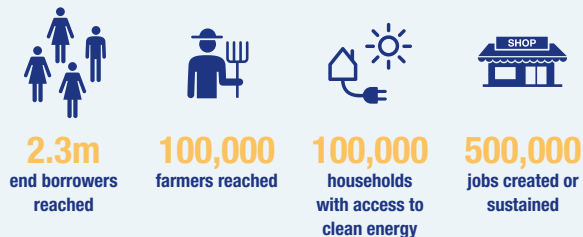
Updating our strategy to deliver an even stronger social impact

2018 was a time of renewal for Oikocredit, in which we set about updating our strategy to address these challenges, and continued to work hard to grow our portfolio to the benefit of our partners and their clients.

We redefined the sectors and markets in which we will be active going forward, focusing our efforts on 33 focus countries across three regions of Africa, Asia and Latin America. At the same time, we are improving internal processes and reducing complexity and costs in our organisation. We have achieved good progress in implementing our updated strategy over the past year, and we can already see the benefits starting to emerge.

We have set ourselves ambitious goals, and maximising social impact for low-income people and communities continues to be our guiding principle. You can read more about our updated strategy at www.oikocredit.coop/strategy.

Our outreach objectives by 2022



Our results in 2018: growing our portfolio and member capital

Despite 2018 being a year of change, our net income after taxation improved significantly compared to 2017 and we achieved a modest net consolidated result of € 1.3 million. Our new hedging and risk management policies helped reduce the effects of currency fluctuations and we drew on € 2.8 million from our local currency risk fund (compared to € 38.6 million in 2017).

Our development finance portfolio grew by 6.6% to € 1,046.6 million, exceeding the € 1 billion mark in our loans and investments

for the second time in our history. Our loans and equity investments in financial inclusion, which make up the majority of our development finance portfolio, grew by 5.5% to € 796.2 million. We continued to expand our support for organisations beyond traditional financial institutions, such as lenders to SMEs that stimulate job creation, and partners that use fintech (financial technology) to reach underserved communities.

We know that investments in agriculture play a major role in creating rural jobs and reducing poverty, and we were pleased to see our agriculture portfolio grow by 14.5% to € 168.8 million. In renewable energy, we updated our strategy to focus on projects that deliver a strong social impact and improve access to energy for low-income communities, with a focus on off-grid solar and clean cooking. While our renewable energy portfolio shrank slightly by 1.4% to € 48.4 million, this reflects the smaller size of investments that come with investing in off-grid solar projects.

At the same time, Oikocredit's equity portfolio grew strongly by 22.1% to € 162.5 million and now comprises 15.5% of the development financing portfolio, up from 13.6%.

Continuing to help our partners deliver social impact

We saw a net inflow of lendable funds at € 77.9 million from our 57,000 members and investors, a pleasing result in a time of change that is mainly thanks to the work of Oikocredit's support associations. This brought our total lendable funds to € 1,228.2 million, up 6.5% from 2017. Our member capital also increased by 6.9% to € 1,082.5 million.

Through the financing we provided via loans and investments approved in 2018, we reached 577,873 end-clients in the financial services sector and 95,033 farmers through our agricultural portfolio. In addition, we continued to work with our industry partners to deliver capacity building projects. In 2018, we were proud to provide € 933,000 (€ 845,000 in 2017) to support 143 current and potential partner organisations with capacity building through our three global capacity building programmes focusing on agriculture, financial services and client outcomes.

Looking ahead

As planned and previously shared, we will finish implementing our updated strategy this year. This means that, though we are already seeing some positive effects, our financial results for 2019 will remain under pressure. From 2020 onwards we expect the impact of the changes we are currently making to show clearly in our financial performance.

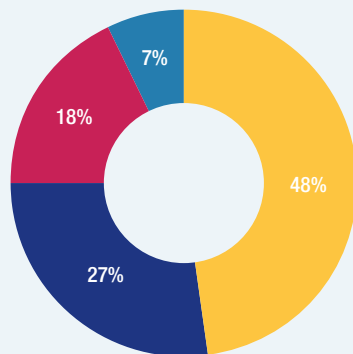
Organisational change is rarely easy, but it is important that we evolve and adapt to stay relevant as an organisation. Our passion for creating social impact remains at the core of these changes, and we are as committed as ever to improving the lives of low-income people and communities through our work.

Oikocredit's combination of over 40 years of experience in impact investing, a loyal investor base, a truly global network of partners and local offices, and dedicated staff and volunteers creates a proposition that few other organisations can match. I am confident that with this unique combination we will be able to achieve our strategic goals and strengthen our position as a leader in the social investing sector in the years to come.

Oikocredit at a glance

Financing by region

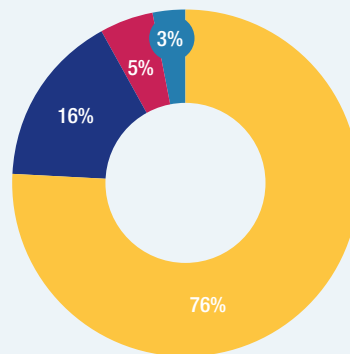
at 31 December 2018



- Latin America and the Caribbean
- Asia
- Africa
- Other

Financing by sector

at 31 December 2018

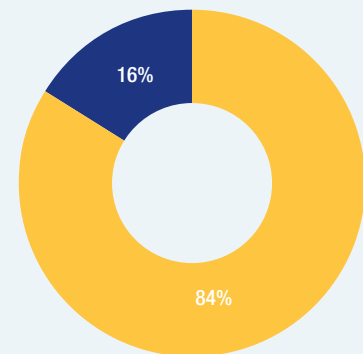


- Financial inclusion*
- Agriculture
- Renewable energy
- Other

* including microfinance and SME finance

Type of financing

at 31 December 2018



- Loans
- Equity investments

Key figures

at 31 December 2018

● Total assets	€ 1,292.9 million
● Total development financing outstanding	€ 1,046.6 million
● Member capital	€ 1,082.5 million
● Liquidity ratio as % of total assets	17.3%
● Total number of partners	684
● Average loan size total portfolio*	€ 1.7 million
● Portfolio at risk (90 days)	4.0%
● Net asset value per share	€ 214.84

* based on approved loan amounts

Social and environmental performance

at 31 December 2017

Social and environmental performance management is a priority for Oikocredit. We monitor indicators to ensure partners reach the right target groups and provide services that work towards a positive change in people's lives.

Clients reached by Oikocredit's financial inclusion partners 36 million

● % female clients	84%
● % rural clients	49%

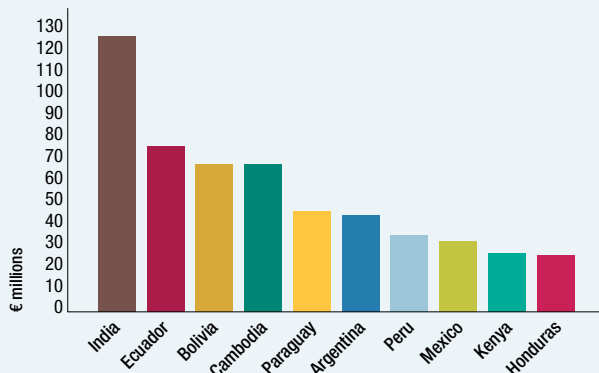
People employed by agricultural partners 39,200
 ● of which permanent jobs 24,000

Renewable energy

● Households with improved access to energy	15,600
● CO ₂ emissions avoided (in tonnes)	38,100

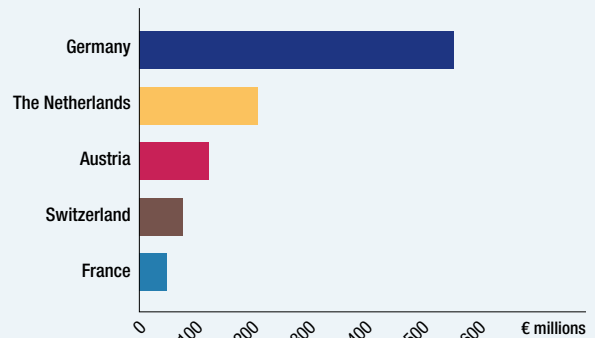
Ten countries with highest capital outstanding

at 31 December 2018



Five countries with highest member capital

at 31 December 2018



Five-year Oikocredit key figures

The following is an unaudited extract of Oikocredit's full audited financial statements. The full accounts are available at www.oikocredit.coop/annual-report

Key figures from the annual report in € millions

	2018	2017	2016	2015	2014
Development financing activities					
New disbursements	444.5	380.2	438.7	419.0	337.9
Increase % disbursements	16.9%	-13.3%	4.7%	24.0%	10.4%
Cumulative disbursements	3,795.1	3,350.6	2,970.4	2,531.7	2,112.8
Total cumulative payments (capital, interest and dividends) by partners	3,289.4	2,839.9	2,422.1	2,052.2	1,714.7
Loan loss provisions on capital and interest and impairment of equity	80.3	74.0	81.7	68.6	59.6
Loan loss provisions and impairment of equity as % of development financing outstanding	7.7%	7.5%	7.8%	7.6%	8.1%
Write-offs capital charged to loss provisions	5.3	4.6	11.4	6.8	6.1
As % of development financing outstanding	0.6%	0.5%	1.2%	0.8%	0.8%
Impairments and additions to loss provisions	15.0	7.1	26.9	17.0	12.5
As % of development financing outstanding	1.4%	0.9%	2.6%	1.9%	1.7%
General and administrative expenses excluding grant-based expenses	36.0	36.6	33.5	29.7	27.3
As % of total assets	2.8%	3.0%	2.8%	2.9%	3.0%
Total financial income	87.2	90.1	101.9	75.3	65.3
Society net income (available for distribution)	1.3	18.4	29.0	15.4	20.5
Proposed dividend	10.6	9.6	17.1	15.0	13.2

Balance sheet and income statement

Balance sheet	2018	2017	2016	2015	2014
Intangible fixed assets	0.5	1.1	1.0	1.2	0.7
Tangible fixed assets	4.9	2.2	1.3	0.6	0.5
Development financing outstanding	1,046.6	981.7	1,047.2	900.2	734.6
Loss provisions	-76.0	-69.3	-77.5	-64.5	-54.8
Term investments	149.0	149.9	112.8	120.2	154.6
Other fixed assets	4.9	3.2	1.0	1.0	1.1
Total non-current assets	1,129.9	1,068.8	1,085.9	958.7	836.8
Current assets	163.1	151.3	123.4	67.7	70.3
Total	1,292.9	1,220.0	1,209.3	1,026.3	907.1
Group equity and funds	1,181.5	1,125.2	1,069.1	935.0	835.0
Non-current liabilities	56.8	56.9	39.9	34.1	42.3
Current liabilities	52.8	36.3	100.3	57.3	29.9
Total	1,292.9	1,220.0	1,209.3	1,026.3	907.1
Income statement					
Interest and similar income	82.0	82.4	79.6	68.9	65.4
Interest and similar expenses	-2.5	-2.1	-1.5	-1.4	-1.2
Income from equity investments	1.7	6.9	21.2	3.3	3.9
Other income and expenses	-29.6	-60.2	4.8	-10.2	10.8
Grant income	1.1	0.9	0.8	3.4	1.9
General and administrative expenses	-37.1	-37.6	-34.0	-31.4	-28.7
Additions to loss provisions and impairments	-15.0	-7.1	-26.9	-17.0	-12.5
Income before taxation	0.6	-16.7	44.0	15.7	39.6
Taxes and third-party interests	-2.0	-3.4	-2.1	-1.8	-4.1
Additions to and releases from funds	2.7	38.6	-12.8	1.5	-15.0
Net income	1.3	18.4	29.0	15.4	20.5