

Financial statements

1999



P.C. Hooftlaan 3
3818 HG Amersfoort
The Netherlands
Tel.: 31-33-422 40 40
Fax: 31-33-465 03 36
E-mail: office@oikocredit.org
Internet: www.oikocredit.org

Report of the Board of Directors

In accordance with the mandate given to us by the Board of Directors we have analyzed and confirmed the Financial Statements of the Society over the year 1999, as prepared by the management. On behalf of the Board we submit these Financial Statements to the Annual General Meeting for approval.

Bringing the funds to the field

Thanks to a 50% increase in new project approvals and a lot of hard work, disbursements grew by 47% to 12 million euros. As a result of these record disbursements and the appreciation in the value of the US dollar by 16%, the total amount of project funding outstanding increased by 18% to EUR 57 million.

Adding to this the deposits in financial institutions in the South, this means that 55% of the lendable funds that were available at the beginning of 1999 is active in development financing, slightly up from last year. If, like last year, investments in development banks and countries in the South were added, this percentage increases to 74%, up by 5% from last year.

Oikocredit income and costs

After a dip in 1998, which was to a large extent caused by the lower dollar rate, project income has increased by 28% in 1999 with a strong push from the nearly 16% appreciation in value of the US dollar (68% of outstanding loans and guarantees are US dollar nominated). This increase has been tempered by our new, more conservative rule not to account for any income on projects that are in the process of foreclosure while at the same time providing for the future loss of this income by additions to the Loan Loss Provision.

Thanks to the new, more active investment policy which has been implemented over 1999, a fundamental increase of EUR 500,000 per year in yield on the Long Term Investment has been realized. Due to changes in accounting principles (as explained more fully in the Financial Statements), this real improvement is only shown as a modest 6% increase in Long Term Investment income together with an Extraordinary Income of EUR 1.6 million. (This change in accounting principles also resulted in

an addition of EUR 7,114,000 to Long Term Investments and an addition of EUR 7,114,000 to Other Reserves as of 31 December, 1998). This Extraordinary Income will in its entirety be allocated to the Equalization Reserve for Long Term Investments.

Real growth in capacity has taken place in the Regional Offices (expenses up 19%) and to a lesser extent (expenses up 12 %) in the International Support Office in Amersfoort, all well within budget.

This growth, which is mainly targeted at the Regional Offices, is essential for the realization of our ambitious growth targets in project financing. Thanks to successful fundraising activities, grants received for our non-banking costs have increased considerably, enabling us to allocate extra costs to the strengthening of the Regional Offices.

The additions to the Loss Provision now absorb 50% of our total income and are substantially higher than our total operating expenses. The ongoing decrease in the quality of our loan portfolio has a major impact on our financial situation. Major steps have been taken to redress this trend: close follow-up on possibilities to redress the underlying problems combined with earlier action in cases where partners are starting to default on their financial obligations. Without success in this area, Oikocredit will not be able to realize its growth objectives.

Dividend

The increased addition to the Loss Provision affected our capacity to pay the maximum dividend of 2%. Nevertheless we are pleased to be able to propose to the Annual General Meeting in June 2000 to pay a dividend of 1% over 1999.

Conclusion

Oikocredit has a very relevant mission in an increasingly complex context. It is the continuous support of thousands of investors, which made this programme possible. It is the loyalty

and commitment of hundreds of project partners that made this programme sustainable. The experience of the past 24 years makes us confident that - with the support of all concerned - we can meet the challenges ahead of us.

Accra, 20th March 2000



Ernestina Naana Hagan
President

Vienna, 20th March 2000



Robert Wychera
Chair Finance & Planning Committee

Financial statements

Years ended December 31, 1999 and 1998

The financial statements are expressed in euro. For information purposes: The exchange rate of the US dollar versus the euro was 1.00635 as at December 31, 1999. No separate data expressed in US dollar were included.

Summary of accounting policies

Description of organization

The Ecumenical Development Cooperative Society U.A. (the Society) was established in 1975 in Rotterdam and possesses corporate status according to the laws of the Kingdom of the Netherlands. The Society is owned by its members throughout the world: churches, subdivisions of churches, councils of churches, church-related organizations, project members and support organizations established by individuals and local parishes.

The duration of the Society is unlimited. The objective of the Society is to mobilize 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 poor areas of the world.

The Society has its International Support Office in Amersfoort (the Netherlands) and has offices in Abidjan (Côte d'Ivoire), Accra (Ghana), Chiangmai (Thailand), Harare (Zimbabwe), Jakarta (Indonesia), Madras (India), Manila (the Philippines), Mexico City (Mexico), Montevideo (Uruguay), Nairobi (Kenya), Pretoria (South Africa), San José (Costa Rica), Santiago (Chile) and New York (United States of America).

The offices in Ghana, India, Kenya, Chile, the Philippines and the USA are incorporated as local legal companies and should therefore be considered as subsidiaries. Due to the immateriality of the assets of these subsidiaries, it has been decided to include the assets as if they were branch offices.

Name change

During 1999 the Annual General Meeting of the Society decided to change the name of the organization to Oikocredit, Ecumenical Development Cooperative Society U.A..

Translation of foreign currency

Transactions in foreign currencies are translated at current rates in effect at the date of transaction. Non-settled foreign currency denominated monetary assets and liabilities as well as the USD-denominated share capital at balance sheet date are translated into euro at year-end rates. When exposures in foreign currencies are hedged, the related assets and liabilities are also translated at the year-end rates. Gains or losses resulting from conversion during the year as well as year-end translation of foreign currencies into euro together with results from hedging contracts which were settled during the year are directly added to or set off against a restricted reserve in the Society's equity. The income or costs related to hedging are taken up as operating expenses and are released/charged over the duration of the hedging contract.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost. Expenditure for additions, renewals and improvements are capitalized; expenditures for maintenance and repairs are charged to expenses as incurred. Upon retirement or disposal, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included under expenses. Depreciation is computed using the straight-line method for financial reporting purposes over the estimated useful life of the respective assets.

Investments

It is the policy of the Society to maintain a certain portion of the value of its share capital in Long Term Investments as the non-project part of share capital that provides safety and operating income.

Changes in accounting principles of investments

In the beginning of 1999 it was decided that the Society will implement a strategy of active management of the Long Term Investment Portfolio. Due to this change in the management of the investment portfolio, the Long Term Investments in bonds and shares are valued at market value from the January 1, 1999 onwards. Realized and unrealized gains and losses during a financial year are taken to the Equalization Reserve for marketable securities. As a consequence the balance of this reserve can be positive as well as negative. At the end of each financial year, the realized and unrealized gains and losses during the year on the marketable securities are amortized over the average duration of the portfolio at the end of each year. The amortizations for each year are charged to or released from the Equalization Reserve to investment income.

With this system the Society believes that it accounts for a relatively constant stream of investment income over the duration of the investment portfolio, avoiding the annual changes in market value in the Profit and Loss account causing material fluctuations in investment income.

The relevant balance sheet items were restated for 1998 as shown in note 2 and note 7 to the financial statements:

- Long Term investments were revalued with an amount of EUR 7,114,000 (from EUR 74,295,000 to EUR 81,409,000)
- An Equalization Reserve was created per January 1, 1999 for the amount of EUR 7,114,000 (from EUR 1,040,000 to EUR 8,154,000).

Long Term Investment income for 1999 would have been approx. EUR 160,000 lower when valued at the accounting principles used up to 1998.

Up to December 31, 1998 the marketable debt securities were valued at cost or amortized cost. Gains or losses on redemption or sales of Investments, measured by the difference between book value and proceeds of sales, were taken to a valuation reserve.

The Valuation Reserve up to December 31, 1998 amounting to EUR 1,597,000 resulting from the profits and losses on the sale of bonds up to that date, was accounted for as Extraordinary Income at January 1, 1999.

At the end of 1999 this Extraordinary Income was added to the Equalization Reserve and will be released to income over the average duration of the investment portfolio as from January 1, 2000.

Project funding

Project funding outstanding is valued at face value taking into account the exchange rate at year end. Project equity investments are valued at the lower of cost or market value, except for Banco del Desarrollo (Chile) which is valued at our share in the net equity less related tax liabilities or lower market value. In the absence of a regular market for investments, valuation is based on best estimates of market value. Allowances against the risk on recovery of the investments are made in the same manner as with other project funding.

Provision for possible losses

The Society's provision for possible project funding losses is based on an evaluation of the risks of the current project funding portfolio (loans, guarantees and equity investments) in terms of present and anticipated future conditions.

A general allowance is made to meet potential risks in the starting period of all projects. This general allowance is built up by a fixed percentage of the total amount disbursed on project funding in the year of disbursement and the next two years. This general allowance is gradually reduced over the years for those projects that do not show specific risks.

Additions to or withdrawals from the allowance for project funding risks are included in the determination of net income.

The portfolio is evaluated for specific risks arising from each particular project. The risks of project funding are however not only related to the specific project; deteriorating economic circumstances and/or changes in the political

scene in a country in which a project is situated may induce restrictions on international banking or conversion of currencies. Based on this total evaluation an allowance against the risk of non-repayment is established. If the provision is inadequate any remaining loss is charged to the Statement of Income.

Grant contributions

Undesignated grant contributions are normally included in the determination of income in the year in which they have been received. Designated grants received only via the Oikocredit International Support Foundation are included as income in the year in which such designated expenses occur.

Income and expense recognition

Income from investments, expenses, outstanding project funding, management fees and time deposits are recognized as accrued.

Taxes

The tax authorities in the Netherlands have exempted the Society from profit tax, value added tax and gift tax. This arrangement is subject to several conditions, all of which are being complied with. They have also decided that no tax will have to be withheld on dividends distributed by the Society to its members.

Exchange fluctuation gains or losses

Besides Dutch guilder and euro shares, the Society issues USD denominated shares.

The objective is to achieve a better matching between assets in US dollars and outstanding USD share capital. Any remaining material net exposure on USD or other currencies appearing during the year is hedged. The exchange fluctuation gains or losses are accounted for as a direct addition to or set off against the (restricted) Exchange Fluctuation Reserve within the Society's Equity. The Society considers that this treatment of foreign currency gains or losses provides more adequate information on its profitability. Although such treatment may depart from international generally accepted accounting principles or legal regulations, the Society finds justification for this digression in Article 362.4 (book 2, title 9) of the Dutch Civil Code.

Reclassification balance sheet and profit and loss account items

During 1999, Long Term Investments in Development Banks as well as the related income have been reclassified, due to a motion accepted by the Annual General Meeting of the Society.

The comparative figures for 1998 have also been reclassified. Investments in Development Banks 1998 up to the amount of EUR 15,375,000 were now classified under Long Term Investments and not shown under Development Financing anymore. Interest received from Development Banks amounting to EUR 985,000 during 1998 were now reclassified and shown under Long Term Investment Income.

Balance Sheet as of December 31, 1999

Notes	31-12-99 EUR ,000	31-12-98 EUR ,000
LONG TERM ASSETS		
1 Development Financing:		
Project funding:		
Approved	78,071	64,645
Less: - Not yet disbursed	(20,816)	(16,338)
	<hr/>	<hr/>
	57,255	48,307
Deposits at financial institutions:	7,040	7,611
	<hr/>	<hr/>
Total Development Financing	64,295	55,918
Less: - Loss provision	(11,573)	(10,456)
	<hr/>	<hr/>
	52,722	45,462
2 Long Term Investments	86,062	79,902
3 Tangible fixed assets	188	209
	<hr/>	<hr/>
Total Long Term Assets	138,972	125,573
CURRENT ASSETS		
4 Receivables	6,481	5,800
5 Cash and Banks	1,439	337
	<hr/>	<hr/>
Total Current Assets	7,920	6,137
 TOTAL ASSETS		
	146,892	131,710
 MEMBERS' EQUITY		
6 Issued capital	120,691	105,480
6 General Reserve	3,711	3,468
7 Other reserves	3,536	8,154
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	127,938	117,102
 LIABILITIES		
8 Long term	14,156	11,233
9 Current	4,798	3,375
	<hr/>	<hr/>
	18,954	14,608
 TOTAL LIABILITIES		
	146,892	131,710

The accompanying notes are an integral part of these financial statements.

Income Statement for the year 1999

Notes	1999 EUR ,000	1998 EUR ,000
INCOME		
10 Projects	4,550	3,539
Deposits at financial institutions	677	88
Management fees	276	121
	<hr/>	<hr/>
Total Development Financing	5,503	3,748
Long Term Investments	4,693	4,412
11 Other income	9	76
	<hr/>	<hr/>
TOTAL INCOME	10,205	8,236
12 INCIDENTAL INCOME	-	463
EXPENSES		
Personnel	2,222	1,941
Travel	276	257
General	1,556	1,321
13 Less: - Grant income	(409)	-
	<hr/>	<hr/>
TOTAL EXPENSES	3,645	3,519
GROSS INCOME	6,560	5,180
14 Less: - Additions to loss provisions	(5,142)	(3,816)
	<hr/>	<hr/>
NET INCOME OUT OF OPERATIONS	1,418	1,364
15 EXTRAORDINARY INCOME	1,597	-
	<hr/>	<hr/>
16-18 NET INCOME	3,015	1,364

The accompanying notes are an integral part of these financial statements.

Cash Flow Statement 1999

	1999 EUR ,000	1998 EUR ,000
CASH FLOW FROM OPERATIONS		
Income from Development Financing		
Dividends, interest and guarantee fees	2,451	2,705
Management fees	113	167
Interest from deposits in financial institutions	231	88
	<hr/>	<hr/>
	2,795	2,960
Income from other sources		
Interest received from LTIs	5,660	4,218
Interest from cash and time deposits	65	146
	<hr/>	<hr/>
	5,725	4,364
Operating costs	(2,966)	(3,047)
Interest paid	(263)	(224)
Dividends paid	(631)	(1,077)
	<hr/>	<hr/>
Total cash from operations	4,660	2,976
CASH FLOW FROM CAPITAL MOBILIZATION		
New funds		
Issue of shares (less redemptions)	13,516	13,954
Long Term Loans (less redemptions)	1,405	70
Grants received from Oikocredit International Support Foundation	665	(14)
	<hr/>	<hr/>
Total cash from capital mobilization	15,586	14,010
CASH USED FOR INVESTING ACTIVITIES		
Project funding (net additions)		
Disbursements	(11,795)	(8,274)
Less: - Repayments of principal	5,351	4,108
	<hr/>	<hr/>
	(6,444)	(4,166)
Net disposals (1998 additions) to deposits at financial institutions in development countries	1,733	(6,740)
Long Term Investments (net additions)	(12,600)	(10,145)
Tangible fixed assets (net additions)	(48)	(69)
	<hr/>	<hr/>
Total cash used for investing activities	(17,359)	(21,120)
Exchange rate differences during the year	(1,310)	311
CHANGES IN CASH AND BANK	1,577	(3,823)

Some of the items have been calculated against average exchange rates over the year, while other items have been calculated on the basis of daily exchange rates. As a consequence exchange differences will arise.

Notes to the financial statements

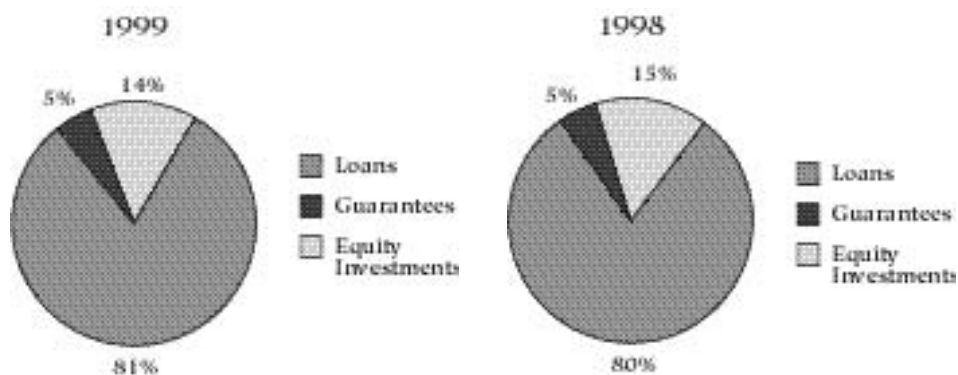
NOTE 1. DEVELOPMENT FINANCING

1.1. Changes in Project funding

Changes in project funding are as follows:

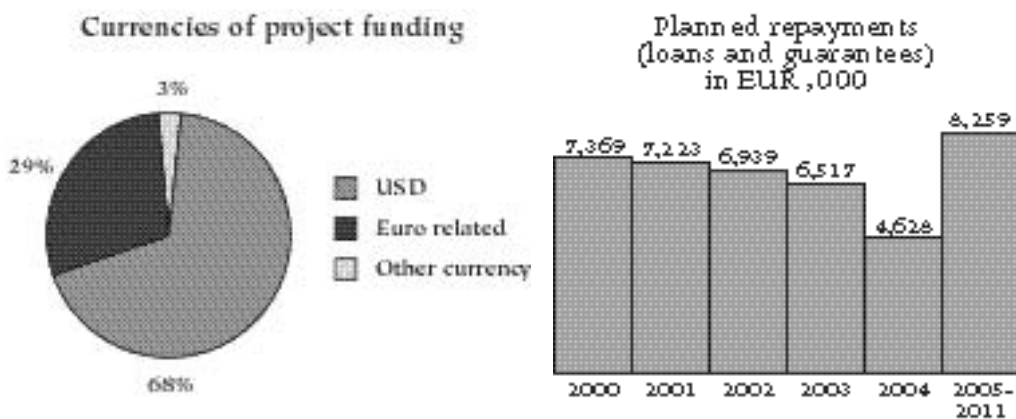
	1999 EUR ,000	1998 EUR ,000
Outstanding as of January 1	48,307	47,972
Disbursements	12,024	8,171
Revaluation	237	210
Capitalized interest and dividends	113	318
Less: - Repayments	(5,328)	(4,146)
- Write-offs	(3,305)	(1,489)
Exchange adjustments	5,207	(2,729)
	<hr/>	<hr/>
Outstanding as of December 31	57,255	48,307
Approved in the year	18,409	12,178
Less: - Commitments cancelled	(3,805)	(630)
Not yet disbursed January 1	16,338	14,166
Less: - Disbursements	(12,024)	(8,171)
Exchange adjustments	1,898	(1,205)
	<hr/>	<hr/>
Approved as of December 31	78,071	64,645

1.1.1. Project funding outstanding as of December 31, 1999, are made up of Loans (EUR 46,408,000), Guarantees (EUR 2,634,000) and Equity investments (EUR 8,213,000).



1.1.2. Specification of outstanding loans and guarantees

The outstanding project loans and loan guarantees as of December 31, 1999 can be specified by type of currency and planned repayments as follows:



The Society has entered into agreements to guarantee local currency loans to projects from other financial institutions to a total of EUR 2,634,000. Of this amount EUR 1,118,000 is covered by letters of guarantee from Rabobank Nederland, the Netherlands. EUR 579,000 is a letter of guarantee issued by Oikocredit itself and the balance of EUR 937,000 is covered by letters of guarantee from various banks which are backed by Oikocredit deposits in the same banks.

1.1.3 Equity investments included in project funding

Book value of equity investments as of 31-12-1999 and 31-12-1998

	31-12-99 EUR ,000	31-12-98 EUR ,000
Banco del Desarrollo, Chile	5,179	4,751
Fondo de la Comunidad, Bolivia	994	857
SURCO, Uruguay	836	721
Davao Cooperative Bank, the Philippines	596	514
Community Capital Bank, USA	298	257
Galgafarm, Hungary	187	187
Inversiones para el Desarrollo, Chile	71	61
Other	52	35
	8,213	7,383

1.2. Deposits at financial institutions active in development countries

Book value of deposits at financial institutions as of 31-12-1999 and 31-12-1998

	31-12-99	31-12-98
	EUR ,000	EUR ,000
Banco del Credito, Peru	-	1,714
COFAC, Uruguay ¹	1,987	1,714
AGD (Banco del Progreso) Ecuador ²	2,059	1,714
Banco Wiese, Peru ³	1,987	1,714
Banco del Desarrollo, Chile UF deposits ³	747	594
Deposits at financial institutions in the Philippines ³	260	161
	<hr/>	<hr/>
	7,040	7,611

- ¹ This deposit was made at the end of 1998 in anticipation of a loan agreement for the same amount. It is the intention to roll over this deposit when it expires until it can be changed over to project financing.
- ² The amounts deposited in Banco del Progreso, Ecuador at the end of 1998 are taken over by an institution of the Government of Ecuador, the AGD and are guaranteed by the Government. As the Government experiences a huge financial crisis, it cannot fulfill its obligations within the short term. The deposits are currently frozen by the Government which intends to issue new Government bonds with a duration of 7 years bearing interest at 7% per annum for the amount involved including capitalized interest. Oikocredit is negotiating with another financial institution in Ecuador to take over this obligation from the Government. The negotiations were not yet completed at the moment the financial statements were finalized. A provision for possible losses on this deposit has been made.
- ³ These amounts will mature within 6 months from the end of 1999. It is the intention to reinvest these amounts when they expire until they can be changed over to project financing.

1.3. Provision for possible losses on project funding and deposits at financial institutions

1.3.1 Changes in the provision for possible losses are summarized as follows:

	1999	1998
	EUR ,000	EUR ,000
Balance as of January 1	10,456	9,693
Additions	3,425	2,762
Exchange adjustments	997	(486)
	<hr/>	<hr/>
Less: - Write-offs	14,878	11,969
	(3,305)	(1,513)
	<hr/>	<hr/>
Balance as of December 31	11,573	10,456

NOTE 2. LONG TERM INVESTMENTS

Summary of Long Term Investments:

	31-12-99	31-12-98
	EUR ,000	EUR ,000
Balance as of December 31	87,759	81,409
Less: - Pledged bonds for guaranteed projects	(1,697)	(1,507)
	86,062	79,902

Changes in LT Investments are as follows:

	1999
	EUR ,000
Book value as of January 1	74,295
Revaluation as at January 1, 1999 to market value	7,114
	81,409
Restated balance as at January 1, 1999	81,409
Investments during the year at cost	79,903
Disinvestments/redemptions during the year at cost	(69,609)
Revaluation to market value as of December 31, 1999	(4,360)
Exchange adjustments	416
	87,759
Book value as of December 31	87,759
Of which: - In bonds	87,488
- In shares	172
- In direct loans	99

The interest received on the USD bonds, in so far as they are not held for staff pension fund purposes, is sufficient to cover interest due on the US Notes loans (USD 175,000).

Of the Investments in bonds 21% has a medium-term maturity (1-5 years), while 79% matures thereafter.

LT Investments as of December 31, 1999 consist of:

	31-12-99	31-12-98
	EUR ,000	EUR ,000
Development banks and countries		
N.I.B. for Development countries, the Netherlands	6,059	
Asian Development bank	5,304	
Republic of South Africa	4,947	
Republic of Latvia	2,947	
Inter American Development Bank	2,160	
China Development Bank	1,591	
Republic of the Philippines	1,062	
Other	114	
	24,184	16,882 ¹
Subtotal development banks and countries	24,184	16,882 ¹

	31-12-99	31-12-98
	EUR ,000	EUR ,000
Other Long Term Investments:		
Electricidad de Portugal	8,402	
ABN AMRO bank the Netherlands	7,624	
Nederlandse Waterschaps Bank, the Netherlands	5,248	
Bouwfonds Ned Gemeenten, the Netherlands	5,038	
ING Insurance, the Netherlands	4,570	
Carrefour SA, France	4,338	
Abbey National PLC, UK	3,865	
Scottish Power PLC, UK	3,715	
Dutch Telekom, KPN	3,596	
Hutchinson Whampoa, Hong Kong	3,278	
Tecnost International NV, the Netherlands	2,170	
Royal PTT, the Netherlands	1,932	
Tele Danmark, Denmark	1,907	
Republic of Cyprus	1,875	
Oesterreichische Elektrizität	1,627	
Bank Nederlandse Gemeenten, the Netherlands	1,417	
Lloyds TSB Bank, UK	1,155	
Thuringen Land Bonds, Germany	1,066	
N.I.B., the Netherlands	483	
Het Andere Beleggingsfonds, the Netherlands	158	
European Investment Bank	111	
	<hr/>	<hr/>
Subtotal other Long Term Investments	63,575	64,527 ¹
Total book value	87,759	81,409¹

LT Investments are euro currency denominated except for the China Development Bank and the Inter American Development Bank bonds, which are USD denominated.

¹⁾ For a breakdown of 1998 LT Investments we refer to the financial statements of 1998.

NOTE 3. TANGIBLE FIXED ASSETS

Changes in tangible fixed assets in 1999 and in the cost of acquisition and accumulated depreciation as of December 31, 1999 are specified as follows:

	1999	1998
	EUR ,000	EUR ,000
Book value as of January 1	208	211
Additions	48	68
Disposals	(3)	(0)
Less: - Depreciation over the year	(68)	(70)
- Depreciation disposals	3	
	<hr/>	<hr/>
Book value as of December 31	188	209
Of which: - At original cost	536	491
- Less: Accumulated depreciation	(348)	(282)

The useful life of the equipment is estimated at five years on average. Information Technology (IT) equipment is depreciated in 3 years. Buildings are depreciated in 25 years.

NOTE 4. RECEIVABLES

The receivables maturing within one year can be broken down as follows:

	31-12-99	31-12-98
	EUR ,000	EUR ,000
Accrued interest	4,115	3,879
Of which: - On time deposits, deposits at financial insititutions	390	5
- On investments	2,533	2,977
- On project funding net of allowance	1,192	897
Interest receivable	1,490	1,391
- Face Value	3,514	3,328
- Less: Allowance for Uncollectability	(2,024)	(1,937)
Sundry receivables	876	530
Balance as of December 31	6,481	5,800

Changes in the allowance for uncollectability are specified as follows:

	1999	1998
	EUR ,000	EUR ,000
Balances as of January 1	1,937	1,188
Additions charged to income	1,717	1,054
Write-offs from allowance	(1,643)	(259)
Year-end exchange adjustment	13	(46)
Balance as of December 31	2,024	1,937

NOTE 5. CASH AND BANKS

Cash and bank balances are made up as follows:

	31-12-99	31-12-98
	EUR ,000	EUR ,000
Time deposits	2,066	1,046
Of which: - Euro currencies	137	119
- US/Canadian dollars	1,476	890
- British pound Sterling	435	-
- Chilean pesos	-	15
- Philippine pesos	18	22
Less: - Pledged deposits	(937)	(892)
Cash balances	1,129	154
	310	183
Balance as of December 31	1,439	337

The Society maintains its funds in banking institutions in Europe, Asia, South America and in the United States of America. The time deposits as of December 31, 1999 all mature in 2000. The Society has credit facility agreements with Dutch banks amounting to EUR 1,815,000 (NLG 4,000,000).

NOTE 6. ISSUED CAPITAL & GENERAL RESERVE

The Society issues Dutch guilder and US dollar denominated shares of NLG 500 and USD 250 respectively. As from January 1, 1999 euro shares are issued with a value of EUR 200 each. As from January 1, 2000 onwards the issue of Dutch guilder shares has been terminated. The number of authorized shares of capital stock is unlimited. Changes in share capital and general reserve can be summarized as follows:

	1999	1998
	EUR ,000	EUR ,000
Issued capital:		
Balance as of January 1	105,480	91,345
New shares issued	13,958	14,632
Exchange adjustment	1,253	(497)
	<hr/>	<hr/>
Balance as of December 31	120,691	105,480
Of which: - Dutch guilder/Euro shares	110,398	97,626
- US dollar shares	10,293	7,854
 General Reserve		
Balance as of January 1	3,468	3,107
Old dividends not claimed within 5 years	-	15
Appropriation for the year	243	346
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Balance as of December 31	3,711	3,468

Shares shall be redeemed, if a member has ceased to be a member of the Society, no later than five years after the cessation of membership. Partial redemption is also possible. The redemption shall be at par value if the most recent annual accounts do not show a loss. If the annual accounts show a loss, the amount payable upon redemption of the shares shall not exceed the sum corresponding to the value of the shares according to the balance sheet last established (see article 12 of the Articles of Association).

NOTE 7. OTHER RESERVES

Other reserves are built up as follows:

	31-12-99	31-12-98
	EUR ,000	EUR ,000
Exchange Fluctuation Reserve	1,661	(557)
Valuation Reserve	-	1,597
Equalization Reserve Long Term Investments	1,875	7,114
	<hr/>	<hr/>
Balance as of December 31	3,536	8,154

Changes in Valuation Reserve:

	1999	1998
	EUR ,000	EUR ,000
Balance as on January 1	1,597	913
Released to income as of January 1, 1999	(1,597)	-
Profit on sale of bonds during 1998	-	684
	<hr/>	<hr/>
Balance as of December 31	-	1,597

The Exchange Fluctuation Reserve represents the accumulation of gains and losses on assets and liabilities not denominated in euro (in so far as they are not hedged), and also include the non-settled exchange rate differences between hedging rates and year-end rates. As at December 31, 1999, the following currency amounts are covered by hedging contracts against average rates mentioned between brackets. The contracts expire between 2000 (USD 2,200,000 at USD is EUR 1.02995) and 2003 (USD 12,500,000 at USD is EUR 1.162907).

The Valuation Reserve represented the gains realized on sale of some bonds from the Society's bond portfolio, which could be used to offset possible future losses on sales. At January 1, 1999 the Valuation Reserve was released as Extraordinary Income and subsequently at year-end it is proposed to the board that this Extraordinary Income will be added to the Equalization Reserve for Long Term Investments (see note 18). We refer to the paragraph changes in accounting principles in the Summary of Accounting Policies.

Changes Equalization Reserve:

	1999	1998
	EUR ,000	EUR ,000
Balance as on January 1	-	-
Revaluation of Long Term Investments to market value ¹	7,114	7,114
	<hr/>	<hr/>
Restated balance as on January 1	7,114	7,114
Realized results on sale of bonds 1999 ¹	(2,306)	-
Unrealized results on Long Term Investment Portfolio as at 31/12/99 ¹	(4,342)	-
Amortization to income	(188)	-
Addition to this reserve out of Allocation of Net Income	1,597	-
	<hr/>	<hr/>
Balance as of December 31	1,875	7,114

¹ The realized and unrealized results on Long Term Investments during the year were caused by the low interest rates at the beginning of the year and subsequent interest increases later in the year.

NOTE 8. LONG TERM LIABILITIES

Long term liabilities are made up as follows:

	31-12-99	31-12-98
	EUR ,000	EUR ,000
US Note loans ¹	6,587	5,212
Loans Shared Interest ²	3,481	2,137
Funds under Management ³	3,286	3,237
Other liabilities ⁴	802	647
	<hr/>	<hr/>
Total long term liabilities	14,156	11,233

¹ Loans, taken from Oikocredit USA against their US Notes issue. The weighted average interest rate of the loans over 1998 was 2.75% (USD 175,000). Expenses related to the US Notes issues have been taken up under prepaid expenses. The loans mature between 2001 and 2008.

² The loans Shared Interest consists of three loans:

a) Five-year loan of GBP 2,000,000 covered by a GBP/USD swap agreement for principal and interest with Rabobank Nederland over the same period. Repayment will take place in 5 equal yearly tranches which started in 1998 and ends in 2002. At December 31, 1999 GBP 1,2 million was outstanding. The long term portion of the loan amounts to GBP 800,000 and was taken up under Long Term Liabilities. The amount that will become due during 2000 of GBP 400,000 is taken up under current liabilities.

b) Four-year loan of GBP 400,000. Repayment will take place in one payment on July 5, 2001.

c) Five-year loan of GBP 1,000,000 covered by a GBP/USD swap agreement for principal and interest with Rabobank Nederland over the same period. Repayment will take place in one payment on April 30, 2004.

³ Funds managed by Oikocredit on behalf of the Oikocredit Funds Management Foundation which have been disbursed to Oikocredit projects. The Oikocredit Funds Management Foundation receives its funds under contract from various donor agencies. The funds are managed by Oikocredit for the risk and account of these donor agencies. Breakdown per donor agency as of year end:

Balance	EUR 1,567,000
EZE	EUR 529,000
Novib/ASN Fund	EUR 735,000
Novib	EUR 455,000

⁴ Other liabilities include Provident Fund accounts of overseas staff members of the Society. Funds relating to these liabilities are invested in USD bonds.

NOTE 9. CURRENT LIABILITIES

All current liabilities mature within one year and can be specified as follows:

	31-12-99	31-12-98
	EUR ,000	EUR ,000
Shared Interest loans expiring within one year	620	568
Accrued expenses	478	138
Sundry liabilities	2,525	1,651
Dividend payable	1,175	1,018
Balance as at December 31	4,798	3,375

NOTE 10. PROJECT INCOME

Project income for 1998 has been negatively influenced by a lower average USD rate than during 1997 and 1999 as well as lower income from some of our project investments.

From the end of 1999 onwards, the Society does not accrue interest anymore for projects that are considered "Non-performing". Non-performing projects are projects which are in the process of foreclosure and where the value of the securities does not exceed the amounts due to the Society.

NOTE 11. OTHER INCOME

Other income can be specified as follows:

	1999	1998
	EUR ,000	EUR ,000
Interest on time deposits, current accounts and other income	76	140
Interest allocated from Long Term Investments	196	159
Less interest expenses on:		
- US Notes loans	(196)	(159)
- Shared Interest loans	(65)	(61)
- Other borrowing	(2)	(3)
	9	76

NOTE 12. INCIDENTAL INCOME

Income from the sale of a long term currency swap contract during 1998.

NOTE 13. GRANT INCOME

Amounts raised mainly for our non-banking part of our costs ("model costs")

NOTE 14. ADDITIONS TO LOSS PROVISIONS

The breakdown of the additions to the project funding loss provisions is as follows:

	1999	1998
	EUR ,000	EUR ,000
Additions to provisions against losses:		
- On principal projects	2,910	2,762
- On large deposits to financial institutions	549	-
- On interest	1,683	1,054
	5,142	3,816

NOTE 15. EXTRAORDINARY INCOME

Up to December 31, 1998 the marketable debt securities were valued at cost or amortized cost. Gains or losses on redemption or sales of investments, measured by the difference between book value and proceeds of sales, were taken to a Valuation Reserve.

The Valuation Reserve that was accounted for up to December 31, 1998 amounting to EUR 1,597,000 resulting from the profits and losses on the sale of bonds up to that date, was accounted for as extraordinary income at January 1, 1999 and carried to the Equalization Reserve (Note 18).

NOTE 16. PERSONNEL INFORMATION

1. The average number of employees who were directly or indirectly employed by the Society in 1999 on the basis of Full Time Equivalents (FTE) amounted to 68 (1998: 63). This number includes staff employed by the Regional Offices.

2. Personnel expenses:

	1999	1998
	EUR ,000	EUR ,000
Salaries staff based in the Netherlands	766	727
Pension charges staff based in the Netherlands	126	80
Social securities charges staff based in the Netherlands	119	106
All other personnel costs	1,211	1,028
	2,222	1,941

NOTE 17. REMUNERATION OF THE BOARD OF DIRECTORS

No remuneration is paid to the Board of Directors who serve in an honorary capacity.

NOTE 18. ALLOCATION OF NET INCOME

In respect of the allocation of Net Income the Society's Articles of Association determine the following (Article 35): "The net profits shall be allocated by the Annual General Meeting after receiving the proposals of the Board of Directors." The Board of Directors will make the following proposals to the Annual General Meeting as to the 1999 net income:

I. To pay a dividend of 1% on all outstanding shares as at December 31, 1999 which were also outstanding as at June 30, 1999 and to pay a dividend of 0.5% on all outstanding shares as at December 31, 1999 which were not yet outstanding as at June 30, 1999. Dividend to be paid in shares or in cash at the members' option.

II. To appropriate the remainder of the 1999 net income after providing for the above-mentioned dividend, to the General Reserve of the Society.

According to this proposal the allocation of the 1999 net income will be as follows:

	1999	1998
	EUR ,000	EUR ,000
Dividend distribution	1,175	1,018
Equalization Reserve for Long Term Investments	1,597	-
General Reserve	243	346
Net Income	3,015	1,364