



Term investments portfolio

Oikocredit, Ecumenical Development Cooperative Society U.A. (the Society) aims to use its lendable funds (share capital, general reserve and loans granted to the Society) mainly for development financing. The Society provides loans and equity investments to partners and at the same time maintains a comfortable amount in liquid assets to mitigate liquidity risks. This is reflected in the following four asset classes which make up the Society's total assets:

1. Development financing (core business): loans and equity investments to partners in low-income countries
2. Other securities: non-listed investments in funds
3. Term investments: the portion of the Society's total assets invested in listed securities (mainly bonds)
4. Other liquidity buffers under Cash and Banks

The total amount of liquid assets is used as a buffer for redemption requests from investors and other deviations from the monthly balancing of cash flows. The Society holds a high level of liquid assets to avoid a reliance on short term funding lines. These liquid, redeemable securities are used to enhance the return and income in a prudent way compared to holding cash and deposits with banks. Rising interest rates in 2022 weakened the value of our term investments (bonds) portfolio, causing significant losses in the first half of 2022. To avoid further potential losses caused by the portfolio's devaluation, and because of the potential utility of increasing our cash holdings to support the contingency funding plan, we sold off our remaining term investments in July 2022.

Term investments

The purpose of the term investments portfolio is to invest part of the liquidity buffer mainly in bonds, while at the same time balancing risks, liquidity, and income with the Society's mission. The bonds must have a minimum environmental, social and governance (ESG) score and conform to the Society's term investments policy, which aligns with its mission.

Since 2016 Axa Investment Managers Paris (Axa) have acted as the Society's external fund manager. The name of the bond portfolio managed by Axa is 'Buy and Maintain ESG Credit Portfolio'. The bond portfolio aims to achieve better diversification, less credit risk and better ESG performance than the benchmark ICE BofA Euro Corporate Index but it has similar average credit rating and maturity characteristics.

The Managing Board is responsible for approving the term investments policy. The policy is evaluated every two years. For the current version of the policy the Managing Board received input from external experts designated by the Society's members.

In 2022 the term investments portfolio with an opening balance of € 214.4 million has been sold in full. Due to rising interest rates the term investment portfolio incurred losses of € 14.8 million. The entire portfolio was sold in parts for a total amount of € 199.6 million.

Financial criteria and risk management

The following financial criteria and risk management considerations have been in place during the year up to the moment the sale of the term investments was completed.

Credit risks

Due to the investment criteria of minimum credit ratings and 'investment grade' standards agreed with the asset manager, the bonds' credit risk is limited. Next to that, the performance of the issuers of the bonds is monitored by the asset manager. When the situation of an issuer deteriorates, the manager can decide to sell the bonds. The asset manager also monitors general market trends and the diversification in the total portfolio.

Interest rate risk

The term investments portfolio has a target duration of approximately four years.

Liquidity

The instruments in the portfolio are generally liquid undergoing-concern circumstances. However, liquidity could potentially reduce in moments of market turbulence, which could potentially affect the sale price of the securities.

Green bonds

A green bond is a fixed income instrument specifically intended to support climate-related or environmental projects. The percentage of green bonds in the portfolio 2021 was around 20%.

Income

Another requirement of the term investments portfolio is to contribute a reasonable, effective yield to the Society's financial results.

Overview of total term investments portfolio

<i>The total term investments portfolio consists of:</i>	2022	2021
	€ ,000	€ ,000
Buy and Maintain ESG Credit Portfolio	-	214,352
Portfolio managed by Alternative Bank Schweiz, Switzerland	-	-
Total term investments	-	214,352

Detailed overview of Buy and Maintain ESG Credit Portfolio

List of bonds issued through Buy and Maintain ESG Credit Portfolio.

31/12/2022

31/12/2021

The list excludes alternative investments such as margin calls.

€ ,000

€ ,000

	31/12/2022	31/12/2021
	€ ,000	€ ,000
Electricity Supply Board (ESB), Ireland (green bond)	-	2,922
A2A SpA, Italy (green bond)	-	2,519
Clarion Housing Group, United Kingdom	-	2,492
Sumitomo Mitsui Financial Group Inc, Japan (green bond)	-	2,478
La Banque Postale, France (green bond)	-	2,447
De Volksbank (SNS Bank) NV, the Netherlands (green bond)	-	2,406
La Poste SA, France	-	2,361
Crédit Mutuel Arkéa SA, France	-	2,351
Bank of America Corp, United States	-	2,340
Republic of Chile, Chile (green bond)	-	2,302
Intesa Sanpaolo SpA, Italy (green bond)	-	2,259
Crédit Agricole SA, France	-	2,250
Verbund AG, Austria	-	2,234
Arkema SA, France	-	2,202
Mizuho Financial Group Inc., Japan (green bond)	-	2,198
Nidec Corp, Japan	-	2,185
Mitsubishi UFJ Financial Group Inc., Japan	-	2,168
Naturgy Finance BV, the Netherlands	-	2,167
Daimler AG, Germany	-	2,163
Banque Fédérative du Crédit Mutuel SA, France (green bond)	-	2,162
V.F. Corp, United States (green bond)	-	2,159
Verizon Communications Inc, United States	-	2,157
Orange SA, France	-	2,157
NatWest Group PLC, Scotland	-	2,135
BPCE SA, France	-	2,132
Prudential Financial Inc., United States (green bond)	-	2,123
Coöperatieve Rabobank UA, the Netherlands	-	2,113
International Business Machines Corp, United States	-	2,095
Vattenfall AB, Sweden (green bond)	-	2,094
Orsted A/S, Denmark (green bond)	-	2,091
LeasePlan Corporation, the Netherlands	-	2,091
Vonovia SE, Germany	-	2,078
Danone SA, France	-	2,075
Vodafone Group PLC, United Kingdom	-	2,067
BNP Paribas SA, France	-	2,058
E.On SE, Germany (green bond)	-	2,052
Swiss Life Finance I Ltd, Switzerland	-	2,044
Tritax Big Box REIT PLC, United Kingdom	-	2,032
Alexandria Real Estate Equities Inc., United States	-	2,024
ICADE, France	-	2,005
Raiffeisen Bank International AG, Austria	-	1,997
Bank of Ireland Group plc, Ireland	-	1,977
Motability Operations Group PLC, United Kingdom	-	1,958
Vinci SA, France (green bond)	-	1,952
Citigroup Inc., United States	-	1,934
Carrefour SA, France	-	1,913
Nordea Bank AB, Sweden	-	1,912
Boston Properties, Inc., United States	-	1,871
Standard Chartered PLC, United Kingdom	-	1,826
Omnicom Finance Holdings PLC, United Kingdom	-	1,826
AT&T Inc., United States	-	1,807
CTP NV, Czech Republic	-	1,781
Barclays Bank PLC, United Kingdom	-	1,780
Banco Bilbao Vizcaya Argentaria S.A., Spain (green bond)	-	1,757
Proximus S.A., Germany	-	1,753

	31/12/2022	31/12/2021
	€ ,000	€ ,000
Scottish & Southern Energy (SSE), Scotland	-	1,749
Groupama Assurances Mutuelles SA, France	-	1,749
Fifth Third Bank, United States	-	1,743
Banco Santander S.A., Spain	-	1,725
Caixabank SA, Spain	-	1,722
China Construction Bank Corp, China (green bond)	-	1,718
Agence France Trésor, Obligations assimilables du Trésor (OAT), France	-	1,710
Kerry Group Financial Services Unit Co, Ireland	-	1,707
Red Eléctrica Financiaciones SAU, Spain	-	1,698
Merck & Co. Inc., United States	-	1,682
ABN Amro Bank NV, the Netherlands	-	1,681
Eli Lilly & Co, United States	-	1,679
Takeda Pharmaceutical Co Ltd, Japan	-	1,667
Segro Capital Sarl, United Kingdom	-	1,639
Republic of Peru, Peru	-	1,632
Eaton Capital Unlimited Co, Ireland	-	1,632
KBC Group NV, Belgium (green bond)	-	1,609
Swisscom Finance BV, the Netherlands	-	1,606
Globalworth Real Estate Investments, Romania	-	1,603
Fedex Corp, United States	-	1,595
AIB Group plc, Ireland	-	1,587
Tyco Electronics Group SA, Luxembourg	-	1,584
Societe Generale SA, France (green bond)	-	1,584
Healthpeak Properties Inc., United States	-	1,556
Transport for London, United Kingdom (green bond)	-	1,544
Hyundai Capital Services Inc., United States	-	1,544
Koninklijke Philips NV, the Netherlands	-	1,529
Unicredit SpA, Italy	-	1,504
Siemens Financieringsmaatschappij NV, the Netherlands	-	1,503
DH Europe Finance II Sarl, United States	-	1,500
Redes Energeticas Nacionais Finance BV, Portugal	-	1,496
Medtronic plc, Ireland	-	1,473
Inversiones CMPC SA, United States	-	1,459
Ecolab Inc., United States	-	1,422
Legrand SA, France	-	1,417
WPP Finance 2010, United Kingdom	-	1,409
Belfius Bank S.A., Germany	-	1,393
Wolters Kluwer NV, the Netherlands	-	1,390
Linde Finance BV, the Netherlands	-	1,353
Marsh & McLennan Companies Inc., United States	-	1,328
National Australia Bank Ltd, Australia (green bond)	-	1,309
Cassa Depositi e Prestiti SpA, Italy	-	1,307
Westpac Banking Corp, Australia (green bond)	-	1,222
Thermo Fisher Scientific Inc, United States	-	1,213
Anglian Water Services Financing PLC, United Kingdom (green bond)	-	1,211
Compagnie de Saint-Gobain SA, France	-	1,207
Terna Rete Elettrica Nazionale SpA, Italy	-	1,158
Cigna Corp, United States	-	1,147
Iberdrola International BV, the Netherlands (green bond)	-	1,054
Atlas Copco AB, Sweden	-	1,053
Telstra Corp Ltd, Australia (green bond)	-	1,052
Schneider Electric SE, France	-	1,030
Enel Finance International NV, the Netherlands (green bond)	-	981
EDP - Energias de Portugal SA, Portugal	-	966
UBS AG, Switzerland	-	960
EDP Finance BV, the Netherlands	-	949

	31/12/2022	31/12/2021
	€ ,000	€ ,000
Societe Generale SA, France	-	897
Australia & New Zealand Banking Group Ltd., Australia	-	896
Amgen Inc., United States	-	871
Bristol-Myers Squibb Co, United States	-	831
Enel Finance International NV, the Netherlands	-	794
Telefonica Emisiones SAU, Spain (green bond)	-	747
Iberdrola Finanzas SA, Spain (green bond)	-	746
General Mills Inc., United States	-	746
Bertelsmann Se & Co, Germany	-	730
Caixabank SA, Spain (green bond)	-	707
Electricité de France SA, France	-	694
Terna Rete Elettrica Nazionale SpA, Italy (green bond)	-	662
E.On International Finance BV, the Netherlands	-	634
RELX Finance BV, the Netherlands	-	617
Lloyds Bank PLC, United Kingdom	-	609
Skandinaviska Enskilda Banken AB, Sweden (green bond)	-	502
ABB Finance BV, the Netherlands	-	480
Banco Bilbao Vizcaya Argentaria S.A., Spain	-	462
Telefonica Emisiones SAU, Spain	-	413
Schneider Electric SE, France (green bond)	-	214
WPP Finance 2013, United Kingdom	-	212
Industrial and Commercial Bank of China, Singapore (green bond)	-	136
Total	-	210,972

About the cover photo:

Neusa Meinerz-Faber and her husband Sergio Faber own a motorbike shop in Tenente Portela. They founded it in 1995, became members of Cresol Tenente Portela in 2001 and have gradually expanded the business with loans from the cooperative. Today they employ ten people.

Cresol Tenente Portela, is part of a cooperative of cooperatives called Cresol Brazil. Cresol Brazil was founded in 1995 and is now one of the most important credit cooperatives in the country. More than 225,000 families participate in it in eleven Brazilian states and are in turn part of an association that has more than 630,000 members in 17 states.

Oikocredit's vision is a global, just society in which resources are shared sustainably and all people are empowered with the choices they need to create a life of dignity.



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