

## Introduction

Oikocredit has formulated five unique selling points (USPs). Various arguments can be used to substantiate the USPs for different audiences/target groups. We have consolidated the USPs into five 'groups' and have also made an overview of how USPs really 'make a difference' compared with the competition. You can use what suits your situation best.

### The USPs are:

- 1. Maximizing social impact:** Oikocredit pursues an integrated investment approach with social and financial objectives. We always put our clients at the centre of our work. Oikocredit is committed to offering maximum transparency to borrowers and investors, remaining a pioneer in social performance management.
- 2. Long term focus:** Oikocredit provides finance in the form of equity or debt. We can provide financing in local currency and capacity building to fully meet the needs of businesses that contribute to development, especially to those that often do not have access to long term financing.
- 3. Strong local presence:** Oikocredit's worldwide staff in local offices know partners well and have a thorough knowledge of the regions and countries they service.
- 4. Financial & operational stability:** For many years we have been paying our investors a stable dividend and have remained true to our mission.
- 5. Truly cooperative spirit:** Oikocredit has a worldwide cooperative structure and spirit. Our members are actively involved in policy making, ensuring we are transparent and consistent with our mission.

### Oikocredit's mission:

Oikocredit challenges all to invest responsibly. It provides financial services and supports organizations to improve the quality of life of low-income people or communities in a sustainable way.

## Abbreviations

<b>AR</b>	Annual Report	<b>MFI</b>	Microfinance institution	<b>TCX</b>	The Currency Exchange Fund
<b>CPPs</b>	Client protection principles	<b>MIV</b>	Microfinance investment vehicle	<b>UN</b>	United Nations
<b>CDO</b>	Collateral debt obligation	<b>MIX</b>	Microfinance Information eXchange	<b>UN PRI</b>	United Nations Principles for Responsible Investment
<b>CGAP</b>	Consultative group to assist the poor	<b>PIIF</b>	Principles for investors in inclusive finance	<b>USP</b>	Unique selling point
<b>ESG</b>	Environmental, social and governance	<b>SA</b>	Support association	<b>USAID</b>	United States Agency for International Development
<b>ICCO</b>	Interkerkelijke Coördinatie Commissie voor Ontwikkelingssamenwerking (Dutch NGO)	<b>SPM</b>	Social performance management		
<b>ICF</b>	International Cooperative Federation	<b>SPI</b>	Social performance indicator (report)		
<b>LCRF</b>	Local Currency Risk Fund	<b>SME</b>	Small to medium enterprise		
		<b>SPTF</b>	Social performance task force		

1. USP	DESCRIPTION / CLAIM	ARGUMENTS	SOURCE
<b>Maximize social impact</b>	<i>Oikocredit pursues an integrated investment approach of social and financial objectives to always put clients at the centre</i>	<ul style="list-style-type: none"> <li>Environmental, social and governance (ESG) scorecards are integrated in the process of selecting Oikocredit partners</li> <li>Oikocredit has a special department for social performance management (SPM)</li> <li>Representation of SPM in the management team and credit committee of Oikocredit International. Every regional office has its own SPM expert</li> <li>Oikocredit offers reduced interest rates to partners with an 'extraordinary social relevance'</li> </ul>	<ul style="list-style-type: none"> <li>SPM report 2014</li> <li>ESG scorecards</li> <li>Website</li> <li>Annual report 2014</li> <li>Facts &amp; figures sheet</li> </ul>
<b>a. Economic empowerment of women</b>	Oikocredit empowers women, because microfinance is often provided to women	<ul style="list-style-type: none"> <li>86% of the 37 million end clients reached by Oikocredit's microfinance partners are women. On average, Oikocredit reaches more female clients than other MIVs (66.5%)</li> <li>Oikocredit has a positive staff gender balance (56% are women)</li> <li>Oikocredit prioritizes partners with women in management positions</li> </ul>	<ul style="list-style-type: none"> <li>SPM report 2014</li> <li>Symbiotics MIV survey 2014</li> <li>Annual report 2014</li> <li>ESG scorecard</li> <li>Facts &amp; figures sheet</li> </ul>
<b>b. Transparency in what we finance</b>	Oikocredit is committed to offering investors maximum transparency about their investments and to support the sector in being more transparent	<ul style="list-style-type: none"> <li>Oikocredit is involved in setting new standards and promoting transparency initiatives (United Nations Principles for Responsible Investments (UN PRI), microfinance transparency, SMART campaign, steering committee of social performance task force (SPTF))</li> <li>Oikocredit received several transparency awards (MIX market award, CGAP MIV ESG award)</li> <li>Online partner module shows which partners are financed by Oikocredit</li> </ul>	<ul style="list-style-type: none"> <li>SPM report 2014</li> <li>Partner list</li> <li>Partner database on website</li> </ul>

<p><b>c. Frontrunner in social performance</b></p>	<p>Oikocredit has paved the way as a frontrunner in implementation of tools for an improved measurement of social performance</p>	<ul style="list-style-type: none"> <li>• In 2014, Oikocredit received a social rating of ‘excellent’ for its social performance management, investment strategy, responsibility and change by Planet Rating, a specialized microfinance rating agency</li> <li>• Oikocredit is the first MIV to have performed a social self-audit (Cerise)</li> <li>• Oikocredit helped develop tools to measure social indicators (SPI/PPI).</li> <li>• In 2014, 73 partners reported PPI data. Collectively these partners surveyed more than 3.2 million borrowers.</li> <li>• Oikocredit advocates social performance via various organizations for sector improvements, including the SMART campaign, client protection principles (CPPs) and the principles for investors in inclusive finance (PIIF)</li> <li>• Implementation of results of social performance management lead to improved products to better service end clients (product development)</li> <li>• At the end of 2014, 76% of Oikocredit’s partners endorsed the client protection principles, and 64% held a client satisfaction survey</li> <li>• Benchmarked against our competition with the partner satisfaction survey, Oikocredit’s customer service and the provision of non-financial services/capacity building were elements partners valued most about their relationship with Oikocredit in 2014.</li> </ul>	<ul style="list-style-type: none"> <li>• PPI study brochures for Peru and Philippines</li> <li>• Cerise report 2010</li> <li>• Annual report 2014</li> <li>• Assessment Planet Rating</li> <li>• SPM report 2014</li> <li>• Partner satisfaction survey 2014</li> </ul>
<p><b>d. Oikocredit finances SMEs and cooperatives</b></p>	<p>Oikocredit does not only invest in microfinance. A substantial part of its portfolio directly provides credit and equity to cooperatives, fair trade organizations and small to medium enterprises (SMEs)</p>	<ul style="list-style-type: none"> <li>• 84% of Oikocredit’s total portfolio is invested in financial intermediaries, the remaining 16% is in production and services</li> <li>• Oikocredit’s production and services partners supported over 335,000 cooperative members, employed 124,000 people and reached around 325,000 farmers</li> <li>• A number of products can be found in fair trade shops that are produced by organizations financed partly by Oikocredit</li> </ul>	<ul style="list-style-type: none"> <li>• Annual report 2014</li> <li>• SPM report 2014</li> <li>• List of products sold in fair trade shops in Germany (<a href="http://www.oikocredit.de">www.oikocredit.de</a>)</li> </ul>
<p><b>e. Oikocredit cares about the environmental impact of its investments</b></p>	<p>In times of worldwide climate change, partners that are supported by Oikocredit should not harm the environment</p>	<ul style="list-style-type: none"> <li>• In 2014, Oikocredit implemented its environmental policy, applying this to its own operations and partners</li> <li>• Sustainability and care for the environment are part of Oikocredit’s loan criteria</li> <li>• Out of 256 production and services partners, Oikocredit had at the end of 2014 105 green partners and 179 agricultural partners</li> <li>• Oikocredit has special units for agriculture and renewable energy in place</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental policy</li> <li>• SPM report 2014</li> <li>• Prospectus</li> </ul>

2.

USP	DESCRIPTION / CLAIM	ARGUMENTS	SOURCE
<b>Long-term focus</b>	<i>Oikocredit provides long-term finance as equity or debt, in local or foreign currency and capacity building to fully meet the needs of businesses that contribute to development and often do not have access to long-term financing</i>	<ul style="list-style-type: none"> <li>• Oikocredit has become one of the largest (privately-financed) MIVs in terms of outstanding capital worldwide</li> <li>• We are committed to help our partners in difficult times, by restructuring loans or providing capacity building support if needed</li> </ul>	<ul style="list-style-type: none"> <li>• Annual report 2014</li> </ul>
<b>a. Long-term investors</b>	Investors are not investing in Oikocredit for the short term, seeing it as a long-term commitment. Investors are more interested in long-term social effects, rather than in short-term returns	<ul style="list-style-type: none"> <li>• A measured high level of loyalty among more than 53,000 investors</li> <li>• A steady growth of members and investors</li> <li>• Investors stay with Oikocredit, also in times of microfinance criticism and banking crises</li> <li>• Oikocredit is prepared to take longer term risk. In 2014, Oikocredit had an outstanding portfolio in equity investments of € 55.2 million in 45 companies and funds across the globe. With an equity investment Oikocredit can add value (by having board seats which can influence on partners) to high potential social enterprises in their abilities to fulfil their social mission</li> </ul>	<ul style="list-style-type: none"> <li>• Annual report 2014</li> <li>• Brand monitors 2010-2014</li> </ul>
<b>b. Long experience and a good track record in development finance</b>	Oikocredit has been active in development finance for more than 40 years	<ul style="list-style-type: none"> <li>• Oikocredit figures show a stable and intrinsic growth performance of investments in microfinance and direct development finance</li> <li>• Experienced management team in finance and accounting, credit and equity, investor relations and social performance</li> </ul>	<ul style="list-style-type: none"> <li>• Annual report 2014</li> <li>• Oikocredit website - history</li> </ul>
<b>c. Commitment to partners</b>	Our partners are supported by capacity building and we don't easily give up on our partners; in difficult times we focus on supporting our partners	<ul style="list-style-type: none"> <li>• In 2014, Oikocredit increased disbursement of funds for capacity building, supporting over 189 initiatives with a special focus on social performance, risk management and agricultural value chain financing. Oikocredit adds resources on an annual basis to the capacity building fund from its annual net financial result</li> <li>• We have formed strategic partnerships with, among others, ICCO and the Rabobank Foundation (Terrafina), USAID, Church of Sweden, Africa Guarantee and many local consultants to offer capacity building and offering guarantee schemes</li> <li>• We operate and invest in challenging countries like Nicaragua, Haiti, Nigeria, Ivory Coast and Mali</li> <li>• In case of emergency like after the typhoon of 2014 in the Philippines, we offer disaster recovery loans and restructuring loans if necessary</li> </ul>	<ul style="list-style-type: none"> <li>• SPM report 2014</li> <li>• Annual report 2014</li> </ul>

3. USP	DESCRIPTION / CLAIM	ARGUMENTS	SOURCE
<b>Strong local presence</b>	<i>Oikocredit's worldwide staff in local offices are close to partners, having thorough knowledge of the regions and countries they service</i>	<ul style="list-style-type: none"> <li>Oikocredit is one of the most active MIVs across different countries (63)</li> <li>No other development finance organization cooperates with so many partners (over 805) as Oikocredit</li> <li>Oikocredit has 34 local country offices in developing countries which is unique for a microfinance investment organization</li> </ul>	<ul style="list-style-type: none"> <li>Annual report 2014</li> <li>SPM report 2014</li> <li>Quarterly reports</li> <li>Symbiotics 2014 MIV survey</li> </ul>
<b>a. We go where others don't</b>	Oikocredit has a relatively large presence in Africa and invests in many smaller and riskier organizations	<ul style="list-style-type: none"> <li>No other MIV has as many partners and small scale loans and investments in the field as Oikocredit</li> <li>Due to guarantee funds provided by institutional donors like ICCO, USAID, the Dutch Government &amp; Church of Sweden, Oikocredit is able to finance smaller organizations with higher risks but with strong growth and social impact potential</li> <li>10.2% of our microfinance portfolio is financed in Africa compared to an average of 9% for other MIVs (Oikocredit's total portfolio: 14% of funding in Africa)</li> <li>As smallholder farmers are among the world's most disadvantaged people, agriculture is a focus area for Oikocredit; 50% of our end clients live in rural areas</li> </ul>	<ul style="list-style-type: none"> <li>SPM report 2014</li> <li>CGAP's report "Foreign capital investment in microfinance"</li> <li>Symbiotics 2014 MIV survey</li> <li>Annual report 2014</li> </ul>
<b>b. Local currency loans</b>	Through our Local Currency Risk Fund (LRCF), Oikocredit carries currency risk so our partners do not bare such risk	<ul style="list-style-type: none"> <li>A large part of Oikocredit loans are provided in local currency. As at 31 December 2014, Oikocredit financed 56% of its loans in local currency. This was fully covered by the LCRF and hedges with TCX and banks</li> <li>The financial crisis in Southeast Asia in 1998/1999 showed the need for such a fund and has since performed well following the 2008 banking crisis and the 2011 euro debt crisis</li> </ul>	<ul style="list-style-type: none"> <li>Annual report 2014</li> </ul>
<b>c. Local staff and volunteers</b>	Our staff and volunteers have a genuine relationship with most of our partners and investors on a local level, which is crucial for building sustainable relationships	<ul style="list-style-type: none"> <li>Oikocredit employs staff with various nationalities from close to 45 countries</li> <li>Oikocredit has many highly motivated and qualified staff and large groups of volunteers who are closely in touch with private investors, which is unique for an MIV</li> </ul>	<ul style="list-style-type: none"> <li>Annual report 2014</li> <li>SPM report 2014</li> </ul>



<b>d. Local law</b>	Oikocredit bases its contracts on local law as sign of respect so local partners are better serviced	<ul style="list-style-type: none"> <li>• Our contracts are not based on complicated international laws that local lawyers and partners do not understand. All contracts are written in the local language</li> </ul>	<ul style="list-style-type: none"> <li>• Oikocredit legal unit</li> </ul>
<b>e. Oikocredit is a grassroots organization investing in grassroots organizations</b>	Oikocredit serves many smaller (cooperative) MFIs that are in the early stages	<ul style="list-style-type: none"> <li>• 47% of Oikocredit's microfinance partners serve less than 10,000 borrowers. Only 15% of our partners serve more than 100,000 borrowers.</li> <li>• No other MIV supports as many MFIs as Oikocredit (549)</li> </ul>	<ul style="list-style-type: none"> <li>• SPM report 2014</li> <li>• Annual report 2014</li> <li>• Symbiotics 2014 MIV survey</li> </ul>

4. USP	DESCRIPTION / CLAIM	ARGUMENTS	SOURCE
<b>Financial &amp; operational stability</b>	<i>Oikocredit has been able to pay a stable dividend to its investors for many years while remaining true to its mission</i>	<ul style="list-style-type: none"> <li>• Figures for the past 20 years show that Oikocredit has paid a stable 2% dividend, except during the 1998-1999 Asian crisis when it paid out 1%</li> </ul>	<ul style="list-style-type: none"> <li>• Annual report 2014</li> </ul>
<b>a. Adequate risk management system</b>	Well-developed financial and social due diligence monitoring processes allows Oikocredit the ability to deal with volatility in fragile markets	<ul style="list-style-type: none"> <li>• Oikocredit has a risk management policy and risk management department in place for its market risks, liquidity risks, credit risks, currency risks, reputation risks and operational risks</li> <li>• A risk management committee frequently meets to review, assess and follow-up all the risks that could affect Oikocredit</li> </ul>	<ul style="list-style-type: none"> <li>• Risk management policy included in the annual report 2014</li> </ul>

<p><b>b. Diversification and protection of value of assets</b></p>	<p>Oikocredit invests in real organizations, people and values supporting real economies in different sectors all over the world and invests part of its resources in a bond portfolio</p>	<ul style="list-style-type: none"> <li>• Apart from the well diversified development financing portfolio which consists of up to 81% of total assets, at least 15% of Oikocredit's assets should be kept in cash or term investments (like investment grade bond portfolio). This portfolio is used to diversify and to have additional liquidity available, when needed.</li> <li>• We invest 84% of our development financing portfolio in microfinance and 16% in other social businesses (totalling up to € 735 million at 31 December 2014). Within microfinance there is a split in various categories, agricultural MF, trade finance etc.</li> <li>• Oikocredit's microfinance portfolio has been growing at a stable rate without major fluctuation. Other MIVs show higher volatility in growth</li> <li>• Collateral (in many cases solid third party guarantees, but also mortgages) is negotiated to cover risks on loans. Our loans are almost always secured in local legal jurisdictions</li> <li>• A Local Currency Risk Fund covers the risks of financing in local currencies</li> </ul>	<ul style="list-style-type: none"> <li>• Term investment policy</li> <li>• Annual report 2014</li> <li>• SPM report 2014</li> <li>• Symbiotics 2014 MIV survey</li> </ul>
<p><b>c. Sufficient reserves</b></p>	<p>Oikocredit has adequate reserves and prudent loan loss provisions</p>	<ul style="list-style-type: none"> <li>• The general reserves and funds within Oikocredit's total equity amount up to 14.9% of member capital. We also have currency risk reserves and "high risk" funds for special projects that come with more risk</li> <li>• Prudent loss provisioning system, taking into account country risks, defaults and general aspects</li> </ul>	<ul style="list-style-type: none"> <li>• Annual report 2014</li> </ul>
<p><b>d. Flexibility for investors</b></p>	<p>Investors can invest and redeem their shares without costs</p>	<ul style="list-style-type: none"> <li>• Investors can redeem their shares in accordance with the Articles of Incorporation.</li> <li>• Redemption requests have always been honoured within a reasonable period of time.</li> <li>• Oikocredit maintains sufficient liquidity and invests a part of its assets in an investment grade and easy to liquidate "Term Investment" or bond portfolio. We do not charge our investors costs if they invest or redeem capital</li> </ul>	<ul style="list-style-type: none"> <li>• Annual report 2014</li> <li>• Risk management policy</li> <li>• Prospectus U.A., local prospectus</li> <li>• Articles of Incorporation</li> </ul>
<p><b>e. Not dependent on subsidies and grants</b></p>	<p>Oikocredit has a strong balance sheet and generates sufficient income to cover its own costs and risks. Oikocredit does not depend on grants from governments, grantors or any other subsidies</p>	<ul style="list-style-type: none"> <li>• Oikocredit has a strong balance sheet with equity to total assets ratio of 86%. This indicates that Oikocredit is well capitalized with very little debt</li> </ul>	<ul style="list-style-type: none"> <li>• Annual report 2014</li> </ul>

5. USP	DESCRIPTION / CLAIM	ARGUMENTS	SOURCE
<b>True cooperative spirit</b>	<i>Oikocredit has a worldwide cooperative structure and spirit that allows members to influence policy, secure transparency and ensure mission consistency</i>	<ul style="list-style-type: none"> <li>Oikocredit is member of the International Cooperative Alliance (ICA)</li> <li>Oikocredit as an organization does not aim for profit maximization but to assist members and partners as best as possible while pursuing its mission</li> <li>As an MIV, we are quite unique as we are organized as a cooperative but most of our peers are organized as public or private placement funds, CDOs or holding companies</li> <li>The structure is also unique, as we have 589 member organizations, with 29 support associations and a number of volunteers across 15 countries raising capital and giving opportunity for private (and small) investors to invest</li> <li>A truly international membership from different continents, which is reflected in the composition of the international board</li> <li>Currently around 450 people volunteer for Oikocredit worldwide</li> </ul>	<ul style="list-style-type: none"> <li>Prospectus &amp; Articles of Incorporation (the legal document that creates a specific type of organization, a corporation, under the laws of the Netherlands)</li> <li>Symbiotics 2014 MIV survey</li> </ul>
<b>a. Long-term investors</b>	Oikocredit member organizations have influence on the policy of Oikocredit	<ul style="list-style-type: none"> <li>Each member of the organization has one vote. This system ensures that members with large investments do not overrule the voice of members with smaller investments</li> <li>Oikocredit members can influence the cooperative's policies; members can bring in motions to the annual general meeting</li> <li>Originally created by volunteers, our support associations are the most active members. They have raised over 80% of Oikocredit's capital</li> </ul>	<ul style="list-style-type: none"> <li>Prospectus and Articles of Incorporation</li> </ul>
<b>b. Investing in cooperatives</b>	Oikocredit aims to support institutions with a cooperative structure	<ul style="list-style-type: none"> <li>As at 31 December 2014, 240 (30%) of the 805 partners were cooperatives</li> </ul>	<ul style="list-style-type: none"> <li>Partner list</li> </ul>