Prospectus for the Issue of Shares in Alterfin

ALTERFIN CVBA

Offering of New Shares of Alterfin CVBA (the "Company") for the amount of EUR 5.000.000,00, extendable to a maximum of EUR 10.000.000,00

Per New Share, either €250,00 for a Class A Share (for which only legal entities may subscribe) or €62,50 for a Class B share (for which only private persons may subscribe)

This prospectus (the "Prospectus") relates to an offering to the public in Belgium (the "Offering") to subscribe for new ordinary shares in the Company (the "New Shares"). The Offering takes place in the context of a continuous issue and therefore remains valid for as long as the prospectus is valid, unless closed early. The subscription period for the New Shares will run from 17 December 2012 until 16 December 2013 (16.00 CET) subject to early closure (the "Subscription Period").

The offer of these Shares involves risks. For a discussion of the risk factors that should be considered when subscribing for the New Shares, please refer to the chapter on "Risk Factors".

The New Shares are not being offered or sold in any country other than Belgium. Potential investors should note that there is no secondary market other than the possibility of transfer or withdrawal as set out in Chapter 5 (*Information on the Offering*).

The New Shares have not been and will not be registered in accordance with any regulations relating to securities other than Belgian regulations. The distribution of this document and the offering and delivery of shares may be restricted by law in certain jurisdictions. Persons who come into possession of this document should seek information about any such restrictions and must comply with them. For a description of these and other limitations, see Chapter 2 (*Warnings and points of information*).

This Prospectus will be made available to investors free of charge at the Company's registered office at Chaussée de Haecht 159, B-1030 Schaerbeek, Belgium. This Prospectus may also be consulted on the Internet for free on the following website: www.alterfin.be.

Prospectus dated 17 December 2012

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Defined terms are placed inside inverted commas or are identified by a capital letter. Numerical expressions in this Prospectus follow the convention by which a (.) separates the thousands and a (,) separates the decimals.

SUMMARY

This summary must be read as an introduction to this prospectus. This summary contains selected information about the Company and the Offering. Any decision to invest in the Shares should be based on an exhaustive analysis of the Prospectus as a whole by the investor. Prospective investors should review the whole Prospectus carefully, make their own opinion and take decisions on the merits and risks of an investment in the New Shares, in the light of their personal circumstances. Furthermore, investors should consult their financial, legal and tax advisors in order to carefully review the risks associated with an investment in the New Shares.

Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area (an "EEA State"), no civil liability will attach to the Company in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this prospectus. Where a claim relating to the information contained in this prospectus is brought before a court in an EEA State, the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the prospectus before the legal proceedings are initiated.

1. Risk factors

Any investment in shares involves substantial risks. Below is a list of potential risk factors to be taken into consideration and consists of risks related to the Offering and the Shares, and risks related to Alterfin's business. A more detailed description of the risks can be found in chapter 1 of the Prospectus (titled "Risk Factors").

Investors should note that the risks discussed below are all risks currently known to the Issuer at the time the Prospectus was drafted.

Before deciding to purchase Shares, prospective investors should carefully review and consider the following risk factors and the other information contained in the Prospectus. The occurrence of one or more of the risks described below may have a material adverse effect on the Issuer's financial condition. Moreover, the Issuer's share price could fall significantly if any of these risks were to materialize, in which case investors could lose all or part of their investment.

The formulated objectives in the articles of Alterfin and the nature of the activities resulting from these objectives bring forth a number of risks. The policy and management of Alterfin is designed to mitigate these risks as much as possible, without of course being able to totally eliminate these risks. Alterfin distinguishes between risks factors related to the Offering and the Shares and risks factors related to Alterfin's business

Risk factors related to the Offering and the Shares

Risks associated with investing in shares

An investment in Shares of Alterfin, as with any investment in shares, is related to economic risks: before making an investment decision, investors should consider that their entire investment in Shares can be lost.

Risks related to the limited liquidity of the Shares

There is no secondary market on which the Shares can be traded. Although it is possible for a shareholder to withdraw, in accordance with the procedure stated in Alterfin's articles, this causes a limited liquidity.

Risks related to the fluctuations in share value and future dividend

Past performances are no guarantee for the future and no guarantee is given regarding future performances.

Risk factors related to Alterfin's business

Debtor risk

This is the risk associated to defaults on loans provided by Alterfin. This risk is significant, as through these loans, funds are made available to organizations in the South (the "Partners"), mainly microfinance institutions (MFIs) and farmer organizations that sell their products through the *fair trade* channel. The end-recipients of Alterfin's funds may not necessarily receive the same terms at local financial institutions for financing their businesses. Furthermore, guarantees and securities are not presented in all cases. It can therefore not be excluded that the partners in the South in which Alterfin invests at a certain point could appear insolvent, in which case the investment of Alterfin would be lost.

Such risk is managed in a twofold manner. First and foremost, of course, there is risk assessment. This is done by means of a detailed dossier created for each partner which forms the basis on which credit decisions are made. In addition there is monitoring of the partner both at a distance and in situ, so that any risks can be assessed and monitored more effectively.

- In situ: all partners are allocated to one of the credit managers at Alterfin. The credit managers plan visits and travel to their respective countries in order to visit and evaluate the partners. As a rule, all partners are visited at least once every 18 months. Fair trade partners are visited more frequently because of the characteristics of these loans (shorter periods, more harvest-related).

- From a distance: The MFI partners provide quarterly reports on their activities and contact is maintained in an ad hoc manner by telephone and email. They report on the financial and operational indicators and provide information about institutional changes. Because of the characteristics of fair trade loans (shorter periods, more harvest-related), the fair trade partners provide a monthly update on their activities and are closely monitored by the credit managers.

Additionally, wherever possible, guarantees are built into the loan agreements. These guarantees are, where possible, proportionate to the perceived risk. However, it is clear that even with these guarantees the credit risk cannot be entirely eliminated.

In addition, a part of Alterfin's portfolio is ensured by the vzw Alterfin Guarantee Fund, a Belgian non-profit association with registered office at Chaussée de Haecht 159, B-1030 Schaerbeek, Belgium and VAT number 0474.048.797. On 31 December 2011, the Guarantee Fund held EUR 1,404,015. The guarantees granted amounted to EUR 1.212.840 (16 dossiers were guaranteed by Alterfin Guarantee Fund). Out of a total outstanding portfolio of EUR 21.374.463 (see portfolio overview in 10.5 Internal organisation and investment policy), this means that 5,67% of Alterfin's portfolio (EUR 1.212.840 / EUR 21.374.463) was covered by Alterfin Guarantee Fund.

Currency risk

This is particularly the risk that arises as a result of transactions made in foreign currency in order to finance the organizations in the South. A significant portion of the loans provided to partner organizations in the South is made in U.S. dollars. This means that the value of these receivables denominated in EUR fluctuates with the exchange rate. If the U.S. dollar drops against the EUR, then the value of these claims is worth less. Alterfin generally covers this risk in the following way: for each loan granted in U.S. dollars, Alterfin acquires a loan for the same amount in U.S. dollars with a credit institution. The influence of the exchange rate on the balance sheet of Alterfin is thus limited. The exchange rate however still has an influence on the income statement, i.e. on the difference between the earnings on the U.S. dollar loans and the interest Alterfin has to pay on its U.S. dollar debt.

Besides U.S. dollar loans, Alterfin also has loans and equity investments in other (soft) currencies (non EUR or U.S. dollar currencies) Some of these currencies, including the Lempira (Honduras) can be hedged with financial instruments. Other currencies cannot be hedged. For the Franc CFA (West Africa) there is a special agreement with the Alterfin Guarantee Fund to guarantee half of a possible devaluation of the currency. In addition, in July 2010, Alterfin became shareholder of MFX Microfinance Currency Risk Solutions. Through MFX, Alterfin has gained access to risk hedging possibilities for financing in local currency. This implies that the portfolio in local currency can be built up without an increased risk as the local currencies are hedged by MFX Microfinance Currency Risk Solutions.

Country risk

Alterfin works in developing countries which by definition bear certain risks from economic, social, legal, political and climatic point of view. Although the country risk represents a significant risk, Alterfin tries to control certain aspects of it.

From April 2009 to March 2012, the political risk of Alterfin's portfolio had been insured with the Belgian export credit agency, the ONDD (Office national du ducroire | Nationale Delcrederedienst). In March 2012, Alterfin reconsidered the need to insure the political risk of the portfolio invested in Fair Trade with the ONDD. When financing a Fair Trade partner, Alterfin requires export contracts with foreign buyers as collateral which reduce the risk factors inherent to the partner's country. Since March 2012, only the portfolio invested in microfinance institutions remains insured with the ONDD.

In addition, Alterfin tries to further reduce the country risk by setting limits to the size of investments in a specific country.

Risks related to the dependence on people in key positions

If people in key positions would leave Alterfin without the Issuer being able to provide for their immediate replacements, it could have on the short and longer term a negative impact on the development of Alterfin and its results.

Risks related to the dependence on income through services provided to third parties

A significant part of Alterfin's total income derives from service to others, including responsAbility AG in Switzerland, representing 16,9% of income in 2011, and Triodos Bank in Belgium, representing 2,1% of income in 2011 (see Chapters 8 and 10.2). It is always possible that third parties cease their collaboration with Alterfin which would have a negative impact on the income stream of Alterfin.

In 2011 responsAbility decided to limit its cooperation with Alterfin in order to build up its own internal capacity. Alterfin will therefore no longer recruit and monitor microfinance partners for responsAbility. In concrete terms, this means that the current contracts with partners will not be renewed on the end date, and hence the income that Alterfin has been receiving from the partnership will end in 2013. As regards the collaboration on the financing of fair trade, Alterfin will continue to procure and monitor dossiers until the end of 2012. In 2013 it is estimated that the income from service to responsAbility will decrease to +/- EUR 130.000. In 2014, no further income is expected.

Triodos Bank and Alterfin have been working together for over 15 years. End 2011, a new agreement between both parties was concluded in which Triodos Bank decided to continue to support Alterfin by means of a promotional budget that will amount to 29.766 EUR in the year 2012 (2/3 of the Triodos Bank income in 2010). In 2013, the support will reduce to 14.883 EUR and in 2014 no income is longer expected. In addition, both parties are looking into how Triodos Bank can assist Alterfin through debt financing.

As stated above, by 2014 the income generated from the collaboration with responsAbility as well as the income generated through the partnership with Triodos Bank will come to an end.

In 2012, in order to compensate the impact of the end of collaboration with responsAbility on its income stream, Alterfin has started to search for new collaborations. In July 2012, Alterfin started to recruit and monitor fair trade partners for Calvert Social Investment Foundation. Calvert Social Investment Foundation is an American NGO founded in 1988 which invests in social projects. In 2013 it is estimated that the income from service to Calvert will amount to +/- EUR 26.000.

Alterfin is also finalizing the terms of collaboration with ImpactAssets and plan to start to recruit and monitor fair trade partners for ImpactAssets in 2013. ImpactAssets, Inc is an American nonprofit financial services company created in late 2009 to catalyze investment capital for maximum environmental, social and financial impact.

In addition, the services provided to FEFISOL and FOPEPRO are also expected to generate more income.

Risks related to the dependence on the social goal of investors

Investors will consider when investing in Shares of Alterfin that, given its social purpose, Alterfin does not pursue profit maximization. If the interest of investors in Shares would decline, or if major shareholders would decide to reduce their participation, the operational resources of Alterfin could be affected.

Risks related to the reputation of the market in which Alterfin operates

It is possible that a change in the reputation of Alterfin or similar institutions and the market in which it operates, can have a disproportionate impact on the prospects of Alterfin.

Regulatory Risk

Changes in legislation or regulations, both in Belgium and the countries where Alterfin is active, may have an impact on the activities of Alterfin.

2. Approval of the Prospectus by the Financial Services and Markets Authority

On 17 December 2012, the FSMA approved the English version of the Prospectus for the purposes of the public offering in Belgium of the New Shares in accordance with Article 23 of the Prospectus Law. The FSMA's approval does not imply any judgment on the merits or the quality of the Offering or the New Shares. The Offering and the Prospectus have not been submitted for approval to any supervisory body or governmental authority outside Belgium.

3. Possible restrictions on the Offering and the distribution of the Prospectus

The Offering is a public offering in Belgium. The distribution of the Prospectus may, under the laws of certain countries other than Belgium, be governed by specific regulations. Individuals in possession of the Prospectus must inquire about those regulations and about possible restrictions resulting from them, and comply with those restrictions.

4. Information on the Offering

Issuer

The issuing institution, Alterfin is a social financier that aims to contribute to a sustainable financial support of the development initiatives of economically and socially marginalized groups in societies in the South.

The emphasis is on the social component and is such that the investments of shareholders in Alterfin contribute to socio-economic development in the South. Specifically, Alterfin mobilizes capital in the North (in the case of the Offering: in Belgium) which is then channelled to organizations in the South.

Name:	Alterfin
Legal form:	Coöperatieve vennootschap met beperkte aansprakelijkheid (CVBA)/ Société Coopérative à Responsabilité Limitée (SCRL)
Address:	Chaussée de Haecht 159, B-1030 Schaerbeek, Belgium
Telephone:	+32 (0)2 538 58 62
Fax:	+32 (0)2 538 37 90
E-mail:	info@alterfin.be
VAT number:	0453.804.602
Date of incorporation:	November 16th, 1994
Duration:	indefinite

Overview of shareholder structure on 30 September 2012:

Situation on 30/09/2012	Category A		Category B		Total
	Legal entities		Private persons		
Number of shareholders	184	7%	2.552	93%	2.736
Share capital in EUR	4.144.250	19%	18.058.938	81%	22.203.188
Number of shares	16.577	5%	288.943	95%	305.520

History of Alterfin:

The cooperative society Alterfin was established in 1994 as a partnership between North-South organizations (including 11.11.11, Oxfam Solidarity & Wereldwinkels, Vredeseilanden, FOS, ...) and banks (Triodos Bank and the former HBK Spaarbank). Later, other social organizations (including SOS Faim, Netwerk Vlaanderen, Réseau Financement Alternatif), a bank (BNP Paribas Fortis), a number of companies and more than two thousands individuals joined the cooperative. As an alternative financier Alterfin does not make donations, but investments. Whereas the notion of development cooperation used to be nearly exclusively linked to charity and donating money, nongovernmental development organizations in the nineties started to look for new methods to make development cooperation more sustainable.

Statutory Auditors: KPMG Bedrijfsrevisoren, represented by Erik Clinck

Directors:
The management of Alterfin is carried out by its directors. The following table shows the composition of the board of directors as approved by the general meeting of the Company on 24 March 2012:

Name	Proposed by	Start date	End date
Dré Smessaert	11.11.11	27/03/2010	27/03/2015
Leo Ghysels	11.11.11	26/03/2011	26/03/2016
Olivier Marquet*	Triodos Bank	28/03/2009	28/03/2014
Kris Goossenaerts	Vredeseilanden	26/03/2011	26/03/2016
Dominique Morel	Independant	24/03/2009	28/03/2014
Marc Mees	SOS Faim	28/03/2009	28/03/2014
Klaartje Vandersypen	Private shareholders	24/03/2012	24/03/2017
Jean Matton	Private shareholders	24/03/2012	24/03/2017
Vincent de Brouwer	Private shareholders	15/03/2008	15/03/2013
Mark Lambrechts	Independant	15/03/2008	15/03/2013

*Mandate vacated on 31st May 2012 and continued by Nadia Wera as representative of Triodos Bank until confirmation by the general meeting.

Balance sheet date: 31 December 2009, 2010, 2011 (audited), 30 September 2012 (non-audited)

Depository bank: Triodos Bank nv

Alterfin is described in more detail in the Prospectus in chapters 7 to 13.

Investment policy

The principles of the investment policy of Alterfin were formalized in the "Credit and Investment Policy "(included as Appendix 3 of the Prospectus) and form the basis for credit decisions.

The question whether an initiative qualifies for an investment by Alterfin is assessed by an external or an internal credit committee (the organization and composition of both internal and external credit committees are detailed in chapter 11 of the Prospectus). The credit committees evaluate a financing application according to two types of criteria:

- social relevance, which should evaluate whether the project/institution works for the benefit of people living in poverty; and
- financial viability: the objective is here to assess that the partner organization uses the resources in a sustainable way and is able to repay the debt.

Alterfin basically invests in two types of organizations:

- Microfinance Institutions (MFIs): thanks to the financing by Alterfin the MFIs are able to grant many small (micro)credits to their members or clients; and
- Fair trade producers' associations: in this case the loan of Alterfin is used to finance the crops of the producers and the marketing of their produce on
- the fair trade market.

The investment policy of Alterfin is described in more detail in chapter 10 of the Prospectus.

Equity and debt

On 31 December 2011 the equity of Alterfin amounted to 20.317.558 EUR (audited on 31 December 2011). The debt amounted to 19.539.528 EUR (audited on 31 December 2011). The unaudited figures on 30 September 2012 were as follows: equity of 24.322.928 EUR and debts amounting to 21.171.906 EUR.

Details about the equity and debt of Alterfin can be found in the Prospectus under chapter 7 and 8.

Selected historical financial data

The following key figures are from the annual financial reports which have been controlled by the auditor:

	2009	2010	2011
Portfolio			
Portfolio Alterfin	8.395.943	13.027.772	21.374.463
Growth portfolio Alterfin	-5,74%	55,17%	64,07%
Net loss on portfolio Alterfin	0,23%	1,13%	0,58%
Portfolio third parties	22.322.155	29.130.495	24.882.569
Growth portfolio third parties	24,60%	30,50%	-14,58%
Total portfolio	30.718.098	42.158.267	46.257.032
Growth total portfolio	14,52%	37,24%	9,72%
Number of partners	64	76	94
Growth of number of partners	0,00%	18,75%	23,68%
Average Alterfin portfolio per partner	131.187	171.418	227.388
Capital	2009	2010	2011
Share capital	10.313.375	13.937.750	18.952.813
Growth share capital	16,57%	35,14%	35,98%
Number of shareholders	1.392	1.804	2.533
Growth of number of shareholders	14,19%	29,60%	40,41%
Debt	2009	2010	2011
Debt	7.779.368	11.565.607	18.929.993
Debt/capital ratio	75,43%	82,98%	99,88%
Totaal	2009	2010	2011
Balance sheet total	19.459.089	26.619.753	40.358.131
Growth of the balance sheet	7,48%	36,80%	51,61%
Results	2009	2010	2011
Net profit	675.587	499.250	1.044.855
Growth of the net profit	23%	-26%	109%

The following table provides an overview of the interim financial results on 30 September 2012 (not audited figures):

	30/09/2011	30/09/2012
Portfolio		
Portfolio Alterfin	16.816.778	23.238.565
Growth portfolio Alterfin	69,77%	38,19%
Portfolio third parties	18.836.342	19.188.276
Growth portfolio third parties	-31,24%	1,87%
Total portfolio	35.653.121	42.426.841
Growth total portfolio	-4,41%	19,00%
Number of partners	87	99
Growth of number of partners	29,85%	13,79%
Average Alterfin portfolio per partner	193.296	234.733
Capital	30/09/2011	30/09/2012
Share capital	16.819.250	22.203.125
Growth share capital	37,56%	32,01%
Number of shareholders	2.174	2.736
Growth of number of shareholders	46,30%	25,85%
Debt	30/09/2011	30/09/2012
Debt	14.388.511	21.171.906
Debt/capital ratio	74,22%	95,36%
Total	30/09/2011	30/09/2012
Balance sheet total	33.305.924	45.797.676
Growth of the balance sheet	51,69%	37,51%
Results	30/09/2011	30/09/2012
Net profit	970.372	754.994
Growth of the net profit	97,10%	-22,20%

Compared with September 2011, Alterfin's portfolio grew with 38%. The share capital also showed a strong growth (+5,4 million EUR) with 562 new shareholders (+26% compared to 30/09/2011).

The net profit (unaudited) is lower than in September 2011 (-22,2%). In September 2011 the profit already included the extraordinary result (320.519 EUR) related to the sale of shares held by Alterfin in Confianza. The (unaudited) profit before taxes and extraordinary result shows an increase of 15,6% between 30/09/2011 and 30/09/2012.

The financial figures of Alterfin are described in greater detail in chapter 8 of the Prospectus.

Reasons for the offer and use of proceeds

Demand for micro-credits continues to rise. This is why Alterfin is constantly looking for new shareholders. It is share capital that provides Alterfin with the financial base it needs to carry out its investments.

The shareholders' capital is used to finance partners in the South, who in turn provide credit to farmers and entrepreneurs locally. The capital can be used either directly or indirectly to finance a partner. In the latter case, Alterfin uses its share capital (in EUR) as a guarantee for obtaining a line of credit (in U.S. dollars) from the banking partners. This line of credit can be greater than the share capital, so that

Alterfin creates a leverage effect. Alterfin itself then lends the borrowed U.S. dollars to the partners in the South.

Alterfin receives more and more requests from existing and new partners to finance their activities. In order to meet this demand, Alterfin relies on its own funds and funds of third parties (see chapter 10 of the Prospectus). Alterfin wants to drive its growth by attracting own resources to better respond to these
requests. The team of Alterfin was strengthened in 2012 to support this growth.

As co-founder Alterfin has pledged a stake of EUR 550.000,00 to the FEFISOL fund which was inaugurated in July 2011. The fund specifically focuses on providing financing in Africa (microfinance and fair trade partners), and is supported by institutional investors (see Chapter 10). These funds are fully paid up. The last payment (EUR 156.974,26 12) was made on 12th December 2012. Since Alterfin's capital forms the basis of all the financing it carries out, it is thus possible that all or part of the capital raised will be invested in FEFISOL.

Subscription period

The subscription period, during which investors, whether they already hold Existing Shares or not, can subscribe to the Offering, will be from 17 December 2012 to 16 December 2013 (16.00 CET), subject to early closing.

Categories of potential investors

The Offering is a public offering in Belgium reserved for the following investors:

- For Shares of category A: Legal entities, and
- For Shares of category B: Private persons.

Application process

The subscription to the Shares of both category A and category B is organized directly and exclusively through Alterfin. The procedure for subscription is as follows:

- For new shareholders: The potential shareholder completes online through the website of Alterfin (www.alterfin.be) the registration form (which is included as Appendix 1 to the Prospectus), including personal details, the number of Shares and the category of Shares subscribed to (whether Shares of category A or Shares of category B).

Simultaneously, the subscriber transfers the amount of the subscribed Shares to the bank account of Alterfin indicating his or her name and surname. Upon receipt of the transfer, the applicant will be sent an attestation of the shareholder register in duplicate form of which one signed copy should be returned to Alterfin.

- For investors that already hold one or more Existing Shares: Existing shareholders transfer the amount of the subscribed Shares to the bank account of Alterfin indicating shareholder number, name and surname. Upon receipt of the transfer the shareholder will be sent an attestation of the shareholder register.

Expected timetable of the Offering

On 17 December 2012 the Prospectus will be published on the website of Alterfin (www.alterfin.be). This date is also the beginning date of the subscription period. Potential shareholders may subscribe to

Shares throughout the subscription period; at least insofar the maximum amount of the Offering is not exceeded. Unless the subscription period is closed early, the Offering ends on 16 December 2013.

Issue price

The Prospectus relates to the issuance of two categories of shares:

• Category A-Shares: shares with a nominal value of 250,00 EUR per share. The Shares of category A can only be subscribed to by legal entities; and
• Category B-Shares: shares with a nominal value of 62,50 EUR per share. The Shares of category B can only be subscribed to by private persons.

Applicants must subscribe to at least one Share. There is no restriction on the maximum amount for which applicants can subscribe to the Shares.

There are no registration fees associated to the subscription of Shares.

Payment and delivery of the New Shares

Payment for the Shares is completed through a transfer to the bank account of Alterfin: IBAN number BE85 5230 4527 2706 with BIC code TRIO BE BB.

The Shares are in registered form and are not physically delivered. Upon receipt of the transfer, the applicant will be sent an attestation of the shareholder register in duplicate form of which one signed copy should be returned to Alterfin.

Dividend rights

Each shareholder is entitled to an annual dividend on condition that the general assembly of the Issuer decides to pay out a dividend. The dividend is expressed as a percentage of the nominal value of the Shares.

Accession of a shareholder during the financial year entitles this shareholder to enjoy a dividend calculated in proportion to the number of (calendar) days effective membership of that year.

Alterfin's dividend policy is described in more detail in the Prospectus (Chapter 6). The taxation of dividends and the tax benefits for shares invested in a development fund (Alterfin was certified on 12 October 2010 as development fund) are described in chapter 14 of the Prospectus as well.

Available documents

The available documents are included in the appendices of the Prospectus.

- The registration form
- Audited financial statements for 2009, 2010 and 2011
- Unaudited income statement and balance sheet on 30 September 2012.
- Credit and Investment Policy
- Portfolio report on 30 September 2012.

DEFINITIONS

The following terms have the meanings indicated below in the Prospectus, unless otherwise indicated:

Offering	Offering to the public in Belgium to subscribe for New Shares in the Company
Shares	the shares representing the capital of the Company
Alterfin	Alterfin, founded as a cooperative company with limited liability (CVBA), with registered office at Chaussée de Haecht 159, B-1030 Schaerbeek, Belgium and registered under company number 0453.804.602. Alterfin is recognised as a cooperative company by the National Council of Cooperatives
Existing Shares	the shares existing up to the date of the prospectus
FSMA	the Financial Services and Markets Authority
EEA	the European Economic Area
Subscription Period	the period during which investors, whether or not they already hold Existing Shares, can subscribe for the Offering; this period runs from 17 December 2012 until 16 December 2013 (16.00 CET) subject to early closure
MFI	a microfinance institution
FT	Fair Trade
New Shares	the Shares to be issued under the Offering
Prospectus	this prospectus
Prospectus Directive	Directive 2010/73/EU of the European Parliament and of the Council of 4 November 2003 amending Directive 2001/34/EC on the prospectus to be published when securities are offered to the public or admitted to trading
Prospectus Regulation	Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2010/73/EU of the European Parliament and of the Council as regards information contained in prospectuses as well as the format of the prospectus, the incorporation by reference and publication of such prospectuses and dissemination of advertisements
Prospectus Law	The Law of 16 June 2006 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market
Company	Alterfin
Company Code	the Belgian Company Code of 7 May 1999

1 RISK FACTORS

An investment in the New Shares involves risks. You should consider the following information about certain of these risks carefully, along with the information contained in this Prospectus, before deciding to subscribe for the New Shares. If any of the following risks actually occurs, this may have a substantial adverse effect on the activities, operating results, financial condition and prospects of the Company and its activities. In such a case the value of the Company's shares may fall and subscribers for the New Shares may lose all or part of their investment. An investment in the New Shares is only suitable for investors who are capable of judging the risks and merits of such an investment, and who have sufficient resources to bear any losses that may result from it. A potential investor who has doubts about what action to take should contact a professional adviser who specialises in giving advice on the acquisition of shares and other securities.

The risks and uncertainties that the Company regards as essential are described below. Investors should note that the list of risks given below covers all risks known to the management of the Issuer at the time of preparation of the prospectus.

Under its articles of association Alterfin has:

> *"[...] the goal of contributing to a sustainable financial basis for development initiatives in economically and socially marginalized groups in societies in the South, and thus helping to achieve the objectives of its partners"*
>
> *"[...] In Belgium: Alterfin raises the awareness of people and official bodies about the role of money in the development of a more inclusive and nature- and culture-friendly global society. In cooperation with its banking partners, the NGOs and the government, it mobilises funds for this purpose. In the South: Alterfin uses these funds to develop or support a local target-group-oriented financial fabric. Depending on the circumstances, guarantees, loans or investments are made available to this end. In addition, Alterfin grants or mobilises technical support [...]"*
>
> (Article 3, Paragraphs 1 and 3 of Alterfin's articles of association).

This objective, and the nature of the resultant activities, entails a number of risks. Alterfin's policy and management are designed to control these risks as effectively as possible, without of course being able to entirely exclude them. Alterfin distinguishes between the following risks:

1.1 Risk factors specific to the Offering and to ownership of the Shares

1.1.1 Risks associated with investing in shares

There are economic risks associated with investing in Shares in Alterfin, as with any equity investment: when taking an investment decision investors must bear in mind that they could lose their entire investment in the Shares.

1.1.2 *Risks related to the limited liquidity of the Shares*

There is no secondary market on which the Shares are traded. Although it is possible for a shareholder to withdraw, in accordance with the procedure given in Alterfin's articles of association, this means that there is relatively limited liquidity. This lack of liquidity means among other things that shareholders may have to hold the Shares for longer then they wish and that their take-back value may not be the same as that at the time of the request for withdrawal.

Under Article 13 of Alterfin's articles of association, Class A shareholders (legal entities only) may only withdraw or request a partial take-back of their Shares during the first three months of the financial year. Class B shareholders (private persons only) may only withdraw or request a partial take-back of their Shares during the first six months of the financial year. The Company may spread all or part of the take-back over a maximum period of three years. The Company's board of directors may refuse to allow the withdrawal or take-back of shares if the shareholder has obligations towards or current contracts with the Company or if, through the withdrawal or take-back of Shares: (a) the authorised capital would be reduced to an amount less than the proportion defined in the articles of association plus the non-distributable reserves, and/or (b) the Company's financial situation would be endangered. The decision of the board of directors in this matter is final. Finally, the shares may only be transferred between members with the prior approval of the board of directors (Article 9 of the articles of association).

1.1.3 *Risks related to fluctuations in value and future dividend changes*

Past returns are no guarantee of future performance and no guarantee is offered regarding future returns. The dividend may rise or fall and it is possible that you may not recover the full amount that you invested. Alterfin makes no predictions or estimates about the value of its Shares after the expiry of this Offering, or about changes in the dividend yield.

1.2 Risk factors specific to Alterfin's activities

1.2.1 *Debtor risk*

This is the risk of non-repayment of the loans made by Alterfin. This risk is significant, since the loans are used to provide funds to organisations (the "partners"), often microfinance institutions ("MFIs") and farmers' associations that sell their products through the fair trade circuit. These organisations in turn provide credit to countless farmers and entrepreneurs in the South.

The recipients of Alterfin's funds would not necessarily have obtained them on the same conditions from local financial institutions. Furthermore, collateral cannot be provided in all cases. It cannot therefore be ruled out that the partners in the South in which Alterfin invests may at some point become insolvent, in which case Alterfin's investment could be lost.

If such a risk was to materialise or increase on a large scale, which cannot be excluded and may also be partly dependent on other risks such as country risk, this could have a negative impact on Alterfin's growth and the continuation of its activities.

Such risk is managed in a twofold manner. First and foremost, of course, there is risk assessment. This is done by means of a detailed dossier created for each partner which forms the basis on which credit decisions are made. In addition there is monitoring of the partner both at a distance and in situ, so that any risks can be assessed and monitored more effectively.

- In situ: all partners are allocated to one of the credit managers at Alterfin. The credit managers plan visits and travel to their respective countries in order to visit and evaluate the partners. As a rule, all partners are visited at least once every 18 months. Fair trade partners are visited more frequently because of the characteristics of these loans (shorter periods, more harvest-related).

- From a distance: The MFI partners provide quarterly reports on their activities and contact is maintained in an ad hoc manner by telephone and email. They report on the financial and operational indicators and provide information about institutional changes. Because of the characteristics of fair trade loans (shorter periods, more harvest-related), the fair trade partners provide a monthly update on their activities and are closely monitored by the credit managers.

Additionally, wherever possible, guarantees are built into the loan agreements. These guarantees are, where possible, proportionate to the perceived risk. However, it is clear that even with these guarantees the credit risk cannot be entirely eliminated. For this reason part of Alterfin's portfolio is guaranteed by the vzw Alterfin Guarantee Fund, a Belgian non-profit association whose registered office is at Chaussée de Haecht 159, B-1030 Schaerbeek, Belgium, company number 0474.048.797.

Using the guarantee provided by Alterfin Guarantee Fund, Alterfin seeks to arrange the financing of weaker partner organisations, which lack the necessary guarantees, without also jeopardising the Company's financial situation. The resources of Alterfin Guarantee Fund can also be used to finance technical assistance to partners in the South. On 31 December 2011, Alterfin Guarantee Fund held EUR 1.404.015. The guarantees granted amounted to EUR 1.212.840 (16 dossiers were guaranteed by Alterfin Guarantee Fund). Out of a total portfolio of EUR 21.374.463 (see portfolio overview in 10.5 Internal organisation and investment policy), this means that 5,67% of Alterfin's portfolio was covered by Alterfin Guarantee Fund.

1.2.2 *Foreign exchange rate risk*

This mainly concerns the risk that arises as a result of transactions made in foreign currency to finance organisations located in the South. For some currencies, this risk can be hedged, but for many currencies, especially in Africa, this is not the case.

A significant portion of the loans to partner organisations in the South are given in U.S. dollars. This means that the value of these amounts receivable expressed in euros fluctuates with the value of the U.S. dollar against the euro. If the U.S. dollar falls against the euro, the value of these receivables decreases. Alterfin attempts to cover this risk in the following way: for each loan granted in U.S. dollars, Alterfin acquires a loan for the same amount in U.S. dollars with a credit institution. If the value of the U.S. dollar falls against the euro, the value of the receivable from the partner falls, but so does that of the amount payable to the credit institution. In this way a change in the exchange rate between U.S. dollars and euros does not in principle have any further effect on Alterfin's balance sheet. On 30/09/2012 the situation was as follows:

Situation on 30/09/2012		
Total Liabilities in USD	**Total Assets in USD**	**Difference**
26.527.350,63 USD	26.921.351,94 USD	394.107,31 USD
USD loans from banks, financial institutions and shareholders	USD Portfolio (equity investments included)	Financed by net USD income

Changes in the rate of the U.S. dollar do still affect the income statement; since the income from the loans in U.S. dollars is only partially hedged by the interest that Alterfin itself pays on its debts in U.S. dollars. The balance is not hedged and fluctuations in the exchange rate do affect this balance. Because Alterfin is a net U.S. dollar earner, the balance sheet tends to show a U.S. dollar surplus, giving rise to an exchange rate risk. This includes the net income in U.S. dollars on Alterfin's dollar portfolio and the U.S. dollar fee from responsAbility and Calvert Social Investment Foundation for followed credit applications. In order to keep this under control, U.S. dollars are converted into EUR at appropriate times.

When hedging U.S. dollars, an attempt is also made to match the term of the loans taken out in U.S. dollars with the term of the loan granted in U.S. dollars. However, these terms are not always exactly the same, giving rise to some interest rate risk. If a longer-term loan is covered with a shorter-term loan in U.S. dollars, there is uncertainty about the interest that will be paid for further loans expressed in U.S. dollars. Alterfin tries to minimise this interest rate risk by denominating the interest on loans granted by Alterfin as a margin on the 12-month LIBOR.

In addition to loans expressed in U.S. dollars, Alterfin also has loans and participations in other (soft) currencies (not EUR or U.S. dollar currencies). Some of these currencies, such as the Lempira (Honduras) can be hedged with financial instruments. Other currencies cannot be hedged. For the CFA Franc (West Africa), there is a special agreement with the vzw Alterfin Guarantee Fund under which Alterfin can insure against half of any devaluation of this currency. Alterfin also attempts to give microfinance institutions access to local financing for their lending activities through guarantees to local banks, especially for partners in Africa. In this way Alterfin can in principle avoid the exchange rate risk.

Additionally, since July 2010, Alterfin is a shareholder in MFX Microfinance Currency Risk Solutions for the amount of 200.000,00 U.S. dollars. This gives Alterfin access to options for hedging the exchange rate risk of financing in local currencies. With this facility Alterfin can develop a portfolio in local currency whose exchange rate risk with the EUR is hedged. The portfolio in local currency can thus be further developed without the currency risk increasing, as the local currency is hedged via MFX Microfinance Currency Risk Solutions. The financing also responds better to the MFIs financing needs.

The value of Alterfin's share capital which is used as collateral to obtain credit lines in U.S. dollars from the partner banks is in principle put into investment products with a minimum of associated risks. These include savings and deposit accounts at the partner banks and bonds issued by the banks themselves.

1.2.3 Country risk

It is probable that in the countries where Alterfin is active, events will occur which will have a significant negative impact on the repayment capacity of its partners there. Alterfin works in developing countries which by definition present not insignificant economic, social, legal, political and climatic risks. This country risk includes, among other things, the risk of war, corruption, instability, arbitrary government action, transfer problems (such as the inability to repatriate invested funds), nationalisation and inflation. This country risk is inevitable because it is linked to Alterfin's social mission.

Although this country risk is significant, Alterfin seeks to manage certain aspects of it. From April 2009 to March 2012, the political risk of Alterfin's portfolio had been insured with the Belgian export credit agency, the ONDD (Office national du ducroire | Nationale Delcrederedienst).

The ONDD is the Belgian public credit insurer, whose role is to promote international economic relations. The ONDD performs this task as an autonomous public institution guaranteed by the State. The ONDD insures companies and banks against the political and commercial risks of international trade transactions primarily relating to capital goods, industrial projects, contracting works and services. The

ONDD additionally insures against political risks associated with direct investment abroad and directly finances commercial transactions of limited size.

The scope of its coverage extends to Alterfin's loans, guarantee deposits and participations. The ONDD assigns a degree of risk to each country, and on this basis determines whether an investment in a specific country falls within the scope of its insurance. For the current insurance year (01/04/2012 to 31/03/2013), Alterfin is insured for a portfolio of maximum EUR 11.727.407,23 (120% of the portfolio position on 31/03/2012). The situation on 30/09/2012 was as follows:

Situation on 30/09/2012		
	EUR	**Countries/Sector**
Alterfin Portfolio insured by ONDD.	11.225.929,95	***Microfinance:*** Benin, Bolivia, Cambodia, Colombia, El Salvador, Ecuador, Guatemala, Honduras, Kenya, Nicaragua (specific dossier approved by ONDD), Niger, Uganda, Peru, Togo.
Alterfin Portfolio not insured by ONDD.	12.012.634,98	***Fair Trade (all dossiers)*** ***Microfinance:*** DR Congo, International, Ivory Coast, Laos, Palestine, Nicaragua (all other dossiers)

The amount of portfolio that is not insured by ONDD is significantly more important than last year (from EUR 2.394.332,85 on 30/09/2011 to EUR 12.012.634.98 on 30/09/2012). This is explained by the fact that in March 2012, Alterfin reconsidered the need to insure the political risk of all the Fair Trade partners with the ONDD. The reason of this reconsideration is that when financing a Fair Trade partner, Alterfin requires export contracts with foreign buyers as collateral which reduce the risk factors inherent to the partner's country. Since March 2012, only the portfolio invested in microfinance institutions remains insured with the ONDD.

Alterfin also seeks to further limit the country risk on the basis of two indicators. The limit for each country is partly determined by the perceived country risk, which is divided into three categories (see table below). These categories are determined on the basis of Alterfin's own information and information from specialised agencies such as Standard & Poor's (S&P), the ONDD and BNP Paribas Fortis NV/SA.

Alterfin limits the concentration per country to a certain percentage of Alterfin's capital, looking at the total volume of loans and participations that are not covered by European guarantees. In addition, Alterfin also limits the concentration per country to a certain percentage of the portfolio. This concentration percentage also depends on the perceived country risk.

The table of both indicators for 2012 was defined as follows.

Category	*Maximum **country/capital ratio***	*Maximum **country/portfolio ratio***
Minimal risk	*15% of the capital*	*20% of total portfolio*
	Chili, Costa Rica, Peru, International	
Modest risk	*10% of the capital*	*15% of total portfolio*
	Colombia, Guatemala, El Salvador	
Increased risk	*5% of the capital*	*10% of total portfolio*
	Benin, Bolivia, Cambodia, Ecuador, Honduras, Kenya, Laos, Nicaragua, Niger, Uganda, Togo, Ivory Coast	

Below, an example is given of risk control on the basis of the two indicators.

Perceived country risk:

Country	S&P's	ONDD Commercial risk	ONDD Transfer	Alterfin Risk category	Maximum country/capital ratio	Maximum country/portfolio ratio
Chile	A+	A	3	Minimum risk	15% of capital	20% of portfolio
Guatemala	BB	C	4	Moderate risk	10% of capital	15% of portfolio
Honduras	B	C	5	Increased risk	5% of capital	10% of portfolio

Situation on 30 September 2012:

	Country/Capital Ratio	Country/Portfolio Ratio
Chile	3,49%	3,91%
Guatemala	4,03%	3,85%
Honduras	3,94%	6,20%
International	0,39%	1,04%

The international portion of the portfolio is the part which is not specifically invested in one country but rather covers a group of countries. For the portfolio on 30 September 2012, this consisted of the participations in ACEROLA, FOPEPRO, MFX, FEFISOL and SIDI, and loans to FOPEPRO and ACEROLA (for more details see the portfolio report in Appendix 5).

The table below gives an overview of the share (in terms of portfolio and income) of the five main countries.

	Portfolio share 30/09/2012	Income share 30/09/2012
Peru	19,93%	19,51%
El Salvador	12,63%	14,84%
Bolivia	9,46%	6,95%
Cambodia	8,37%	7,21%
Paraguay	8,20%	9,13%
Total	**58,59%**	**57,64%**

A country-specific crisis that occurred in 2010, the post-electoral crisis in Ivory Coast, can be used by way of illustration. In 2010 Alterfin started funding two fair trade partners in Ivory Coast. After the elections at the end of 2010, the political situation in Ivory Coast became so unstable that it prevented the partners from engaging in normal activity. Repayment of the loan granted to the partner Uirevi (EUR 300.000 maturing in February 2011) was thus jeopardised. Alterfin therefore took a provision (EUR 100.000) in its 2010 financial statements. At the loan's maturity date it was then confirmed that Uirevi could not meet its obligations. The loan was restructured by Alterfin with a new maturity date in September 2011 and Alterfin took an additional provision (EUR 16.777) in its 2011 financial statements.

1.2.4 Risk of dependence on people in key positions

The continuation and growth of Alterfin's activities depends to no small extent on people in key positions, such as the directors or the management, and their network. These individuals may leave Alterfin without it being possible to find immediate replacements for them. In the short and somewhat longer term this may have a negative impact on the future development of Alterfin and its results.

1.2.5 Risk of dependence of income on services to third parties

A significant part of Alterfin's total income derives from service to others, including responsAbility AG in Switzerland, representing 16,9% of income in 2011, and Triodos Bank in Belgium, representing 2,1% of income in 2011. (See Chapters 8 and 10.2).

The possibility cannot be excluded that third parties might stop working with Alterfin, which would have a negative impact on Alterfin's income stream. Alterfin cannot eliminate this risk, but mitigates it, albeit to a limited extent, by signing multiannual contracts with its partners in the South. This goes some way towards limiting the risk that Alterfin might completely lose its income from one day to the next. Although Alterfin always strives for the utmost care in its service provision, the possibility cannot be ruled out that Alterfin might be held liable for errors attributable to it in services to third parties, should such errors occur.

In 2011 responsAbility decided to limit its cooperation with Alterfin in order to build up its own internal capacity. Alterfin will therefore no longer recruit and monitor microfinance partners for responsAbility. In concrete terms, this means that the current contracts with partners will not be renewed on the end date, and hence the income that Alterfin has been receiving from the partnership will end in 2013. As regards the collaboration on the financing of fair trade, Alterfin will continue to procure and monitor dossiers until the end of 2012. In 2013 it is estimated that the income from service to responsAbility will decrease to +/- EUR 130.000. In 2014, no further income is expected.

Triodos Bank and Alterfin have been working together for over 15 years. End 2011, a new agreement between both parties have been concluded in which Triodos Bank continues to support Alterfin by means of a promotional budget that will amount to 29.766 EUR in the year 2012 (2/3 of the Triodos Bank income in 2010). In 2013, the support will reduce to 14.883 EUR and in 2014 no income is longer expected. In addition, both parties are looking into how Triodos Bank can assist Alterfin through debt financing.

In 2009, Alterfin, with the collaboration of SIDI[1], set up a fund called FOPEPRO (*Fondo Para Los Pequeños Productores Rurales En América Latina*). The purpose of this fund is to finance smallholder farmers in the Andean countries and Central America (Bolivia, Peru, Ecuador and Colombia) and Central America (Nicaragua, Guatemala, Honduras and El Salvador). Simultaneously, a management company called Acerola was set up in El Salvador in order to manage this fund. Since October 2011, Alterfin provides Acerola with consultancy services regarding the monitoring of FOPEPRO's portfolio. The income consists of fees for proposing and monitoring the financing of partners. In 2013 it is estimated that the income from services to Acerola will amount to +/- EUR 18.000.

[1] SIDI, the International Solidarity for Development and Investment company, was established in 1983 in France by CCFD-Terre Solidaire (French Committee against Hunger and for Development), a French NGO, to strengthen and diversify its actions in the economic field.

In 2008, Alterfin, in collaboration with SIDI and Etimos[2] set up a SICAV under Luxembourg law, called FEFISOL (*Fonds Européen de Financement Solidaire*), which is a fund dedicated to Africa. The fund was launched in July 2011 and mainly aims to provide credit and guarantees to microfinance institutions and producer's organizations active in fair trade in Africa. Since October 2011, Alterfin recruits and monitors partners for FEFISOL. In 2013 it is estimated that the income from service to FEFISOL will amount to +/- EUR 58.000. The income consists of fees for proposing and monitoring the financing of partners.

In 2012, in order to compensate the impact of the end of collaboration with responsAbility on its income stream, Alterfin has started to search for new collaborations. In July 2012, Alterfin started to recruit and monitor fair trade partners for Calvert Foundation. Calvert Foundation is an American NGO founded in 1988 which invests in social projects. In 2013 it is estimated that the income from service to Calvert will amount to +/- EUR 26.000.

Alterfin is also finalising the terms of collaboration with ImpactAssets and plan to start to recruit and monitor fair trade partners for ImpactAssets in 2013. ImpactAssets, Inc is an American nonprofit financial services company created in late 2009 to catalyze investment capital for maximum environmental, social and financial impact. ImpactAssets, Inc. will issue the Global Sustainable Agriculture Note, a new thematic impact investing vehicle and Alterfin will provide ImpactAssets with loan origination and loan servicing. In 2013 it is estimated that the income from service to ImpactAssets will amount to +/- EUR 22.000.

1.2.6 Risk of dependence on investors' social aims

Alterfin depends on the interest of investors in this type of product, as investors will take into consideration when investing in the Shares that Alterfin, with its social mission, does not pursue profit maximisation. If, for example as a result of a prolonged economic recession in Western Europe, investors' interest in the Shares were to permanently decrease, Alterfin's operating funds could be affected. If Alterfin's major existing shareholders decide for these or other reasons to reduce their participation or give it up entirely, this would affect Alterfin's operating means and consequently its financial position.

1.2.7 Reputational risks related to the market in which Alterfin is active

Alterfin's reputation and activities, as well as the reputation of institutions which are active in the field of microfinance and fair trade, have an important influence on the continuation and growth potential of Alterfin and the market in which it operates. This reputation is important both to investors in Alterfin and to the partners who apply for loans or investments. The possibility cannot be excluded that a change in the reputation of Alterfin or comparable institutions and the market in which they operate might have a disproportionate impact on Alterfin's prospects.

1.2.8 Regulatory risks

Alterations to laws or regulations, either in Belgium or in the countries where Alterfin operates, could have an impact on Alterfin's activities, and more specifically on its profitability and the value of its

[2] Etimos is an international financial consortium with Headquarters in Padua, Italy, and three regional offices in Sri Lanka, Argentina and Senegal. It collects savings in Europe and invests in developing and emerging countries financing microfinance institutions, producers cooperatives linked to Fair trade markets and social enterprises.

portfolio. For example, this would be the case if such a change increased the debtor risk, or if the Belgian tax system (including the tax exemption) changed.

2 WARNINGS AND POINTS OF INFORMATION

2.1 Preliminary warning

The Offering is a public offering in Belgium. The Offering and this Prospectus have not been and will not be submitted for approval to any supervisory authority outside Belgium. Therefore, no steps may be taken to publicly offer the New Shares outside Belgium or to engage in a process which could result in this. The Company is not making any offer of sale of the New Shares and is not seeking to offer the New Shares for sale to persons in any jurisdiction where such an offer or solicitation is not authorised. The Company reserves the right to refuse any offer to purchase the New Shares if the Company believes that this may give rise to a violation of laws, rules or regulations.

The distribution of this Prospectus and the Offering may in certain jurisdictions be restricted by law, and this Prospectus may therefore not be used for or in connection with any offer or solicitation by any person in any jurisdiction where such an offer or such a solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

Consequently, the New Shares may not be directly or indirectly offered or sold, nor may this Prospectus or any other document relating to the Offer be distributed or published in any jurisdiction except in circumstances where all applicable laws and regulations are complied with. Investors should find out about any such restrictions and comply with them.

2.2 Decision on whether or not to invest

In making an investment decision, investors must rely on their own examination of the Company and the terms of the Offering, including the potential benefits and risks described in this Prospectus. Investors should rely only on the information contained in this Prospectus. The Company has not approved any other person to provide other information to investors. If anyone provides different or inconsistent information, this should not be relied upon.

The information contained in this Prospectus may only be regarded as correct on the date indicated on its cover page. The business, financial situation and operating results of the Company and the information given in this Prospectus may have changed since that date.

In accordance with Belgian law, any significant new development, material oversight or inaccuracy relating to the information given in this Prospectus which may have an influence on the assessment of the New Shares and which arises or is noticed between the time when the Prospectus is approved and the final closing date of the Offering will be included in a supplement to the Prospectus. Additions must be approved in the same manner as this Prospectus by the Financial Services and Markets Authority (the "FSMA") and must be made public in the same manner as this Prospectus.

None of the information contained in this Prospectus should be regarded as investment, legal or tax advice. Investors should consult their own advisor, accountant and other advisors for legal, tax, business, financial and related advice regarding the assessment of this Offering and the purchase of the New Shares. The Company makes no representation to any beneficiary or purchaser regarding the legality of an investment in the New Shares by the said beneficiary or purchaser under applicable investment or similar laws.

2.3 Presentation of financial and other information

This Prospectus contains the Company's audited financial statements for the years ending in 2009, 2010 and 2011, prepared on each occasion in accordance with Belgian accounting standards. This Prospectus contains the reports of the Company's auditor on its audited consolidated financial statements for the years ending in 2009, 2010 and 2011. It also contains figures for the third quarter of 2012 which have not been subject to either a full or limited review.

Certain figures in this Prospectus have been adjusted by rounding. Consequently, figures shown as totals in certain tables may not be the exact arithmetical sum of the figures that precede them.

2.4 Information about foreign currencies

In this Prospectus, "EUR", "euro" and "€" refer to the currency of the Member States of the European Union which are part of the European Monetary Union, and "U.S. dollars" or "$" or "U.S. $" refer to the currency of the United States.

2.5 Information about third parties

Certain information on markets and other sectoral data relating to the Company's activities in this Prospectus have been obtained from sectoral sources, publicly available information and/or other external sources (such sources are listed in this Prospectus). The Company accepts responsibility for the correct reproduction of information obtained from such external or public sources, and as far as the Company is aware and has been able to ascertain on the basis of the information published in sectoral publications or public sources, no facts have been omitted which would make the reproduced information inaccurate or misleading. However, the Company has not independently verified the information obtained from such sources.

Certain other information in the Prospectus relating to the sector and its activities reflects the Company's best estimates. Information from internal estimates and research conducted by the Company has not been verified by independent sources.

2.6 Forward-looking statements

Certain statements in this Prospectus are not historical facts, but are forward-looking statements.

Forward-looking statements include statements about plans, objectives, strategies, future events, future income or performance, capital expenditure, financing needs, plans for or intentions relating to acquisitions, competitive advantages and disadvantages, business strategies and the trends that the Company expects in the sector and in the political and legal environment in which it operates, and other information which is not historical information. Words such as "believe", "anticipate", "estimate", "expect", "intend", "predict", "estimate", "could", "possibly", "will", "plans" and similar expressions are intended to identify forward-looking statements but are not the only means of identifying such statements.

Although such forward-looking statements by the Company are considered reasonable, because of their nature they contain inherent risks and uncertainties, both general and specific, and it is possible that predictions, forecasts, projections and other forward-looking statements will not in reality be achieved. Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, goals, expectations, estimates and intentions expressed in such forward-looking statements.

When relying on forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in the light of the political, economic, financial, social, industrial and legal environment in which the Company operates. Such forward-looking statements are valid only on the date they are made. The Company therefore does not place itself under any obligation to update or revise them on the basis of new information, future events or other information, except as required by the applicable laws, rules or regulations. The Company has not made any representation or forecast or given any guarantee that the anticipated results as expressed in such forward-looking statements will be achieved, and such forward-looking statements represent, in any case, only one of many possible scenarios and should not be regarded as the most probable or the standard scenario.

3 GENERAL INFORMATION AND INFORMATION ABOUT RESPONSIBILITY FOR THE PROSPECTUS AND THE AUDITING OF THE ACCOUNTS

3.1 Responsibility for the contents of the Prospectus

The Company, whose registered office is at Chaussée de Haecht 159, B-1030 Schaerbeek, represented by its board of directors, takes responsibility for the contents of this Prospectus. The Company declares, having taken all reasonable measures to ensure this, that the information in this Prospectus is, to its knowledge, in accordance with the facts and that no information has been omitted that would change the tenor of this Prospectus.

This Prospectus is intended to provide information to potential investors in the context of and for the sole purpose of evaluating a possible investment in the New Shares under the Offering. It does not express any commitment, acknowledgment or waiver and does not create any right, express or implied, with respect to persons other than potential investors. It may only be used in connection with the Offering.

3.2 Statutory auditor

At the general meeting of 24 March 2012, KPMG Bedrijfsrevisoren, a professional partnership in the form of a cooperative company with limited liability incorporated under Belgian law, whose registered office is at Avenue du Bourgetlaan 40 B-1130 Brussels, Belgium, represented by Mr Erik Clinck, was reappointed as the Company's statutory auditor, for a period of three years, to end immediately after the conclusion of the ordinary general meeting which will be held in March 2015 and will deliberate and decide on the financial statements for the year ended 31 December 2012.

3.3. Approval of the Prospectus

On 17 December 2012, the FSMA approved the English version of this Prospectus for the public offering in Belgium of the New Shares in accordance with Article 23 of the Prospectus Law. The approval of the FSMA does not imply an assessment of the opportunities and quality of the Offering or the New Shares.

The summary of this Prospectus is also translated into Dutch and French. The Company is responsible for checking the consistency of the translations into French and Dutch with the original English version. In the event of any inconsistency between the different language versions, the original English version shall prevail.

The Offering and this Prospectus have not been submitted for approval to any supervisory body or authority outside Belgium.

3.4 Available information

3.4.1 *Prospectus*

This Prospectus will be made available to investors free of charge at the Company's registered office at Chaussée de Haecht 159, B-1030 Schaerbeek, Belgium. It can also be consulted free of charge on the Internet on the following website: www.alterfin.be.

The electronic version may not be copied, made available or printed for distribution. Other information on the Company's website or any other website does not form part of this Prospectus.

3.4.2 *Company documents and other information*

The Company must deposit its articles of association and all other deeds which must be published in the Annexes to the Belgian Official Gazette at the registry of the Commercial Court in Brussels (Belgium), where they are available to the public. A copy of the Company's most recent consolidated articles of association is also available on the Company's website.

In accordance with Belgian law, the Company must draw up audited financial statements in accordance with Belgian accounting standards. These statements and the reports of the board of directors and the statutory auditor relating to them are deposited with the National Bank of Belgium, where they are available to the public.

The Company's website, www.alterfin.be, mentions a number of additional documents, such as:

- Alterfin' annual report
- reports on Alterfin's social performance,

4 REASONS FOR THE OFFERING & USE OF PROCEEDS

The demand for microcredit continues to rise. More and more micro-entrepreneurs and small producers rely on credit from a microfinance institution ("MFI") in order to support the development of their small-scale commercial or production activities and to work for a better future.

For this reason Alterfin is constantly looking for new shareholders, as the share capital constitutes the financial basis on which Alterfin makes its investments.

The shareholders' capital is used to finance partners in the South, who in turn provide credit to farmers and entrepreneurs locally. The capital can be used either directly or indirectly to finance a partner. In the latter case, Alterfin uses its share capital (in EUR) as a guarantee for obtaining a line of credit (in U.S. dollars) from the banking partners. This line of credit can be greater than the share capital, so that Alterfin creates a leverage effect. Alterfin has a hedging rate between 90% and 100% depending on the banks where it borrows U.S. dollars. This means that in some banks, for every U.S. dollar borrowed, Alterfin only has to provide guarantees (share capital) for 90% of the amount, thus creating a leverage effect. Alterfin itself then lends the borrowed U.S. dollars to the partners in the South.

The Shares are a continuous source of financing for the South: once a loan is repaid, the share capital can be reused to finance other groups of people in the South.

Alterfin receives increasing numbers of requests from existing and new partners to finance their activities. To meet the demand Alterfin, in addition to its own resources, relies on third-party funds (see Chapter 10). Alterfin 's growth strategy aims to focus on the acquisition of resources of its own so that it increasingly finances these requests itself. Alterfin's team was strengthened between 2010 and 2012 to support this growth.

The sums raised through this Offering will be invested on the basis of evaluation of the introduced financing applications and the decisions made by the credit committee.

As co-founder Alterfin has pledged a stake of EUR 550.000,00 to the FEFISOL fund which was inaugurated in July 2011. The fund specifically focuses on providing financing in Africa (microfinance and fair trade partners), and is supported by institutional investors (see Chapter 10). These funds are fully paid up. The last payment (EUR 156.974,26 12) was made on 12th December 2012. Since Alterfin's capital forms the basis of all the financing it carries out, it is thus possible that all or part of the capital raised will be invested in FEFISOL. The distribution of projects between Alterfin and FEFISOL is as follows: financing of partners in Africa can take place via Alterfin or FEFISOL. FEFISOL has more opportunities for local currency financing and providing technical assistance. To the extent that Alterfin wishes to make use of these additional capabilities for partner financing in Africa, this will be proposed to FEFISOL. Financing of capital investments will also be first proposed to FEFISOL. On the other hand, the opportunities for fair trade finance at FEFISOL are rather limited, so Alterfin will continue to be used for this. FEFISOL financing will also be used to increase Alterfin's financing when Alterfin is itself unable to take on any additional risk. FEFISOL has independent investment committees that make decisions about financing.

5 INFORMATION ABOUT THE OFFERING

5.1 Decisions relating to the Offering

The Company's board of directors decided to approve the Offering and the Prospectus on 06 December 2012.

5.2 Requirements for the Offering

In accordance with the Company Code, Article 8 of Alterfin's articles of association states that in order to be accepted as a shareholder, the investor must meet the following conditions:

- being approved by the board of directors. The board of directors may not refuse the accession of a candidate shareholder for speculative reasons unless the latter fails to comply with the general conditions of accession or performs actions which conflict with the Company's interests; and

- subscribing for at least one Share.

The status of shareholder implies unconditional acceptance of the Company's articles of association and internal regulations. In particular, although these points are not exhaustive, the investor's attention is drawn to the following provisions of the articles of association: "*Members shall be liable only to the extent of their contribution. Up to this amount, each member has individual liability*" (Article 7) and "*The board of directors shall make all decisions relating to the acceptance, withdrawal and exclusion of members and all decisions relating to additional subscriptions to or the take-back or transfer of shares. Shares may only be transferred between shareholders with the prior approval of the board of directors*" (Article 9);

5.3 Amount of the capital increase

The intended maximum total amount of the capital increase during the Subscription Period is EUR 5.000.000,00, extendable to a maximum of EUR 10.000.000,00.

5.4 Issue price

The Prospectus relates to the issuance of two classes of Shares:

- Class A Shares: shares with a nominal value of EUR 250,00 per share. Only legal entities may subscribe for these Class A Shares; and

- Class B Shares: shares with a nominal value of EUR 62,50 per share. Only private persons and those treated as such may subscribe for these Class B Shares.

The Shares shall be fully paid up. Subscribers must subscribe for at least one Share. There is no limit on the maximum value of Shares that may be subscribed for.

There are no registration fees associated with subscription for the Shares.

5.5 Subscription Period

The Subscription Period during which investors, whether or not they already hold Existing Shares, can subscribe to the Offering, runs from 17 December 2012 to 16 December 2013 (16.00 CET) subject to early closing.

5.6 Subscription procedure

Subscription for both Class A and Class B Shares proceeds directly and exclusively through Alterfin. The arrangements for subscription through Alterfin are as follows:

- For new shareholders: The applicant shareholder must fill in the subscription form (which is included as Appendix 1 to the Prospectus) online on the Alterfin website (www.alterfin.be), giving personal data and stating the number and class of Shares to be subscribed for (either Class A or Class B Shares). The subscriber must simultaneously pay the amount for the Shares subscribed for into Alterfin's account, quoting his/her surname and first name. On receipt of payment, the subscriber will be sent two copies of the entry in the Company register, one of which he/she must sign and return. In the unlikely event of the Board refusing the accession of an applicant shareholder, the money received will be returned without interest and without costs.

- For investors who already hold one or more Existing Shares: existing shareholders should pay the amount for the Shares subscribed for into Alterfin's bank account, quoting their shareholder number, name and surname. Upon receipt of the transfer the shareholder will receive an extract from the Company register.

5.7 Publications in the context of the Offering

The following publications shall be made in the context of the Offering: publication of the Prospectus, any supplements (if legally required), the decision to close the Offering early and/or increase the maximum amount of the Offering, and any press releases.

In accordance with Article 34 of the Prospectus Law, a supplement to this Prospectus will be published with regard to any significant new factor, material oversight or inaccuracy relating to the information in the Prospectus which may affect the assessment of the New Shares, insofar as this arises or is noticed between the time of approval of the Prospectus and the final closing of the Offering. This supplement to the Prospectus will be published within a maximum of seven working days. There is no right of retraction since the Offering relates to a continuous issuance.

All publications will take place on the Alterfin website (www.alterfin.be).

5.8 Payment for and delivery of the New Shares

Payment for the Shares will be made by transfer to Alterfin's bank account, IBAN number BE85 5230 4527 2706, BIC code TRIO BE BB.

The Shares are in registered form and are not physically delivered. Upon receipt of payment, the subscriber will receive two copies of an excerpt from the Company register, one of which must be signed and returned.

5.9 Dividend entitlement

All shareholders are entitled to an annual dividend insofar as and to the extent that the Company's general meeting decides to pay a dividend. The dividend is expressed as a percentage of the nominal value of the Shares.

If a shareholder joins the Company in the course of the Company's financial year, he/she will receive a dividend on a *pro rata* basis, calculated in proportion to the number of (calendar) days of effective membership during that year.

5.10 Expected timetable of the Offering

On 17 December 2012, the Prospectus was published on Alterfin's website (www.alterfin.be). This date is also the start date of the Subscription Period. Throughout the Subscription Period, applicant shareholders are continuously able to subscribe for the Shares, insofar as the maximum amount of the Offering is not exceeded. Unless the Subscription Period is closed early, the Offering ends on 16 December 2013.

The results of the subscription will be published after the closing of the Subscription Period. Alterfin publishes an annual report which includes a description of changes to its capital. The total capital raised will be mentioned in the 2013 annual report.

5.11 Plan for the distribution and allocation of securities

The Shares will be allocated in order of subscription. Once the maximum amount of the Offering has been achieved, Alterfin will refuse all further subscriptions.

5.12 Classes of potential investors

The Offering is a public offering in Belgium reserved for the persons specified below:

- For Class A Shares: Legal entities; and

- For Class B Shares: Private persons and those treated as such (de facto associations).

5.13 Placement and underwriting

No institutions or persons have undertaken to underwrite the issue on a firm commitment basis, or to place the issue without a guarantee or commission basis.

5.14 Secondary market and liquidity

The Shares are not the subject of an application for admission to trading, with a view to their distribution in a regulated market or an equivalent market. With regard to the limited liquidity, applicants should refer to the section on liquidity risk above, under *Risk factors*.

5.15 Financial services

Alterfin itself is responsible for collecting the acceptances of its public offering. It has not appointed any external financial service provider for this purpose.

5.16 Costs in connection with the Offering

The costs for the offering include the fees to consultants, the fee to the FSMA and the cost of preparing and printing the Prospectus. The total costs are estimated at EUR 6.000.

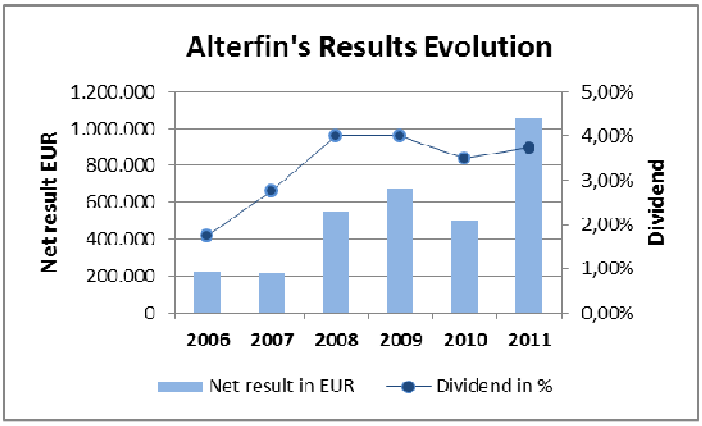
6 DIVIDENDS AND DIVIDEND POLICY

6.1 Dividends

Alterfin has in all recent years between 2000 and 2011 been able to pay a modest but globally increasing annual dividend on the basis of its results (see also table below):

- 1,50% in 2005;
- 1,75% in 2006;
- 2,75% in 2007;
- 4,00% in 2008;
- 4,00% in 2009;
- 3,50% in 2010 and
- 3.75% in 2011.

In this way Alterfin has shown that, as a social investor, it is seeking to use its entrusted capital in a sustainable manner. Although its social objective means that Alterfin does not primarily pursue profit or maximised returns, it nevertheless aims to pursue its financing activities according to sound economic principles.



With regard to this historical information, it should however be noted that past returns are no guarantee of future performance, and that no guarantee is therefore made regarding future returns. The dividend may rise or fall and it is possible that you may not recover the full amount that you invested. Alterfin makes no predictions or estimates about the value of its Shares after the expiry of this Offering, or about changes in the dividend yield.

6.2 Dividend policy

In accordance with Article 48 of Alterfin's articles of association, the distributable profit for the financial year is by decision of the general meeting allocated as follows:

- at least five percent to constitute the legal reserve;
- a payment to shareholders (whether they belong to Class A or B; see Chapter 5), which may amount at most to the interest rate determined in accordance with the Royal Decree of 8 January 1962 establishing the conditions for recognition of the national associations of

cooperatives and of the cooperative companies by the National Council of Cooperation (the current maximum is 6%), applied to the amount actually paid up for the shares, and

- the surplus to be carried forward or transferred to the reserves.

The Company's general meeting is free to decide to transfer the entire profit to the reserves. If there is a loss, the negative balance may be carried forward.

If in some financial years no remuneration is made to the paid-up capital, then in the following years, insofar as the profit permits, a certain percentage per financial year without return may be allocated to the paid-up capital for the financial year concerned.

No distribution may be made if on the closing date of the last financial year the net assets as shown in the financial statements are or would become as a result of a distribution lower than the sum of the fixed portion of the capital or of the paid-up capital, when this is less than the fixed portion of the capital plus all reserves which by the law or according to these articles of association may not be distributed. Any return may only be distributed to the shareholders in proportion to the transactions they have made with the company.

7 CAPITALISATION AND INDEBTEDNESS – STATEMENT ON WORKING CAPITAL

7.1 Statement on working capital

Alterfin states that, in its view, its working capital is sufficient for its present requirements.

7.2 Capitalisation and indebtedness

The following table shows the situation with regard to the debt and capitalisation at 30 September 2012 (unaudited):

Debt and capitalisation (EUR)

Short term debt	17.806.941
Depending on security rights (collateral) *	17.710.000
Depending on pledge	0
Without collateral or pledge	96.941
Long-term debt	3.009.136
Depending on collateral	0
Depending on pledge	0
Without collateral or pledge	3.009.136
Equity	24.322.928
Share capital	22.203.188
Legal reserves	187.013
Other reserves	1.100.000
Retained earnings	77.733
Net result of the period	754.994
Other	0

* Collateral: pledge of deposit accounts at Rabo Bank Netherlands, KBC and pledge of savings and time deposits and bonds at BNP Paribas Fortis.

In 2011, Alterfin welcomed 729 new shareholders with an increase in capital of EUR 5,02 million compared to 2010. This increase in capital is the result of marketing actions partly supported by the fiscal stimulus offered to private persons buying shares of Alterfin.

The following table gives the details of the evolution of the debt (unaudited) between 30/09/2011 and 30/09/2012.

	30/09/11		30/09/12	
Short term debt	**€**	**13.422.740**	**€**	**17.806.941**
RABO BANK BELGIUM	€	3.088.962	€	-
RABO BANK NETHERLANDS	€	-	€	5.756.336
BNP PARIBAS FORTIS	€	5.516.004	€	4.174.832
KBC	€	2.574.135	€	7.778.832
CALVERT FOUNDATION	€	2.206.402	€	-
OTHER (Shareholders,...)	€	37.238	€	96.941
Long-term debt	**€**	**698.130**	**€**	**3.009.136**
CALVERT FOUNDATION	€	-	€	2.333.650
MONARCH	€	367.734	€	388.942
OTHER (Shareholders,...)	€	330.397	€	286.545

Because most of the credits that Alterfin provides are in U.S. dollars, Alterfin's strategy is to use most of its share capital (in EUR) as a guarantee for obtaining lines of credit in U.S. dollars. Alterfin then lends the borrowed U.S. dollars to the partners in the South. Thanks to the increasing amount of capital, Alterfin could provide higher guarantees and obtain additional lines of credit in U.S. dollars. This explains the increasing amount of debt.

The loan from Calvert Foundation is a long term loan that had become short-term during the last quarter of 2010. It was renewed and became long term again in autumn 2011.

Calvert Foundation is an American NGO founded in 1988 which invests in social projects. Monarch Community Fund is an American private fund managed by Calvert Foundation which also invests in social projects.

<u>Overview of short term liabilities (EUR)</u>

Short term debt	Outstanding debt EUR	Maturity	Interest rate
RABO BANK NETHERLANDS	€ 3.500.475	20/12/2012	2,34%
RABO BANK NETHERLANDS	€ 2.255.861	roll-over	1 month Libor + 2%
BNP PARIBAS FORTIS	€ 3.111.533	10/12/2012	3,45%
BNP PARIBAS FORTIS	€ 777.883	17/12/2012	3,43%
BNP PARIBAS FORTIS	€ 285.416	roll-over	1 month Libor + 1,80%
KBC	€ 1.944.708	1/10/2012	1,13%
KBC	€ 1.944.708	4/10/2012	1,12%
KBC	€ 1.944.708	9/10/2012	1,13%
KBC	€ 1.944.708	11/10/2012	1,13%
LOANS BY SHAREHOLDERS 1	€ 62.843	8/07/2013	0,00%
LOANS BY SHAREHOLDERS 2	€ 34.097	recoverable in 7 days	0,00%
TOTAL	**€ 17.806.940**		

Alterfin's share capital is used to finance partners in the South that will then provide credit to farmers and entrepreneurs. The capital can either be used directly to finance a partner or indirectly. In the latter case, Alterfin uses its share capital (in EUR) as a guarantee for obtaining a USD credit line with banking partners.

Net financial debt analysis (EUR)

A	Cash	0
B	Cash equivalents	241.617
C	Short term investment (savings accounts, short-term deposits and bonds)	21.698.931
D (A+B+C)	**Liquidity**	**21.940.548**
E	**Current financial receivables**	**10.858.278**
F	Bank indebtedness	17.710.000
G	Medium-term debt, portion at less than one year	0
H	Other financial short term debt	96.941
I (F+G+H)	**Current financial liabilities**	**17.806.941**
J (I-E-D)	**Net current financial liabilities**	**-14.991.885**
K	Bank debt with a maturity longer than one year	0
J	Bonds issued	0
M	Other debt with a maturity longer than one year	3.009.136
N (K+L+M)	**Non-current financial liabilities**	**3.009.136**
O (J+N)	**Net financial liabilities**	**-11.982.749**

Bank indebtedness are the total of the short-term financial liabilities at BNP Paribas Fortis (EUR 4.174.832) and KBC (EUR 7.778.832) and a cash credit (amounting to EUR 5.756.336 at Rabo Bank Netherlands). Current financial receivables relate to the short-term loan portfolio and to income to be collected from credit operations (income portfolio, fee from responsAbility). Non-current financial liabilities are liabilities incurred with the non-banking institutions Monarch Community Fund and Calvert Foundation.

Calvert Foundation is an American NGO founded in 1988 which invests in social projects. Monarch Community Fund is an American private fund managed by Calvert Foundation which also invests in social projects. Calvert and Monarch offer long-term loans at attractive interest rates without requiring guarantees.

8 SELECTED HISTORICAL FINANCIAL INFORMATION ABOUT THE COMPANY

8.1 Key figures

2011 audited financial statements, including the notes, are included as Appendix 2. The following table shows the evolution of key financial figures in EUR for 2009, 2010 and 2011:

	2009	2010	2011
Portfolio			
Portfolio Alterfin	8.395.943	13.027.772	21.374.463
Growth portfolio Alterfin	-5,74%	55,17%	64,07%
Net loss on portfolio Alterfin	0,23%	1,13%	0,58%
Portfolio third parties	22.322.155	29.130.495	24.882.569
Growth portfolio third parties	24,60%	30,50%	-14,58%
Total portfolio	30.718.098	42.158.267	46.257.032
Growth total portfolio	14,52%	37,24%	9,72%
Number of partners	64	76	94
Growth of number of partners	0,00%	18,75%	23,68%
Average Alterfin portfolio per partner	131.187	171.418	227.388
Capital	2009	2010	2011
Share capital	10.313.375	13.937.750	18.952.813
Growth share capital	16,57%	35,14%	35,98%
Number of shareholders	1.392	1.804	2.535
Growth of number of shareholders	14,19%	29,60%	40,41%
Debt	2009	2010	2011
Debt	7.779.368	11.565.607	18.929.993
Debt/capital ratio	75,43%	82,98%	99,88%
Total	2009	2010	2011
Balance sheet total	19.459.089	26.619.753	40.358.131
Growth of the balance sheet	7,48%	36,80%	51,61%
Results	2009	2010	2011
Net profit	675.587	499.250	1.044.855
Growth of the net profit	23%	-26%	109%

Over the years Alterfin welcomed a significant increasing number of shareholders and share capital. This results into a growing balance sheet.

In 2011, Alterfin welcomed 729 new shareholders (+40% compared to 2010) with an increase in capital of 36% compared to 2010 (+ EUR 5,02 million). The increase in capital is the result of marketing actions partly supported by the fiscal stimulus offered to private persons buying shares of Alterfin. On 12 October 2010, Alterfin was recognised as a development fund within the meaning of the Law of 1 June 2008 introducing a tax relief for shares in development funds for microfinance in developing countries (see Chapter 14).

The share capital constitutes the financial basis that enables Alterfin to finance its various partners in the South. Therefore this increase of capital made it possible to significantly raise the portfolio and extend the cooperation with partners. In 2011 Alterfin's portfolio increased by 64% compared to 2010.

The third party portfolio includes responsAbility's portfolio, FEFISOL's portfolio (since October 2011) and FOPEPRO's portfolio (since October 2011). Regarding the evolution of third parties portfolio, please refer to Chapter 10 (The Company's Activity).

In 2011, Alterfin recorded a net profit of 1.044.855 EUR, which is 109% more than in 2010. The profit before taxes and extraordinary result shows an increase of 49,8% in 2011 compared to 2010. The higher profit partly resulted from an extraordinary result (320.519 EUR) related to the sale of shares held by Alterfin in Confianza, a microfinance institution in Peru. Alterfin bought shares of Confianza for the first time in 1999 and reinvested the dividend over the years. In April 2011 Alterfin decided to sell the total number of shares and received 2,62 x the book value.

The last few years Alterfin presented a positive financial result. This allowed, on one hand, to offer an interesting reward to the shareholders and, on the other hand, to build reserves in order to be able to withstand any shocks in an uncertain economic future.

The following table shows an overview of the (unaudited) financial figures in EUR as at 30 September 2012:

	30/09/2011	**30/09/2012**
Portfolio		
Portfolio Alterfin	16.816.778	23.238.565
Growth portfolio Alterfin	69,77%	38,19%
Portfolio third parties	18.836.342	19.188.276
Growth portfolio third parties	-31,24%	1,87%
Total portfolio	35.653.121	42.426.841
Growth total portfolio	-4,41%	19,00%
Number of partners	87	99
Growth of number of partners	29,85%	13,79%
Average Alterfin portfolio per partner	193.296	234.733
Capital	30/09/2011	30/09/2012
Share capital	16.819.250	22.203.125
Growth share capital	37,56%	32,01%
Number of shareholders	2.174	2.736
Growth of number of shareholders	46,30%	25,85%
Debt	30/09/2011	30/09/2012
Debt	14.388.511	21.171.906
Debt/capital ratio	74,22%	95,36%
Total	30/09/2011	30/09/2012
Balance sheet total	33.305.924	45.797.676
Growth of the balance sheet	51,69%	37,51%
Results	30/09/2011	30/09/2012
Net profit	970.372	754.994
Growth of the net profit	97,10%	-22,20%

Alterfin's portfolio and share capital still showed growth figures for the first nine months of 2012. Compared with September 2011, Alterfin's portfolio grew with 38%.
The third party portfolio includes responsAbility's portfolio, FEFISOL's portfolio (since October 2011) and FOPEPRO's portfolio (since October 2011) and Calvert foundation's portfolio (since July 2012). The following table shows more detailed (unaudited) figures regarding third party portfolio in EUR as at 30 September 2012:

	30/09/2011	**30/09/2012**
Portfolio		
Portfolio responsAbility	18.836.342	13.187.813
Portfolio FEFISOL	0	1.519.713
Portfolio FOPEPRO	0	3.452.972
Portfolio Calvert Foundation	0	777.883
Total Portfolio Third Parties	**18.836.342**	**18.938.380**
Growth total portfolio third parties	**-31,24%**	**0,54%**

The share capital still showed a strong growth (+5,4 million EUR) with 562 new shareholders (+26% compared to 30/09/2011).

The net profit (unaudited) is lower than in September 2011 (-22,2%). In September 2011 the profit already included the extraordinary result (320.519 EUR) related to the sale of shares held by Alterfin in Confianza. The (unaudited) profit before taxes and extraordinary result shows an increase of 15,6% between 30/09/2011 and 30/09/2012.

8.2 Simplified consolidated balance sheet

The following table shows the evolution of the (audited) balance sheet in EUR for 2009, 2010 and 2011:

		2009	2010	2011
ASSETS	**Fixed Assets**	**392.193**	**1.258.130**	**1.326.169**
	Intangible fixed assets	583	1.784	384
	Tangible fixed assets	15.409	28.257	31.068
	Financial fixed assets	376.200	1.228.089	1.294.717
	Current Assets	**18.908.325**	**25.070.205**	**38.615.626**
	Long term credit portfolio	3.419.069	5.104.538	8.864.702
	Short term credit portfolio	4.041.256	6.196.765	10.750.129
	Cash and cash equivalents	10.891.818	13.083.464	18.135.995
	Other accounts receivable	556.182	685.438	864.800
	Transitory Accounts	**158.571**	**291.419**	**416.335**
	Accrued dividend/interests	158.571	291.419	416.335
	Total Assets	**19.459.089**	**26.619.753**	**40.358.131**
LIABILITIES	**Equity**	**11.162.723**	**14.879.031**	**20.317.558**
	Share capital	10.313.375	13.937.750	18.952.813
	Revaluation participation Confianza	11.855	11.855	0
	Legal reserve	109.807	134.770	187.013
	General risks reserve	682.855	737.113	1.100.000
	Accumulated results	44.832	57.543	77.733
	Provisions for accrued interests/dividends	**23.786**	**42.443**	**60.603**
	Liabilities	**8.164.705**	**11.565.607**	**19.539.528**
	Long Term Liabilities (>1 year)	2.887.202	766.679	2.984.452
	Short Term Liabilities (<1 year)	5.277.503	10.798.927	16.555.076
	Transitory Accounts	**107.874**	**132.672**	**440.441**
	Interests/tax due	107.874	132.672	440.441
	Total Liabilities	**19.459.089**	**26.619.753**	**40.358.131**

Noteworthy in this table is the convergence between:

- On one hand, the evolution of the share capital and the evolution of the cash and cash equivalents;
- On the other hand, the evolution of the credit portfolio and the evolution of the liabilities.

These two convergences illustrate the strategy of Alterfin: as most of the credits that Alterfin provides are in U.S. dollars, Alterfin uses the mobilized capital as collateral to obtain credit lines in U.S. dollars from the banks. Alterfin then lends the borrowed U.S. dollars to the partners in the South.

Thanks to the increasing amount of mobilized capital, Alterfin can provide an increasing amount of guarantees and obtain more lines of credit in U.S. dollars. This mainly explains the increasing amount of liabilities.

The loan from Calvert Foundation (EUR 2,33 million in 2011) had become short-term during the last quarter of 2010. It was renewed and became long term again in autumn 2011. This explains the variations of the long term liabilities.

The following table shows the evolution of the (unaudited) balance sheet in EUR as at 30 September 2012:

		31/09/2011	31/09/2012
ASSETS	**Fixed Assets**	**936.641**	**1.328.962**
	Intangible fixed assets	409	310
	Tangible fixed assets	35.237	20.691
	Financial fixed assets	900.995	1.307.962
	Current Assets	**31.946.969**	**43.305.391**
	Long term credit portfolio	7.691.926	10.510.060
	Short term credit portfolio	7.814.486	10.776.856
	Cash and cash equivalents	15.871.108	21.936.263
	Other accounts receivable	569.449	82.212
	Transitory Accounts	**422.313**	**1.163.323**
	Accrued dividend/interests	422.313	1.163.323
	Total Assets	**33.305.923**	**45.797.676**
LIABILITIES	**Equity**	**18.719.047**	**24.322.928**
	Paid-in capital	16.819.250	22.203.188
	Legal reserve	134.770	187.013
	General risks reserve	737.113	1.100.000
	Accumulated results	57.543	77.733
	Result of the period	970371	754.994,40
	Provisions for accrued interests/dividends	**59.771**	**88.816**
	Liabilities	**14.388.511**	**21.171.906**
	Long Term Liabilities (>1 year)	698.130	3.009.136
	Short Term Liabilities (<1 year)	13.690.380	18.162.770
	Transitory Accounts	**138.594**	**214.026**
	Interests/tax due	138.594	214.026
	Total Liabilities	**33.305.923**	**45.797.676**

Beyond the comments formulated above, the evolution of the debt can still be pointed out in the (unaudited) balance sheet of 30 September 2012. In September 2011, the long-term debt consisted solely of a loan from Monarch. But in September 2011, it also consisted of a loan from Calvert Foundation. The loan from Calvert Foundation had become short-term during the last quarter of 2010 and became long term again in autumn 2011. Both loans from Calvert Foundation and Monarch have become short term in autumn 2012.

The overall increase of the liabilities follows the evolution of the credit portfolio and illustrates the strategy of Alterfin to use the mobilized capital as collateral to obtain credit lines in U.S. dollars to finance the portfolio.

8.3 Simplified consolidated income statement

The following table provides a comparison between the (audited) profit and loss accounts in 2009, 2010 and 2011:

EUR	2009	2010	2011
Operating income and costs			
Gross margin	150.762	231.777	114.159
Remunerations, social security charges and pensions	377.808	430.510	533.863
Depreciation and devaluations on formation expenses, on intangible and tangible fixed assets	10.116	12.564	15.623
Increase/(decrease) in amounts written off stocks, contracts in progress and trade debtors	17.760	137.732	105.174
Increase/(decrease) in Provisions for risks and liabilities	-8.240	18.658	18.160
Other operating costs	6.121	5.159	5.599
Operating profit (loss)	**-252.803**	**-372.846**	**-564.260**
Financial income	1.561.748	2.227.525	2.288.977
Financial costs	694.885	1.334.461	945.342
Profit (loss) before taxes and extraordinary result	**614.060**	**520.218**	**779.375**
Extraordinary income	184.039	0	325.381
Extraordinary costs	385	0	5.452
Profit (loss) for the period, before tax	**797.713**	**520.218**	**1.099.304**
Taxes on income	122.126	20.968	54.448
Profit (loss) for the period, before tax	**675.587**	**499.250**	**1.044.856**
Profit of the period to be allocated	675.587	499.250	1.044.856

The evolution of the gross margin is related to:

- The increase of the costs of office (from EUR 216.299 in 2010 to EUR 276.774 in 2011) which follow the growing volume of the activities;
- The increasing costs of the ad campaigns (from EUR 45.575 in 2010 to EUR 97.961 in 2011);
- The decreasing income from services offered to responsAbility (from EUR 415.348 in 2010 to EUR 375.020 in 2011).

The increasing amount of remunerations is directly related to the number of staff employed by Alterfin. At the end of 2009, the Alterfin team consisted of 6 employees. Three additional persons were recruited in 2010 and one in 2011.

The amount of written off stocks, contracts in progress and trade debtors relates to the amount of Alterfin portfolio that was written off and/or recovered in the period. The following table gives more details about the evolution of this account:

	2009	2010	2011
Amount written off	€ 27.228	€ 137.732	€ 105.174
Amount recovered	€ 9.469	€ -	€ -
Net written off	€ 17.760	€ 137.732	€ 105.174
Total Portfolio	€ 8.395.943	€ 13.027.772	€ 21.374.463
% Net written off/ Total portfolio	0,21%	1,06%	0,49%

The higher proportion of the portfolio that was written-off in 2010 is related to the default of payment of Uirevi, one of Alterfin's partner in Ivory Coast. After the elections at the end of 2010, the political situation in Ivory Coast became so unstable that it prevented the partner from engaging in normal activity. Repayment of the loan granted to Uirevi was jeopardised. Alterfin therefore took a provision (EUR 100.000) in its 2010 financial statements.

The increase of the financial income is explained by 3 factors:

- The increase of the income from the credit portfolio. The portfolio is growing which means that the interests and dividends paid to Alterfin are also increasing (from EUR 675.973 in 2010 to EUR 1.149.799 in 2011);
- The increase of the income from Alterfin's investments and more especially from the term deposits related to the guarantees that Alterfin provides to obtain lines of credit in U.S. dollars. The income from investments rose from EUR 433.197 in 2010 to EUR 587.154 in 2011.
- The decrease of the income related to the currency exchange (from EUR 1.118.375 in 2010 to EUR 552.024 in 2011).

In 2011, the profit of the period amounted to 1.044.856 EUR. Compared with 2010, this represents an increase of 109%. The profit before taxes and extraordinary result shows an increase of 49,8% in 2011 compared to 2010. The higher profit partly resulted from an extraordinary result (320.519 EUR) related to the sale of shares held by Alterfin in Confianza.

The profit for 2010 was impacted by the depreciation regarding Alterfin's partners: Uirevi (Ivory Coast) and Comisajul (Honduras). The profit for 2011 is impacted by the depreciation regarding Alterfin's partners: Uirevi (Ivory Coast), Kokari (Niger) and Rio Apurimac (Peru).

The following table shows the (unaudited) profit and loss account as at 30 September 2012:

EUR	30/09/2011	30/09/2012
Operating income and costs		
Gross margin	143.421	172.045
Remunerations, social security charges and pensions	384.307	458.204
Depreciation and devaluations on formation expenses, on intangible and tangible fixed assets	11.346	11.433
Increase/(decrease) in amounts written off stocks, contracts in progress and trade debtors	0	174.593
Increase/(decrease) in Provisions for risks and liabilities	17.327	28.213
Other operating costs	1.578	4.038
Operating profit (loss)	**-271.137**	**-504.436**
Financial income	1.568.160	2.035.798
Financial costs	570.416	691.176
Profit (loss) before taxes and extraordinary result	**726.607**	**840.186**
Extraordinary income	325.381	37.607
Extraordinary costs	5.452	418
Profit (loss) for the period, before tax	**1.046.536**	**877.375**
Taxes on income	76.165	122.381
Profit (loss) for the period, before tax	**970.371**	**754.994**
Profit of the period to be allocated	970.371	754.994

The net profit (unaudited) is lower than in September 2011 (-22,2%). In September 2011 the profit already included the extraordinary result (320.519 EUR) related to the sale of shares held by Alterfin in

Confianza. The (unaudited) profit before taxes and extraordinary result shows an increase of 15,6% between 30/09/2011 and 30/09/2012.

8.4 Summary cash flow statement

The following table summarizes the cash flows in 2009, 2010 and 2011:

EUR	2009	2010	2011
Operating cash flow			
Result	675.586,92	499.250,03	1.028.150,01
Transitory Assets Accounts	6.035,40	-132.847,98	-124.916,38
Transitory Liability Accounts	18.342,67	24.798,36	307.768,21
Depreciations	10.116,14	12.564,16	11.255,42
Provisions	-192.277,34	18.657,83	18.159,94
Write-down		137.731,58	148.309,53
Changes in reserves	217.899,43	0,00	0,00
Year-1 result allocated	-548.986,51	-385.337,28	-419.172,32
Other debts	192.688,18	-226.284,12	92.292,33
Other receivables	-60.744,04	-129.256,12	-226.166,44
Other operating cash flow adjustments	0,00	-1,00	0,00
	318.660,85	**-180.724,54**	**835.680,30**
Investment cash flow			
Tangible fixed assets	-7.802,86	-26.612,01	-12.667,25
Financial fixed assets	-29.705,64	-813.845,99	-66.591,07
Other changes in financial fixed assets		-38.042,60	
	-37.508,50	**-878.500,60**	**-79.258,32**
Financing cash flow			
Credit portfolio	799.796,66	-3.978.709,68	-8.272.513,04
Debt financing	-476.203,37	3.605.205,43	7.679.411,15
	323.593,29	**-373.504,25**	**-593.101,89**
Capital flows	**1.466.375,00**	**3.624.375,00**	**5.015.062,50**
Cash and cash equivalents	**2.071.120,64**	**2.191.645,61**	**5.178.382,59**

8.5 Provisions and reserves policy

Provisioning

Alterfin takes provision for 15% of the due interests that are not yet collected: the so-called "pro rata" interests. The collection of such interests remains uncertain mainly because of the uncertain exchange rate (USD / EUR) and secondly because of the default risk and country risk. Alterfin takes also provisions on principal of loans due on the basis of the evaluation of the default report.

Reserves

Every year 5% of the profit is set aside in reserves in accordance with applicable legal requirements. Alterfin uses any exchange rate gains to form reserves to deal with any future exchange rate losses. All exchange rate results are therefore added to/subtracted from the exchange rate reserve. With regard to its reserve policy, Alterfin aims to completely cover at least 3% of the outstanding portfolio (total cover = reserve for general risks + legal reserve). It is expressly stated that the reserve for general risks may also be used should a country risk materialise.

8.6 Accounting principles

Non-financial non-current assets

The following are depreciated pro rata:

- Registration of "Alterfin" trademark: linear over 10 years;
- Telecom equipment: linear over 5 years;
- Furniture and other office equipment: linear over 5 years, and
- Computer equipment: linear over 3 years.

Financial non-current assets

Financial non-current assets are valued at their historical value (purchase cost), unless there is clear evidence of significant (> 15%) and lasting losses or gains of value. In the event of loss of value, the asset concerned is written down, and the write-down is recognised in the income statement (via a 63 account). In the event of a gain in value, the asset concerned is stated at its new value and the gain is recorded in equity (through a 122 account).

Where the asset is in a foreign currency, the corresponding value is converted into EUR at the historical rate at the time of acquisition, unless the currency concerned is systematically hedged or the rate on the balance sheet date shows significant (> 15%) and lasting depreciation or appreciation. In such cases the value of the asset is converted at the exchange rate on the balance sheet date. The resultant currency translation differences are accounted for as specified below.

Current assets

Current assets are shown at the value indicated by the underlying documents (face value). However, when a loss of value of the current asset can be documented, the asset in question is downgraded to a doubtful condition, its value is written down and the write-down is recognised in the income statement (via a 63 account). If the value of the current asset is indicated in a currency other than the euro, it is converted into euros at the exchange rate on the balance sheet date. The resultant currency translation differences are accounted for as specified below. Fees for bond loans are capitalised and amortised on a pro rata basis over the term of the loan.

Liabilities

Liabilities are shown at the value indicated by the underlying documents (face value). If this value is indicated in a currency other than the euro, it is converted at the exchange rate on the balance sheet date. The resultant currency translation differences are accounted for as further specified.

Currency translation differences

The treatment of currency translation differences depends on the currency to which the currency translation difference applies. For foreign currencies which are not hedged, negative translation differences are added to the exchange results (account 654) and positive translation differences are included in the balance sheet (account 49). For foreign currencies which are systematically hedged, both positive and negative translation differences are added to the exchange results (accounts 654/754). At present only the U.S. dollar meets this condition.

9 DESCRIPTION OF THE MARKET IN WHICH THE COMPANY IS ACTIVE

9.1 The microfinance market

9.1.1 What is microfinance?

Microfinance is often defined as financial services for poor and low-income households. In practice, the term is often used more narrowly to refer to loans and other services offered by partners in the South, namely the microfinance institutions (MFIs). These institutions often use new methods developed over the past 30 years in order to offer very small loans to borrowers who would be considered non-creditworthy by traditional financial institutions. The use of these new methods (including group loans), reduces the need for physical collateral, which these borrowers often do not have.

In general, microfinance refers to a movement that aims to achieve a world in which low-income households have permanent access to financial services to finance their income-generating activities and build assets. These services are not limited to credit, but also include savings accounts, insurance and payment services and so on.

9.1.2 Brief history

The pioneering work in modern microfinance as we now know it is often attributed to Dr Mohammad Yunus. In the 1970s he started a project involving loan provision to poor women in Bangladesh. The programme's success led to the establishment of the Grameen Bank, which today is one of the largest microfinance institutions in the world. This sustainable way of alleviating poverty spread to other continents and received even more attention in 2005, designated by the United Nations as the Year of Microcredit. In 2006, Yunus and the Grameen Bank received the Nobel Peace Prize.

The microfinance market has continued to evolve since then, with a growing number of actors. According to CGAP estimates, microfinance now reaches 180 million people in developing countries.

9.1.3 Interest rates in a sustainable development model

To ensure the sustainability of microfinance it is essential to apply interest rates that make it possible to cover the microfinance institution's costs.

The administrative costs of providing microloans are inevitably higher than for normal bank loans. A loan of EUR 100.000 divided into 1.000 transactions of EUR 100 has more associated costs than a loan for the same amount made in a single transaction.

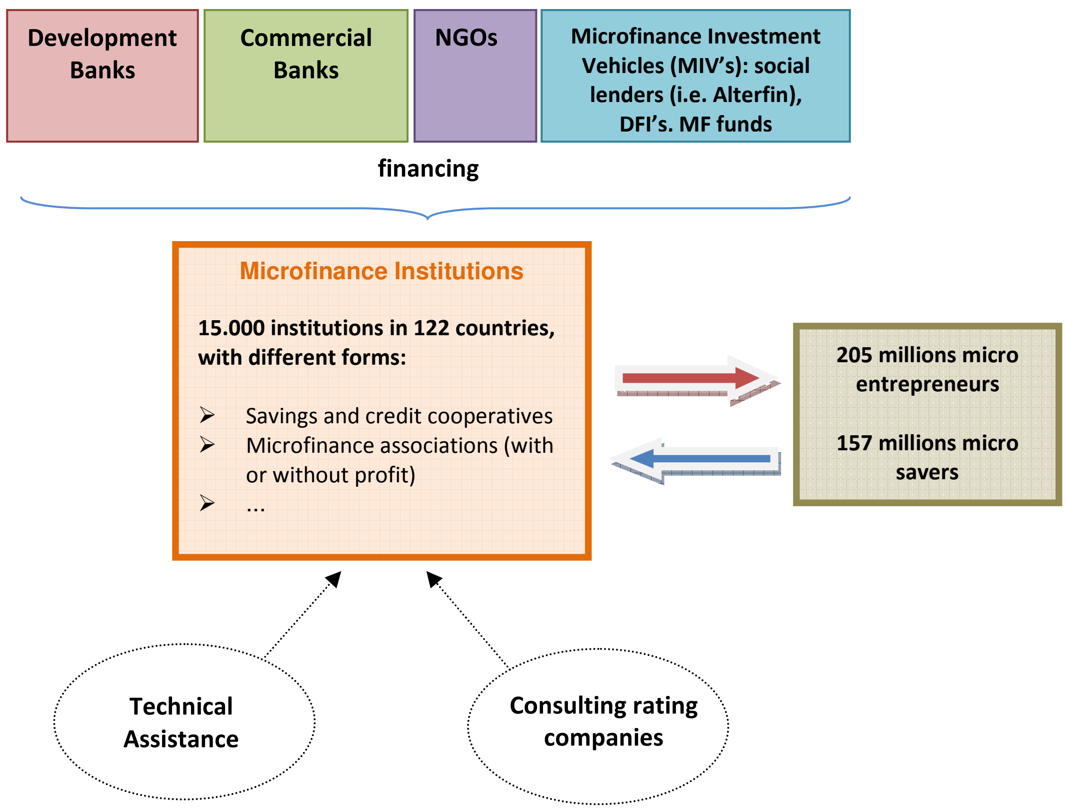
The worldwide median interest rate applied by MFIs is approximately 28% per year (source: median portfolio yield, MixMarket). However, it varies considerably from one country to another. Operating costs form the main component of the applied interest rate.

To be able to continue offering their services, microfinance institutions therefore need to charge interest rates that are higher than those at conventional financial institutions. These higher interest rates are nevertheless far below the rates that moneylenders charge in the informal markets.

This does not mean that all high interest charges are justified. There should be an emphasis on efficiency in order to reduce operating costs and hence keep interest rates as low as possible.

9.1.4 The different actors in the microfinance market

The following figure provides a simplified visualisation of the players on the microfinance market.



Source: CGAP

9.1.5 *Trends and growth*

The microfinance market is estimated at 44 billion U.S. dollars (MIX Market Statistics). According to CGAP estimates, microfinance now reaches 180 million people in developing countries, whereas around 2.5 billion people worldwide do not have any access to formal financial services. The growth potential of the market is therefore real.

In this growing market it is important to pursue the "double bottom line" objectives of microfinance. Double bottom line implies a focus on both financial sustainability and social impact. Financial sustainability is critical for guaranteeing the services of microfinance institutions in the long term. Yet this must not be at the expense of the social objectives. Recent developments in the microfinance capital market have led to controversy about the excessive profits of certain organisations. Alterfin does not seek profit maximisation and belongs to a movement which keeps the social benefits central, within the framework of sound economic principles.

9.2 The fair trade market

9.2.1 *Why fair trade?*

The way in which international trade currently takes place means that small farmers in developing countries are unable to live in a dignified manner from their farming activities. Fair trade proposes a new model, based on more balanced relationships between the trading partners:

- The producers group together in cooperatives or associations which work in a democratic manner;
- Work takes place in dignified conditions and with respect for human rights;
- The price paid to producers is a "fair" price, meaning a price that is related to the production costs, rather than a price determined by conditions on the international market. The use of intermediaries is avoided;
- Buyers usually pay in advance so that producers do not have to look for other sources of funding;
- Respect for the environment and organic production is encouraged; and
- Consumers receive information about the origin of the product.

The fair trade standards are laid down by the international non-profit organisation FLO (Fairtrade Labelling Organizations International). Producers and dealers are inspected on the basis of these standards in order to be granted a fair trade label.

9.2.2 *The fair trade market*

Alterfin invests in two sectors: the microcredit sector and the fair trade sector. Although the ultimate aim in both sectors is the same, namely to finance economic activities of poor people in the South, loans made to fair trade producers have a number of specific characteristics.

Firstly, the financing of fair trade producer groups is more "direct" in the sense that it usually involves a smaller group of people who are also all engaging in the same activity, namely the cultivation of a particular agricultural product (this is somewhat in contrast to a microcredit institution, which typically has far more customers and provides credit to different types of businesses such as weavers, cheesemakers, barbers, restaurant owners, fruit sellers, shoemakers, etc.).

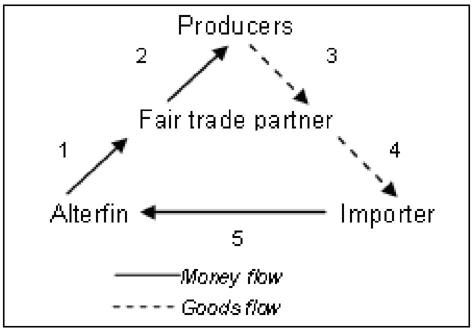
A second feature of the fair trade sector is the specific focus on rural populations, although of course some microcredit institutions are also active in the countryside.

In contrast to the microfinance sector, there are only a few financial organisations active in the fair trade market. While there are more than 100 funds around the world actively investing in microfinance, there are only around ten specialised fair trade investment funds. This market therefore still offers considerable opportunities for growth. Coffee is the second most traded commodity in the world (after oil), and is also dominant in the fair trade market.

Alterfin is also exploring the opportunities to invest more broadly in agricultural value chain. The value chain approach emphasizes support to rural entrepreneurs and finance for all segments of the rural market.

9.2.3 How does Alterfin finance fair trade?

Alterfin usually works with importers for the concrete provision of finance to fair trade partners. More specifically, Alterfin uses fair trade partners' export contracts as a guarantee for the loans we provide. The diagram below illustrates the flow of goods and finance in such a set-up, and the players involved:



In such cases Alterfin typically makes a loan to a farmers' cooperative in the South (1) which, in turn, gives prefinancing to its members in the form of an advance (2). The producers undertake to deliver their produce to the cooperative after the harvest (3) and are paid the balance on delivery. After the necessary processing, the cooperative exports the produce to an importer (4) so that the goods enter the fair trade circuit. The contract states that the importer must pay Alterfin, and not the partner (5). In this way the loan is repaid to Alterfin. Once Alterfin has received its money back we proceed to make a new loan to the partner (1).

10 THE COMPANY'S ACTIVITIES

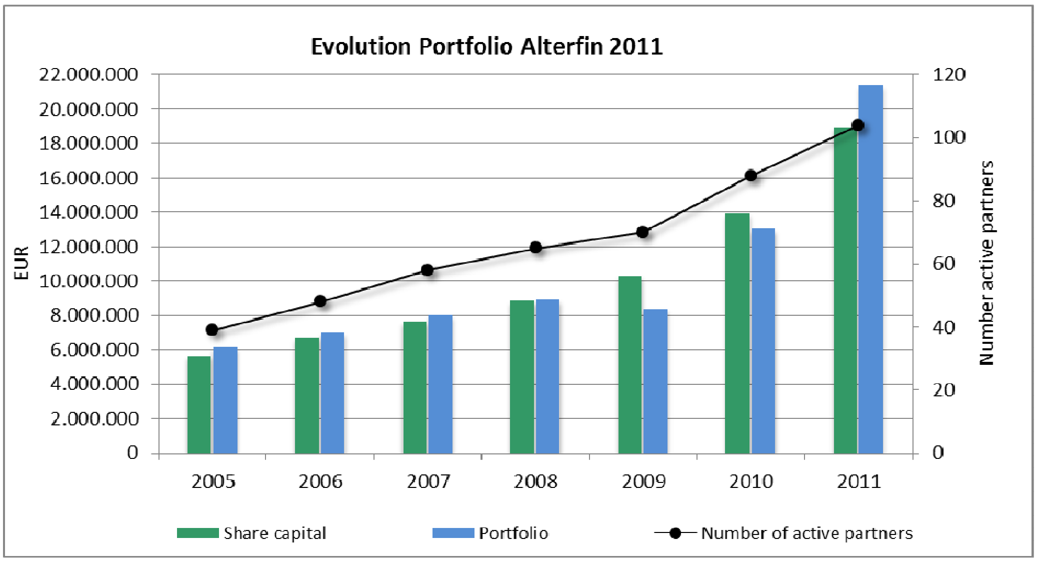
10.1 Overview

10.1.1 Share capital

Alterfin's goal is not the collective investment of publicly raised funds. Alterfin is a cooperative limited liability company with a social mission. Alterfin does not aim to maximise profits for its shareholders, but has a clear social objective. The emphasis is on the social component, with Alterfin shareholders' investments contributing to socio-economic development in the South. Specifically, Alterfin, as a social financier, mobilises capital in the North (and in the case of the Offering: in Belgium) which is then channelled to partners in the South.

Alterfin's share capital is the cornerstone of the entire funding stream, being used directly to build up the portfolio of financing to the partners. Alterfin invests in two areas: partners in the South, often microfinance institutions (MFIs), and farmers' associations that sell their products through the fair trade circuit. These organisations in turn provide credit to countless farmers and entrepreneurs in the South.

The following graph shows changes in Alterfin's capital, portfolio and the number of partners:



10.1.2 Guarantee fund

On 20 December 2000, Alterfin, together with a number of its members (11.11.11, the former HBK savings bank, Oxfam Solidariteit, Oxfam Wereldwinkels, Triodos Bank, Vredeseilanden and SOS Faim) founded the vzw Alterfin Guarantee Fund which is a Belgian non-profit association, whose registered office is at Chaussée de Haecht 159, B-1030 Schaerbeek, Belgium, phone number 0474.048.797. This association – unlike the Company – is funded by donations, mainly from members.

Using the guarantee provided by this fund, Alterfin seeks to arrange the financing of weaker partner organisations, which lack the necessary guarantees, without also jeopardising the Company's financial situation. The resources of Alterfin Guarantee Fund can also be used to finance technical assistance to partners in the South.

According to its articles of association the purpose of the Guarantee Fund is as follows:

"The association aims to: Contribute to poverty alleviation and equitable distribution of wealth in developing countries by encouraging economic initiatives by socially and economically marginalised groups. The association aims to do this primarily by providing guarantee facilities and technical advice to organisations eligible for financing from the cooperative society Alterfin. The association may engage in any activities which may be conducive to the achievement of its corporate goal and may participate in such activities in any manner. The association may also, through subscription, capital contribution, participation or otherwise have an interest in any company or association with similar or complementary goals to the association."

Every year a budget is established for providing guarantees covering individual dossiers, country risk and exchange rate risk. Alterfin's credit committee may assign guarantees within the available budget, provided these do not exceed 50% of the outstanding balance and amount to a maximum of EUR 100,000 per dossier (for credit risk).

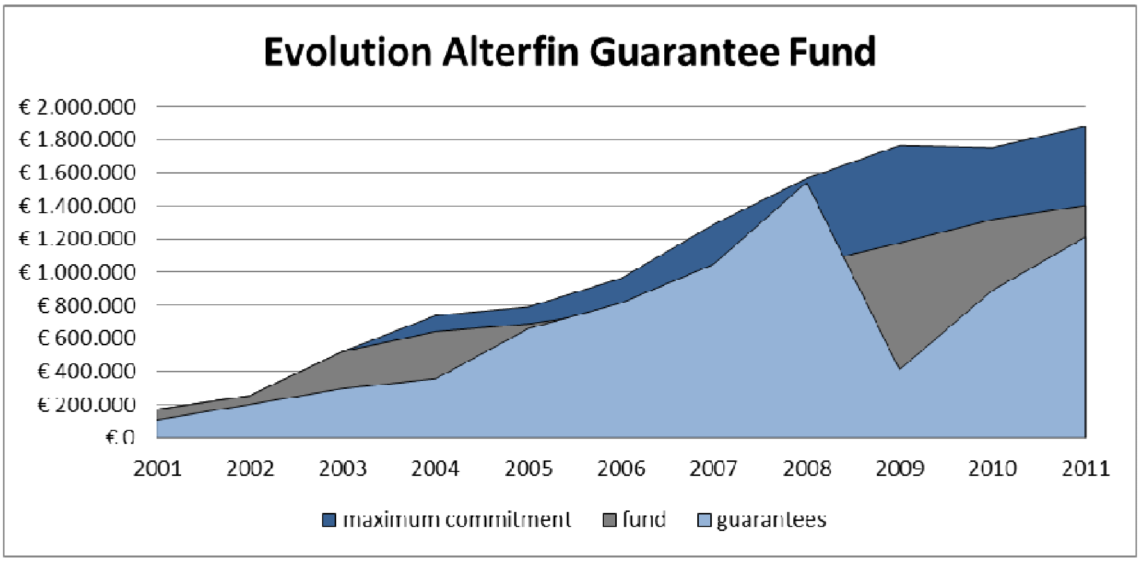
On 31 December 2011, the Guarantee Fund held EUR 1,404,015. The guarantees granted amounted to EUR 1.212.840 (16 dossiers were guaranteed by Alterfin Guarantee Fund). Out of a total outstanding portfolio of EUR 21.374.463 (see portfolio overview in 10.5 Internal organisation and investment policy), this means that 5,67% of Alterfin's portfolio (EUR 1.212.840 / EUR 21.374.463) was covered by Alterfin Guarantee Fund.

Partner	Country	Region	Sector	Type	Currency	Outstanding in Alterfin on 31/12/2011 (EUR)	Guarantee Garantiefonds (EUR)
CABF	Ivory Coast	Africa	Cacao	Loan	EUR	€ 100.000,00	€ 83.000,00
CMMB	Benin	Africa	Microcredit	Loan	Hedge XOF/EUR	€ 99.091,86	€ 49.545,93
COPABO	Ivory Coast	Africa	Cacao	Loan	EUR	€ 64.537,00	€ 32.268,50
COPABO	Ivory Coast	Africa	Cacao	Loan	Hedge XOF/EUR	€ 60.979,61	€ 60.979,60
ECOOKIM	Ivory Coast	Africa	Cacao	Loan	EUR	€ 150.000,00	€ 75.000,00
FONDESURCO	Peru	Latin America	Microcredit	Loan	Hedge PEN/USD	€ 77.229,02	€ 38.614,51
KOKARI	Niger	Africa	Microcredit	Guarantee	XOF	€ 17.785,72	€ 8.892,86
KOKARI	Niger	Africa	Microcredit	Loan	XOF	€ 152.449,02	€ 49.782,56
RENACA	Benin	Africa	Microcredit	Loan	Hedge XOF/EUR	€ 76.224,51	€ 38.112,25
SOPACDI	DR Congo	Africa	Coffee	Loan	USD	€ 166.814,69	€ 83.407,34
TAANADI	Niger	Africa	Microcredit	Guarantee	XOF	€ 22.867,35	€ 11.433,68
UCMECS	Togo	Africa	Microcredit	Loan	Hedge XOF/EUR	€ 76.224,51	€ 38.112,25
UIREVI	Ivory Coast	Africa	Cacao	Loan	EUR	€ 238.675,31	€ 178.762,85
Wanigu	Honduras	Latin America	Microcredit	Loan	USD	€ 19.307,26	€ 9.653,63
FEFISOL	Africa	Africa	Microcredit	Equity	EUR	€ 255.525,74	€ 250.000,00
MFX	International	International		Equity	USD	€ 154.458,05	€ 154.458,05
Hedging FCFA							€ 50.816,34
TOTAL						**€ 1.732.169,64**	**€ 1.212.840,34**

Maximum commitment

Since 2007, the guarantees provided by the Guarantee Fund cannot exceed 150% of the total fund. The table and chart below show that, with a total amount of EUR 1,212,840 in 2011, the provided guarantees didn't reach the maximum, i.e. EUR 1,881,022. As Alterfin started hedging country risk through the ONDD instead of using the Guarantee Fund in 2009, additional resources became available for other kind of guarantees. In 2010 and 2011 there was again a significant increase in the guarantees provided.

	2007	2008	2009	2010	2011
Guarantees	€ 1.050.404	€ 1.544.025	€ 411.795	€ 891.077	€ 1.212.840
Total Fund	€ 860.062	€ 1.044.853	€ 1.177.766	€ 1.319.531	€ 1.404.015
% Guarantees/Fund	122%	148%	35%	68%	86%
Maximum commitment (150%)	€ 1.290.093	€ 1.567.280	€ 1.766.650	€ 1.754.297	€ 1.881.022
Available	€ 239.689	€ 23.255	€ 1.354.855	€ 863.220	€ 668.182



Realised guarantees

In 2011, guarantees were realised for two partners: Kokari and Uirevi.

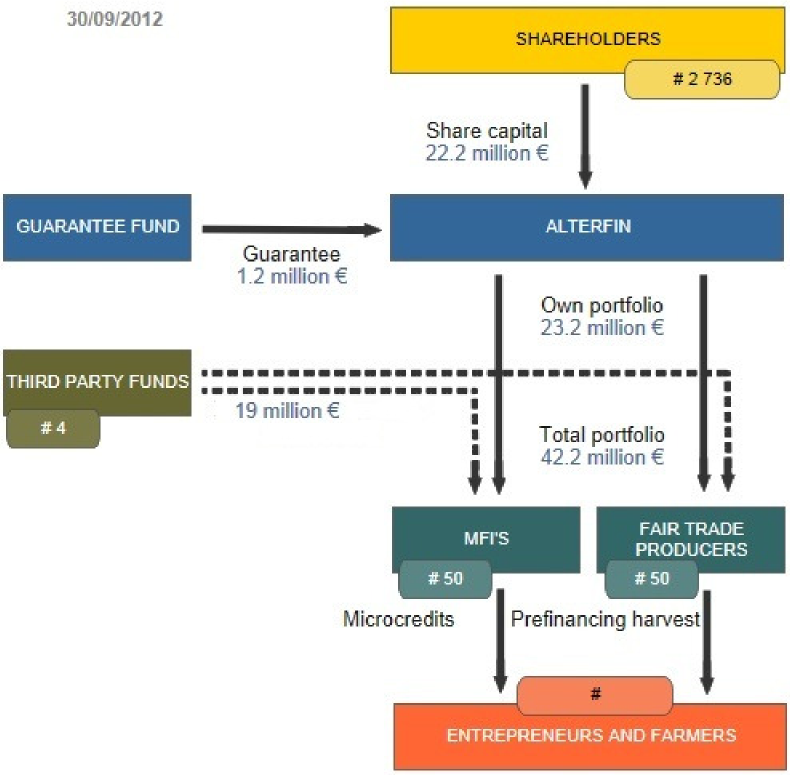
Kokari had to pay back CFA Franc 100.000.000 by 15th December 2011. On 06/01/2012, Kokari paid only CFA Franc 34.689.564. The amount of default was then CFA Franc 65.310.436 (EUR 99.565,12). On 31/12/2011, a guarantee amounting to the half of this amount was realised (EUR 49.782,56) and paid by Alterfin Guarantee Fund to Alterfin cvba.

Repayment of the loan granted to the partner Uirevi (maturing in February 2011) was jeopardised by the political situation in Ivory Coast. Alterfin took a first provision of EUR 100.000 in its 2010 financial statements. At the loan's maturity date it was then confirmed that Uirevi could not meet its obligations. The loan was restructured by Alterfin and Uirevi had to pay the outstanding (EUR 238.675,31) by 15th September 2011. On 31/12/2011 Uirevi was still defaulting, Alterfin took an additional provision of EUR 16.777 in its 2011 financial statements and a guarantee (from Alterfin Guarantee Fund) amounting to EUR 78.762,85 was realised. On 21/02/2012, Uirevi paid back EUR 63.510,04. The outstanding amounted therefore to EUR 175.165,27 of which EUR 58.388,42 was covered by Alterfin Guarantee Fund. This means that Alterfin CVBA had to pay back EUR 20.374,43 (EUR 78.762,85 – EUR 58.388,42) to Alterfin Guarantee Fund.

10.1.3 *Third-party funds*

Since 2005, Alterfin has placed its experience at the disposal of third-party funds also seeking to invest in microfinance and/or fair trade initiatives which use Alterfin's expertise as a service provider. Such third party funds are an alternative finance source for Alterfin and can be used to finance Alterfin's existing partners.

The following diagram gives a summary of the entire finance stream:



10.2 Income source

The following table summarizes the various income sources (based on the audited balance sheets):

Sources of Income	2009	2010	2011
Income from own portfolio	47,1%	43,6%	53,4%
Income from deposits	27,3%	27,1%	26,5%
Income from third parties portfolio	21,4%	26,0%	17,3%
Income from Triodos commission	3,9%	2,8%	2,1%
Income (net) from consultancy	0,3%	0,5%	0,6%
Total income	**100,0%**	**100,0%**	**100,0%**

More explanations are available below:

10.2.1 *Income from own portfolio*

As a social investor, Alterfin invests in microfinance institutions and producer organizations in the South with the aim of facilitating access to credit for microenterprises and smallholder farmers. This is reflected in the size and composition of Alterfin's portfolio.

At the end of September 2012 Alterfin managed its own portfolio amounting to EUR 23.24 million (or USD 29.87 millions), and consisting of:

- EUR 21,86 millions loan portfolio (current assets);
- EUR 1,30 millions participations (fixed assets);
- EUR 0,076 millions guarantees (partly as current assets and the rest off-balance sheet).

Incomes from this portfolio consist of the interests on the loans and the dividends from the participations. These revenues represent 53,4% of the total income of Alterfin at the end of 2011.

10.2.2 *Income from deposits*

The shareholders' capital is used to finance partners in the South, who in turn provide credit to farmers and entrepreneurs locally. The capital can be used either directly or indirectly to finance a partner. In the latter case, Alterfin uses its share capital (in EUR) as a guarantee for obtaining a line of credit (in U.S. dollars) from the banking partners.

Here, the incomes consist of the interests received on the deposit accounts used as guarantee for the banks.

10.2.3 *Income from services to others*

Alterfin has several years of experience in lending to microfinance institutions and producers' organizations in developing countries. This experience is made available to fund managers who want to invest in these sectors since 2005.

ResponsAbility Social Investment Services AG is the first organization with which Alterfin signed an agreement, in February 2005. More specifically, this agreement means that Alterfin assists Responsability Social Investment Services AG and communicates credit opportunities to Responsability Social Investment Services AG on an ad hoc basis. However, it is only the latter that decides, based on its own criteria, whether credit is given to these potential projects. Then Alterfin decides, according to its expertise, whether to monitor these projects or not.

The revenues for Alterfin consist of commissions received for proposing projects that were approved and for monitoring the financing of these projects. The commissions are calculated on a monthly basis on the outstanding balance of the funding and are dependent on the sector (microfinance or fair trade). The commissions are contractually determined.

In 2011 responsAbility decided to limit its cooperation with Alterfin in order to build up its own internal capacity. Alterfin will therefore no longer recruit and monitor microfinance partners for responsAbility. In concrete terms, this means that the current contracts with partners will not be renewed on the end date, and hence the income that Alterfin has been receiving from the partnership will end in 2013. As regards the collaboration on the financing of fair trade, Alterfin will continue to procure and monitor dossiers until the end of 2012. In 2013, the revenue will only consist of commissions for monitoring existing projects until their end date. It is estimated that the income from service to responsAbility will decrease to +/- EUR 130.000. In 2014, no further income is expected.

In 2009, Alterfin, with the collaboration of SIDI[3], created a fund called FOPEPRO (*Fondo Para Los Pequeños Productores Rurales En América Latina*). The purpose of this fund is to finance smallholder farmers in the Andean countries and Central America (Bolivia, Peru, Ecuador and Colombia) and Central America (Nicaragua, Guatemala, Honduras and El Salvador). Simultaneously, a management company called Acerola was set up in El Salvador in order to manage this fund.

Since October 2011, Alterfin provides Acerola with consultancy services regarding the monitoring of FOPEPRO's portfolio. The income consists therefore of fees for proposing and monitoring the financing of partners. In 2013 it is estimated that the income from service to Acerola will amount to +/- EUR 18.000.

In 2008, Alterfin, in collaboration with SIDI (France) and Etimos[4] (Italy) set up a SICAV under Luxembourg law, FEFISOL (*Fonds Européen de Financement Solidaire*), which is a fund dedicated to Africa. The fund was launched in July 2011 and mainly aims to provide credit and guarantees to microfinance institutions and producer's organizations active in fair trade.

The shareholders structure of FEFISOL is as follows:

Investors	**Shares in EUR**	**% Shares**
ALTERFIN	550.000	4,60%
ETIMOS	1.195.000	10,00%
SIDI	2.000.000	16,70%
Crédit Coopératif	500.000	4,20%
DID/Canada	180.000	1,50%
EIB	3.000.000	25,00%
FISEA	2.400.000	20,00%
Fondation CARITAS France	125.000	1,00%
NMI	1.800.000	15,00%
SEFEA	250.000	2,10%
Total	**12.000.000**	**100,00%**

The distribution of projects between Alterfin and FEFISOL is as follows: financing of partners in Africa can take place via Alterfin or FEFISOL. FEFISOL has more opportunities for local currency financing and providing technical assistance. To the extent that Alterfin wishes to make use of these additional capabilities for partner financing in Africa, this will be proposed to FEFISOL. Financing of capital investments will also be first proposed to FEFISOL. On the other hand, the opportunities for fair trade finance at FEFISOL are rather limited, so Alterfin will continue to be used for this. FEFISOL financing will also be used to increase Alterfin's financing when Alterfin is itself unable to take on any additional risk. FEFISOL has independent investment committees that make decisions about financing.

[3] SIDI, the International Solidarity for Development and Investment company, was established in 1983 in France by CCFD-Terre Solidaire (French Committee against Hunger and for Development), a French NGO, to strengthen and diversify its actions in the economic field.

[4] Etimos is an international financial consortium with Headquarters in Padua, Italy, and three regional offices in Sri Lanka, Argentina and Senegal. It collects savings in Europe and invests in developing and emerging countries financing microfinance institutions, producers cooperatives linked to Fair trade markets and social enterprises.

Since October 2011, Alterfin recruits and monitors partners for FEFISOL. In 2013 it is estimated that the income from service to FEFISOL will amount to +/- EUR 58.000. The income consists of fees for proposing and monitoring the financing of partners.

In July 2012, Alterfin signed a first loan participation agreement with Calvert Social Investment Foundation. Alterfin assists Calvert Social Investment Foundation and communicates credit opportunities to Calvert Social Investment Foundation on an ad hoc basis. It is only the latter that decides, based on its own criteria, whether credit is given to the potential projects.

The revenues for Alterfin consist of commissions received for proposing projects that were approved and for monitoring the financing of these projects. In 2013 it is estimated that the income from service to Calvert Social Investment Foundation will amount to +/- EUR 26.000.

Alterfin is also finalising the terms of collaboration with ImpactAssets and plan to start to recruit and monitor fair trade partners for ImpactAssets in 2013. ImpactAssets, Inc is an American nonprofit financial services company created in late 2009 to catalyze investment capital for maximum environmental, social and financial impact. ImpactAssets, Inc. will issue the Global Sustainable Agriculture Note, a new thematic impact investing vehicle and Alterfin will provide ImpactAssets with loan origination and loan servicing. In 2013 it is estimated that the income from service to ImpactAssets will amount to +/- EUR 22.000.

10.2.4 Income from the collaboration with Triodos Bank

Triodos Bank is the only Belgian credit institution which only gives funding to projects with social, ecological or cultural value. Triodos Bank is a founding partner of Alterfin.

To support the activities of Alterfin, Triodos Bank created the "North-South" saving account, which is important for Alterfin in two ways. First Triodos Bank pays a commission to Alterfin. This commission is based on the amount of savings on the North-South saving accounts. Furthermore Triodos Bank uses part of the savings from the North-South saving accounts (in EUR), to obtain credit lines in U.S. dollars for Alterfin.

Triodos Bank and Alterfin have been working together for over 15 years. End 2011, a new agreement between both parties was concluded in which Triodos Bank decided to continue to support Alterfin by means of a promotional budget that will amount to 29.766 EUR in the year 2012 (2/3 of the Triodos Bank income in 2010). In 2013, the support will reduce to 14.883 EUR and in 2014 no income is longer expected. In addition, both parties are looking into how Triodos Bank can assist Alterfin through debt financing.

10.2.4 Income from consultancy

The incomes here consist of sporadic activities related to the provision of technical assistance to third parties.

10.3 History and key events

The following is a brief overview of Alterfin’s growth and development:

- **1994**: The cooperative company Alterfin cvba was established in 1994 as a joint venture between North-South organisations (including 11.11.11, Oxfam Solidariteit and Wereldwinkels, Vredeseilanden, FOS, etc.) and banks (Triodos Bank and the former HBK savings bank). Later on, other social organisations (including SOS Faim, Netwerk Vlaanderen, Réseau Financement Alternatif), a bank (BNP Paribas Fortis), a number of companies and more than a thousand private individuals joined the Alterfin cooperative company. As an alternative finance company Alterfin did not provide handouts, but invested. Until shortly before, the concept of development had been almost entirely connected with charity and donating money, but in the early 1990s non-governmental development organisations started looking for new methods of giving development cooperation a more sustainable footing.

- **2000**: On 20 December 2000 Alterfin, together with a number of its members (11.11.11, the former HBK savings bank, Oxfam Solidariteit, Oxfam Wereldwinkels, Triodos Bank, Vredeseilanden and SOS Faim) founded the vzw Alterfin Guarantee Fund, a non-profit association. This association – unlike the Company – is funded by donations, mainly from members.

- **2005**: Alterfin signed a cooperation agreement with the Swiss fund responsAbility Social Investment AG.

- **2006**: The Norwegian Nobel Committee awarded the 2006 Nobel Peace Prize to Mr Muhammad Yunus and Grameen Bank "*for their efforts to create economic and social development from below. Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty. Micro-credit is one such means. Development from below also serves to advance democracy and human rights*"[5].

- **2009**: Setting up of FOPEPRO, the "*Fondo Para Los Pequeños Productores Rurales En América Latina*", created to gather resources for the financing of small farmers in the Andean countries (Bolivia, Peru, Ecuador and Colombia) and Central America (Nicaragua , Guatemala, Honduras and El Salvador).

- **2009 and 2010**: Setting up of FEFISOL, the "*Fonds Européen de Financement Solidaire*", to support activities in Africa

- **2011**: In October 2011, Alterfin started to recruit and monitor partners for FEFISOL and to provide Acerola with consultancy services regarding the monitoring of FOPEPRO's portfolio.

- **2012:** Alterfin signed a first loan participation agreement with Calvert Social Investment Foundation.

10.4 Internal organisation and investment policy

The principles of Alterfin's investment policy have been formally set out in the "Credit and Investment Policy" (included as Appendix 4) and form the basis for credit decisions. The main principles are briefly summarised below.

A credit committee reviews whether or not an initiative is eligible for investment by Alterfin. The credit committee (the organisation and composition of which is detailed in Chapter 11) evaluates an application for funding on the basis of two types of criteria:

- First and foremost, social and development criteria, which must clearly demonstrate that the institution works for the benefit of people living in poverty; and

[5] Bron: http://nobelprize.org/nobel_prizes/peace/laureates/2006/press.html.

- In addition, financial and economic criteria: it is intended that the partner organisation should make sustainable use of the resources provided and the repay the financing.

In principle Alterfin invests only in the following two types of organisations:

- Microfinance institutions (MFIs): With financing from Alterfin the MFIs can provide many small (micro) loans to their customers; and

- Fair trade producers' associations: In this case, the loan from Alterfin is used to finance or prefinance the producers' harvest and the sale of the produce through the fair trade circuit.

10.4.1 Alterfin's investment portfolio

Alterfin aims for the healthy growth of its activities supported by the growth of its own resources, with a view to ensuring a diversified portfolio.

The principles of the investment policy of Alterfin were formalized in the "Credit and Investment Policy "(included as Appendix 3 of the Prospectus) and form at the date of publication of this Prospectus the basis for any credit decisions.

<u>Overview Portfolio Alterfin:</u>

Below is an overview of Alterfin's own portfolio on 31 December 2011. The table is organized by sector; fair trade contracts are mentioned first (in green) and followed by microfinance contracts (in blue). The graphs illustrate the distribution of Alterfin's portfolio (microfinance and fair trade). An overview of the portfolio on 30 September 2012 can be found in Appendix 5.

Name	Country	Region	Sector	Type	Currency	Outstanding (EUR)
ACEROLA	Multiple Countries	Latin America	Agricultural value chain	Investment	USD	13.515,08
ACEROLA	Multiple Countries	Latin America	Agricultural value chain	Loan	USD	10.039,77
FOPEPRO	Multiple Countries	Latin America	Agricultural value chain	Loan	USD	386.145,11
FOPEPRO	Multiple Countries	Latin America	Agricultural value chain	Investment	USD	540.603,16
COOPPROBATA	Dominican Republic	Latin America	Banana	Loan	USD	115.843,53
UROCAL	Ecuador	Latin America	Banana	Loan	USD	61.783,22
Apicoop	Chile	Latin America	Blueberry	Loan	USD	115.843,53
ACOPAGRO	Peru	Latin America	Cocoa	Loan	USD	77.229,02
CABF	Côte d'Ivoire	Africa	Cocoa	Loan	EUR	100.000,00
COPABO	Côte d'Ivoire	Africa	Cocoa	Loan	hedge XOF/EUR	60.979,61
Divisoria	Peru	Latin America	Cocoa	Loan	USD	77.229,02
ECOOKIM	Côte d'Ivoire	Africa	Cocoa	Loan	EUR	150.000,00
El Quinacho	Peru	Latin America	Cocoa	Loan	USD	231.687,07
Naranjillo	Peru	Latin America	Cocoa	Loan	USD	231.687,07
Rio Apurimac (CACVRA)	Peru	Latin America	Cocoa	Loan	USD	115.843,53

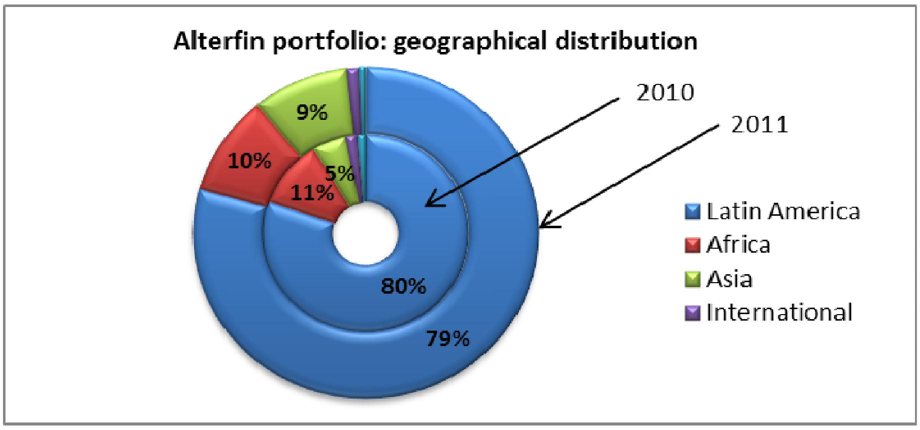
UIREVI	Côte d'Ivoire	Africa	Cocoa	Loan	EUR	238.675,31
UROCAL	Ecuador	Latin America	Cocoa	Loan	USD	77.229,02
COPABO	Côte d'Ivoire	Africa	Cashew	Loan	EUR	64.537,00
20 de Abril	Nicaragua	Latin America	Coffee	Loan	USD	270.301,58
AGPC	Laos	Asia	Coffee	Loan	USD	386.145,11
Apavam	Peru	Latin America	Coffee	Loan	USD	193.072,56
Apecafe	El Salvador	Latin America	Coffee	Loan	USD	79.695,52
Café de Altura	Costa Rica	Latin America	Coffee	Loan	USD	154.458,05
Cafepsa	Honduras	Latin America	Coffee	Loan	USD	77.229,02
CAFFEX	Honduras	Latin America	Coffee	Loan	USD	77.229,02
Cecocafen	Nicaragua	Latin America	Coffee	Loan	USD	308.916,09
COCAFCAL	Honduras	Latin America	Coffee	Loan	USD	77.229,02
COCAFELOL	Honduras	Latin America	Coffee	Loan	USD	77.229,02
COCLA	Peru	Latin America	Coffee	Loan	USD	38.614,51
Comisajul	Honduras	Latin America	Coffee	Loan	USD	33.229,33
COMSA (Marcala)	Honduras	Latin America	Coffee	Loan	USD	386.145,11
Comuel	Honduras	Latin America	Coffee	Loan	USD	77.229,02
COOPERATIVA VICTORIA	Costa Rica	Latin America	Coffee	Loan	USD	386.145,11
Corporación Café Perú	Peru	Latin America	Coffee	Loan	USD	154.458,05
Fapecafes	Ecuador	Latin America	Coffee	Loan	USD	10.960,91
Frontera	Peru	Latin America	Coffee	Loan	USD	97.084,40
La Central S.A.	Honduras	Latin America	Coffee	Loan	USD	48.418,14
LA FLORIDA	Peru	Latin America	Coffee	Loan	USD	617.832,18
Naranjillo	Peru	Latin America	Coffee	Loan	USD	347.530,60
ORO VERDE	Peru	Latin America	Coffee	Loan	USD	57.816,40
RAOS	Honduras	Latin America	Coffee	Loan	USD	231.687,07
San Juan Del Oro	Peru	Latin America	Coffee	Loan	USD	27.339,04
SOPACDI	Democratic Republic of Congo	Africa	Coffee	Loan	USD	166.814,69
Ucosemun	Nicaragua	Latin America	Coffee	Loan	USD	386.145,11
UNICAFEC	Peru	Latin America	Coffee	Loan	USD	154.458,05
Apicoop	Chile	Latin America	Honey	Loan	EUR	80.000,00
Apicoop	Chile	Latin America	Honey	Loan	USD	386.145,11
Canaan	Palestine	Middle East	Olive oil	Loan	EUR	137.614,00
Arasy	Paraguay	Latin America	Sesame	Loan	USD	772.290,23
ITURBE	Paraguay	Latin America	Sugar cane	Loan	USD	386.145,11
MANDUVIRA	Paraguay	Latin America	Sugar cane	Loan	USD	386.145,11
Consorcio Vinicola	Chile	Latin America	Wine	Loan	EUR	59.816,00
Consorcio Vinicola	Chile	Latin America	Wine	Loan	USD	84.951,92
La Riojana	Argentina	Latin America	Wine	Loan	EUR	500.000,00

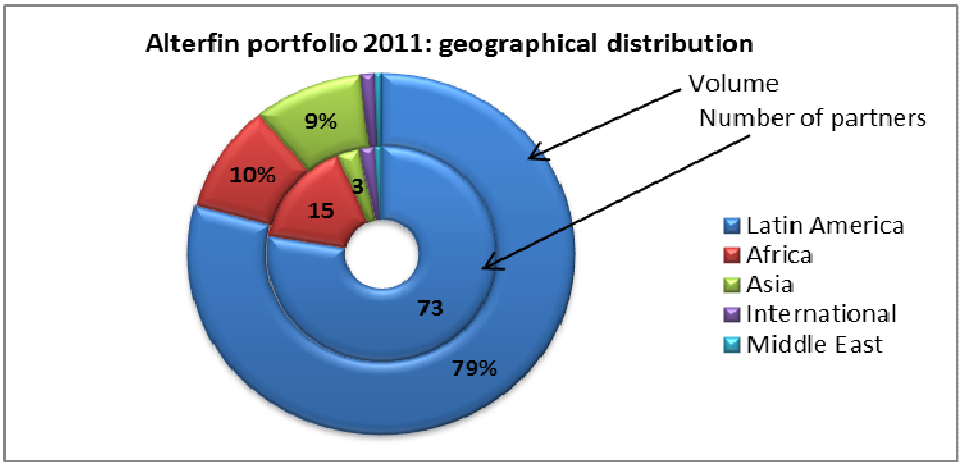
Sagrada Familia	Chile	Latin America	Wine	Loan	EUR	125.036,00
Adok Timo	Kenya	Africa	Microcredit	Loan	hedge KES/USD	190.688,94
AMC	El Salvador	Latin America	Microcredit	Loan	USD	308.916,09
ANED	Bolivia	Latin America	Microcredit	Loan	USD	231.687,07
ASDIR	Guatemala	Latin America	Microcredit	Loan	USD	463.374,14
CACIL	Honduras	Latin America	Microcredit	Loan	USD	154.458,05
CMMB	Benin	Africa	Microcredit	Loan	hedge XOF/EUR	99.091,86
Comixmul	Honduras	Latin America	Microcredit	Loan	hedge HNL/EUR and USD	468.215,48
Comixmul	Honduras	Latin America	Microcredit	Loan	USD	231.687,07
Consolidar	Colombia	Latin America	Microcredit	Investment	EUR	78.813,27
CRECER	Bolivia	Latin America	Microcredit	Loan	USD	347.530,60
Crédito Amigo, S.A.	Bolivia	Latin America	Microcredit	Loan	USD	347.530,60
Edaprospo	Peru	Latin America	Microcredit	Loan	USD	77.229,02
Emprender	Bolivia	Latin America	Microcredit	Loan	USD	38.614,51
ENLACE	El Salvador	Latin America	Microcredit	Loan	USD	949.916,98
ESPOIR	Ecuador	Latin America	Microcredit	Loan	USD	540.603,16
FDL	Nicaragua	Latin America	Microcredit	Loan	USD	154.458,05
FECECAV	Togo	Africa	Microcredit	Guarantee	XOF	76.224,51
FEFISOL	Multiple Countries	Africa	Microcredit	Investment	EUR	255.525,74
Finca El Salvador	El Salvador	Latin America	Microcredit	Loan	USD	579.217,67
FOLADE	Costa Rica	Latin America	Microcredit	Investment	USD	7.722,90
FONDECO	Bolivia	Latin America	Microcredit	Loan	USD	347.530,60
FONDESURCO	Peru	Latin America	Microcredit	Loan	hedge PEN/USD	77.229,02
Fonds Cooperatif	Laos	Latin America	Microcredit	Investment	LAK	23.062,51
Fortalecer	Peru	Latin America	Microcredit	Investment	USD	4.682,50
Fundación Alternativa	Ecuador	Latin America	Microcredit	Loan	USD	77.229,02
Fundacion CAMPO	El Salvador	Latin America	Microcredit	Loan	USD	540.603,16
Hattha Kaksekar	Cambodia	Asia	Microcredit	Loan	USD	772.290,23
Impro	Bolivia	Latin America	Microcredit	Loan	USD	50.198,86
Jardin Azuayo	Ecuador	Latin America	Microcredit	Loan	USD	386.145,11
Juhudi Kilimo	Kenya	Africa	Microcredit	Loan	hedge KES/USD	177.309,34
KOKARI	Niger	Africa	Microcredit	Investment	XOF	3.430,10
KOKARI	Niger	Africa	Microcredit	Guarantee	XOF	17.785,72
KOKARI	Niger	Africa	Microcredit	Loan	hedge XOF/EUR	152.449,02
MFX	Multiple Countries	International	Microcredit	Investment	USD	154.458,05
Micronegocios	El Salvador	Latin America	Microcredit	Loan	USD	115.843,53
Norandino	Peru	Latin America	Microcredit	Loan	USD	173.765,30

Optima	El Salvador	Latin America	Microcredit	Loan	USD	115.843,53
Padecomsmcredit	El Salvador	Latin America	Microcredit	Loan	USD	193.072,56
PORVENIR	Bolivia	Latin America	Microcredit	Loan	USD	154.458,05
PRESTANIC	Nicaragua	Latin America	Microcredit	Loan	USD	198.297,27
RENACA	Benin	Africa	Microcredit	Loan	hedge XOF/EUR	76.224,51
San Martin de Porres	Peru	Latin America	Microcredit	Loan	USD	160.893,79
SIDI	Multiple Countries	International	Microcredit	Investment	EUR	86.262,31
SMF EA	Uganda	Africa	Microcredit	Loan	USD	154.458,05
TAANADI	Niger	Africa	Microcredit	Guarantee	XOF	22.867,35
Tocache	Peru	Latin America	Microcredit	Loan	USD	23.168,71
TPC	Cambodia	Asia	Microcredit	Loan	USD	772.290,23
UCMECS	Togo	Africa	Microcredit	Loan	hedge XOF/EUR	76.224,51
Union El Ejido	Ecuador	Latin America	Microcredit	Loan	USD	135.150,79
Wanigu	Honduras	Latin America	Microcredit	Loan	USD	19.307,26
TOTAL 31 December 2011						**21.374.462,97**

Breakdown per region

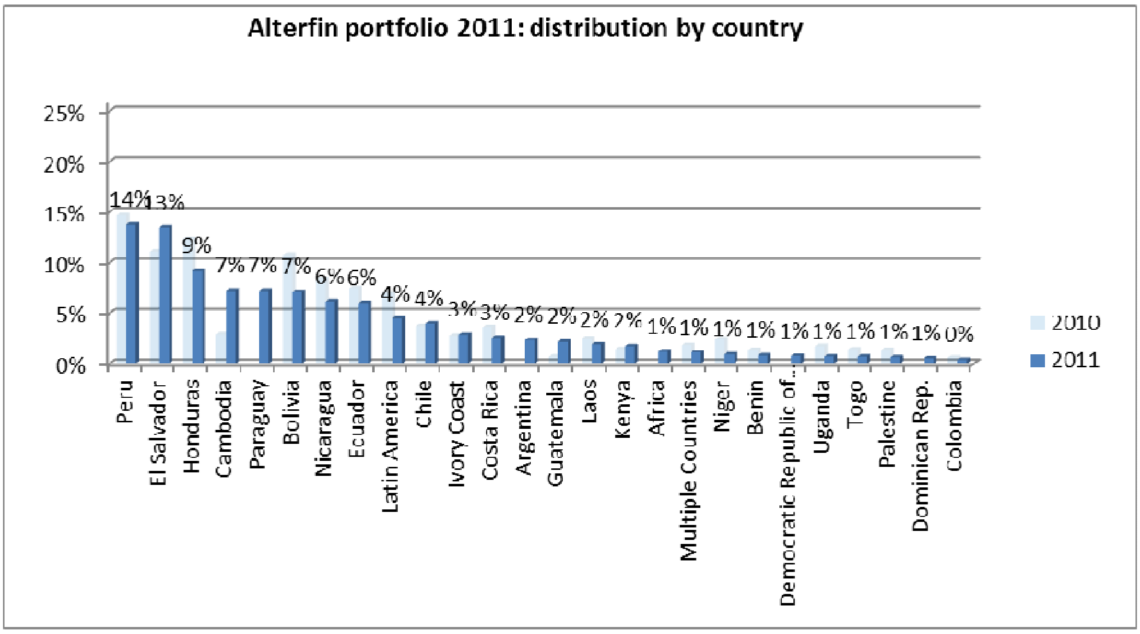
On 31/12/2011 the portfolio of Alterfin was spread over 94 partner organizations of which: 73 in Latin-America, 15 in Africa, 3 in Asia, 2 International (SIDI, MFX), 1 in the Middle East.





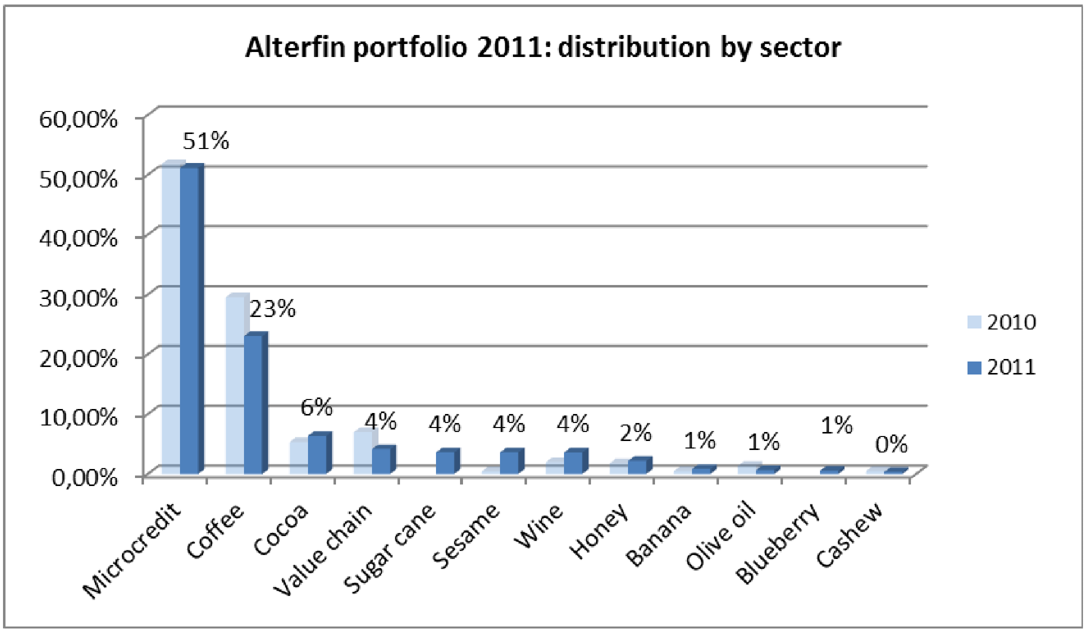
Alterfin is mainly in Latin America both in terms of volume and number of partners. The increase in Asia is related to an increased loan to the microfinance partner TPC, in Cambodia.

<u>Breakdown per country</u>



Compared to 2010, Alterfin started activities in four new countries: Paraguay, Argentina, Democratic Republic of Congo and Dominican Republic.

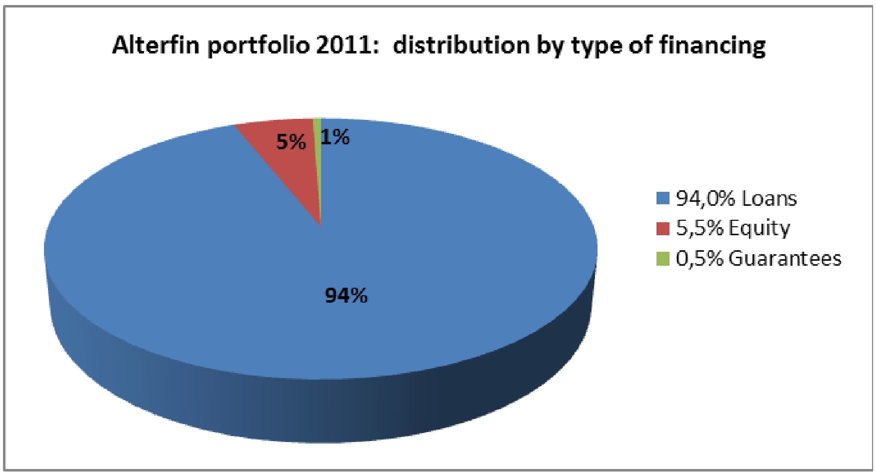
Breakdown per sector and product



At the end of December 2011, 51 % of our portfolio was invested in microfinance institutions (MFIs) whilst the rest (49%) was invested in farmer cooperatives who sell their products through fair trade channels. Coffee remained the most important product with a share of 23% but is decreasing (30% in December 2010) whilst other products were added or increasing in the portfolio (cocoa, sugar cane, sesame, wine, honey). The 4% investment in value chain refers to the investments in Acerola and FOPEPRO.

As some microfinance institutions are (mainly) active in rural areas where most of the incomes are generated through agricultural activities, a significant part of the portfolio invested in microfinance partners is also dedicated to agriculture. Detailed information can be found in the 2011 social performance report (www.alterfin.be).

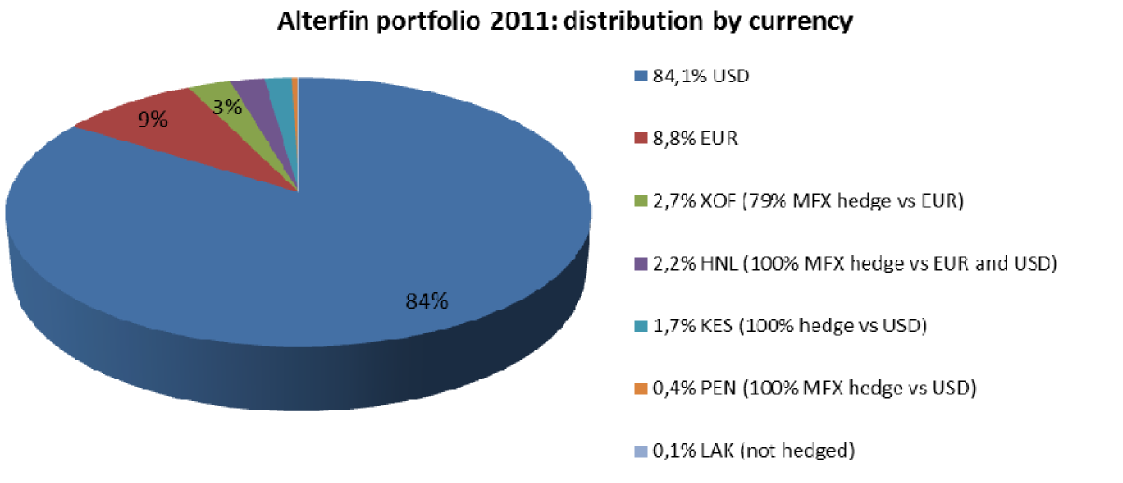
Breakdown per type of financing



Regarding the type of financing, Alterfin mainly works through loans (94%): either in the form of loans to MFI's or credit lines for fair trade partners. Equity investments (5%) represent direct investments in microfinance partners in the South as well as investments in funds co-founded by Alterfin (FOPEPRO, FEFISOL). Alterfin also uses guarantees (1%) as a financing instrument, mainly to mitigate the currency risk of investments in Africa.

Breakdown per currency

The major part of financing is in USD (84%), 9% is in EUR and 7% of investments are done in local currency. Since July 2010, Alterfin is a shareholder of MFX Microfinance Currency Risk Solutions and has therefore access to hedging possibilities for financing in local currency.



XOF: Franc CFA. PEN: Peru vian New Sol. KES: Kenyan Shilling. HNL: Honduran Lempira. LAK: Laotian Kip

In 2011 responsAbility decided to limit its cooperation with Alterfin in order to build up its own internal capacity. Alterfin will therefore no longer recruit and monitor microfinance partners for responsAbility. In concrete terms, this means that the current contracts with the partners will not be renewed on the end date, and hence the income that Alterfin has been receiving from the partnership will end in 2013. As regards the collaboration on the financing of fair trade, Alterfin will continue to procure and monitor dossiers until the end of 2012.

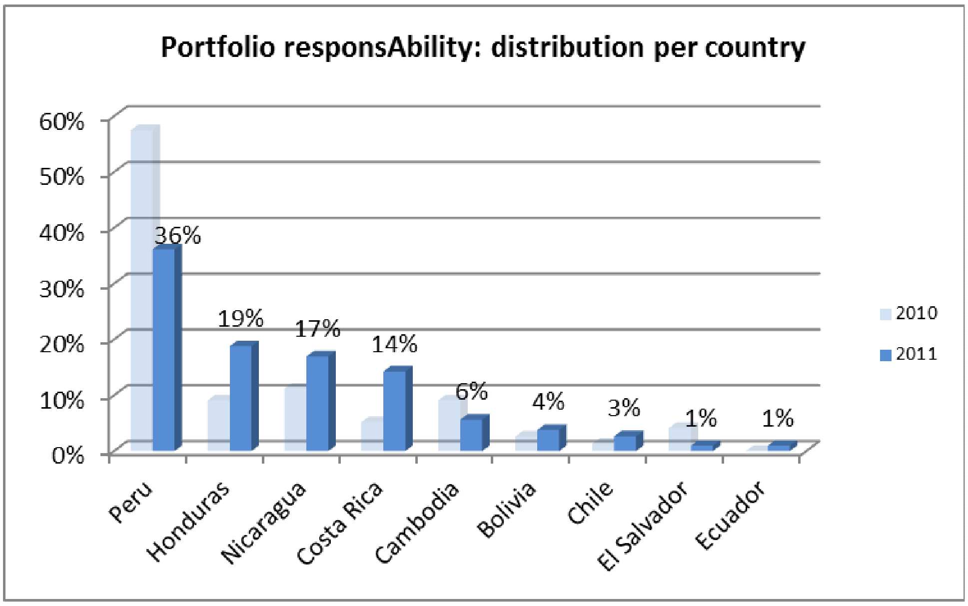
Below is an overview of the portfolio of responsibility on 31 December 2011. The table is organized by sector; fair trade contracts are mentioned first (in green) and followed by microfinance contracts (in blue). An overview of the portfolio on 30 September 2012 can be found in Appendix 5.

Name	Country	Region	Sector	Type	Currency	Outstanding (EUR)
ACOPAGRO	Peru	Latin America	Cacao	Loan	USD	308.916,09
El Quinacho	Peru	Latin America	Cacao	Loan	USD	309.105,56
Naranjillo	Peru	Latin America	Cacao	Loan	USD	1.637.255,28
Rio Apurimac (CACVRA)	Peru	Latin America	Cacao	Loan	USD	243.162,07
Café de Altura	Costa Rica	Latin America	Coffee	Loan	USD	1.390.122,41
Cecocafen	Nicaragua	Latin America	Coffee	Loan	USD	772.290,23
COCAFELOL	Honduras	Latin America	Coffee	Loan	USD	386.145,11

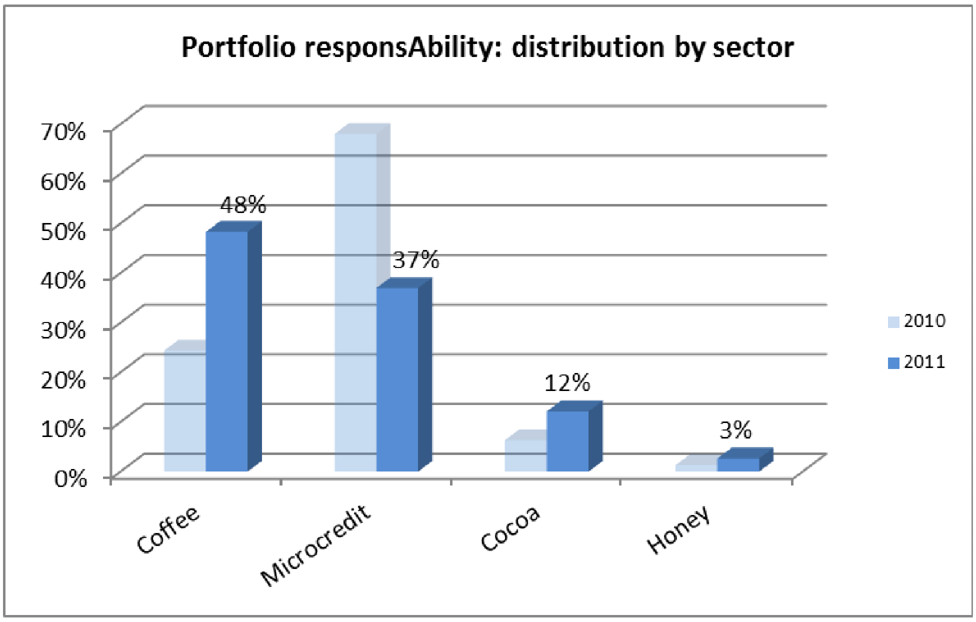
COCLA	Peru	Latin America	Coffee	Loan	USD	1.197.601,45
COMSA (Marcala)	Honduras	Latin America	Coffee	Loan	USD	2.316.870,68
COOPERATIVA VICTORIA	Costa Rica	Latin America	Coffee	Loan	USD	1.544.580,45
Corporación Café Perú	Peru	Latin America	Coffee	Loan	USD	1.018.810,24
RAOS	Honduras	Latin America	Coffee	Loan	USD	386.145,11
Ucosemun	Nicaragua	Latin America	Coffee	Loan	USD	926.748,27
Apicoop	Chile	Latin America	Honey	Loan	USD	540.603,16
AMRET	Cambodia	Asia	Microcredit	Loan	USD	772.290,23
Comixmul	Honduras	Latin America	Microcredit	Loan	USD	772.290,23
Confianza	Peru	Latin America	Microcredit	Loan	PEN	2.152.201,64
ENLACE	El Salvador	Latin America	Microcredit	Loan	USD	193.072,56
FDL	Nicaragua	Latin America	Microcredit	Loan	USD	1.544.580,45
FONDECO	Bolivia	Latin America	Microcredit	Loan	USD	772.290,23
FONDESURCO	Peru	Latin America	Microcredit	Loan	PEN	288.833,85
Fundación Alternativa	Ecuador	Latin America	Microcredit	Loan	USD	193.072,56
Hattha Kaksekar	Cambodia	Asia	Microcredit	Loan	USD	386.145,11
José Nieborowski	Nicaragua	Latin America	Microcredit	Loan	USD	248.098,83
Norandino	Peru	Latin America	Microcredit	Loan	PEN	287.236,43
TOTAL 31 December 2011						**20.588.468,22**

On 31/12/2011 the portfolio of responsAbility amounted to EUR 20,59 million and was spread over 25 partner organizations in 9 countries.

Breakdown per country



Breakdown per sector/product



10.5 Social Performance

Alterfin is a social investor, which means that it has a mix of social and financial objectives. Therefore Alterfin's investments have to comply with a set of financial and social criteria.

Alterfin created a social performance measuring tool which sets essential social performance indicators. This management system is based on a questionnaire that is sent each year to our partners. We monitor the social performance of our portfolio through the lists of indicators that we receive from our partners.

At the end of 2007 Alterfin sent this tool for the first time to its microfinance partners (MFI). Since then, the tool has been further fine-tuned and emphasizes better the Client Protection Principles (CPP).

At the end of 2008 an adapted grid was extended for the first time to Alterfin's fair trade partners. Recently, there have been new initiatives to better evaluate and monitor the social performance in the fair trade sector that have been incorporated in our tool.

In 2011, Alterfin successfully pursued its social mission. At the end of 2011, its partners were working with over 1.369.000 clients or producers throughout the world. From these, Alterfin was financing around 37.000 people (and their families). 45% of the clients that Alterfin reached live in Africa. Latin America and Asia account respectively for 43% and 12% and the Middle-East is represented by 0,2%.

66% of the clients of Alterfin' partners are women and 63% live in rural areas. 59% of Alterfin's financing goes to the agricultural sector. Women and rural population usually have lower access to financial services which represents a major barrier to development.

In 2011, Alterfin pursued our objective to have, among its partners, an optimal balance between institutions with a high social impact and organizations that could guarantee the sustainability of our operations. Alterfin is often the first international investor of our partners, triggering additional investments from other investors, and thus enabling highly dynamic growth.

Microfinance (MFI) partners

The average loan of our MFI partners ranges from EUR 237 in Africa to EUR 1.083 in South America which is well below the gross domestic product per capita of the countries concerned and indicates that our MFI partners work with relatively poor population groups.

Encouraged by Alterfin, a growing number of our MFI partners have endorsed the revised Client Protection Principles. Most of our MFI partners also propose a wide range of financial and non-financial products and services in order to meet their client's needs and constraints.

Fair trade (FT) partners

In 2011, Alterfin raised its part in fair trade producers financing offering them sustainable development opportunities. Almost half the total sales of Alterfin's FT partners is both organic and fair trade certified and 64% is fair trade certified.

Additionally, most of the partners also support their clients by providing additional non-financial services related to education, healthcare, community organization, women empowerment and infrastructure development.

11 MANAGEMENT AND GOVERNANCE

11.1 Board of directors

11.1.1 Competences

The Company's board of directors has the most extensive authority for all management and disposal transactions which are necessary for or conducive to the achievement of the Company's goal. Anything which is not expressly reserved by the articles of association or the Company Code for the decision of the general meeting lies within the competence of the board of directors.

11.1.2 Composition

The Company is managed by a board of directors composed of a minimum of six (6) and a maximum of twelve (12) members, who may or may not be members of the Company, and who are private persons or legal entities.

The directors are elected by the general meeting. A minimum of one (1) director should be elected from the candidates nominated by the cooperative limited liability company "Triodos Invest", as long as it is a member, two (2) directors from among the candidates nominated by the recognised Belgian non-governmental organisations which are members of the company, and two (2) directors from among the candidates nominated by the non-profit organisation "Koepel van de Vlaamse Noord-Zuidbeweging - 11.11.11", as long as it is a member. The other directors are freely elected by the general meeting.

When a legal entity subject to the Company Code is designated as a director, it appoints from among its members, managers, directors or employees a "permanent representative" entrusted with the execution of the office in the name and on behalf of the legal entity, in accordance with the Company Code.

The directors are elected for a maximum of five years, and their mandate expires with the closure of an annual meeting. Any outgoing director may be re-elected. If they are not re-elected or replaced in time, they remain in office until they are replaced or re-elected.

11.1.3 Functioning

The board of directors shall appoint one of its members as chairman by a simple majority vote. In the event of the Chairman being absent or unable to attend, he is replaced by the oldest member on the board. The board of directors may also have other functions.

The board of directors meets when convened by the chairman or his replacement, whenever the interests of the Company so require. A meeting of the board of directors must also take place if one-third of its members so request.

The directors receive no remuneration for the exercise of their mandate other than reimbursement of costs and expenses incurred.

11.1.4 Current members of the board of directors

The following table shows the composition of the board of directors as approved by the general meeting of the Company on 24 March 2012:

Name	Proposed by	Start date	End date
Dré Smessaert	11.11.11	27/03/2010	27/03/2015
Leo Ghysels	11.11.11	26/03/2011	26/03/2016
Olivier Marquet*	Triodos Bank	28/03/2009	28/03/2014
Kris Goossenaerts	Vredeseilanden	26/03/2011	26/03/2016
Dominique Morel	Independant	24/03/2009	28/03/2014
Marc Mees	SOS Faim	28/03/2009	28/03/2014
Klaartje Vandersypen	Private shareholders	24/03/2012	24/03/2017
Jean Matton	Private shareholders	24/03/2012	24/03/2017
Vincent de Brouwer	Private shareholders	15/03/2008	15/03/2013
Mark Lambrechts	Independant	15/03/2008	15/03/2013

*Mandate vacated on 31st May 2012 and continued by Nadia Wera as representative of Triodos Bank until confirmation by the general meeting.

The chairman is Mr Kris Goossenaerts, residing at Werkhuizenstraat 24, 3010 Kessel-Lo (Leuven), Belgium.

11.1.5 Special information

<u>Experience</u>

Name	Experience in microfinance	Other experiences
Dré Smessaert	None	Management positions in the sector of social economy
Leo Ghysels	None	Long experience with fair trade producers: prospecting, monitoring and investment.
Olivier Marquet	General Manager Triodos Bank Belgium	Long experience in the banking sector
Kris Goossenaerts	Microfinance in Chile	Financial management positions within NGOs
Dominique Morel	Microfinance in Ecuador, Nepal and Belgium	Rural development specialist at the BTC (Belgian Technical Cooperation)

Marc Mees	Manager of the SOS Faim microfinance programme	Long experience as a manager of rural development programs
Klaartje Vandersypen	None	Tropical agriculture and financial analysis
Jean Matton	None	Legal and tax adviser, financing of start-up, former Tax Partner with Ernst & Young
Vincent de Brouwer	Bank of Africa Regional delegate	Long experience as a manager of development programmes in Africa and in the banking sector
Mark Lambrechts	Former Chairman of BIO (Belgian Investment Company for Developing Countries)	Long experience in the banking sector. Former CEO HBK-spaarbank/Mercator

<u>Other mandates</u>

Name	**Current mandates**	**Mandates last 5 years**
Dré Smessaert	Board of Directors of De Kringwinkel	Board of Directors of De Kringwinkel
Leo Ghysels	None	Board of Directors of *Fair Trade* Labelling International
Olivier Marquet	Board of Directors of Triodos Sicav I en II, Triodos Invest, Toolbox vzw, United World Colleges vzw, Marvi BVBA.	Board of Directors of XAC Bank, Kauri, Belsif & Eurosif Board of Directors of Triodos Sicav I en II, Triodos Invest, Toolbox vzw, United World Colleges vzw, Marvi BVBA.
Kris Goossenaerts	Board of Directors of FOPEPRO	Board of Directors of FOPEPRO
Dominique Morel	None	None
Marc Mees	Board of Directors of FOGAL, FOPEPRO	Board of Directors of European Microfinance Platform, FOGAL, FOPEPRO
Klaartje Vandersypen	Board of Directors of Netwerk Rentevrij	Board of Directors of Netwerk Rentevrij
Jean Matton	Board of Directors of Gaumagri	Board of Directors of Gaumagri
Vincent de Brouwer	Board of Directors of Bank of Africa	Board of Directors of Bank of Africa
Mark Lambrechts	Board of Directors of BIO, TRIVIDEND, Amuz, Stichting voor de Toekomstige Generaties, Streven. Chairman Sint-Lievenscollege (Antwerpen), Donorinfo en HermesEnsemble	Vice-president S.A. VIGEO, Board of Directors of EVERAERT, Klein Eigenaarskrediet, Ethibel. Board of Directors of BIO, TRIVIDEND, Amuz, Stichting voor de Toekomstige Generaties, Streven. Chairman Sint-Lievenscollege (Antwerpen), Donorinfo en HermesEnsemble

There are no family ties between the board members. No member of the board of directors has in the past five years been convicted of fraudulent offences, involved in a bankruptcy, suspension of payment or liquidation, publicly accused or sanctioned, or disqualified by a court from exercising a governance function.

11.2 External Credit committee

11.2.1 Composition and powers

Alterfin's credit committee is an external body responsible for the final approval of financing. The board of directors delegates its powers and decisions regarding credit and guarantees to the credit committee. For decisions regarding participations, responsibility rests with the board of directors. The committee consists of people working in development cooperation and people with technical expertise in credit provision.

This unique combination of development expertise and financial expertise is Alterfin's strength. Alterfin believes that it gives it the necessary experience and expertise to reach a nuanced assessment of any financing application, taking all relevant viewpoints into account.

The current composition of the credit committee is as follows (30/09/2012):

Name	Expertise	Affiliation
Vincent de Brouwer	Financial Management, Credit analysis	Independant
Kris Goossenaerts	Microfinance, Latin America	Vredeseilanden
Laurent Biot	Rural development	SOS Faim
Reginald Thibaut	Banking sector, Africa	Independant
Isabelle Philippe	Mirofinance, Credit analysis	Independant

The members of the credit committee are appointed by Alterfin's board of directors. The credit committee meets (in principle) every month, and can make decisions on financing requests if at least three members are present.

The credit committee met 13 times in 2011 and examined 92 financing proposals, 8 of which were needed to be presented to the credit committee for a second time, 2 were cancelled. 81 applications were approved which is 12 more than in 2010.

No remuneration is given to the members of the credit committee.

11.2.2 *Special information*

Experience

Name	Experience in microfinance	Other experiences
Vincent de Brouwer	Bank of Africa Regional delegate	Long experience as a manager of development programmes in Africa and in the banking sector
Kris Goossenaerts	Microfinance in Chile	Financial management positions within NGOs
Laurent Biot	Microfinance in Ghana and Ethiopia, rural financing and development programmes with SOS Faim	Long experience in development programs and management
Reginald Thibaut	None	Former Manager Affiliates Belgolaise network, BCB (Burundi), BK (Rwanda)
Isabelle Philippe	Microfinance in Belgium (Crédal)	Credit Manager (Social organizations, Crédal) – Account manager SME's (BNP Paribas Fortis)

Other mandates

Name	Current mandates	Mandates last 5 years
Vincent de Brouwer	Board of Directors of Bank of Africa	Board of Directors of Bank of Africa
Kris Goossenaerts	Board of Directors of FOPEPRO	Board of Directors of FOPEPRO
Laurent Biot	None	None
Reginald Thibaut	Board of Directors of Interbank Burundi, Supremo	Board of Directors of Interbank Burundi, Supremo
Isabelle Philippe	Board of Directors of SAW-B	Board of Directors of SAW-B

There are no family ties between the external credit committee members. No member has in the past five years been convicted of fraudulent offences, involved in a bankruptcy, suspension of payment or liquidation, publicly accused or sanctioned, or disqualified by a court from exercising a governance function.

11.3 Internal Credit Committee

Given that (i) a lot of the proposals that are discussed by the Credit Committee are renewals of loans, that (ii) the credit team has been strengthened considerably and that (3) the portfolio was growing substantially, the board of directors approved in September 2010 that all renewals of loans could be handled by an internal credit committee of Alterfin under the following conditions:

- The partner has been previously accepted by the External Credit Committee.
- The partner has a minimum track record of 2 years, and no events of default have taken place.
- The renewal is not more than 1.000.000 EUR
- There are no major negative changes.
- A complete presentation file is drafted as would be the case for the External Credit Committee.

The internal credit committee consists of at least 4 persons, of which the Portfolio Manager, the Managing Director, the regional manager for Latin America and one Credit Manager.

There are no family ties between the internal credit committee members. No member has in the past five years been convicted of fraudulent offences, involved in a bankruptcy, suspension of payment or liquidation, publicly accused or sanctioned, or disqualified by a court from exercising a governance function.

11.4 Management

Management is executed as follows:

Article 25 of the articles of association stipulates that the board of directors may delegate the day-to-day management, and the representation of the Company in relation to such management, to one or more persons, able to act either alone or jointly, according to its decision. The person to whom the powers of day-to-day management are assigned is given the title of "managing director".

The managing director has primary responsibility for seeking to achieve Alterfin's policy goals and is also the daily spokesman and representative. The managing director is responsible for the manner and quality of management, for the balanced management of expenditure and costs, for correct and transparent administration and bookkeeping with a sound balance sheet, for executing the decisions of the board of directors and the credit committee, and for proper contract administration and administrative monitoring of all decisions on financing and guarantees. The managing director is also responsible for ensuring efficient system management and an effective communication policy, as well as for a personnel policy with a clear job description for each employee and an organigram.

Following the decision of the board of directors on 16 November 1994, Mr Hugo Couderé, residing at Wilrijk, Lode Brionstraat 17, was appointed as managing director. The managing director's remuneration for 2011 was EUR 47.209,58 (taxable pay).

On 1st February 2013, Hugo Couderé will leave the general management position to become a full time senior advisor with regional responsibilities for Africa and Asia at Alterfin. Kris Goossenaerts (current chairman of the Board of Directors and member of the external credit committee) will replace him as general manager.

11.5 Corporate governance

The cooperative company Alterfin has a threefold corporate structure consisting of the general meeting, the board of directors and the management. In addition, as mentioned above, there is the credit committee with its own powers. The functioning of these bodies is determined by the regulations of company law, in particular the law on cooperatives, and Alterfin's articles of association. In addition, the "Internal rules" specify how Alterfin's various bodies function internally and how they collaborate together.

11.6 Remuneration of directors and management

The directors receive no remuneration for the exercise of their mandate other than reimbursement of costs and expenses incurred. No remuneration is given to members of the credit committee. The managing director's remuneration for 2011 was EUR 47.209,58 (taxable pay).

11.7 Shares held by directors and management

11.7.1 *Members of the board of directors*

On 30 September 2012, eight (out of ten) members of the board of directors personally owned Existing Shares in Alterfin. The Existing Shares owned by directors represent approximately 0,37% of the total capital. No member of the board of directors owns more than 0,12% of the capital.

11.7.2 *Members of the external credit committee*

On 30 September 2012 four (out of five) members of the credit committee personally owned Existing Shares in Alterfin. The Existing Shares owned by the credit committee represent approximately 0,09% of the total capital. No member of the credit committee owns more than 0,04% of the capital.

11.7.3 *Management*

On 30 September 2012 the management owned around 0,12% of the Existing Shares in Alterfin.

11.8 Employees

At the closing date of the 2011 financial year, there were ten employees (nine full-time equivalents) enrolled on the personnel register. At the date of publication of this Prospectus, the Alterfin team consisted of 12 employees, namely:

Name	Role
Hugo Couderé	Managing director; Regional manager Africa and Asia
Jan De Grande	Financial manager
Saúl Castro	Regional manager Latin America
Julie Depelchin	Accountant and financial officer
Sofie Desmet	Portfolio manager
Alex Tack	Credit management Latin America and West Africa
Mauricio Duran	Credit management Latin America
Bernard Ornilla	Credit management Latin America
Diana Banuro	Credit management Africa
Audrey Timmermans	Reporting and Compliance manager
Karin Huffer	Marketing and communication manager and responsible for the relations with shareholders
Georges Karras	Marketing and communication manager

12 RELATIONSHIP WITH THE EXISTING SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

12.1 Shareholder structure before the closure of the Offering

At the close of the 2011 financial year, Alterfin had 2.535 shareholders or members, together investing more than EUR 18,9 million. 80% of this capital is held by private individuals:

Situation on 31/12/2011	Category A Legal entities		Category B Private persons		Total
Number of shareholders	169	7%	2.366	93%	2.535
Share capital in EUR	3.800.750	20%	15.152.063	80%	18.952.813

On 30 September 2012 the capital had increased to EUR 22.203.188 invested by 2,736 shareholders.

Situation on 30/09/2012	Category A Legal entities		Category B Private persons		Total
Number of shareholders	184	7%	2.552	93%	2.736
Share capital in EUR	4.144.250	19%	18.058.938	81%	22.203.188

12.2 Existing shareholder agreements and existing agreements and transactions with affiliated companies

To the Company's knowledge, there are currently no shareholder agreements relating to the Company or agreements and transactions between the Company and affiliated companies.

12.3 Conflicts of interest

Alterfin has no special rules on conflicts of interest among its directors and management. To its knowledge there have been no such conflicts of interest during the last three years. Conflicts of interest are understood in the sense of Annex I.14.2 of the Prospectus Regulation.

13 DESCRIPTION OF THE AUTHORISED CAPITAL

13.1 Corporate goal

Alterfin's goal is to contribute to a sustainable financial basis for the development initiatives of economically and socially marginalised groups in communities in the South, and thereby help to achieve the objectives of its shareholders.

To this end it may carry out all transactions which are directly or indirectly related to this goal. It may participate in and cooperate with all companies which can facilitate its objective.

Specifically Alterfin provides financial instruments, training, guidance and research in a creative manner.

In Belgium: Alterfin raises the awareness of people and official bodies about the role of money in the development of a more inclusive and nature- and culture-friendly global society. In cooperation with its banking partners, the NGOs and the government, it mobilises funds for this purpose.

In the South: Alterfin uses these funds to develop or support a local target-group-oriented financial fabric. Depending on the circumstances, guarantees, loans or investments are made available to this end. In addition, Alterfin grants or mobilises technical support.

The Company may also, by means of subscription, contribution, merger, participation or otherwise, have an interest in any company or business with a similar, related or complementary activity and, in general, may engage in any transaction conducive to the achievement of its goal.

13.2 Authorised capital

Alterfin mobilises capital in the North through the sale of Shares. Via partners in the South, these funds are then used to provide finance to poor(er) population groups locally. The share capital is the financial basis from which Alterfin makes its investments.

The capital is unlimited. It is fully and unconditionally issued. The fixed portion of the capital is set at fifty thousand euros (EUR 50.000). The capital is variable, without amendment of the articles of association, with respect to the amount in excess of the fixed portion.

13.2.1 *Amount of capital, number and classes of Shares*

Situation on 31 December 2011:

Situation on 31/12/2011	Category A Legal entities		Category B Private persons		Total
Number of shareholders	169	7%	2.366	93%	2.535
Share capital in EUR	3.800.750	20%	15.152.063	80%	18.952.813
Number of shares	15.203	6%	242.433	94%	257.636

Situation on 30 September 2012:

Situation on 30/09/2012	Category A Legal entities		Category B Private persons		Total
Number of shareholders	184	7%	2.552	93%	2.736
Share capital in EUR	4.144.250	19%	18.058.938	81%	22.203.188
Number of shares	16.577	5%	288.943	95%	305.520

13.2.2 *Capital increase*

The intended maximum total amount of the capital increase is EUR 10.000.000,00 (to be collected during the Subscription Period).

13.3 Rights attached to the Shares

13.3.1 *General meeting of shareholders and voting rights*

The general meeting has authority over the appointment and dismissal of directors, a statutory auditor and controlling members. Furthermore, the general meeting must approve the annual financial statements and grant discharge to the directors and the statutory auditor. The general meeting must also decide on any amendments to the articles of association and on the dissolution of the Company.

The general meeting may validly deliberate, irrespective of the number of members present, provided that there is no stipulation to the contrary in Company Code and articles of association. Each member may choose to be represented by a maximum of one other member (by simple written proxy). Each member may cast a number of votes equal to the number of shares owned. However, no member may cast more than 10% of the total number of votes present at the general meeting. In this way a democratic decision-making process is guaranteed.

13.3.2 Distribution of dividends

Each member is entitled to an annual dividend (participation in the profits) provided the general meeting decides to distribute a dividend. The dividend is the annual financial remuneration for each shareholder's participation in Alterfin.

If there is profit, it is used as follows. At least 5% of the profit is transferred to reserves (required by law). In addition, a dividend of up to 6% may be paid (Art. 6 of the Royal Decree of 8 January 1962). The surplus is carried forward or transferred to reserves.

13.3.3 Liquidation

If the Company's general meeting needs to discuss a change to the Company's goal or the dissolution of the Company, it may only validly deliberate and decide with a four-fifths majority of validly cast votes, and provided the present or represented members represent at least half of the total capital. If the attendance quorum is not reached, a new general meeting must be convened with the same agenda. This meeting can validly make decisions irrespective of the represented portion of the capital. At this second meeting, decisions should also be taken with a four-fifths majority of validly cast votes.

13.4 Form of Shares

The Shares are registered shares, and they are indivisible with respect to the Company. Ownership of the Shares is evidenced by inclusion in the relevant register. Upon registration, certificates are issued to the holders of the Shares.

13.5 Transfer of Shares

Shares may only be transferred between partners with the approval of the board of directors.

13.6. Withdrawal and take-back

Holders of Class B Shares may only withdraw or request a partial take-back of their Shares during the first six months of the financial year. Holders of Class A Shares may only withdraw or request a partial take-back of their Shares during the first three months of the financial year. The Company may spread all or part of the take-back over a maximum period of three years. The Company's board of directors may refuse to allow the withdrawal or take-back of shares if the shareholder has obligations towards or current contracts with the Company or if, through the withdrawal or take-back of Shares: a) the authorised capital would be reduced to an amount less than the proportion defined in the articles of association plus the non-distributable reserves, and/or (b) the Company's financial situation would be endangered. The decision of the board of directors in this matter is final.

13.7 Leaver's share

In all cases of cessation of membership and take-back of Shares, the leaver's share is calculated as the paid-up value of the Shares less losses brought forward plus profits brought forward, as shown in the financial statements for the year in which membership ceased. In no case, however, may the leaver's share exceed the amount paid up by the member on his/her share certificate. The leaver's share, when payable, shall be paid within three months of approval of the annual financial statements. The board of directors may decide to make the payment at an earlier date. No payment of a leaver's share may take place if this would result in the Company's net assets falling below the fixed portion of the capital defined in the articles of association plus any reserves which may not be distributed according to the law or the articles of association.

13.8 Other securities

At present there are no securities other than the Shares.

14 THE TAXATION SYSTEM IN BELGIUM

14.1 Dividends

14.1.1 Resident private persons

Title II of the Income Tax Code (WIB) 1992, Art. 21, 6 ° states that the first tranche of EUR 125 of dividends from a cooperative company recognised by the National Council of Cooperative Companies is exempt from withholding tax.

For the tax year 2012, the basic amount of EUR 125 is index-adjusted to EUR 180 (cf. automatic indexation for income tax - tax year 2012)

Above this amount a withholding tax of 15% applies under Article 269 WIB 92

14.1.2 Resident corporations

Under Article 269 WIB 92, withholding tax of 15% applies to the entire dividend for companies.

14.1.3 Resident legal entities

Under Article 221 WIB 92 there is no exemption for legal entities on the first tranche of the dividend, and under Article 269 WIB 92 a withholding tax of 15% applies to the entire dividend.

14.1.4 Non-residents

For non-residents the same provisions apply as for residents.

14.2 Capital gains and losses

14.2.1 Capital gains

In all cases of cessation of membership and take-back of shares, the leaver's share is calculated as the paid-up value of the Shares less losses brought forward plus profits brought forward, as shown in the financial statements for the year in which membership ceased. Given that the leaver's share may not under any circumstances exceed the amount paid up by the member on his/her share certificate, capital gains tax does not apply.

14.2.2 *Capital losses - resident private persons*

For resident individuals who hold shares as a private investment, capital losses incurred on shares are not tax deductible if the losses result from a transaction which may be regarded as a normal management transaction for the shares. Losses arising from transactions which fall outside the scope of normal management of one's personal assets are deductible from the taxable income which is received from comparable transactions made during the same tax period or the five subsequent tax periods. For resident individuals holding the shares for professional purposes, capital losses realised on disposal of the shares are in principle tax deductible.

14.2.3 *Capital losses - resident corporations*

For resident corporations, any capital losses realised on disposal of shares are not tax deductible, except for losses incurred as a result of the complete liquidation of the Company up to the amount of the Company's paid-up capital represented by those shares.

14.2.4 *Capital losses - resident legal entities*

Capital losses incurred by resident legal entities on disposal of shares are generally not tax deductible.

14.2.5 *Capital losses - non-residents*

Capital losses will be tax deductible, if such losses were realised on the shares held by a non-resident individual in the context of a business conducted in Belgium through a fixed base in Belgium.

For non-resident corporations which hold the shares through a permanent establishment or fixed base in Belgium, any losses realised on disposal of the shares are not tax deductible, except for losses incurred as a result of the complete liquidation of the Company up to the amount the Company's paid-up capital represented by those shares.

14.3 Tax on stock exchange transactions

Not applicable.

14.4 Tax benefits

On 12 October 2010, Alterfin was recognised as a development fund within the meaning of the Law of 1 June 2008 introducing a tax relief for shares in development funds for microfinance in developing countries and establishing the conditions for recognition as a development fund (Belgian Official Gazette 4 July 2008), amended by the Law of 21 December 2009 containing tax and other provisions (Belgian Official Gazette 31 December 2009).

Alterfin's recognition is valid for the period from 2010 to 2014, and under the Law individuals may enjoy tax benefits on the amounts invested in Alterfin during that period.

The tax relief is equal to 5% of the actual payments made, and is subject to the following conditions:

- The paid up amount must be at least EUR 250 (EUR 375 after indexation for the taxable year 2012);
- The relief is limited to EUR 210 per taxable period (EUR 310 after indexation for the taxable year 2012);
- The Shares must, except in case of death, have been held for at least 60 months continuously by the beneficiary, and
- If the Shares are disposed of within the period of 60 months, the new owner is not entitled to the tax relief.

To be eligible for the tax relief an individual must therefore acquire at least six Class B Shares (EUR 375). To benefit from the maximum relief of EUR 310, 99 Class B shares must be acquired (EUR 6.187,50).

15 LITIGATION & ARBITRATION; SIGNIFICANT CHANGES

15.1 Litigation and arbitration

There are no pending or threatened court cases or arbitration proceedings which may affect or have affected Alterfin's financial position or profitability.

15.2 Significant changes in Alterfin's financial or trading position

Since the date of the last interim financial figures (30 September 2012), no significant changes have been recorded in Alterfin's financial or trading position.

APPENDICES

1. Shareholder registration form

2. Audited financial statements 2009, 2010 and 2011

3. Unaudited income statement and balance sheet on 30 September 2012.

4. Credit and Investment Policy

5. Portfolio report on 30 September 2012

The Issuer

ALTERFIN CVBA

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Legal adviser of the Issuer

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Auditor of the Issuer

KLYNVELD PEAT MARWICK GOERDELER BEDRIJFSREVISOREN BV o.v.v. CVBA

Avenue du Bourgetlaan 40 B-1130 Brussels, Belgium