



## Prospectus for the Issue of Alterfin Shares

Investing in the Shares involves certain risks. An investor is exposed to the risk of losing all or part of its investment. Before making any investment in the Shares, we strongly recommend investors to read the whole Prospectus carefully, especially the Risk Factors as described on pages 12-14 (Summary) and on pages 19-26 (Section 1). Each of these risk factors must be carefully studied and assessed before investing in the Shares.

**alterfin**   
Investing in microfinance  
& fair trade

## 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 15.000.000,00**

**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 07 December 2016 to 30 November 2017 (the “Subscription Period”), subject to early closure (the “Subscription Period”).

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 3 (*Warnings and points of information*).

This Prospectus is prepared in accordance with Annexes I and III of Commission Regulation (EC) No 809/2004 of April 29, 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council.

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](http://www.alterfin.be).

On 06 December 2016, 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.

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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.

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## Summary

This Summary is prepared in accordance with Annex XXII of Commission Regulation (EC) No 809/2004 of April 29, 2004 (as amended) implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (hereinafter the “Prospectus Regulation”).

Pursuant to the aforementioned Annex XXII of the Prospectus Regulation, summaries are made up of disclosure requirements known as “Elements” which are numbered in Sections A – E (A.1 – E.7). Because some Elements are not required to be addressed for Shares, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the nature of the transaction or the Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary and marked as “Not applicable”.

### Section A. Introduction and warnings

Elements	Disclosure Requirement	Disclosure
A.1	Warning	<p>This Summary must be read as an introduction to the Prospectus with respect to the public offering to subscribe to New Shares. It includes certain important information contained in the Prospectus. It does not include all the information that may be important to investors.</p> <p>Any decision to invest in the New Shares should be based on consideration of the Prospectus as a whole and on any and all information provided in the Prospectus (including information by reference) by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the relevant member state, have to bear the costs of translating the Prospectus before the legal proceedings are initiated</p> <p>Civil liability attaches only to those persons who have tabled the Summary including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the New Shares.</p>
A.2	Use of the Prospectus for subsequent resale of final placement of securities by financial intermediaries	Not applicable

## Section B. Issuer

Elements	Disclosure Requirement	Disclosure
B.1	Legal and commercial name of the Issuer	Alterfin cvba/scrl
B.2	Domicile and legal form of the Issuer	<p>Legal form: Coöperatieve vennootschap met beperkte aansprakelijkheid (CVBA)/ Société Coopérative à Responsabilité Limitée (SCRL) under Belgian law.</p> <p>Alterfin is registered in the register of legal entities of Brussels with company registration number 0453 804 602.</p> <p>Its registered office is located at: Chaussée de Haecht 159, B-1030 Schaerbeek, Belgium.</p> <p>Date of incorporation: November 16th, 1994</p> <p>Duration: indefinite</p>
B.3	Key factors relating to the Issuer's current operations and principal activities	<p>The cooperative society Alterfin was established in 1994 as a partnership between North-South organizations (including 11.11.11, Oxfam Solidarity &amp; Wereldwinkels, Vredeseilanden, FOS, ...) and banks (Triodos Bank and the former HKB Spaarbank). Later, other social organizations (including SOS Faim, FairFin, Réseau Financement Alternatif), a bank (BNP Paribas Fortis), a number of companies and around 5,000 individuals joined the cooperative.</p> <p>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.</p> <p>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) that is then channelled to organizations in the South.</p> <p>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.</p> <p>Alterfin basically invests in two types of organizations:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Producers' organisations or to small and medium enterprises related to sustainable agriculture (mainly Fair Trade): in this case the loan of Alterfin is used to finance the crops of the producers and the marketing of their produce.</li> </ul> <p>As of 30 June 2016, EUR 24,134,387 were invested in microfinance institutions and EUR 14,317,952 were invested in producers' associations or other agriculture partners. Additionally, EUR 2.280.095 were invested in funds active in both sectors.</p> <p>Alterfin invests in organizations in Latin America, Africa, Asia and in the Middle-East.</p>
B.4a	Most significant trends affecting the Issuer and the industries in which it operates	<p><b>Microfinance:</b></p> <p><i>"[...]there is still substantial variation in the diversity, quality, and use of financial services available in the market, with 2 billion adults remaining without access. Poor and low income people—particularly women, youth, and those living in rural areas—are the most excluded and must depend on less reliable and often more costly informal mechanisms to manage their financial needs. At the same time micro, small, and medium enterprises (MSMEs) are limited in their ability to sustain and grow their businesses due to a lack of working capital. Seventy percent of MSMEs in developing countries lack access to formal financial services [...]. This leaves much work to be done toward achieving the vision for universal financial inclusion."</i> Source: A Market Systems Approach to Financial Inclusion, Deena M. Burjorjee and Barbara Scola (CGAP), September 2015.</p>

		<p><b>Sustainable Agriculture:</b></p> <p><i>“The vast majority of smallholder farmers are financially underserved. Providing these smallholders with access to appropriately structured financial products and services can help bridge the smallholder finance gap and, in turn, combat extreme poverty by supporting over two billion of the world’s poorest people who live in households that depend on agriculture for their livelihood. Globally, over 150 finance providers currently offer direct-to-farmer finance. These providers use a range of approaches to address core challenges associated with lending directly to these smallholders, but their lending activities still remain small in scale when compared to the vast demand for smallholder finance.”</i> Source: Lending a hand: how direct-to-farmer finance providers reach smallholders, a research by Dalberg Global Development Advisors for the Initiative for Smallholder Finance, October 2014.</p>																												
B.5	Issuer’s group and the Issuer’s position within the group	Not applicable																												
B.6	Major Shareholders	<p>Overview of shareholder structure on 30 September 2016:</p> <table><tr><th rowspan="2">Situation on 30/09/2016</th><th colspan="2">Category A</th><th colspan="2">Category B</th><th rowspan="2">Total</th></tr><tr><th colspan="2">Legal entities</th><th colspan="2">Private persons</th></tr><tr><td>Number of shareholders</td><td>212</td><td>4%</td><td>5.531</td><td>96%</td><td><b>5.743</b></td></tr><tr><td>Share capital in EUR</td><td>7.912.000,00</td><td>14%</td><td>47.962.500,00</td><td>86%</td><td><b>55.874.500</b></td></tr><tr><td>Number of shares</td><td>31.648</td><td>4%</td><td>767.400</td><td>96%</td><td><b>799.048</b></td></tr></table> <p>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. Alterfin is therefore not being controlled in the sense of Article 5 of the Belgian Companies Code.</p>	Situation on 30/09/2016	Category A		Category B		Total	Legal entities		Private persons		Number of shareholders	212	4%	5.531	96%	<b>5.743</b>	Share capital in EUR	7.912.000,00	14%	47.962.500,00	86%	<b>55.874.500</b>	Number of shares	31.648	4%	767.400	96%	<b>799.048</b>
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B.7	Selected historical key financial information	The following key figures are from the annual financial reports that have been controlled by the auditor:			
		<b>Portfolio</b>	<b>31/12/2013</b>	<b>31/12/2014</b>	<b>31/12/2015</b>
		Portfolio Alterfin	28,189,189	42,882,575	46,176,813
		Growth portfolio Alterfin	11.40%	52.12%	7.68%
		Net loss on portfolio Alterfin	1.78%	1.75%	3.31%
		Portfolio third parties	10,525,452	14,099,739	12,943,645
		Growth portfolio third parties	-44.33%	33.96%	-8.20%
		Total portfolio	38,714,641	56,982,313	59,120,458
		Growth total portfolio	-12.44%	47.19%	3.75%
		Number of partners Alterfin	101	108	107
		Growth of number of partners	4.12%	6.93%	-0.93%
		Average Alterfin portfolio per partner	279,101	397,061	431,559
		<b>Capital</b>	<b>31/12/2013</b>	<b>31/12/2014</b>	<b>31/12/2015</b>
		Share capital	34,225,188	43,734,063	50,869,188
		Growth share capital	36.88%	27.78%	16.31%
		Number of shareholders	4,403	5,002	5,574
		Growth of number of shareholders	29.58%	13.60%	11.44%
		<b>Debt</b>	<b>31/12/2013</b>	<b>31/12/2014</b>	<b>31/12/2015</b>
		Debt	25,117,015	37,732,123	39,989,689
		Debt/capital ratio	73.39%	86.28%	78.61%
		<b>Total</b>	<b>31/12/2013</b>	<b>31/12/2014</b>	<b>31/12/2015</b>
		Balance sheet total	61,802,293	83,865,987	93,512,465
		Growth of the balance sheet	24.27%	35.70%	11.50%
		<b>Results</b>	<b>31/12/2013</b>	<b>31/12/2014</b>	<b>31/12/2015</b>
		Gross operating and financial margin	1,367,393	1,908,639	2,586,943
		Net profit	779,369	753,634	861,036
		In 2015, Alterfin's own portfolio increased by 8 % compared to 2014.			
		The third party portfolio, which includes the portfolios managed for FEFISOL, FOPEPRO and Calvert Foundation, decreased by 8% compared to 2014.			
		In 2015, Alterfin welcomed 572 new shareholders (+11% compared to 2014) with an increase in capital of 16% compared to 2014 (+EUR 7.1 million).			
		On 31 December 2015, the capital of Alterfin amounted to EUR 50,869,188 (audited). The debt amounted to EUR 39,989,689 (audited).			
		Because most of the credits that Alterfin provides are in U.S. dollars, Alterfin's strategy is to use a substantial part 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. The increased amount of debt is therefore directly related to the size of the portfolio invested in USD.			
		In 2015, Alterfin ended the year with a positive financial margin. The gross operating and financial margin amounted to EUR 2.59 million, which is 36% more than in 2014. The net result after taxes stood at EUR 861,036 which is 14% more than in 2014.			
		The following table provides an overview of the interim financial results on 30 September 2016 (not audited figures):			
		<b>Portfolio</b>	<b>30/09/2014</b>	<b>30/09/2015</b>	<b>30/09/2016</b>
		Portfolio Alterfin	36,462,699	42,623,500	39,113,613
		Growth portfolio Alterfin	41.60%	16.90%	-8.23%
		Portfolio third parties	12,197,858	13,317,384	16,334,548
		Growth portfolio third parties	49.56%	9.18%	22.66%
		Total portfolio	48,660,556	55,940,884	55,448,161
		Growth total portfolio	43.51%	14.96%	-0.88%



		<table><tr><td>Number of partners Alterfin</td><td>107</td><td>103</td><td>107</td></tr><tr><td>Growth of number of partners</td><td>9.18%</td><td>-3.74%</td><td>3.88%</td></tr><tr><td>Average Alterfin portfolio per partner</td><td>340,773</td><td>413,820</td><td>365,548</td></tr><tr><td><b>Capital</b></td><td><b>30/09/2014</b></td><td><b>30/09/2015</b></td><td><b>30/09/2016</b></td></tr><tr><td>Share capital</td><td>40,974,500</td><td>48,250,563</td><td>55,874,625</td></tr><tr><td>Growth share capital</td><td>35.30%</td><td>17.76%</td><td>15.80%</td></tr><tr><td>Number of shareholders</td><td>4,702</td><td>5,206</td><td>5,743</td></tr><tr><td>Growth of number of shareholders</td><td>24.23%</td><td>10.72%</td><td>10.32%</td></tr><tr><td><b>Debt</b></td><td><b>30/09/2014</b></td><td><b>30/09/2015</b></td><td><b>30/09/2016</b></td></tr><tr><td>Debt</td><td>34,784,540</td><td>37,013,004</td><td>31,126,886</td></tr><tr><td>Debt/capital ratio</td><td>84.89%</td><td>76.71%</td><td>55.71%</td></tr><tr><td><b>Total</b></td><td><b>30/09/2014</b></td><td><b>30/09/2015</b></td><td><b>30/09/2016</b></td></tr><tr><td>Balance sheet total</td><td>78,105,177</td><td>87,675,042</td><td>89,068,049</td></tr><tr><td>Growth of the balance sheet</td><td>40.70%</td><td>12.25%</td><td>1.59%</td></tr><tr><td><b>Results</b></td><td><b>30/09/2014</b></td><td><b>30/09/2015</b></td><td><b>30/09/2016</b></td></tr><tr><td>Gross operating and financial margin</td><td>1,350,087</td><td>1,627,255</td><td>880,659</td></tr><tr><td>Net profit</td><td>670,754</td><td>618,747</td><td>168,722</td></tr></table> <p>Alterfin’s share capital still showed strong growth. The share capital gained an additional EUR 7.6 million with 537 new shareholders (+10% compared to 30/09/2015).</p> <p>Compared with September 2015, Alterfin’s portfolio decreased by 8%.</p> <p>The third party portfolio includes the portfolios managed for FEFISOL, FOPEPRO, Calvert, Impact Assets, Kampani and Quadia/Nourriterre.</p> <p>The unaudited figures on 30 September 2016 were as follows: capital of EUR 55,874,652 and debts amounting to EUR 31,126,886.</p> <p>The unaudited income statement of 30/09/2016 shows a positive net profit for the period. The gross operating and financial margin is lower than in September 2015 (-46%). The net profit, impacted by the level of write downs on our credit portfolio and the costs of the recovery procedures, is lower than in September 2015 (-73%).</p>	Number of partners Alterfin	107	103	107	Growth of number of partners	9.18%	-3.74%	3.88%	Average Alterfin portfolio per partner	340,773	413,820	365,548	<b>Capital</b>	<b>30/09/2014</b>	<b>30/09/2015</b>	<b>30/09/2016</b>	Share capital	40,974,500	48,250,563	55,874,625	Growth share capital	35.30%	17.76%	15.80%	Number of shareholders	4,702	5,206	5,743	Growth of number of shareholders	24.23%	10.72%	10.32%	<b>Debt</b>	<b>30/09/2014</b>	<b>30/09/2015</b>	<b>30/09/2016</b>	Debt	34,784,540	37,013,004	31,126,886	Debt/capital ratio	84.89%	76.71%	55.71%	<b>Total</b>	<b>30/09/2014</b>	<b>30/09/2015</b>	<b>30/09/2016</b>	Balance sheet total	78,105,177	87,675,042	89,068,049	Growth of the balance sheet	40.70%	12.25%	1.59%	<b>Results</b>	<b>30/09/2014</b>	<b>30/09/2015</b>	<b>30/09/2016</b>	Gross operating and financial margin	1,350,087	1,627,255	880,659	Net profit	670,754	618,747	168,722
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B.8	Selected key pro forma financial information	Not applicable																																																																				
B.9	Profit forecast or estimate	Not applicable. Alterfin has not made any profit forecast or estimate.																																																																				
B.10	Qualifications in the audit report on the historical financial information	<p>Not applicable. The auditor of Alterfin has not qualified its reports on the Alterfin financial statements for 2013, 2014 and 2015. The auditor’s report on the statutory financial statements as per December 31, 2015 contains the following explanatory paragraph:</p> <p><i>“In our opinion, the annual accounts give a true and fair view of the company’s equity and financial position as at December 31, 2015 and of its financial performance for the year then ended in accordance with the financial reporting framework applicable in Belgium.”</i></p> <p>Statutory Auditors: KPMG Bedrijfsrevisoren, represented by Erik Clinck</p>																																																																				
B.11	If the Issuer’s working capital is not sufficient for the Issuer’s present requirements an explanation should be included.	Not applicable. Alterfin states that, in its view, its working capital is sufficient for its present requirements and, at least for a period of 12 months following the date of the publication of this Prospectus.																																																																				

## Section C. Securities

Elements	Disclosure Requirement	Disclosure
C.1	Type and class of the securities being admitted to trading	<p>The Prospectus relates to the issuance of two categories of shares:</p> <ul style="list-style-type: none"> <li>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</li> <li>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 (and those treated as such).</li> </ul> <p>All New Shares will be issued according to Belgian law. The New Shares are ordinary shares representing the registered capital, fully paid up, and attaching voting rights. They attach the same rights as the Existing Shares.</p>
C.2	Currency of the securities issue	Euro
C.3	Number of shares issued and fully paid up and issued but not fully paid up. The par value per share, or that the shares have no par value.	<p>As of 30 September 2016, Alterfin's registered capital is represented by 799,048 shares (31,648 A-shares and 767,400 B-shares), fully paid up.</p> <ul style="list-style-type: none"> <li>Category A-Shares: nominal value of EUR 250.00 per share.</li> <li>Category B-Shares: nominal value of EUR 62.50 per share.</li> </ul>
C.4	Rights attached to the securities	<p>Below is a summary of the rights attached to all the shares (including the New Shares) of the Company.</p> <p><b>Dividend rights.</b> 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. For more information, please refer to Element C.7 ("Dividend Policy").</p> <p><b>General meeting of shareholders and voting rights.</b> 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 by-Laws and on the dissolution of the Company.</p> <p>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 by-Laws. Each member may choose to be represented by a maximum of one other member (by simple written proxy).</p> <p>Each member may cast a number of votes equal to the number of shares owned (whether they belong to Class A or B). 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.</p> <p><b>Liquidation.</b> After the payments of debts, expenses, and liquidation costs, the proceeds of the liquidation are distributed pro rata amongst all shareholders, in proportion to their participation.</p>
C.5	Restrictions on the free transferability of the securities	Shares may only be transferred between members with the approval of the board of directors.

C.6	Application for admission to trading on a regulated market	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.
C.7	Dividend Policy	<p>In accordance with Article 48 of Alterfin's by-Laws, the distributable profit for the financial year is by decision of the general meeting allocated as follows:</p> <ul style="list-style-type: none"> <li>• At least five percent to constitute the legal reserve;</li> <li>• A payment to shareholders (whether they belong to Class A or B), 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</li> <li>• The surplus to be carried forward or transferred to the reserves.</li> </ul> <p>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.</p> <p>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.</p> <p>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 by-Laws may not be distributed. Any return may only be distributed to the shareholders in proportion to the transactions they have made with the company.</p>

## Section D. Risks

Elements	Disclosure Requirement	Disclosure
D.1	Key risks specific to the Issuer	<p>The formulated objectives in the by-Laws 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.</p> <p>The risks and uncertainties that Alterfin is currently aware of and presently considers material are listed below. These risks and uncertainties may not be the only ones faced by the Company and are not intended to be presented in any assumed order of priority.</p> <p><b>Debtor risk:</b> 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. 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.</p> <p>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 that 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.</p> <ul style="list-style-type: none"> <li>• In situ: all partners are allocated to one of the investment managers at Alterfin. The investment managers plan visits and travel to their respective countries in order to visit and evaluate the partners. As a rule, all partners are visited on average once every 18 months. Producers' organisations are visited more frequently because of the characteristics of these loans (shorter periods, more harvest-related).</li> <li>• 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 loans financing agriculture (shorter periods, more harvest-related), the sustainable agriculture partners provide a monthly update on their activities and are closely monitored by the investment managers.</li> </ul> <p>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.</p> <p>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 2015, the Guarantee Fund held EUR 1,733,469. The guarantees granted amounted to EUR 1,431,877. Out of a total outstanding portfolio of EUR 46,176,813, 3.10% of Alterfin's portfolio (EUR 1,431,877/EUR 46,176,813) was covered by Alterfin Guarantee Fund.</p> <p><b>Currency risk:</b> This is the risk that arises as a result of transactions made in foreign currency in order to finance the organizations in the South.</p> <p>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</p>

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, such as the Lempira (Honduras) can be hedged with financial instruments.

First, since July 2010, Alterfin is a shareholder in MFX Microfinance Currency Risk Solutions for the amount of 200,000,00 U.S. dollars. 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. Secondly, there is an agreement with the vzw Alterfin Guarantee Fund, made in June 2013, under which the Guarantee Fund can cover the currency risk related to a local currency loan.

**Interest rate risk:** If a longer-term credit provided to one of our partner is financed with shorter-term debt, there is uncertainty and risk related to the impact of interest rate changes. To reduce the interest rate risk to a minimum, short term USD liabilities are raised to fund short term USD assets, and long term USD liabilities are raised on and off balance sheet to fund long term USD assets. For the shortfall, the funding comes from short term USD liabilities and the interest rate re-fixing risk is hedged with "plain vanilla" derivatives.

**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.

The political risk of Alterfin's portfolio invested in microfinance partners is globally insured with the Belgian export credit agency, Credendo (formerly called ONDD).

When financing a sustainable agriculture partner, Alterfin requires export contracts with foreign buyers as collateral which reduce the risk factors inherent to the partner's country.

In addition, Alterfin tries to further reduce the country risk by setting internal 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:** The possibility cannot be excluded that third parties might stop working with Alterfin, which would have a negative impact on Alterfin's income stream. However, the risk of dependence significantly decreased these last five years. The part of Alterfin's operational and financial income deriving from service to others progressively decreased from 26% in 2010 to 6% in 2015.

Alterfin also mitigates the risk by developing several partnerships in order to diversify the sources of income and by signing multiannual contracts with its microfinance 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.

**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



		<p>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.</p> <p><b>Risks related to the reputation of the market in which Alterfin operates:</b> 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.</p> <p><b>Regulatory Risk:</b> Changes in legislation or regulations, both in Belgium and the countries where Alterfin is active, may have an impact on the activities of Alterfin.</p>
D.3	Key risks specific to the securities	<p><b>Risks associated with investing in shares:</b> 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.</p> <p><b>Risks related to the limited liquidity of the Shares:</b> 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 by-Laws, this causes a limited liquidity.</p> <p><b>Risks related to the fluctuations in share value and future dividend:</b> Past performances are no guarantee for the future and no guarantee is given regarding future performances.</p>

## Section E. Offer

Elements	Disclosure Requirement	Disclosure
E.1	Total net proceeds and estimate of total expenses of the Issue/Offer	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.
E.2.a	Reasons for the Offer, use of proceeds, estimated net amount of proceeds	<p>The purpose of the Issuance of New Shares is to support the growth of the Company's activity. Demand for micro-credits and sustainable agriculture financing continues to rise and Alterfin receives more and more requests from existing and new partners to finance their activities. The financial base needed to carry out Alterfin's investments is its share capital. Alterfin wants therefore to drive its growth by attracting additional own resources in order to better respond to these requests.</p> <p>The shareholders' capital is used to finance Microfinance Institutions (MFIs): which in turn are able to provide many small (micro) credits to their members or clients; and to finance producers' associations involved in sustainable agriculture which in turn finance the crops of the producers and the marketing of their produce on the market.</p> <p>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 its banking partners. Alterfin itself then lends the borrowed U.S. dollars to the partners in the South.</p> <p>Alterfin is also co-founder of the Kampani fund which was inaugurated in March 2015. The fund specifically focuses on investing in businesses of producer organisations or smallholder farmers located in selected countries in the South. Alterfin currently has a participation of EUR 50,000.00 EUR. Since Alterfin's capital forms the basis of all the financing it carries out, it is possible that part of the capital raised during the Subscription Period will be invested in Kampani or in other similar funds.</p>
E.3	Terms and conditions of the Offer	<p><b>Requirements.</b> In accordance with the Company Code, Article 8 of Alterfin's by-Laws states that in order to be accepted as a shareholder, the investor must meet the following conditions:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Subscribing for at least one Share.</li> </ul> <p>The status of shareholder implies unconditional acceptance of the Company's by-Laws and internal regulations.</p> <p><b>Period.</b> The subscription period, during which investors, whether they already hold Existing Shares or not, can subscribe to the Offering, will run from 07 December 2016 to 30 November 2017, subject to early closing.</p> <p><b>Subscription Procedure.</b> 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:</p> <ul style="list-style-type: none"> <li>• For new shareholders: The potential shareholder completes online through the website of Alterfin (<a href="http://www.alterfin.be">www.alterfin.be</a>) the registration form, 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.</li> <li>• 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.</li> </ul> <p>Payment for the Shares is completed through a transfer to the bank account of Alterfin: IBAN number BE85 5230</p>

		<p>4527 2706 with BIC code TRIO BE BB.</p> <p>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.</p> <p><b>Issue Price.</b> The Prospectus relates to the issuance of two classes of Shares:</p> <ul style="list-style-type: none"><li>A-Shares: shares with a nominal value of EUR 250.00 per share. Only legal entities may subscribe for these Class A Shares; and</li><li>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.</li></ul> <p>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.</p> <p>There is no registration fee associated with subscription for the Shares.</p> <p><b>Expected timetable of the Offering.</b> On 07 December 2016, 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 30 November 2017.</p> <p>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 2017 annual report.</p>															
E.4	Interest material to the Issue/Offer including conflicting interests	Not applicable.															
E.5	Name of the person or entity offering to sell the security. Lock-up agreements	Not applicable.															
E.6	Amount and percentage of immediate dilution resulting from the Offer	<p>Existing shareholders who does not subscribe to the Offer may be subject to a proportional dilution regarding voting rights and dividend rights.</p> <p>The dilution with respect to voting rights is however limited by the fact that no shareholder/member may cast more than 10% of the total number of votes present at the general meeting. The dilution regarding dividend rights is also expected to be limited as Alterfin expects that the increase in share capital will help developing its financing activities and increase its net profit.</p> <p>The impact of the issue on an existing shareholder who holds 1.000 shares and does not subscribe to the Offer is described below:</p> <table><tr><th>% of the total share capital owned by</th><th>As of 30/09/2016</th><th>with additional 5 million EUR capital</th><th>with additional 10 million EUR capital</th><th>with additional 15 million EUR capital</th></tr><tr><td>a shareholder who holds 1.000 A-Share</td><td>0.45%</td><td>0.41%</td><td>0.38%</td><td>0.35%</td></tr><tr><td>a shareholder who holds 1.000 B-Share</td><td>0.11%</td><td>0.10%</td><td>0.09%</td><td>0.09%</td></tr></table>	% of the total share capital owned by	As of 30/09/2016	with additional 5 million EUR capital	with additional 10 million EUR capital	with additional 15 million EUR capital	a shareholder who holds 1.000 A-Share	0.45%	0.41%	0.38%	0.35%	a shareholder who holds 1.000 B-Share	0.11%	0.10%	0.09%	0.09%
% of the total share capital owned by	As of 30/09/2016	with additional 5 million EUR capital	with additional 10 million EUR capital	with additional 15 million EUR capital													
a shareholder who holds 1.000 A-Share	0.45%	0.41%	0.38%	0.35%													
a shareholder who holds 1.000 B-Share	0.11%	0.10%	0.09%	0.09%													

E.7	Estimated expenses charged to the investor by the Issuer	Not applicable. The Company will not charge any expenses to the investor for subscriptions to the Offer.
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## 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 07 December 2016 to 30 November 2017, 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 Alterfin is currently aware of and presently considers material are listed below. These risks and uncertainties may not be the only ones faced by the Company and are not intended to be presented in any assumed order of priority.

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 by-Laws, 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 than 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 by-Laws, 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 by-Laws 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 by-Laws).

#### 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

Under its by-Laws 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 by-Laws).

The formulated objectives in the by-Laws 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.

#### 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”), mainly microfinance institutions (MFIs) and farmer organizations. 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.

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 investment managers at Alterfin. The investment managers plan visits and travel to their respective countries in order to visit and evaluate the partners. As a rule, all partners are visited on average once every 18 months. Sustainable agriculture 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 loans made to producers ‘organisations (shorter periods, more harvest-related), the sustainable agriculture partners provide a monthly update on their activities and are closely monitored by the investment 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. 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. Beyond the coverage of the debtor risk related to certain weaker partners, the resources of Alterfin Guarantee Fund can also be used to finance technical assistance or to cover the country or currency risk.

On 31 December 2015, the Guarantee Fund held EUR 1,733,469. The guarantees granted amounted to EUR 1,431,877. Out of a total outstanding portfolio of EUR 46,176,813, 3.10% of Alterfin's portfolio (EUR 1,431,877/EUR 46,176,813) 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.

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.

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.

On 30/09/2016 the situation was as follows:

Total Liabilities in USD	Total Assets in USD	Difference
USD 45,067,784.90	USD 46,589,101.46	USD 1,521,316.56
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 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 that remains limited to the net margin. This includes the net income in U.S. dollars on Alterfin's dollar portfolio and the U.S. dollar fee from 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.

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). In this case, Alterfin uses solutions in order to mitigate the currency risk.

First, since July 2010, Alterfin is a shareholder in MFX Microfinance Currency Risk Solutions for the amount of USD 200,000. 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.

Secondly, there is an agreement with the vzw Alterfin Guarantee Fund, made in June 2013, under which the Guarantee Fund can cover the currency risk related to a local currency loan.

### 1.2.3. Interest Rate Risk

If a longer-term credit provided to one of our partner is financed with a shorter-term loan, there is uncertainty and risk related to the impact of interest rate changes. To reduce the interest rate risk to a minimum, short term USD liabilities are raised to fund short term USD assets, and long term USD liabilities are raised on and off balance sheet to fund long term USD assets. For the shortfall, the funding comes from short term USD liabilities and the interest rate refixing risk is hedged with "plain vanilla" derivatives.

#### 1.2.4. 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 significant 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.

First, the political risk of Alterfin's portfolio invested in microfinance partners is insured with the Belgian export credit agency, Credendo (formerly called ONDD). Credendo is the Belgian public credit insurer, whose role is to promote international economic relations. Credendo performs this task as an autonomous public institution guaranteed by the State. Credendo 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. Credendo 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. Credendo 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. Credendo insures the following list of countries up to 4.50 million EUR per country: Burkina Faso, Cambodia, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Ivory Coast, Kenya, Nicaragua, Niger, Panama, Peru. The portfolios in Bolivia and Ecuador are insured up to 3.375 million EUR

When financing a sustainable agriculture partner, Alterfin requires export contracts with foreign buyers as collateral which reduce the risk factors inherent to the partner's country. The portfolio invested in sustainable agriculture partners is therefore not insured with Credendo.

The situation on 30/06/2016 was as follows:

Situation on 30/06/2016	EUR	Countries/Sector
<b>Portfolio insured by Credendo.</b>	19,595,481	<b>Microfinance:</b> Bolivia, Burkina Faso, Cambodia, Colombia, Costa Rica, Côte d'Ivoire, El Salvador, Ecuador, Guatemala, Honduras, Kenya, Panama, Nicaragua, Niger, Peru, Togo.
<b>Portfolio not insured by Credendo.</b>	19,522,792	<b>Sustainable agriculture:</b> all dossiers
		<b>Microfinance:</b> Democratic Republic of Congo, Laos + some dossiers in Ecuador, Peru and Nicaragua

The portfolio invested in MFI in Ecuador amounted to 5,425,223 EUR. As the policy limits the maximum amount covered in Ecuador to 3.375 million EUR, part of this portfolio was therefore not covered by Credendo. One investment in Peru (74,121.93 EUR) is not covered by the insurance because it is an equity investment and not a loan. Since 2015, the insurance policy covers Nicaragua again. All the contracts initiated in 2015 are covered, older contracts are not. The insurance policy, including the limit per country, is annually renegotiated.

In addition, Alterfin tries to further reduce the country risk by setting internal limits to the size of investments in a specific country on the basis of two indicators:

- Alterfin limits the concentration per country to a certain percentage of Alterfin's share capital, looking at the total volume of loans and participations that are not covered by European guarantees (or similar).

- 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 limits 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 i) Alterfin's own information, ii) of information from specialised agencies such as Standard & Poor's (S&P) and Credendo, and iii) Alterfin's risk capacity adjusted to the mission drive potential for each country.

The table of both indicators for 2016 is defined as follows.

Category	Max. country/capital ratio	Max. country/portfolio ratio
<b>Minimal risk</b>	15% of the capital	20% of total portfolio
	Chile, Costa Rica, Mexico, Morocco, Peru, Uruguay	
<b>Modest risk</b>	10% of the capital	15% of total portfolio
	Colombia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua	
<b>Increased risk</b>	5% of the capital	10% of total portfolio
	Argentina, Benin, Bolivia, Burundi, Cambodia, Côte d'Ivoire, Democratic Republic of Congo, Dominican Republic, Kenya, Laos, Niger, Palestine, Paraguay, Senegal, Tanzania, Togo, Uganda, Zambia.	

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

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

Situation on 30 June 2016

	Country/Portfolio Ratio
Chile	2.68%
Guatemala	5.96%
Argentina	2.47%

The table below gives an overview of the share (in terms of portfolio and income) of the five main countries on 30 June 2016

	Portfolio share 30/06/2016	Income share 30/06/2016
Peru	13.86%	11.28%
Ecuador	13.43%	10.47%
Nicaragua	10.97%	9.90%
Bolivia	8.96%	5.24%
El Salvador	6.88%	7.29%
<b>Total</b>	<b>54.10%</b>	<b>44.19%</b>



### 1.2.5. 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.

### 1.2.6. Risk of dependence of income on services to third parties

The possibility cannot be excluded that third parties might stop working with Alterfin, which would have a negative impact on Alterfin's income stream. However, the risk of dependence significantly decreased these last three years. The part of Alterfin's operational and financial income deriving from service to others progressively decreased from 26% in 2010 to 6% in 2015.

Alterfin also mitigates the risk by developing several partnerships in order to diversify the sources of income.

- In July 2012, Alterfin started to recruit and monitor sustainable agriculture partners for Calvert Social Investment Foundation. Calvert Social Investment Foundation is an American NGO founded in 1988 which invests in social projects. In 2016, it is estimated that the income from service to Calvert Foundation will amount to +/- EUR 10,000. The collaboration with Calvert foundation was renegotiated in 2015: on one hand, Alterfin stopped recruiting and monitoring sustainable agriculture partners (except outstanding loans in default); on the other hand, Calvert provides long term USD funding to Alterfin.
- Alterfin was nominated as portfolio manager for the Kampani fund that was created in March 2015. In 2016, the income from service to Kampani will amount to EUR 100,000.
- Alterfin started to recruit and monitor sustainable agriculture partners for ImpactAssets in 2016. 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 2016, it is estimated that the income from service to Impact Assets will amount to +/- EUR 54,000.
- Alterfin also started to recruit and monitor sustainable agriculture partners for Quadia/Nourriterre in 2016. Quadia is a regulated investment manager based in Switzerland and specialized in social and environmental finance, with close to USD 150 million invested in over 25 companies, projects and funds.
- The services provided to FEFISOL and FOPEPRO are also expected to generate income.

FOPEPRO (*Fondo Para Los Pequeños Productores Rurales En América Latina*) is a fund set up in 2009 by Alterfin and SIDI<sup>1</sup>. 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). Since October 2011, Alterfin provides consultancy services regarding the monitoring of FOPEPRO's portfolio. In 2016, it is estimated that the income from service to FOPEPRO will amount to +/- EUR 30,000. The income consists of fees for proposing and monitoring the financing of partners and for the general management of the fund.

FEFISOL (*Fonds Européen de Financement Solidaire*) is a SICAV set up in 2008 by Alterfin, in collaboration with SIDI and Etimos<sup>2</sup>, and which is 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

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<sup>1</sup> 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.

<sup>2</sup> 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.

for FEFISOL. In 2016, it is estimated that the income from service to FEFISOL will amount to +/- EUR 150,000.

Alterfin also mitigates the risk of dependance, albeit to a limited extent, by signing multiannual contracts with its microfinance 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.

#### 1.2.7. 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.

#### 1.2.8. 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 sustainable agriculture, 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.

#### 1.2.9. 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 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.

The Law Transposing Directive 2011/61/EU on Alternative Investment Fund Managers (introducing a harmonized European regulatory regime for managers of Alternative Investment Funds) into Belgian law entered into force on 27 June 2014. The implementation of this law is limited for Alterfin for two reasons:

- Alterfin is recognised as a development fund such as defined in article 2, 1° of the Belgian law of 1 June 2008;
- The Company remains below the thresholds specified in Article 3 (2) (a) and (b) of the AIFMD<sup>3</sup>.

The situation as of 30/06/2016 was as follows:

Alterfin cumulative assets under management	Thresholds	
	Article 3 (2) (a): Including any assets acquired through use of leverage	Article 3 (b) (a) No leverage and no redemption rights exercisable during a period of 5 years following the date of initial investment.
EUR 6,034,976	EUR 100,000,000	EUR 500,000,000

<sup>3</sup> Assets under management, including any assets acquired through use of leverage, in total do not exceed a threshold of EUR 100 million. Assets under management in total do not exceed a threshold of EUR 500 million when the portfolios of AIFs consist of AIFs that are unleveraged and have no redemption rights exercisable during a period of 5 years following the date of initial investment in each AIF.



## 2. Information about the Issuer

### 2.1. Legal and commercial name of the Issuer

Alterfin cvba/scrl

### 2.2. Domicile and legal form of the Issuer

Legal form: Coöperatieve vennootschap met beperkte aansprakelijkheid (CVBA)/ Société Coopérative à Responsabilité Limitée (SCRL) under Belgian law.

Alterfin is registered in the register of legal entities of Brussels with company registration number 0453 804 602.

Its registered office is located at: Chaussée de Haecht 159, B-1030 Schaerbeek, Belgium.

Date of incorporation: November 16th, 1994

Duration: indefinite

### 2.3. Key factors relating to the Issuer's current operations and principal activities

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, FairFin, Réseau Financement Alternatif), a bank (BNP Paribas Fortis), a number of companies and around 5,000 individuals joined the cooperative.

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) that is then channelled to organizations in the South.

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.

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
- Producers' organisations or to small and medium enterprises related to sustainable agriculture (mainly Fair Trade): in this case the loan of Alterfin is used to finance the crops of the producers and the marketing of their produce.

As of 30 June 2016, EUR 24,134,387 were invested in microfinance institutions and EUR 14,317,952 were invested in producers' associations or other agriculture partners. Additionally, EUR 2.280.095 were invested in funds active in both sectors.

Alterfin invests in organizations in Latin America, Africa, Asia and in the Middle-East.

### 3. Warnings and points of information

#### 3.1. 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 that 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.

#### 3.2. 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.

#### 3.3. Presentation of financial and other information

This Prospectus contains the Company’s audited financial statements for the years ending in 2013, 2014 and 2015, prepared on each occasion in accordance with Belgian accounting standards. This Prospectus contains the reports of the Company’s auditor on its audited financial statements for the years ending in 2013, 2014 and 2015. It also contains figures for the third quarter of 2016 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.

### 3.4. 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 of America.

### 3.5. 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.

### 3.6. 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.



## 4. General information and information about responsibility for the prospectus and the auditing of the accounts

### 4.1. 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.

### 4.2. Statutory auditor

At the general meeting of 28 March 2015, 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 2018.

### 4.3. Approval of the Prospectus

On 06 December 2016, 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.

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

### 4.4. Available information

#### 4.4.1. 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](http://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.

#### 4.4.2. Company documents and other information

The Company must deposit its by-Laws 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 by-Laws 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](http://www.alterfin.be), also mentions a number of additional documents, such as:

- Alterfin's annual reports
- Reports on Alterfin's social performance. (The 2015 social performance results are included in the 2016 annual report).

## 5. Reasons for the offering and use of proceeds

The purpose of the Issuance of New Shares is to support the growth of the Company's activity. Demand for micro-credits and sustainable agriculture financing continues to rise and Alterfin receives more and more requests from existing and new partners to finance their activities.

The financial basis needed to carry out Alterfin's investments is its share capital. Alterfin wants to drive its growth by attracting additional resources of its own in order to better respond to these requests.

The shareholders' capital is used to finance Microfinance Institutions (MFIs): which in turn are able to provide many small (micro) credits to their members or clients; and to finance producers' associations involved in sustainable agriculture which in turn finance the crops of the producers and the marketing of their produce on the market.

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.

The sums raised through this Offering will be invested in new or existing partners in the South on the basis of evaluation of the introduced financing applications and the decisions made by the credit committees.

Alterfin is also co-founder of the Kampani fund which was inaugurated in March 2015. The fund specifically focuses on investing in businesses of producer organisations or smallholder farmers located in selected countries in the South. Alterfin currently has a participation of EUR 50.000,00. Since Alterfin's capital forms the basis of all the financing it carries out, it is possible that part of the capital raised during the Subscription Period will be invested in Kampani.

Kampani's investment in the businesses will typically consist of (convertible) subordinated loans and equity while Alterfin focuses on senior loans and credit lines. Kampani has independent investment committees that make decisions about financing.

## 6. Information about the offering

### 6.1. Decisions relating to the Offering

The Company's board of directors decided to approve the Offering and the Prospectus on 15 November 2016.

### 6.2. Requirements for the Offering

In accordance with the Company Code, Article 8 of Alterfin's by-Laws 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 by-Laws and internal regulations. In particular, although these points are not exhaustive, the investor's attention is drawn to the following provisions of the by-Laws: *"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);

### 6.3. 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 15,000,000.00.

### 6.4. 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.

### 6.5. Subscription Period

The Subscription Period during which investors, whether or not they already hold Existing Shares, can subscribe to the Offering, runs from 07 December 2016 to 30 November 2017, subject to early closing.

### 6.6. 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](http://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.

#### 6.7. 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](http://www.alterfin.be)).

#### 6.8. 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.

#### 6.9. 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.

#### 6.10. Expected timetable of the Offering

On 07 December 2016, the Prospectus was published on Alterfin's website ([www.alterfin.be](http://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 30 November 2017.

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 2017 annual report.

#### 6.11. 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.

#### 6.12. 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).

#### 6.13. 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.

#### 6.14. 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*.

#### 6.15. 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.

#### 6.16. 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.

#### 6.17. Amount and percentage of immediate dilution resulting from the Offer

Existing shareholders who does not subscribe to the Offer may be subject to a proportional dilution regarding voting rights and dividend rights.

The dilution with respect to voting rights is however limited by the fact that no shareholder/member may cast more than 10% of the total number of votes present at the general meeting. The dilution regarding dividend rights is also expected to be limited as Alterfin expects that the increase in share capital will help developing its financing activities and increase its net profit.

The impact of the issue on an existing shareholder who holds 1.000 shares and does not subscribe to the Offer is described below:

% of the total share capital owned by	As of 30/09/2016	with additional 5 million EUR capital	with additional 10 million EUR capital	with additional 15 million EUR capital
a shareholder who holds 1.000 A-Share	0.45%	0.41%	0.38%	0.35%
a shareholder who holds 1.000 B-Share	0.11%	0.10%	0.09%	0.09%



## 7. Dividends and dividend policy

### 7.1. Dividends

Alterfin has in all recent years between 2000 and 2015 been able to pay an 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;
- 3.75% in 2011;
- 3.35% in 2012;
- 3.00% in 2013;
- 1.50% in 2014 and
- 1.75% in 2015.

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.

### 7.2. Dividend policy

In accordance with Article 48 of Alterfin's by-Laws, 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;
- 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 general risk reserve;
- A payment to shareholders (whether they belong to Class A or B; see Chapter 6), 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 by-Laws may not be distributed. Any return may only be distributed to the shareholders in proportion to the transactions they have made with the company.

## 8. Capitalisation & indebtedness statement on working capital

### 8.1. Statement on working capital

Alterfin states that, in its view, its working capital is sufficient for its present requirements and, at least for a period of 12 months following the date of the publication of this Prospectus.

### 8.2. Capitalisation and indebtedness

The following table shows the situation with regard to the debt and capitalisation at 30 September 2016 (unaudited):

<b>Short term debt</b>	<b>25,258,674</b>
Depending on security rights (collateral) *	23,737,954
Depending on pledge	0
Without collateral or pledge	1,520,720
<b>Long-term debt</b>	<b>5,079,502</b>
Depending on collateral	0
Depending on pledge	0
Without collateral or pledge	5,079,502
<b>Equity</b>	<b>57,659,162</b>
Share capital	55,874,625
Legal reserves	348,425
Other reserves	1,252,907
Retained earnings	14,483
Net result of the period	168,722
Other	0

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. The amount of debt is therefore directly related to the size of the portfolio invested in USD.

The following table gives the details of the evolution of the debt (unaudited) between 30/09/2015 and 30/09/2016.

	30/09/2015	30/09/2016
<b>Short term Debt</b>	<b>36,124,886</b>	<b>25,258,674</b>
Rabo Bank Netherlands	9,086,339	1,539,603
BNP Paribas Fortis	10,340,797	8,911,233
KBC	11,991,170	13,287,118
Calvert Foundation	4,447,132	0
FOGAL	144,532	55,667
IMPACT ASSETS	0	1,350,051
OTHER (shareholders)	114,916	115,002
<b>Long term Debt</b>	<b>533,164</b>	<b>5,079,502</b>
Calvert Foundation	0	4,455,613
FOGAL	308,867	352,899
QUADIA	0	66,834
SIDI	78,746	78,746
GUARANTEE AMC	98,753	102,910
GUARANTEE EMPRENDER	24,298	0
OTHER (shareholders)	22,500	22,500

Calvert Foundation is an American NGO founded in 1988 that invests in social projects. The USD 5 million Calvert foundation loan was renegotiated in November 2015. The new contract includes a new maturity (November 2018) and a potential increase of USD 3 million (for a total of USD 8 million).

FOGAL (Latin American guarantee fund) is an organisation specialising in granting guarantees to cooperatives of producers in Latin America. This deposit is used to provide guarantee to some of Alterfin's partners.

ImpactAssets, Inc is an American nonprofit financial services company created in late 2009 to catalyze investment capital for maximum environmental, social and financial impact. Alterfin started to monitor and recruit partners for Impact Assets in 2016. The funds dedicated to the portfolio development are placed in Alterfin as short term debt while the portfolio is being built.

Quadia is a Swiss regulated investment manager specialized in social and environmental finance. Quadia decided to invest in Alterfin via its fund Nourriterre VIII.

#### Overview of short term liabilities (EUR) as of 30/09/2016

Short term debt	Short term debt	Maturity	Interest rate
RABO BANK NETHERLANDS	1,539,603	cash credit	variable
BNP PARIBAS FORTIS	6,683,420	3 months	2.37%
BNP PARIBAS FORTIS	891,123	3 months	2.31%
BNP PARIBAS FORTIS	1,336,684	3 months	2.37%
BNP PARIBAS FORTIS	7	cash credit	variable
KBC	12,921,278	14 days	1.52%
KBC	365,839	cash credit	variable
FOGAL	55,667	22/06/2017	4.00%
IMPACT ASSETS	1,350,051	7 days	LIBOR 1 week + 100 bps
LOANS BY SHAREHOLDERS 1	20,000.00	05/11/2016	0.00%
LOANS BY SHAREHOLDERS 2	4,789.35	18/12/2016	0.00%
LOANS BY SHAREHOLDERS 3	90,212.84	recoverable in 7 days	0.00%
<b>TOTAL</b>	<b>25,258,674</b>		

Net financial debt analysis (EUR) as of 30/09/2016:

A	Cash	0
B	Cash equivalents	2,693,692
C	Short term investment (savings accounts, short-term deposits and bonds)	16,869,986
<b>D (A+B+C)</b>	<b>Liquidity</b>	<b>19,563,678</b>
<b>E</b>	<b>Current financial receivables</b>	<b>10,354,321</b>
F	Bank indebtedness	23,737,954
G	Medium-term debt, portion at less than one year	0
H	Other financial short term debt	1,520,720
<b>I (F+G+H)</b>	<b>Current financial liabilities</b>	<b>25,258,674</b>
<b>J (I-E-D)</b>	<b>Net current financial liabilities</b>	<b>-4,659,326</b>
K	Bank debt with a maturity longer than one year	0.00
J	Bonds issued	0
M	Other debt with a maturity longer than one year	5,079,502
<b>N (K+L+M)</b>	<b>Non-current financial liabilities</b>	<b>5,079,502</b>
<b>O (J+N)</b>	<b>Net financial liabilities</b>	<b>420,176</b>

Current financial receivables relate to the short-term loan portfolio and to income to be collected from credit operations (income portfolio, fee from third party). Bank indebtedness are the total of the short-term financial liabilities at Rabo Bank Netherlands (EUR 1,539,603), BNP Paribas Fortis (EUR 8,911,233) and KBC (EUR 13,287,118). Other debt with a maturity longer than one year is the loan from Calvert Foundation and liabilities incurred with the non-banking institutions FOGAL, SIDI and with shareholders.

## 9. Selected historical financial information about the company

### 9.1. Key figures

2015 audited financial statements, including the notes, are included as Appendix 2. The following table shows the evolution of key financial figures in EUR for 2013, 2014 and 2015:

Portfolio	31/12/2013	31/12/2014	31/12/2015
Portfolio Alterfin	28,189,189	42,882,575	46,176,813
Growth portfolio Alterfin	11.40%	52.12%	7.68%
Net loss on portfolio Alterfin	1.78%	1.75%	3.31%
Portfolio third parties	10,525,452	14,099,739	12,943,645
Growth portfolio third parties	-44.33%	33.96%	-8.20%
Total portfolio	38,714,641	56,982,313	59,120,458
Growth total portfolio	-12.44%	47.19%	3.75%
Number of partners Alterfin	101	108	107
Growth of number of partners	4.12%	6.93%	-0.93%
Average Alterfin portfolio per partner	279,101	397,061	431,559
Capital	31/12/2013	31/12/2014	31/12/2015
Share capital	34,225,188	43,734,063	50,869,188
Growth share capital	36.88%	27.78%	16.31%
Number of shareholders	4,403	5,002	5,574
Growth of number of shareholders	29.58%	13.60%	11.44%
Debt	31/12/2013	31/12/2014	31/12/2015
Debt	25,117,015	37,732,123	39,989,689
Debt/capital ratio	73.39%	86.28%	78.61%
Total	31/12/2013	31/12/2014	31/12/2015
Balance sheet total	61,802,293	83,865,987	93,512,465
Growth of the balance sheet	24.27%	35.70%	11.50%
Results	31/12/2013	31/12/2014	31/12/2015
Gross operating and financial margin	1,367,393	1,908,639	2,586,943
Net profit	779,369	753,634	861,036

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

In 2015, Alterfin's own portfolio increased by 8 % compared to 2014.

The third party portfolio, which includes the portfolios managed for FEFISOL, FOPEPRO and Calvert Foundation, decreased by 8% compared to 2014.

In 2015, Alterfin welcomed 572 new shareholders (+11% compared to 2014) with an increase in capital of 16% compared to 2014 (+EUR 7,1 million). On 31 December 2015, the capital of Alterfin amounted to EUR 50,869,188 (audited).

The debt amounted to EUR 39,989,689 (audited). Because most of the credits that Alterfin provides are in U.S. dollars, Alterfin's strategy is to use a substantial part 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. The increased amount of debt is therefore directly related to the size of the portfolio invested in USD.

In 2015, Alterfin ended the year with a positive financial margin. The gross operating and financial margin amounted to EUR 2.59 million, which is 36% more than in 2014. The net result after taxes stood at EUR 861,036 which is 14% more than in 2014.

The following table provides an overview of the interim financial results on 30 September 2016 (not audited figures):

Portfolio	30/09/2014	30/09/2015	30/09/2016
Portfolio Alterfin	36,462,699	42,623,500	39,113,613
Growth portfolio Alterfin	41.60%	16.90%	-8.23%
Portfolio third parties	12,197,858	13,317,384	16,334,548
Growth portfolio third parties	49.56%	9.18%	22.66%
Total portfolio	48,660,556	55,940,884	55,448,161
Growth total portfolio	43.51%	14.96%	-0.88%
Number of partners Alterfin	107	103	107
Growth of number of partners	9.18%	-3.74%	3.88%
Average Alterfin portfolio per partner	340,773	413,820	365,548
Capital	30/09/2014	30/09/2015	30/09/2016
Share capital	40,974,500	48,250,563	55,874,625
Growth share capital	35.30%	17.76%	15.80%
Number of shareholders	4,702	5,206	5,743
Growth of number of shareholders	24.23%	10.72%	10.32%
Debt	30/09/2014	30/09/2015	30/09/2016
Debt	34,784,540	37,013,004	31,126,886
Debt/capital ratio	84.89%	76.71%	55.71%
Total	30/09/2014	30/09/2015	30/09/2016
Balance sheet total	78,105,177	87,675,042	89,068,049
Growth of the balance sheet	40.70%	12.25%	1.59%
Results	30/09/2014	30/09/2015	30/09/2016
Gross operating and financial margin	1,350,087	1,627,255	880,659
Net profit	670,754	618,747	168,722

Alterfin's share capital still showed strong growth. The share capital gained an additional EUR 7,6 million with 537 new shareholders (+10% compared to 30/09/2015).

Compared with September 2015, Alterfin's portfolio decrease by 8%. The third party portfolio includes the portfolios managed for FEFISOL, FOPEPRO, Calvert, Impact Assets, Kampani and Quadia/Nouritterre.

The unaudited figures on 30 September 2016 were as follows: capital of EUR 55,874,652 and debts amounting to EUR 31,126,886.

The unaudited income statement of 30/09/2016 shows a positive net profit for the period. The gross operating and financial margin is lower than in September 2015 (-46%). The net profit, impacted by the level of write downs on our credit portfolio and the costs of the recovery procedures, is lower than in September 2015 (-73%).

## 9.2. Qualifications in the audit report on the historical financial information

The auditor of Alterfin has not qualified its reports on the Alterfin financial statements for 2013, 2014 and 2015. The auditor's report on the statutory financial statements as per December 31, 2015 contains the following explanatory paragraph:

*"In our opinion, the annual accounts give a true and fair view of the company's equity and financial position as at December 31, 2015 and of its financial performance for the year then ended in accordance with the financial reporting framework applicable in Belgium."*

Statutory Auditors: KPMG Bedrijfsrevisoren, represented by Erik Clinck

## 9.3. Simplified balance sheet

The following table shows the evolution of the (audited) balance sheet in EUR for 2013, 2014 and 2015:

		31/12/2013	31/12/2014	31/12/2015
ASSETS	<b>Fixed Assets</b>	<b>2,017,082.05</b>	<b>1,636,811.76</b>	<b>1,827,779.08</b>
	Intangible fixed assets	185.37	85.87	-
	Tangible fixed assets	460,336.59	170,508.32	19,333.04
	Financial fixed assets	1,556,560.09	1,466,217.57	1,808,446.04
	<b>Current Assets</b>	<b>58,649,908.39</b>	<b>80,698,585.03</b>	<b>90,316,209.06</b>
	Credit portfolio	27,301,376.61	42,500,200.85	46,472,560.39
	Write-downs on portfolio	- 1,202,302.32	- 2,157,365.38	- 3,896,646.44
	Investment in EUR	32,184,609.69	39,875,894.36	47,097,275.39
	Other accounts receivable	366,224.41	479,855.20	643,019.72
	<b>Transitory Accounts</b>	<b>1,135,302.32</b>	<b>1,530,590.27</b>	<b>1,368,477.08</b>
	Accrued dividend/interests	1,135,302.32	1,530,590.27	1,368,477.08
	<b>Total Assets</b>	<b>61,802,293</b>	<b>83,865,987</b>	<b>93,512,465</b>
LIABILITIES	<b>Equity</b>	<b>36,502,201</b>	<b>45,900,272</b>	<b>53,313,142</b>
	Paid-in capital	34,225,188	43,734,063	50,869,188
	Legal reserve	228,723	267,692	305,373
	General risks reserve	1,087,612	1,129,924	1,247,042
	Accumulated results	181,309	14,960	30,503
	Result of the period	779,369	753,634	861,036
	<b>Liabilities</b>	<b>25,117,015</b>	<b>37,732,123</b>	<b>39,989,689</b>
	Long Term Liabilities (>1 year)	4,686,011	5,022,216	5,166,840
	Short Term Liabilities (<1 year)	20,431,005	32,709,907	34,822,849
	<b>Transitory Accounts</b>	<b>183,077</b>	<b>233,592</b>	<b>209,634</b>
	Interests/tax due	183,077	233,592	209,634
	<b>Total Liabilities</b>	<b>61,802,293</b>	<b>83,865,987</b>	<b>93,512,465</b>

As at 31 December 2015, Alterfin's total assets amounted to EUR 93.51 million, up 12% compared with the previous year. On the same date, the cooperative's equity amounted to EUR 53.31 million, compared with EUR 45.90 million as at 31 December 2014. The share capital increased from EUR 43.73 million to EUR 50.87 million thanks to the entry of new shareholders and the increase in the holdings of current shareholders.

Most of Alterfin's partners need financing in US dollars. Alterfin therefore puts most of its share capital (collected in euros) into savings accounts, deposit accounts and bonds which are used as collateral to obtain credit lines in dollars from commercial banks. Alterfin develops its portfolio by lending the dollars borrowed to partners in the South. The increased amount of debt is therefore directly related to the size of the portfolio invested in USD.

The amount of write-downs results from the cumulative amounts of credits that are written down at the end of each year.

End of 2015, Alterfin took write-downs according to the policy approved by the Board of Directors in December 2012. Regarding the write down policy of Alterfin, please refer to Chapter 9.6 (Provisions and reserves policy).



The following table shows the evolution of the (unaudited) balance sheet in EUR as at 30 September 2016:

		30/09/2014	30/09/2015	30/09/2016
ASSETS	<b>Fixed Assets</b>	<b>2,011,686</b>	<b>1,935,845</b>	<b>1,769,482</b>
	Intangible fixed assets	111	21	0
	Tangible fixed assets	326,104	20,070	36,563
	Financial fixed assets	1,685,471	1,915,754	1,732,919
	<b>Current Assets</b>	<b>74,700,885</b>	<b>84,487,299</b>	<b>85,917,054</b>
	Credit portfolio	37,674,860	42,810,405	39,615,587
	Write-downs on portfolio	-1,949,852	-3,628,027	-4,471,394
	Investment in EUR	38,527,387	44,806,647	50,253,360
	Other accounts receivable	448,490	498,274	519,501
	<b>Transitory Accounts</b>	<b>1,392,606</b>	<b>1,251,897</b>	<b>1,381,513</b>
	Accrued dividend/interests	1,392,606	1,251,897	1,381,513
	<b>Total Assets</b>	<b>78,105,177</b>	<b>87,675,042</b>	<b>89,068,049</b>
LIABILITIES	<b>Equity</b>	<b>43,057,830</b>	<b>50,451,541</b>	<b>57,659,162</b>
	Paid-in capital	40,974,500	48,249,875	55,874,625
	Legal reserve	267,692	305,373	348,425
	General risks reserve	1,129,924	1,247,042	1,252,907
	Accumulated results	14,960	30,503	14,483
	Result of the period	670,754.12	618,747.09	168,721.69
	<b>Liabilities</b>	<b>34,784,540</b>	<b>37,013,004</b>	<b>31,126,886</b>
	Long Term Liabilities (>1 year)	5,083,414	533,164	5,079,502
	Short Term Liabilities (<1 year)	29,701,126	36,479,840	26,047,384
	<b>Transitory Accounts</b>	<b>262,807</b>	<b>210,497</b>	<b>282,001</b>
	Interests/tax due	262,807	210,497	282,001
	<b>Total Liabilities</b>	<b>78,105,177</b>	<b>87,675,042</b>	<b>89,068,049</b>

#### 9.4. Simplified income statement

The following table provides a comparison between the (audited) profit and loss accounts in 2013, 2014 and 2015:

	31/12/2013	31/12/2014	31/12/2015
<b>Operating income and costs</b>			
Gross margin	-102,669	-84,794	-237,620
Remunerations, social security charges and pensions	815,449	894,162	1,085,349
Depreciation and devaluations on formation expenses, on intangible and tangible fixed assets	20,596	14,630	13,467
Increase/(decrease) in amounts written down stocks, contracts in progress and trade debtors	652,078	679,383	1,719,345
Increase/(decrease) in Provisions for risks and liabilities	0	0	0
Other operating costs	11,473	8,624	13,226
<b>Operating profit (loss)</b>	<b>-1,602,264</b>	<b>-1,681,594</b>	<b>-3,069,007</b>
Financial income	4,095,008	6,377,619	10,702,309
Financial costs	1,780,595	3,474,162	6,641,060
<b>Profit (loss) before taxes and extraordinary result</b>	<b>712,150</b>	<b>1,221,863</b>	<b>992,241</b>
Extraordinary income	67,044	71,473	71,786
Extraordinary costs	-175	538,734	202,628
<b>Profit (loss) for the period, before tax</b>	<b>779,369</b>	<b>754,601</b>	<b>861,400</b>
Taxes on income	0	967	364
<b>Profit (loss) for the period</b>	<b>779,369</b>	<b>753,634</b>	<b>861,036</b>
Profit of the period to be allocated	779,369	753,634	861,036

The gross margin is calculated as the income from services provided by Alterfin to other parties (fees received for portfolio management services for others (Fefisol, Fopepro, Calvert...) less the operational costs (portfolio monitoring costs, office costs, marketing costs...). Most of Alterfin 's income are financial income (interests on the credit portfolio in the South) that are not included in the gross margin.

The increasing amount of remunerations is directly related to the number of staff employed by Alterfin. At the end of 2013, the Alterfin team consisted of 13 employees and, at the end of 2015, the Alterfin team consisted of 16 employees (full time equivalent).

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

- The increase of the income from the investments portfolio. The portfolio is growing which means that the interests and dividends paid to Alterfin are also increasing (from EUR 2,177,785 in 2013 to EUR 3,760,079 in 2015);
- The increase of the income from Alterfin's investments in EUR used as guarantees to obtain lines of credit in U.S. dollars. The income from investments rose from EUR 942,760 in 2013 to EUR 1,600,417 in 2015.
- The increase of the income related to positive currency exchange result (from EUR 974,464 in 2013 to 5,341,812 in 2015). The income related to positive currency exchange result was particularly important in 2015, mainly because of the fluctuations of the USD against the EUR. On the other hand, the financial costs related to negative currency exchange results amounted to EUR 5,335,948 (80 % of the total financial costs). The net currency exchange result amounted to EUR 5,864.

The amount of the notional interest resulting from the substantial capital increase in 2015 means that we had to pay a very limited amount of taxes in 2015.

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

	31/12/2012	31/12/2013	31/12/2014	31/12/2015
Amount portfolio written down in the year	433,757	585,367	881,706	1,604,015
Amount portfolio recovered in the year	-88,435	-83,403	-130,198	-73,788
<b>Net portfolio written down in the year</b>	<b>345,321</b>	<b>501,965</b>	<b>751,508</b>	<b>1,530,228</b>
Total Portfolio	25,305,003	28,189,189	42,882,575	46,176,813
<b>% Net portfolio written down/Total Portfolio</b>	<b>1.36%</b>	<b>1.78%</b>	<b>1.75%</b>	<b>3.31%</b>

End of 2015, Alterfin took write-downs according to the policy approved by the Board of Directors in December 2012. Regarding the write down policy of Alterfin, please refer to Chapter 9.6 (Provisions and reserves policy).

The following table gives more details about the write-downs taken in 2015:

Partner	Country	Product	Cause of default	Write-down
Bio4ever	Togo	Soy	Late disbursement of funds, which were diverted to other uses (operating expenses and fixed asset acquisition)	€ 73,690
Comixmul	Honduras	Microfinance	Use of relatively short term working capital for an investment project (acquisition of a hospital) as well as Governance issues.	€ 280,092
Ceproap	Peru	Coffee	Effect of the coffee rust (disease of plantations) as well as speculative behavior on (volatile) coffee prices.	€ 55,021
Ecologic Coffee	Bolivia	Coffee	Speculative behavior on (volatile) coffee prices as well as use of funding for other projects (cattle).	€ 88,943
Invalsa	Bolivia	Coffee	Speculative behavior on (volatile) coffee prices as well as use of funding for other projects.	€ 88,943
Adel Ixcan	Guatemala	Microfinance	Use of funding for other projects (acquisition factory).	€ 276,805
Cafepsa	Honduras	Coffee	Effect of the coffee rust (disease of plantations) and the use of short time funds for an investment project (coffee factory).	€ 17,948
Adok Timo	Kenya	Microfinance	Management frauds: funds diversion, faking of data and information	€ 5,302
KPD	Tanzania	Coffee	High level of indebtedness , and ambitious increase of scale not supported by adequate management.	€ 33,645
Naranjillo	Peru	Cocoa	Use of short term funds for an investment project (modernization of cocoa factory) as well as Governance issues.	€ 683,627
<b>Total write-downs 2015</b>				<b>€ 1,604,015</b>
Partner	Country	Product	Reason for recovery	Recovery
20 de Abril	Nicaragua	Coffee	Alterfin seeks solutions with the partners in default to enable them to recover from the crisis and to progressively pay back their credit.	€ 56,026
CABF	Ivory Coast	Cocoa Cashew nuts	Alterfin seeks solutions with the partners in default to enable them to recover from the crisis and to progressively pay back their credit.	€ 7,112
Copabo	Coffee	Cocoa	Alterfin seeks solutions with the partners in default to enable them to recover from the crisis and to progressively pay back their credit.	€ 10,651

<b>Total recoveries 2015</b>	<b>€ 73,788</b>
<b>Net Portfolio written-down</b>	<b>€ 1,530,228</b>
Total Portfolio	€ 46,176,813
<b>% Net portfolio written down/Total Portfolio</b>	<b>3.31%</b>

Measures have been taken to reduce the number of defaulting partners. On the one hand, we keep a close eye on the way the situation of each defaulting partner develops and in some cases we have restructured the financing. On the other hand, we have set up an internal working group whose role is to improve our risk assessment tools and our fund recovery process.

The following table shows the (unaudited) profit and loss account as at 30 September 2016:

	30/09/2014	30/09/2015	30/09/2016
<b>Operating income and costs</b>			
Gross margin	-43,448.08	-88,884	-464,941
Remunerations, social security charges and pensions	650,672.12	804,160	888,949
Depreciation and devaluations on formation expenses, on intangible and tangible fixed assets	137,053.10	9,691	9,907
Increase/(decrease) in amounts written down stocks, contracts in progress and trade debtors	671,414.36	1,506,596	998,301
Increase/(decrease) in Provisions for risks and liabilities	0.00	0	0
Other operating costs	4,576.01	5,636	20,744
<b>Operating profit (loss)</b>	<b>-1,507,164</b>	<b>-2,414,966</b>	<b>-2,382,842</b>
Financial income	2,975,324.61	7,994,856	3,532,504
Financial costs	867,850.93	5,332,788	1,030,739
<b>Profit (loss) before taxes and extraordinary result</b>	<b>600,310</b>	<b>247,102</b>	<b>118,923</b>
Extraordinary income	70,894.25	378,237	50,000
Extraordinary costs	-0.17	6,227	202
<b>Profit (loss) for the period, before tax</b>	<b>671,204</b>	<b>619,111</b>	<b>168,722</b>
Taxes on income	450.31	364	0
<b>Profit (loss) for the period</b>	<b>670,754</b>	<b>618,747</b>	<b>168,722</b>
Profit of the period to be allocated	670,754	618,747	168,722

The unaudited income statement of 30/09/2015 shows a positive net profit for the period. The net profit, impacted by the level of write downs on our credit portfolio and the costs of the recovery procedures, is lower than in September 2015.

### 9.5. Summary cash flow statement

The following table summarizes the cash flows in 2013, 2014 and 2015:

EUR	31/12/2013	31/12/2014	31/12/2015
<b>Operating cash flow</b>			
Result	779.369,13	753.634,05	861.035,97
Transitory Assets Accounts	-23.794,69	-395.287,95	162.113,19
Transitory Liability Accounts	-22.052,17	50.515,50	-23.957,68
Depreciations	18.310,93	4.996,28	13.466,80
Provisions	0,00	0,00	0
Write-down	652.077,52	679.383,17	1.719.344,97
Changes in reserves	0,00	0,00	0
Year-1 result allocated	-701.315,52	-864.437,92	-583.291,15
Other debts	124.565,25	79.514,03	-94.775,07
Other receivables	-123.765,57	-113.630,79	-167.150,91
Other operating cash flow adjustments	0,00		0
	<b>703.394,88</b>	<b>194.686,37</b>	<b>1.886.786,12</b>
<b>Investment cash flow</b>			
Tangible fixed assets	-460.287,10	284.931,49	137.794,35
Financial fixed assets	-101.157,63	90.362,64	-342.203,58
Other changes in financial fixed assets	0,00	0,00	0
	<b>-561.444,73</b>	<b>375.294,13</b>	<b>-204.409,23</b>
<b>Financing cash flow</b>			
Credit portfolio	-3.806.611,19	-14.923.144,35	-3.952.423,45
Debt financing	2.666.473,95	12.535.593,64	2.352.341,09
	<b>-1.140.137,24</b>	<b>-2.387.550,71</b>	<b>-1.600.082,36</b>
<b>Capital flows</b>	<b>9.221.187,50</b>	<b>9.508.875,00</b>	<b>7.135.125,00</b>
<b>Cash and cash equivalents</b>	<b>8.223.000,41</b>	<b>7.691.304,79</b>	<b>7.217.419,53</b>

The amount of write-downs relates to the amount of Alterfin portfolio and interests that were written down and/or recovered in the period.

The amount of other debts relates to the shareholders individual accounts, suppliers debt and holiday allowances to be paid to the employees.

### 9.6. Provisions and reserves policy

#### Provisions

There is no systematic provision policy.

Since 2009, an important part of the country risk is covered by Credendo.

## Write-down policy

The table below gives the minimum portion of interest and capital to be written down according to the type of partner and its situation (number of days of delays and previous restructuring).

The application of the general rule is subject to the assessment of the Investment Manager, in the sense that she/he can request a higher write-down. The Board of Directors takes the final decision.

Microfinance partners			Sustainable agriculture partners		
# days of delays on capital	interests	capital	# days of delays on capital	interests	capital
not restructured			not restructured		
30-60 days	20%		60-90 days	20%	
61-180 days	50%		91-180 days	50%	
181-360 days	100%	50%	181-360 days	100%	50%
More than 360 days	100%	100%	More than 360 days	100%	100%
restructured once			restructured once		
30-60 days	50%		60-90 days	50%	50%
61-180 days	100%	50%	91-180 days	100%	50%
More than 180 days	100%	100%	More than 180 days	100%	100%
restructured twice or more			restructured twice or more		
at the date of the restructuring	50%	50%	at the date of the restructuring	50%	50%
More than 60 days	100%	100%	More than 60 days	100%	100%

In case of delays on interest only accrued interests will be written down at 100%.

The basis for the write-down is the non-guaranteed outstanding balance. Guarantees are taken into account as follows:

Guarantee	Value
Alterfin Guarantee Fund	100%
European bank guarantee or similar	100%
European institutional guarantee or similar	100%
FOGAL	100%
Local institutional guarantee	50% - 25%
Local mortgage	50%
Other fixed assets pledged	0%
Warrant on commodities	50% - 25%

As an example, if, on 31/12/2015, a sustainable agriculture partner restructured for the second time with an outstanding loan of USD 540,000 and a local mortgage of USD 300,000 had no delay. According to the rule, 50% of the non-guaranteed outstanding was written-down:

Write-down on 31/12/2015:  $50\% * (\text{USD } 540,000 - 50\% * \text{USD } 300,000) = \text{USD } 195,000$

## 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 general risk 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.

## 9.7. 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 4 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 that 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.

## 10. Description of the market in which the company is active

### 10.1. The microfinance market

#### 10.1.1. 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 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 two main mechanisms for the delivery of financial services to such clients are: (1) relationship-based banking for individual entrepreneurs and small businesses; and (2) group-based models, where several entrepreneurs come together to apply for loans and other services as a group. The use of these methods (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.

Microfinance is then a way to promote economic development, employment and growth through the support of micro-entrepreneurs and small businesses.

#### 10.1.2. 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 the Microcredit Summit Campaign Report, microfinance reaches around 211 million clients in the world.

#### 10.1.3. Interest rates in a sustainable development model

The worldwide average interest rate applied by MFIs is approximately 26% per year (source: average portfolio yield 31/12/2015, MixMarket). However, it varies considerably from one country to another. Operating costs (relative to loan size) form the main component of the applied interest rate.

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.

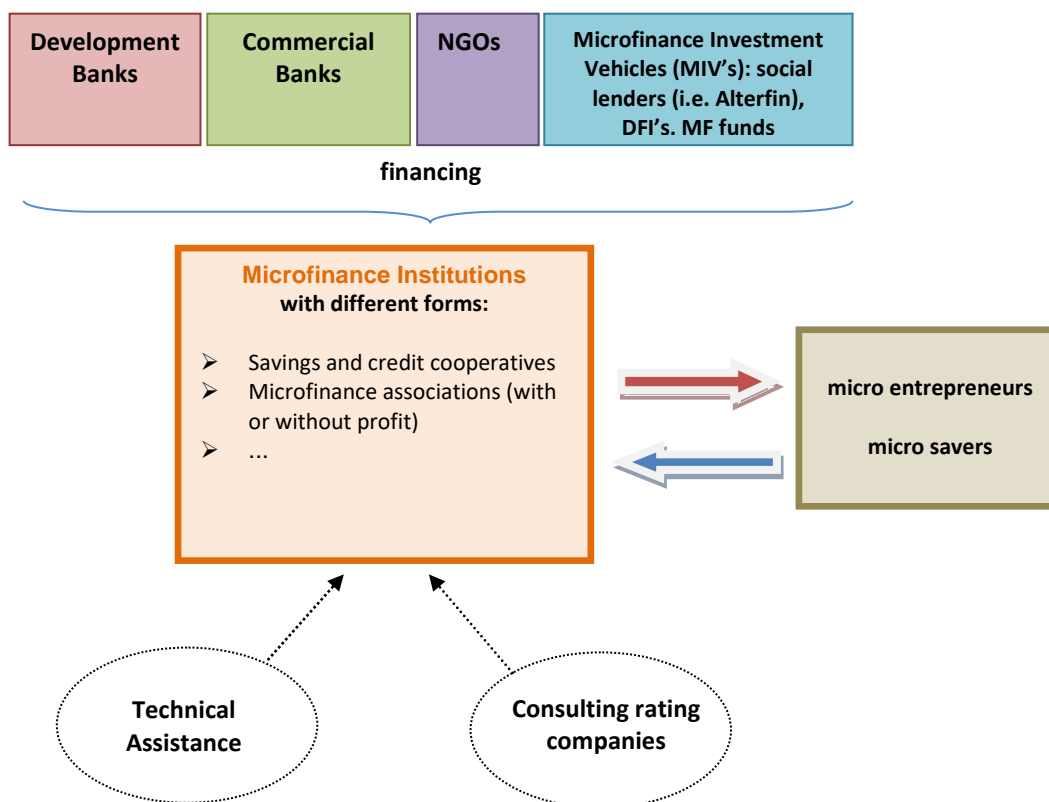
To be able to continue offering their services, microfinance institutions therefore need to charge interest rates that are higher than those at conventional financial institutions. These higher interest rates are nevertheless far below the rates that moneylenders charge in the informal markets.

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.



#### 10.1.4. The different actors in the microfinance market

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



Source: CGAP

#### 10.1.5. Trends and growth

*"After years of expansion, punctuated by the setbacks of the 2008 global financial crisis and the subsequent over-indebtedness crises in some leading microfinance markets, global microfinance continues on its growth trajectory. What began as micro-credit some 40 years ago has evolved to include a broader portfolio of financial services, and this portfolio is still expanding, both in terms of services and client reach. Today's leading microfinance institutions (MFIs) are leveraging the micro-credit platform to expand their offering of financial services to a broadening population base".* Global microscope on the microfinance business environment 2013, The Economist (Intelligence Unit), 2013

*"[...] there is still substantial variation in the diversity, quality, and use of financial services available in the market, with 2 billion adults remaining without access. Poor and low income people—particularly women, youth, and those living in rural areas—are the most excluded and must depend on less reliable and often more costly informal mechanisms to manage their financial needs. At the same time micro, small, and medium enterprises (MSMEs) are limited in their ability to sustain and grow their businesses due to a lack of working capital. Seventy percent of MSMEs in developing countries lack access to formal financial services [...]. This leaves much work to be done toward achieving the vision for universal financial inclusion."* Source: A Market Systems Approach to Financial Inclusion, Deena M. Burjorjee and Barbara Scola (CGAP), September 2015.

According to the Microcredit Summit Campaign Report, microfinance reaches around 211 million clients in the world, whereas according to the World Bank, around 2.5 billion people worldwide still 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 that keeps the social benefits central, within the framework of sound economic principles.

## 10.2. The sustainable agriculture market

### 10.2.1. The sustainable agriculture market

Around half of Alterfin's investments are made to producer's organisations or to small and medium enterprises related to sustainable agriculture (SMEs). The other half is investments made to microfinance institutions. Although the ultimate aim in both sectors is the same, namely to finance economic activities of poor people in the South, loans made to associations of producers have a number of specific characteristics.

Firstly, the financing of 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 sustainable agriculture sector is of course the specific focus on rural populations, although some microcredit institutions are also active in rural areas.

*"Smallholder farmers occupy an increasingly important segment of the global agricultural value chain. Multinational buyers increasingly will rely on smallholders to secure their supply of agricultural commodities and to help satisfy consumer sustainability preferences. Donors consider the world's 450 million smallholders a linchpin in poverty-reduction strategies because more than two billion of the world's poorest live in households that depend on agriculture for their livelihood. [...] At an estimated size of \$450 billion, the global demand for smallholder agricultural finance is large—and largely unmet. Social lenders and local state sources currently satisfy less than two percent of the demand. With \$350 million in disbursements, social lenders are small, but they play a catalytic role in driving financing into untapped markets. "* Source: Catalyzing Smallholder Agricultural Finance, Dalberg Global Development Advisors, September 2012.

*"The vast majority of smallholder farmers are financially underserved. Providing these smallholders with access to appropriately structured financial products and services can help bridge the smallholder finance gap and, in turn, combat extreme poverty by supporting over two billion of the world's poorest people who live in households that depend on agriculture for their livelihood. Globally, over 150 finance providers currently offer direct-to-farmer finance. These providers use a range of approaches to address core challenges associated with lending directly to these smallholders, but their lending activities still remain small in scale when compared to the vast demand for smallholder finance."* Source: Lending a hand: how direct-to-farmer finance providers reach smallholders, a research by Dalberg Global Development Advisors for the Initiative for Smallholder Finance, October 2014.

In contrast to the microfinance sector, there are only a few financial organisations active in the market. While there are more than 100 funds around the world actively investing in microfinance, there are only around ten investments funds specialised in sustainable agriculture. This market therefore still offers considerable opportunities for growth.

Coffee is the second most traded commodity in the world (after oil), and is therefore dominant in the market. However other commodities (cocoa, soy...) are now seen as investments with interesting growth opportunities.

### 10.2.2. Alterfin finances Fair Trade

74% of the producer's organisations or SME's financed by Alterfin are Fair Trade (FLO) certified. In this case, Alterfin usually provides working capital to the organization to export or pre-finance their harvests. They use this working capital to finance their members along the value chain from cultivation to sale.

### Why fair trade?

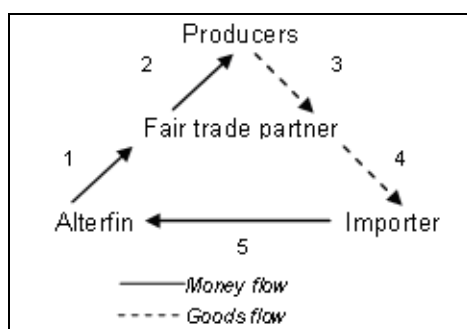
The way in which international trade currently takes place means that small farmers in developing countries are unable to live in a dignified manner from their farming activities. Fair trade proposes a new model, based on more balanced relationships between the trading partners:

- 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.

### 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).

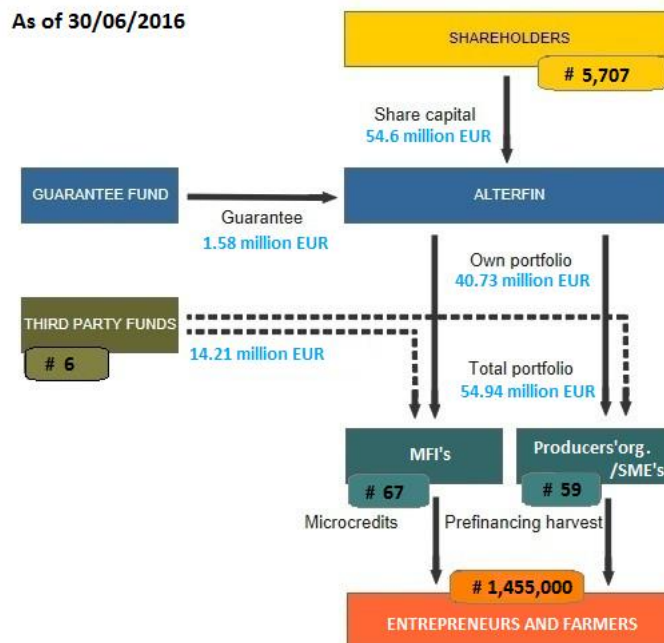
#### 10.2.3. Other type of investments in sustainable agriculture

Beyond the financing of fair trade producers’ organizations, Alterfin is also developing more broadly investments in agricultural value chain. The value chain approach emphasizes support to rural entrepreneurs and finance for all segments of the rural market. Alterfin is also exploring investments in commodities to be sold on local markets.

Although those partners do not have a Fair Trade label, they share the same values as Alterfin. By supporting them, Alterfin confirms its support for the development of sustainable family agriculture.

## 11.The company's activities

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



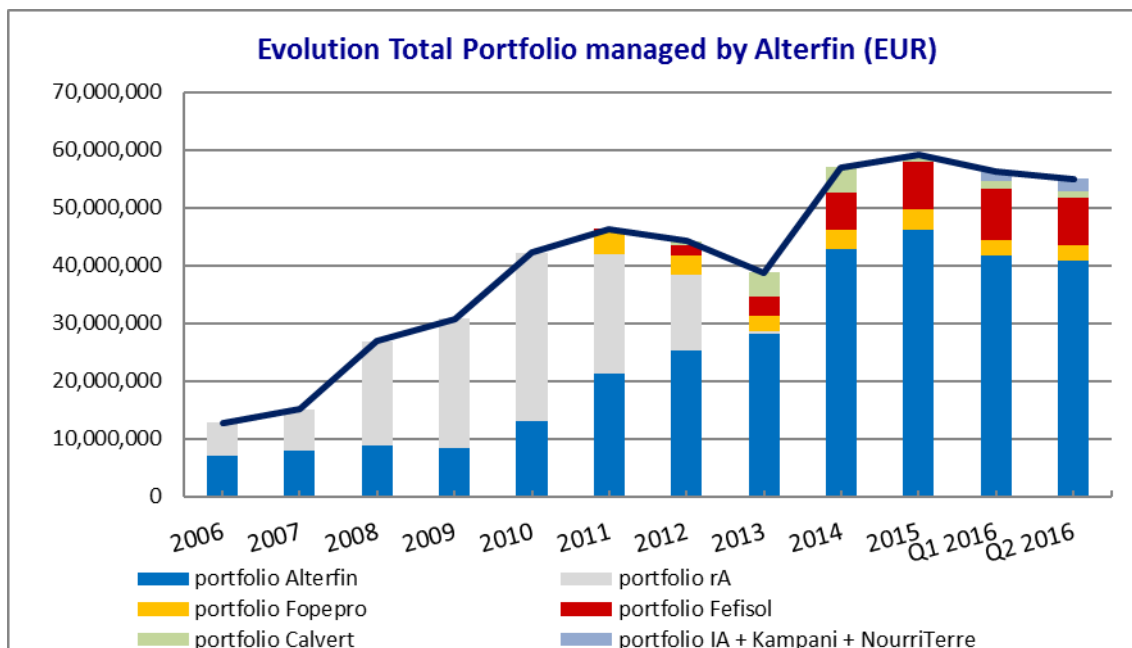
### 11.1. Share capital

Alterfin's goal is not the collective investment of publicly raised funds. Alterfin is a 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.

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 types of organizations: microfinance Institutions (MFIs) and producers' associations involved in sustainable agriculture (mainly Fair Trade).

### 11.2. Alterfin's investment portfolio

End of June 2016, the total portfolio at Alterfin (including the portfolios of Fopepro, Fefisol, Calvert, ImpactAssets and Kampani managed by Alterfin) amounted to EUR 54,9 million (USD 60,8 million): 58,1% Microcredit, 37,7 sustainable agriculture and 4,2% funds.



#### 11.2.1. Overview Portfolio Alterfin

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 "Investment Strategy July 2015 "(included as Appendix 4 of the Prospectus) and form at the date of publication of this Prospectus the basis for any credit decisions.

At June 2016, Alterfin's own portfolio amounted to EUR 40.7 million (or USD 45.1 million), spread over 114 active partner organizations.

#### Breakdown per region at 30/06/2016

Region	Outstanding EUR
Latin America	82.22%
Sub Sahara Africa	10.99%
South East Asia	5.39%
International	0.78%
Middle East	0.63%
<b>Grand Total</b>	<b>100.00%</b>

At the end of June 2016, 82.22% of the portfolio was invested in Latin America, 10.99% in Africa, 5.39% in South East Asia and 0.63% in the Middle East. International (SIDI, MFX and Kampani) accounted for 0.78% of the portfolio.

#### Breakdown per country at 30/06/2016

Country	Total outstanding EUR	in %
Africa (fund)	1,050,000	2.58%
Argentina	1,007,907	2.47%
Bolivia	3,648,771	8.96%
Burkina Faso	300,000	0.74%

Burundi	360.929	0,89%
Cambodia	2.179.111	5,35%
Chile	1.092.091	2,68%
Colombia	78.813	0,19%
Costa Rica	442.138	1,09%
Democratic Republic of Congo	81.209	0,20%
Ecuador	5.471.241	13,43%
El Salvador	2.801.714	6,88%
Guatemala	2.428.324	5,96%
Honduras	2.631.930	6,46%
International (fund)	316.727	0,78%
Ivory Coast	1.030.198	2,53%
Kenya	572.216	1,40%
Laos	15.858	0,04%
Latin America (fund)	913.368	2,24%
Mexico	106.530	0,26%
Nicaragua	4.468.372	10,97%
Niger	3.430	0,01%
Palestine	255.285	0,63%
Panama	1.353.485	3,32%
Paraguay	1.396.937	3,43%
Peru	5.647.182	13,86%
Senegal	460.000	1,13%
Tanzania	62.665	0,15%
Uganda	556.000	1,37%
<b>Grand Total</b>	<b>40.732.434</b>	<b>100,00%</b>

Alterfin's outstanding portfolio is spread over 26 countries.

In the following charts, "Africa" represents the investment in FEFISOL, "Latin America" represents the investment in FOPEPRO, "International" the investments in SIDI <sup>4</sup>, MFX<sup>5</sup> and Kampani.

#### Breakdown per sector at 30/06/2016

Sector	Outstanding EUR	in %
Microcredit	24.134.386,63	59,25%
Fair Trade	14.317.951,96	35,15%
Funds	2.280.094,93	5,60%
<b>Grand Total</b>	<b>40.732.433,52</b>	<b>100,00%</b>

<sup>4</sup> SIDI, Solidarité Internationale pour le Développement et l'Investissement, is a social investor based in Paris which co-founded Fefisol and Fopepro with Alterfin.

<sup>5</sup> MFX Microfinance Currency Risk Solutions is a company providing currency hedging facilities.

At the end of June 2016, 59.25% of our portfolio was invested in microfinance institutions (MFIs). 35.15% was invested in producers' organizations. The 5,6% investment in "Funds" refers to the investments in Fefisol, Fopepro, SIDI, MFX and Kampani.

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 2015 annual report ([www.alterfin.be](http://www.alterfin.be)).

#### Breakdown per type of financing at 30/06/2016

Regarding the type of financing, Alterfin still mainly works through credit products (95.74%) either in the form of loans to MFI's or credit lines for producers' organizations. Equity investments (4.26%) mainly represent investments in funds co-founded by Alterfin but also some direct investments in microfinance partners in the South.

ContractType	Outstanding EUR	in %
Loan	31.011.906,58	76,14%
Credit lines	7.983.861,40	19,60%
Equity investment	1.736.665,54	4,26%
<b>Grand Total</b>	<b>40.732.433,52</b>	<b>100,00%</b>

#### Breakdown per currency at 30/06/2016

Currency	Hedge_Currency	Outstanding EUR	in %
<b>USD</b>		34.567.065	84,86%
<b>EUR</b>		4.455.587	10,94%
EUR	USD	103.767	0,25%
KES	EUR	399.463	0,98%
KES		172.753	0,42%
PEN	USD	297.767	0,73%
PEN		189.306	0,46%
XOF	EUR	437.204	1,07%
XOF		3.430	0,01%
CRC	USD	90.232	0,22%
LAK		15.858	0,04%
<b>Grand Total</b>		<b>40.732.434</b>	<b>100,00%</b>

The major part of financing (84.86%) is in USD, while 10.94% of our investments are done in EUR and 4.2% in local currency.

Since July 2010, Alterfin is a shareholder of MFX Microfinance Currency Risk Solutions and has therefore access to hedging facilities for local currency. Also, as of 2012, hedging through the Alterfin Guarantee fund became possible at cheaper costs than through MFX.

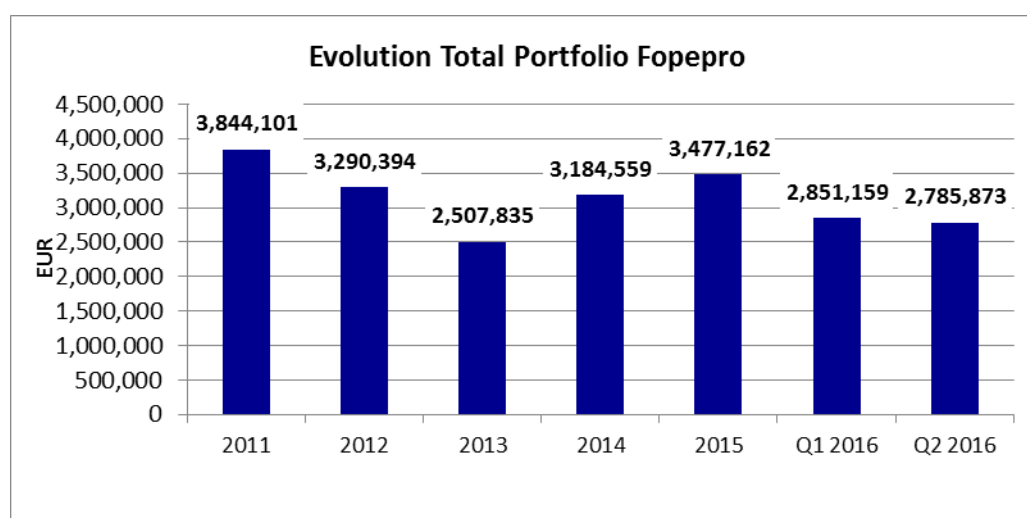
#### 11.2.2. Overview funds managed for other

Since 2005, Alterfin has placed its experience at the disposal of third-party funds also seeking to invest in microfinance and/or sustainable agriculture initiatives that 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. (See Chapter 11.3.3).

### Overview Portfolio FOPEPRO

Fopepro was established in 2009 by Alterfin, SIDI and FOGAL as a fund to finance smallholder farmers in the Andean countries (Bolivia, Peru, Ecuador and Colombia), Central America (Nicaragua, Guatemala, Honduras and El Salvador) and Paraguay. Simultaneously, a management company called Acerola was set up in Latin America in order to manage this fund. In January 2015, a new management contract has been approved, replacing Acerola Management by Alterfin as Fund Manager.

At June of 2016, FOPEPRO's portfolio stood at EUR 2.8 million spread over 18 organizations with an outstanding balance. The fund is in a closing strategy: no additional amount, renewal nor increase will be disbursed.



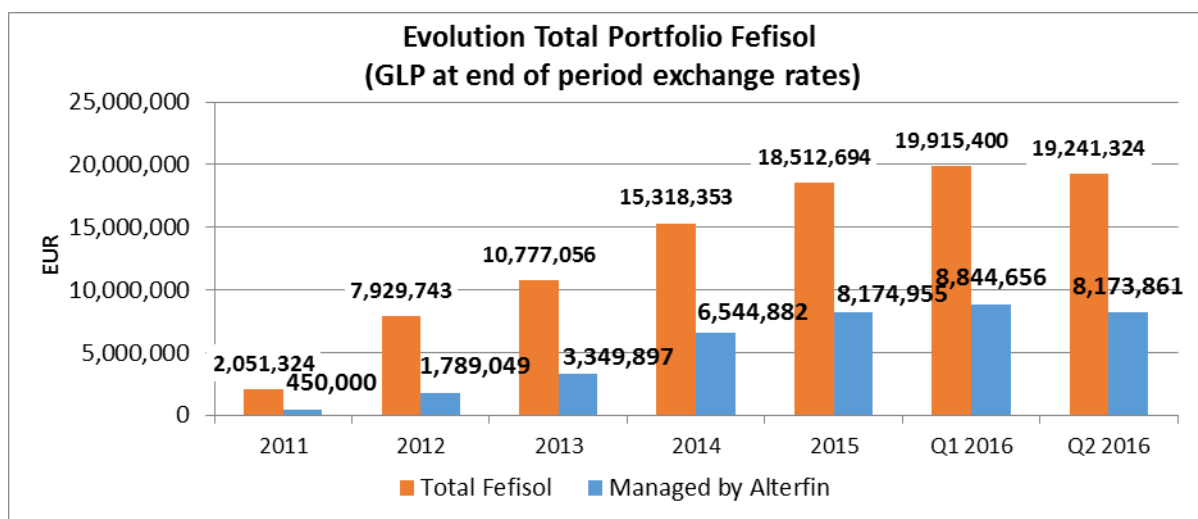
### Outstanding portfolio at 30/06/2016:

Partner	Country	Region	Currency	Product	Gross Outstanding EUR	Net Outstanding EUR
ADEL IXCAN	Guatemala	Latin America	USD	Microcredit	69.479	-
APAVAM	Peru	Latin America	USD	Coffee	66.970	-
ARASY	Paraguay	Latin America	USD	Sesame	124.645	-
CEPESIU	Ecuador	Latin America	USD	Microcredit	225.581	225.581
CIPRIAN GRIMALDES FLORES	Bolivia	Latin America	USD	Rice	178.296	-
COCAFAL	Honduras	Latin America	USD	Coffee	225.581	225.581
COMIXMUL	Honduras	Latin America	USD	Microcredit	65.794	-
CREDIFLORIDA	Peru	Latin America	USD	Microcredit	135.349	135.349
ECOLOGIC COFFEE	Bolivia	Latin America	USD	Coffee	225.581	-
EMPRENDER	Bolivia	Latin America	USD	Microcredit	180.465	180.465
Frontera	Peru	Latin America	USD	Coffee	180.465	180.465
MANDUVIRA	Paraguay	Latin America	USD	Sugar cane	232.868	116.434
NAKHAKI	Bolivia	Latin America	USD	Coffee	180.465	-
PETRONA PILLCO NAVIA	Bolivia	Latin America	USD	Rice	69.200	-
SAES	Bolivia	Latin America	USD	Coffee	225.581	225.581
SAMI TEXTILES	Bolivia	Latin America	USD	Textiles	135.349	121.814
SCAES	El Salvador	Latin America	USD	Honey	38.624	-
Union El Ejido	Ecuador	Latin America	USD	Microcredit	225.581	225.581
<b>Grand Total</b>					<b>2.785.873</b>	<b>1.636.849</b>



## Overview Portfolio FEFISOL

At the end of June 2016, Fefisol's gross portfolio is equivalent to EUR 19.2 million.



At the end of June 2016, the part of the outstanding amount balance managed by Alterfin stood at EUR 8.2 million with 22 partners.

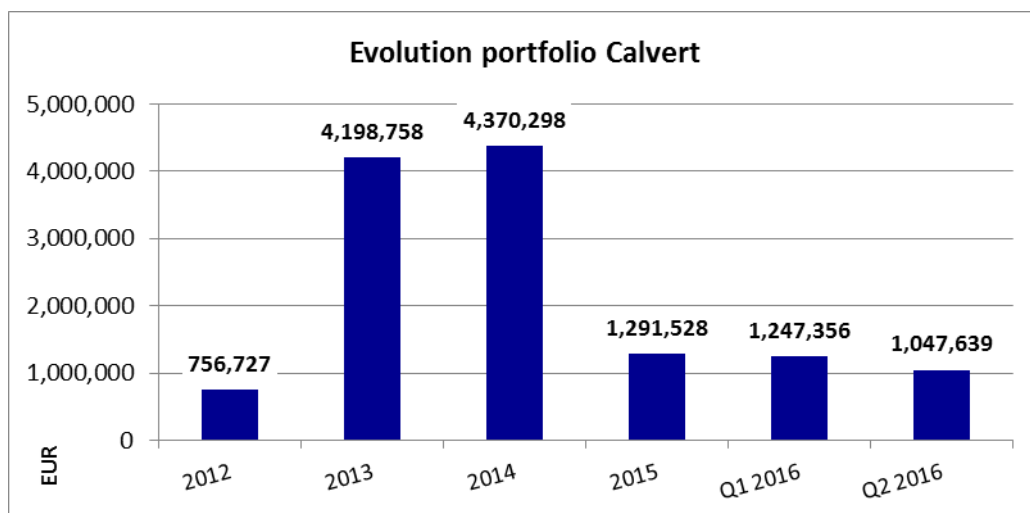
Outstanding portfolio at 30/06/2016:

Partnername	Country	Region	Currency	Product	Gross Outstanding EUR	Net outstanding EUR
ADOK TIMO	Kenya	Africa	KES	Microcredit	84.653	-
ALKARAMA	Morocco	Africa	MAD	Microcredit	657.133	657.133
BIMAS Kenya Ltd	Kenya	Africa	KES	Microcredit	587.816	587.816
BIO4EVER	Togo	Africa	EUR	Soya	68.280	-
ECLOF KENYA	Kenya	Africa	KES	Microcredit	213.751	213.751
ENCOT	Uganda	Africa	GHS	Microcredit	291.050	291.050
ICAM	Uganda	Africa	EUR	Cocoa	294.000	294.000
ID GHANA FNGO	Ghana	Africa	GHS	Microcredit	332.129	332.129
INMAA	Morocco	Africa	MAD	Microcredit	202.195	202.195
JITEGEMEA	Kenya	Africa	KES	Microcredit	128.251	128.251
JUHUDI KILIMO	Kenya	Africa	KES	Microcredit	529.925	529.925
KIXICREDITO	Angola	Africa	USD	Microcredit	900.657	900.657
KPD	Tanzania	Africa	USD	Coffee	151.009	-
MARLINE	Togo	Africa	EUR	Coffee & Cocoa	219.900	-
MUSONI	Kenya	Africa	KES	Microcredit	846.099	846.099
PAIDEK	Congo, Dem. Rep	Africa	USD	Microcredit	225.164	225.164
PAMF BF	Burkina Faso	Africa	XOF	Microcredit	750.049	750.049
PAMF CI	Ivory Coast	Africa	XOF	Microcredit	945.184	945.184
PHYMA	Kenya	Africa	EUR	Fruits & vegetables	135.426	135.426
SFC	Ghana	Africa	EUR	Shea Butter	28.470	28.470
SMT	Sierra Leone	Africa	SLL	Microcredit	210.994	210.994
VERT LDT	Kenya	Africa	EUR	Fruits & Vegetables	371.724	371.724
<b>Grand Total</b>					<b>8.173.861</b>	<b>7.650.018</b>

## Overview Portfolio Calvert Foundation

The collaboration with Calvert foundation was renegotiated in 2015: on one hand, Alterfin stopped recruiting and monitoring sustainable agriculture partners (except outstanding loans in default); on the other hand, Calvert provides long term USD funding to Alterfin (See Chapter 8.2).

At 30/06/2016, we had an outstanding with 2 partners (in delay), for a total amount of 1.05 million EUR.



### Overview Portfolio Impact Assets

From February onwards, Alterfin started managing agricultural sector loans on behalf of ImpactAssets (IA), a US based Impact investor.

Outstanding portfolio at 30/06/16:

Partner	Country	Region	Currency	Product	Outstanding EUR
Beneficio Santa Rosa	Honduras	Latin America	USD	Coffee	161.527
COCAFELOL	Honduras	Latin America	USD	Coffee	-12.096
Café de Altura	Costa Rica	Latin America	USD	Coffee	139.928
Apicoop	Chile	Latin America	USD	Honey	812.091
COCAFAL	Honduras	Latin America	USD	Coffee	347.395
Wiraccocha	Peru	Latin America	USD	Quinoa	225.581
COOPECAN	Peru	Latin America	USD	Textiles	295.141
<b>Grand Total</b>					<b>1.969.567</b>

### Overview Portfolio Kampani

Alterfin, Vredeseilanden, Louvain Coopération, King Baudouin Foundation, Boerenbond (MRBB) and a private investor set up a social investment fund. Kampani will invest in businesses of producer organisations of smallholder farmers located in selected countries in the South. By targeting the missing middle, Kampani aims to increase the farmers' income, improve their position in agricultural product chains, contribute to the development of their communities, increase local and regional food security, and contribute to the safeguarding of our planet. The fund was launched on January 29th, 2015.

Outstanding at 30/06/2016

- Horamama (Cococa), coffee, Burundi, EUR 254,455.20

### Overview Portfolio Quadia/Nourriterre

Quadia is a regulated investment manager based in Switzerland and specialized in social and environmental finance, with close to USD 150 million invested in over 25 companies, projects and funds. A first participation in a loan to 'La Riojana' was done in May. This has enabled us to reduce our exposure on 'La Riojana'. A second participation in a loan to our partner 'Terral' was done in July.

Outstanding at 30/06/2016:

Partner	Country	Region	Currency	Product	Outstanding EUR
La Riojana	Argentina	Latin America	USD	Wine	67.674
<b>Grand Total</b>					<b>67.674</b>

### 11.2.3. Alterfin 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.

According to its by-Laws 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 that 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.”*

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. Beyond the coverage of the debtor risk related to certain weaker partners, the resources of Alterfin Guarantee Fund can also be used to finance technical assistance.

Every year a budget is established for providing guarantees covering individual dossiers, country risk and now exchange rate risk. Alterfin’s credit committee may assign guarantees within the available budget.

On 31 December 2015, the Guarantee Fund held EUR 1,733,469. The guarantees granted amounted to EUR 1,431,877 (11 partners were guaranteed by Alterfin Guarantee Fund against commercial/country risk and 5 files were guaranteed against currency risk). Out of a total outstanding portfolio of EUR 46,176,813, 3,10% of Alterfin’s portfolio (EUR 1,431,877/EUR 46,176,813) was covered by Alterfin Guarantee Fund.

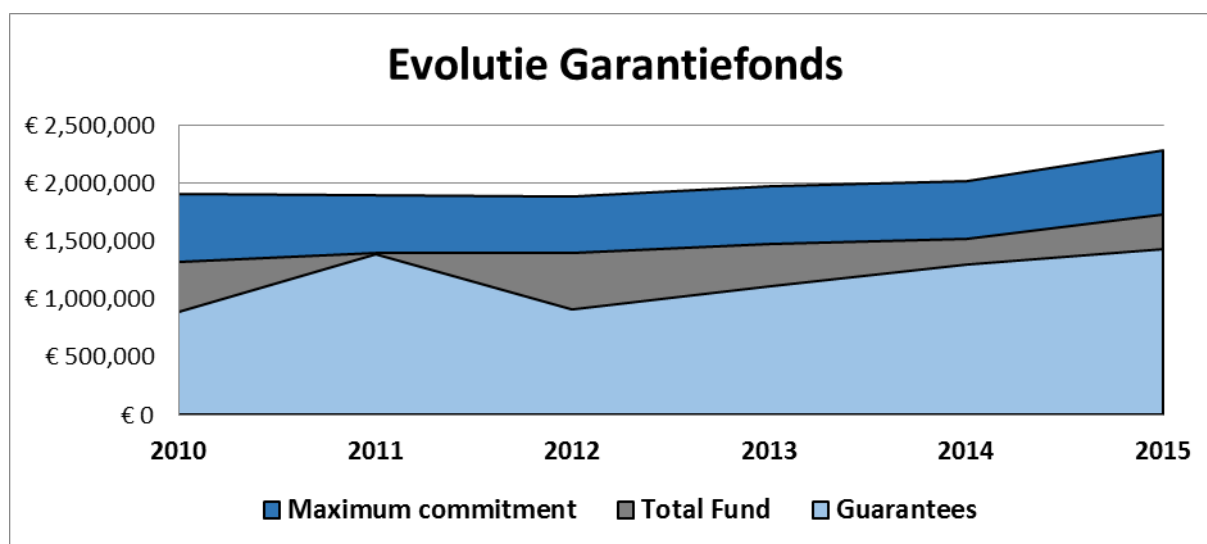
Partner	Amount guarantee EUR	Sector	Product	Country
ECOOKIM	41.667,00	Agriculture	Cocoa	Ivory Coast
SOPACDI	13.729,47	Agriculture	Coffee	Ivory Coast
Wanigu	953,51	Microfinance	Microfinance	Honduras
KPD	36.798,50	Agriculture	Coffee	Tanzania
Paidek	41.188,42	Microfinance	Microfinance	RD Congo
PAMF	76.224,51	Microfinance	Microfinance	Ivory Coast
ANED	91.520,68	Microfinance	Microfinance	Bolivia
Idesi Nacional	72.491,63	Microfinance	Microfinance	Peru
Kampani	25.000,00	Funds	Funds	International
MXF	183.059,66	Funds	Funds	International
FEFISOL	427.938,87	Funds	Funds	International
Edaprosopo (PEN/USD)	29.320.02	Microfinance	Microfinance	Peru
APACOOOP (CRC/USD)	106.482.73	Microfinance	Microfinance	Costa Rica

PAMF (XOF/EUR)	87.188,46	Microfinance	Microfinance	Ivory Coast
PAMF (XOF/EUR)	170.537,50	Microfinance	Microfinance	Burkina Faso
Musoni (KES/EUR)	27.775,92	Microfinance	Microfinance	Kenya
<b>TOTAL</b>	<b>1.431.876,88</b>			

#### Maximum commitment

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 1,431,877 in 2015, the provided guarantees didn't reach the maximum, i.e. EUR 2,282,204.

	2012	2013	2014	2015
Guarantees	906.248	1.071.747	1.298.842	1.431.877
Total Fund	1.397.005	1.480.248	1.517.172	1.733.469
% Guarantee/Fund	65%	72%	86%	83%
Maximum commitment	1.893.279	1.977.842	2.023.598	2.282.204
Available	987.031	906.096	724.756	850.327
% Guarantee/Maximum commitment	48%	54%	64%	63%



#### Payments and recoveries of guarantees in 2015:

In 2015, no payment of guarantees was made. Alterfin cvba however repaid a total amount of 51,489.47 EUR as recoveries.

### 11.3. Income source

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

Sources of Income	2012	2013	2014	2015
Income from own portfolio	62.60%	65.16%	69.71%	65.32%
Income from EUR investments	23.50%	27.23%	26.04%	28.88%
Income from portfolio managed for third parties	12.80%	7.11%	4.24%	5.78%
Income from Triodos	1.00%	0.48%	0.01%	0.02%

Income (net) from consultancy	0.20%	0.01%	0.00%	0.00%
<b>Total income</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

More explanations are available below:

#### 11.3.1. 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 2015, Alterfin managed its own portfolio amounting to EUR 48.28 million, and consisting of:

- EUR 46.48 millions loan portfolio (current assets);
- EUR 1.80 millions participations (fixed assets);

Incomes from this portfolio consist of the interests on the loans, the dividends from the participations and the administration costs charged to the partners. These revenues represented 65.32% of the financial and operational income of Alterfin in 2015.

#### 11.3.2. Income from EUR 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.

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.

Here, the incomes consist of the interests received on the deposit accounts, bonds or savings accounts used as guarantee for the banks. These revenues represented 28.88% of the financial and operational income of Alterfin in 2015.

#### 11.3.3. 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.

Alterfin currently manage funds or sub-participation for six organisations: Calvert Social Investment Foundation, Fopepro fund, Fefisol fund, Kampani fund, ImpactAssets and Quadia/Nourritierre.

These revenues represented 5.78% of the financial and operational income of Alterfin in 2015.

#### 11.3.4. Income from the collaboration with Triodos Bank

Since 2014 no income is longer expected. In addition, both parties are looking into how Triodos Bank can assist Alterfin through debt financing.

#### 11.3.5. Income from consultancy

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

### 11.4. 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”*<sup>6</sup>.
- **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 consultancy services regarding the monitoring of FOPEPRO’s portfolio.
- **2012:** Alterfin signed a first loan participation agreement with Calvert Social Investment Foundation.
- **2013:**
  - Alterfin signed a master participation agreement with Calvert Social Investment Foundation to manage up to USD 10,000,000 in portfolio.
  - Alterfin share capital reaches EUR 30,000,000.
- **2015:**
  - Setting up of Kampani to invest in businesses of producer organisations or smallholder farmers located in selected countries in the South. through subordinated loans and equity.
  - Celebration of Alterfin’s 20<sup>th</sup> Birthday.
- **2016:**
  - Alterfin started to managed funds for Impact Assets and Quadia/Nourriterre.
  - Alterfin share capital reaches EUR 50,000,000.
  - First investment transactions for Kampani.

## 11.5. Internal organisation and investment policy

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<sup>6</sup> Bron: [http://nobelprize.org/nobel\\_prizes/peace/laureates/2006/press.html](http://nobelprize.org/nobel_prizes/peace/laureates/2006/press.html).

The principles of Alterfin's investment policy have been formally set out in the "Investment strategy July 2015" (included as Appendix 4) and form the basis for investment decisions. The main principles are briefly summarised below.

An investment committee reviews whether or not an initiative is eligible for investment by Alterfin. The investment 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
- 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): thanks to the financing by Alterfin the MFIs are able to grant many small (micro)credits to their members or clients; and*
- *Producers' associations or small and medium enterprises in the sustainable agriculture sector (mainly Fair Trade): in this case the loan of Alterfin is usually used to finance the crops of the producers and the marketing of their produce.*

## 11.6. Social Performance

As a social investor Alterfin must meet both financial goals (to ensure the sustainability of its activities) and social objectives (to ensure compliance with its development mission). In practice, this means that beyond the financial aspect, each funding request is analysed according to a set of social criteria to assess whether the funding will reach those who need it most. In addition, each year, Alterfin produces an overall evaluation of these criteria and thus measure the social performance of all of its activities in the South.

Alterfin created a social performance monitoring tool which sets the essential social performance indicators. This tool is based on a questionnaire that is sent out to all our partners every year. We monitor the social performance of our portfolio via the lists of indicators we receive from our partners.

The tool was first sent to our microfinance partners in 2007. Alterfin is an active member of the Social Performance Task Force (SPTF), a worldwide network of all microfinance stakeholders. The goal of the SPTF is to set industry standards for social performance management and to promote best practices. This active participation allows Alterfin to regularly fine-tune its social performance monitoring tool.

At the end of 2008, an adapted grid was extended to our sustainable agriculture partners. Recently, there have been new initiatives to better evaluate and monitor the social performance in the sustainable agriculture sector which have been incorporated in our tool. As an active member of FAST (Finance Alliance for Sustainable Trade) and of The Council on Smallholder Agricultural Finance (CSAF), Alterfin contributes its know-how to the development of a more standardized social performance measurement methodology for the sector.

### Social Performance Results

In 2015, Alterfin successfully pursued its social mission. At the end of 2015, its partners were working with over 1,455,000 clients or producers throughout the world. Of these, 56,215 people (and their families) were being reached through the work of Alterfin. 46.9% of the clients that Alterfin reached live in Latin America. Africa and Asia account respectively for 45% and 8.1% (0.2% in the Middle-East).

60% of the clients of Alterfin's partners are women and 66% live in rural areas. 57% 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 2015, Alterfin pursued the 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 217 in Africa to EUR 2,457 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.

The average interest rate charged by our MFI partners are similar to those charged in the sector and their level of profitability is reasonable. This makes it possible for the MFIs to ensure their sustainability without jeopardizing the social targets.

Most of our partners offer a wide range of financial services (savings, insurance ...) and non-financial services (services of empowerment for women, adult education, etc.) in order to meet their clients' needs.

#### Fair trade (FT) partners

In 2015, Alterfin raised its part in fair trade producers financing offering them sustainable development opportunities. 74% of Alterfin partners are Fair Trade (FLO) certified and 72% are organic certified.

The total amount that has been paid to our fair trade partners as fair trade premium amounted EUR 16.8 million in 2015. This premium is invested in social, environmental or economic development projects.

76% of producers' associations funded by Alterfin also offer additional services to their members, mainly technical assistance to improve the crop quality, quantity and the association's productivity. 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.



## 12. Management and governance

### 12.1. Board of directors

#### 12.1.1. 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 by-Laws or the Company Code for the decision of the general meeting lies within the competence of the board of directors.

#### 12.1.2. 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.

#### 12.1.3. Functioning

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

The board of directors meets when convened by the chairperson 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.

#### 12.1.4. Current members of the board of directors

The following table shows the composition of the board of directors as approved by the general Assembly of the Company on 19 March 2016:

Name	Proposed by	Start date	End date
Laurent Biot	SOS Faim	29/03/2014	29/03/2019
Chris Claes	Vredeseilanden	23/03/2013	23/03/2018
Vincent de Brouwer	Private shareholders	23/03/2013	23/03/2018
Frederick De Gryse	Triodos Bank	23/03/2013	23/03/2018
Mark Lambrechts	Independant	23/03/2013	23/03/2018
Jean Matton	Private shareholders	24/03/2012	24/03/2017
Dominique Morel	Independant	29/03/2014	29/03/2019
Klaartje Vandersypen	Private shareholders	24/03/2012	24/03/2017

#### 12.1.5. Special information

##### Experience

Name	Experience in microfinance and/or sustainable agriculture	Other experiences
Laurent Biot	Microfinance in Ghana and Ethiopia, rural financing and development programmes with SOS Faim	Long experience in development programs and management
Chris Claes	Rural development specialist (sustainable agriculture and value chain development)	
Vincent de Brouwer	Bank of Africa Regional delegate. Long experience as a manager of development programmes in Africa.	Long experience in the banking sector. Current General Manager of Greenpeace Belgium
Frederick De Gryse	None	Long experience in the banking sector: credit experience, legal and compliance expertise. Currently head of Legal and Compliance at Triodos Bank.
Mark Lambrechts	Former Chairman of BIO (Belgian Investment Company for Developing Countries)	Long experience in the banking sector. Former CEO HBK-spaarbank/Mercator
Jean Matton	None	Legal and tax adviser, financing of start-up, former Tax Partner with Ernst & Young
Dominique Morel	Microfinance in Ecuador, Nepal and Belgium. Rural development specialist at the BTC (Belgian Technical Cooperation)	
Klaartje Vandersypen	Tropical agriculture	Financial analysis

## Other mandates

Name	Current mandates	Mandates over the last 5 years
Laurent Biot	Board of Directors of Alterfin Guarantee Fund	Board of Directors of Alterfin Guarantee Fund
Chris Claes	Board of Directors of Alterfin Guarantee Fund, Fairtrade Belgium and Kampani	Board of Directors of Alterfin Guarantee Fund, Fairtrade Belgium, BioForum and Kampani
Vincent de Brouwer	Director of several banks of the BANK OF AFRICA Group	Director of several banks of the BANK OF AFRICA Group
Frederick De Gryse	Board of Directors of Alterfin Guarantee Fund	Board of Directors of Alterfin Guarantee Fund
Mark Lambrechts	Board of Directors of TRIVIDEND, Amuz, Stichting voor de Toekomstige Generaties, Streven. Chairman Sint-Lievenscollege (Antwerpen), Donorinfo and HermesEnsemble	Board of Directors of BIO, TRIVIDEND, Amuz, Stichting voor de Toekomstige Generaties, Streven. Chairman Sint-Lievenscollege (Antwerpen), Donorinfo and HermesEnsemble
Jean Matton	Board of Directors of Gaumagri	Board of Directors of Gaumagri
Dominique Morel	None	None
Klaartje Vandersypen	Board of Directors of Socrowd (previously Netwerk Rentevrij)  Chair of the Board of Spelend Leren vzw	Board of Directors of Socrowd (previously Netwerk Rentevrij)  Chair of the Board of Spelend Leren vzw

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.

## **12.2. Investment committee**

In order to improve the efficiency and the quality of the investment decisions, the internal and external credit committees were merged into the Investment Committee (IC);

### **12.2.1. Composition and powers**

Alterfin's IC is a body responsible for the final approval of financing. The board of directors delegates its powers and decisions regarding investments and guarantees to the IC. For decisions regarding equity participations, responsibility rests with the board of directors. The IC consists of people working in development cooperation and people with technical expertise in financial investments. All investment decisions by the IC require unanimity.

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.

### **Composition of the IC**

1. Voting members: maximum 8 of which:
  - 4 from Alterfin staff:
    - Permanent votes: General Manager + Head of Finance and Administration + Head of Legal & Compliance (when hired)

- 1 vote from one of the Portfolio Managers (Asia, Africa, Latin America or Fopepro);
  - Maximum 4 from the pool composed by the Alterfin Board of Directors (8) and external experts (2);
2. Non-voting members: 2
- Business Manager (for reporting, information support and participation to the discussions);
  - One staff (for minutes);

IC Normal Quorum	Min.3/max.8 voting members (Board and external members are invited to participate) For transactions = or < USD1mn
IC Special Quorum	Min.5/max.8 voting members, with at least 1 Board member AND 1 external expert <u>OR</u> 2 external experts <u>OR</u> 2 Board members. For i) transactions > USD1mn, ii) for new counterparts, iii) for subordinated loans, iv) for transactions longer than 3 years, v) for unsecured transactions and vi) for equity investments (also requiring Board approval).

The current list of the staff, voting members of the Investment Committee is as follows:

Name	Function
Jean-Marc Debricon	General Manager
Audrey Timmermans	Finance and Administration Manager
Hugo Couderé	Portfolio manager Asia
Caterina Giordano	Portfolio manager Africa
Alex Tack	Portfolio manager Latin America
Mauricio Duran	General Manager of Fopepro

The current list of the external experts, voting members of the Investment Committee is as follows:

Name	Expertise	Affiliation
Marcus Fedder	Investment and development banking sector, Microfinance is Asia and Africa	Independant
Reginald Thibaut	Banking sector, Africa	Independant
Ignace Vanden Bulcke	Corporate banking and trade finance	Independant
Nawfal Jorio	Credit analysis	Independant

No remuneration is given to the external experts for their role as member of the investment committee.

The current list of the Board of directors, voting members of the Investment Committee is as follows:

Name	Proposed by
Laurent Biot	SOS Faim
Chris Claes	Vredeseilanden
Vincent de Brouwer	Private shareholders
Frederick De Gryse	Triodos Bank
Mark Lambrechts	Independent
Jean Matton	Private shareholders
Dominique Morel	Independent
Klaartje Vandersypen	Private shareholders

No remuneration is given to the Board of directors for their role as member of the investment committee.

The members of the investment committee are appointed by Alterfin's board of directors. The investment committee meets (in principle) every week (normal quorum) and every month (special quorum).

### 12.2.2. Special information

#### Experience

Name	Experience in microfinance	Other experiences
Marcus Fedder	Co-founder of Agora Microfinance Partners. Former director of the MFIs AMK Cambodia and Jaghdan Finance Mumba.	Senior positions at a number of investment and development banks, Former Vice Chair and Head of Europe and Asia-Pacific of Toronto Dominion Securities. Former Treasurer of the European Bank for Reconstruction and Development, worked for the World Bank, CIBC, Deutsche Bank.
Reginald Thibaut	None	Former Manager Affiliates Belgolaise network, BCB (Burundi), BK (Rwanda)
Ignace Vanden Bulcke	None	Corporate banking with Chase Manhattan Bank/Handelsbank, Ippa Bank, BNP Paribas Fortis
Nawfal Jorio	International expert in microfinance certification	Financial Analyst SRIB, Credit Analyst Crelan.

#### Other mandates

Name	Current mandates	Mandates last 5 years
Marcus Fedder	Director of International Finance Facility for Immunisation	Advisor and co-founder of Agora Microfinance Partners. Vice Chair and Head of Europe and Asia-Pacific of TD Securities
Reginald Thibaut	Board of Directors of Interbank Burundi.	Board of Directors of Interbank Burundi, Supremo
Ignace Vanden Bulcke	None	None
Nawfal Jorio	Coach for a Belgian charity	UN volunteer translator in Dakar, Senegal

There are no family ties between the investment 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.

### 12.3. Management

Management is executed as follows:

Article 25 of the by-Laws 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 "general manager".

The general manager has primary responsibility for seeking to achieve Alterfin's policy goals and is also the daily spokesman and representative. The general manager 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 general manager 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.

Mr Jean-Marc Debricon was appointed as general manager in January 2015.

#### **12.4. 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 external 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 by-Laws. In addition, the "Internal rules" specify how Alterfin's various bodies function internally and how they collaborate together.

#### **12.5. 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 general manager's gross salary for 2015 was EUR 65,144.64 (taxable pay).

#### **12.6. Shares held by directors and management**

##### **12.6.1. Members of the board of directors**

On 30 September 2016, six (out of eight) members of the board of directors personally owned Existing Shares in Alterfin. The Existing Shares owned by directors represent 0,54% of the total capital. No member of the board of directors owns more than 0,27% of the capital.

##### **12.6.2. Members of the external experts member of the investment committee**

On 30 September 2016, none of the four external experts member of the investment committee personally owned Existing Shares in Alterfin.

##### **12.6.3. Management**

On 30 September 2016, the management, represented by Jean-Marc Debricon owned around 0,01% of the Existing Shares in Alterfin.

### 12.7. Employees

At the closing date of the 2015 financial year, there were nineteen employees (17.2 full-time equivalents) enrolled on the personnel register, namely:

Jean-Marc Debricon	General Manager
Audrey Timmermans	Head of Finance and administration
Jan De Grande	Cash Manager and Senior financial adviser
Julie Depelchin	Accountant
Sofie Desmet	Business manager
Tom Reniers	Data Manager
Marie Depelchin	Credit administrator
Hugo Couderé	Senior advisor and portfolio manager Asia
Alex Tack	Portfolio manager Latin America
Saúl Castro	Regional manager Latin America
Mauricio Duran	Investment manager Latin America
Virgilio Scacchetti	Investment manager Latin America
Caterina Giordano	Portfolio manager Africa
Irène Angot	Investment manager Africa
Joan Penche	Investment manager Africa
Karin Huffer	Communication & Marketing officer
Georges Karras	Communication & Marketing officer
Paola Ovando	Intern
Louis Guezou	Intern

## 13. Relationship with the existing shareholders and transactions with related parties

### 13.1. Shareholder structure before the closure of the Offering

At the close of the 2015 financial year, Alterfin had 5,574 shareholders or members, together investing more than EUR 50.87 million. 86% of this capital is held by private individuals:

Situation on 31/12/2015	Category A		Category B		Total
	Legal entities		Private persons		
Number of shareholders	214	4%	5,360	96%	5,574
Share capital in EUR	7,234,750.00	14%	43,634,437.50	86%	50,869,187.50
Number of shares	28,939	4%	698,151	96%	727,090

On 30 September 2016 the capital had increased to EUR 55,874,500 invested by 5,743 shareholders.

Situation on 30/09/2016	Category A		Category B		Total
	Legal entities		Private persons		
Number of shareholders	212	4%	5,531	96%	5,743
Share capital in EUR	7,912,000.00	14%	47,962,500.00	86%	55,874,500
Number of shares	31,648	4%	767,400	96%	799,048

### 13.2. 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.

### 13.3. 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.



## 14. Description of the authorised capital

### 14.1. 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.

### 14.2. 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 by-Laws, with respect to the amount in excess of the fixed portion.

#### 14.2.1. Amount of capital, number and classes of Shares

Situation on 31 December 2015:

Situation on 31/12/2015	Category A		Category B		Total
	Legal entities		Private persons		
Number of shareholders	214	4%	5,360	96%	5,574
Share capital in EUR	7,234,750.00	14%	43,634,437.50	86%	50,869,187.50
Number of shares	28,939	4%	698,151	96%	727,090

Situation on 30 September 2016:

Situation on 30/09/2016	Category A		Category B		Total
	Legal entities		Private persons		
Number of shareholders	212	4%	5,531	96%	5,743

<b>Share capital in EUR</b>	7,912,000.00	14%	47,962,500.00	86%	<b>55,874,500</b>
<b>Number of shares</b>	31,648	4%	767,400	96%	<b>799,048</b>

#### 14.2.2. Capital increase

The intended maximum total amount of the capital increase is EUR 15,000,000.00 (to be collected during the Subscription Period).

### 14.3. Rights attached to the Shares

#### 14.3.1. 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 by-Laws 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 by-Laws. 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.

#### 14.3.2. 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.

#### 14.3.3. 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.

### 14.4. 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.

### 14.5. Transfer of Shares

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

### 14.6. 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 by-Laws 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.

#### **14.7. 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 by-Laws plus any reserves which may not be distributed according to the law or the by-Laws.

#### **14.8. Other securities**

At present there are no securities other than the Shares.

## 15.The taxation system in Belgium

### 15.1. Dividends

#### 15.1.1. 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 2015, the basic amount of EUR 125 is index-adjusted to EUR 190.

Above this amount a withholding tax of 27% applies. In October 2016, the Belgian Federal Government reached a new agreement. An increase in withholding tax from 27% to 30% on dividend paid or attributed on or after 1st of January 2017 has been announced.

Additionally, the programme law of 28 June 2013 adopted a reduction of the withholding tax rate on regular dividends originating from new shares issued at the occasion of a capital increase (or at the moment of incorporation) in a small or medium sized company (SME). The reduced withholding tax rates come down to:

- 20% on dividends granted or made payable by virtue of a profit allocation for the 2nd financial year following the financial year of the contribution;
- 15% from the third year following the financial year of the contribution.

There are a number of conditions that have to be met in order to be able to benefit from the new tax scheme:

- Only companies qualifying as SMEs (in the sense of article 15 of the Belgian Companies Code) can benefit from this tax regime during the taxable period in which the capital increase takes place;
- It applies to dividends from new registered shares;
- The new shares have been acquired by means of a cash contribution;
- The cash contribution is effected from 1 July 2013;
- The contributed capital is fully paid;
- The tax payer has the full property (unless the shares are transferred in direct line or between spouses following a legal succession) of the registered shares uninterruptedly (unless the shares are transferred in direct line or between spouses) as from the moment of capital contribution. There is also an exception for tax neutral restructurings;

In addition, a number of anti-abuse measures have been adopted:

- Only capital increases that exceed the amount of a previous capital decrease since 1 May 2013 qualify for the reduced withholding tax regime;
- In case of a capital decrease after a capital increase under this new measure since 1 July 2013, the decrease will be effected on the basis of the new capital;
- Funds originating from a capital decrease from 1 May 2013 effected by a person who invests these funds in a capital increase of another company, do not qualify for the application of the reduced withholding tax rate;

The general anti-abuse regulation as described in art. 344§1 of the ITC remains to apply.

#### 15.1.2. Resident corporations

A withholding tax of 27% applies. In October 2016, the Belgian Federal Government reached a new agreement. An increase in withholding tax from 27% to 30% on dividend paid or attributed on or after 1st of January 2017 has been announced.

Additionally, the programme law of 28 June 2013 adopted a reduction of the withholding tax rate on regular dividends originating from new shares issued at the occasion of a capital increase (or at the moment of incorporation) in a small or medium sized company (SME). The reduction and conditions are described above in 15.1.1.

### 15.1.3. Resident legal entities

Under Article 221 WIB 92 there is no exemption for legal entities on the first tranche of the dividend, a withholding tax of 27% applies. In October 2016, the Belgian Federal Government reached a new agreement. An increase in withholding tax from 27% to 30% on dividend paid or attributed on or after 1st of January 2017 has been announced.

Additionally, the programme law of 28 June 2013 adopted a reduction of the withholding tax rate on regular dividends originating from new shares issued at the occasion of a capital increase (or at the moment of incorporation) in a small or medium sized company (SME). The reduction and conditions are described above in 14.1.1.

### 15.1.4. Non-residents

For non-residents the same provisions apply as for residents. The withholding tax could be reduced depending on the existence of a double taxation avoidance convention between Belgium and the country of residence of the shareholders.

## 15.2. Capital gains and losses

### 15.2.1. 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.

### 15.2.2. 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.

### 15.2.3. 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.

### 15.2.4. Capital losses - resident legal entities

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

### 15.2.5. 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.

## 15.3. Tax on stock exchange transactions

Not applicable.

#### 15.4. 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 was valid for the period from 2010 to 2014 and renewed for five years in December 2014. 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 380 after indexation for the taxable year 2016);
- The relief is limited to EUR 210 per taxable period (EUR 320 after indexation for the taxable year 2016);
- 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 seven Class B Shares (EUR 437.50). To benefit from the maximum relief of EUR 320, 103 Class B shares must be acquired (EUR 6,437.50).

## 16.Litigation and arbitration; significant changes

### 16.1. Litigation and arbitration

Alterfin is currently in litigation with a Paraguay-based partner, ARASY ORGANICA SA. The results of that litigation may affect Alterfin's financial results one way or another. The litigation concerns the ownership of a collateral. The total amount at risk for Alterfin is USD 1.3 million.

### 16.2. Significant changes in Alterfin's financial or trading position

Since the date of the last interim financial figures (30 September 2016), no significant changes have been recorded in Alterfin's financial or trading position.

## APPENDIX 1: Alterfin Shareholder registration form

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Home > Subscribe to shares > Subscribe to Alterfin's shares

# Subscribe to Alterfin's shares

I wish to become a shareholder of Alterfin!

One share for a private person costs € 62,50, for corporate bodies (companies, associations, ...) € 250.

I subscribe to \*

Alterfin shares

as a(n) \*individual▼

I will pay the total amount ofEUR

on the account :  
IBAN: BE85 5230 4527 2706 (BIC: TRIO BE BB) - mentioning the your personal structured communication which will be sent to you by e-mail separately.  

Mrs.Mr.

Upon receipt of your payment, we will send you a certificate of our co-op registry.

Read the prospectus before becoming a co-op on our website or on Alterfin's headquarters.

The dividend may vary upward or downward, and it may be that the total amount invested may not be recovered. Microfinance is linked to risks, including changes in exchange rates and investing in emerging markets. The yields obtained in the past are no guarantee for the future and no warranty is given as to future results.

Protecting your privacy is important to us. Read our privacy policy here.

Name \*Surname \*Address \*Number \*BoxZip code \*City \*Country \*State register number \*Tel. / Mobile \*Email \*I wish to be contacted by Alterfin by \*emailpostI have heard about Alterfin's activities via \*

\* Required FieldsSubmit▶



## APPENDIX 2: Audited financial statements 2015, 2014, 2013

### BALANS NA WINSTVERDELING

Toel.	Codes	2015	2014	2013
<b>ACTIVA</b>				
<b>VASTE ACTIVA</b>	20/28	<b><u>1.827.779,08</u></b>	<b><u>1.636.811,76</u></b>	<b><u>2.017.082,05</u></b>
Oprichtingskosten	20			
Immateriële vaste activa	5.1.1 21	0	85,87	185,37
Materiële vaste activa	5.1.2 22/27	19.333,04	170.508,32	460.336,59
Terreinen en gebouwen	22			
Installaties, machines en uitrusting	23	426,9	72,14	225,28
Meubilair en rollend materieel	24	18.906,14	17.994,94	26.334,14
Leasing en soortgelijke rechten	25			
Overige materiële vaste activa	26	0	152.441,24	433.777,17
Activa in aanbouw en vooruitbetalingen	27			
Financiële vaste activa	5.1.3/5.2.1 28	1.808.446,04	1.466.217,57	1.556.560,09
<b>VLOTTENDE ACTIVA</b>	29/58	<b><u>91.684.686,14</u></b>	<b><u>82.229.175,3</u></b>	<b><u>59.785.210,71</u></b>
Vorderingen op meer dan één jaar	29	20.148.579,52	26.948.340,59	13.698.410,87
Handelsvorderingen	290			
Overige vorderingen	291	20.148.579,52	26.948.340,59	13.698.410,87
Voorraden en bestellingen in uitvoering	3			
Voorraden	30/36			
Bestellingen in uitvoering	37			
Vorderingen op ten hoogste één jaar	40/41	23.070.354,15	13.870.388,58	12.762.946,45
Handelsvorderingen	40	13.775,07	7.327	12.078,71
Overige vorderingen	41	23.056.579,08	13.863.061,58	12.750.867,74
Geldbeleggingen	5.2.1 50/53	45.280.766,08	39.753.384,44	31.106.062,77
Liquide middelen	54/58	1.816.509,31	126.471,42	1.082.488,3
Overlopende rekeningen	490/1	1.368.477,08	1.530.590,27	1.135.302,32
<b>TOTAAL VAN DE ACTIVA</b>	20/58	<b><u>93.512.465,22</u></b>	<b><u>83.865.987,06</u></b>	<b><u>61.802.292,76</u></b>

Toel.	Codes	2015	2014	2013
<b>PASSIVA</b>				
<b>EIGEN VERMOGEN</b>	10/15	<b><u>52.485.002,44</u></b>	<b><u>45.316.981,09</u></b>	<b><u>35.637.763,19</u></b>
Kapitaal	5.3 10	50.869.187,5	43.734.062,5	34.225.187,5
Geplaatst kapitaal	100	50.869.187,5	43.734.062,5	34.225.187,5
Niet-opgevraagd kapitaal	101			
Uitgiftepremies	11			
Herwaarderingsmeerwaarden	12			
Reserves	13	1.601.332,15	1.552.415,91	1.397.616,05
Wettelijke reserve	130	348.425,23	305.373,43	267.691,73
Onbeschikbare reserves	131			
Voor eigen aandelen	1310			
Andere	1311			
Belastingvrije reserves	132			
Beschikbare reserves	133	1.252.906,92	1.247.042,48	1.129.924,32
Overgedragen winst (verlies)	(+)/(-) 14	14.482,79	30.502,68	14.959,64
Kapitaalsubsidies	15			
Voorschot aan de vennoten op de verdeling van het netto-actief	19			
<b>VOORZIENINGEN EN UITGESTELDE BELASTINGEN</b>	16			
Voorzieningen voor risico's en kosten	5.4 160/5			
Uitgestelde belastingen	168			
<b>SCHULDEN</b>	17/49	<b><u>41.027.462,78</u></b>	<b><u>38.549.005,96</u></b>	<b><u>26.164.529,57</u></b>
Schulden op meer dan één jaar	5.5 17	590.348,58	5.022.215,55	4.686.010,6
Financiële schulden	170/4	463.718,7	4.870.807,56	4.494.315,31
Kredietinstellingen, leasingschulden en soortgelijke schulden	172/3	362.472,55	4.782.061,41	4.373.093,12
Overige leningen	174/0	101.246,15	88.746,15	121.222,19
Handelsschulden	175			
Ontvangen vooruitbetalingen op bestellingen	176			
Overige schulden	178/9	126.629,88	151.407,99	191.695,29
Schulden op ten hoogste één jaar	5.5 42/48	40.212.412,7	33.077.910,96	21.265.694,7
Schulden op meer dan één jaar die binnen het jaar vervallen	42	221.493,8	265.390,11	81.841,73
Financiële schulden	43	38.619.642,17	31.791.537,8	19.775.697,49
Kredietinstellingen	430/8	38.619.642,17	31.791.537,8	19.775.697,49
Overige leningen	439			
Handelsschulden	44	126.898,89	108.109,26	159.066,63
Leveranciers	440/4	126.898,89	108.109,26	159.066,63
Te betalen wissels	441			
Ontvangen vooruitbetalingen op bestellingen	46			
Schulden met betrekking tot belastingen, bezoldigingen en sociale lasten	45	179.024,7	140.205,2	137.285,74
Belastingen	450/3			
Bezoldigingen en sociale lasten	454/9	179.024,7	140.205,2	137.285,74
Overige schulden	47/48	1.065.353,14	772.668,59	1.111.803,11
Overlopende rekeningen	492/3	224.701,5	448.879,45	212.824,27
<b>TOTAAL VAN DE PASSIVA</b>	10/49	<b><u>93.512.465,22</u></b>	<b><u>83.865.987,05</u></b>	<b><u>61.802.292,76</u></b>

## RESULTATENREKENING

Toel.	Codes	2015	2014	2013
<b>Bedrijfsopbrengsten en bedrijfskosten</b>				
Brutomarge (+)/(-)	9900	-237.620,31	-87.121,75	-105.574,68
Omzet	70	438.483,42	313.312,15	349.840,3
Handelsgoederen, grond- en hulpstoffen, diensten en diverse goederen	60/61	676.103,73	400.433,9	455.414,98
Bezoldigingen, sociale lasten en pensioenen (+)/(-)	62	1.085.348,69	891.256,41	812.543,1
Afschrijvingen en waardeverminderingen op oprichtingskosten, op immateriële en materiële vaste activa	630	13.466,8	14.629,91	20.595,68
Waardeverminderingen op voorraden, op bestellingen in uitvoering en op handelsvorderingen: toevoegingen (terugnemingen) (+)/(-)	631/4	1.719.344,97	679.383,17	652.077,52
Voorzieningen voor risico's en kosten: toevoegingen (bestedingen en terugnemingen) (+)/(-)	635/7			
Andere bedrijfskosten	640/8	13.226,24	8.624,46	11.472,9
Als herstructureringskosten geactiveerde bedrijfskosten (-)	649			
<b>Bedrijfswinst (Bedrijfsverlies) (+)/(-)</b>	9901	-3.069.007,01	-1.681.015,7	-1.602.263,88
<b>Financiële opbrengsten</b>	5.6 75	10.702.308,6	6.377.619,09	4.095.008,43
<b>Financiële kosten</b>	5.6 65	6.641.060,23	3.474.161,94	1.780.594,61
<b>Winst (Verlies) uit de gewone bedrijfsuitoefening vóór belasting (+)/(-)</b>	9902	992.241,36	1.222.441,45	712.149,94
<b>Uitzonderlijke opbrengsten</b>	76	71.786,39	70.894,25	59.106,31
<b>Uitzonderlijke kosten</b>	66	202.627,63	538.734,2	0
<b>Winst (Verlies) van het boekjaar vóór belasting (+)/(-)</b>	9903	861.400,12	754.601,5	771.256,25
<b>Onttrekking aan de uitgestelde belastingen</b>	780			
<b>Overboeking naar de uitgestelde belastingen</b>	680			
<b>Belastingen op het resultaat (+)/(-)</b>	67/77	364,15	967,45	-8.112,88
<b>Winst (Verlies) van het boekjaar (+)/(-)</b>	9904	861.035,97	753.634,05	779.369,13
<b>Onttrekking aan de belastingvrije reserves</b>	789			
<b>Overboeking naar de belastingvrije reserves</b>	689			
<b>Te bestemmen winst (verlies) van het boekjaar (+)/(-)</b>	9905	861.035,97	753.634,05	779.369,13

## RESULTAATVERWERKING

	Codes	2015	2014	2013
<b>Te bestemmen winst (verlies) (+)/(-)</b>	9906	891.538,65	768.593,69	960.677,93
Te bestemmen winst (verlies) van het boekjaar (+)/(-)	9905	861.035,97	753.634,05	779.369,13
Overgedragen winst (verlies) van het vorige boekjaar (+)/(-)	14P	30.502,68	14.959,64	181.308,8
<b>Onttrekking aan het eigen vermogen</b>	791/2			
<b>Toevoeging aan het eigen vermogen</b>	691/2	48.916,24	154.799,86	81.280,37
aan het kapitaal en aan de uitgiftepremies	691			
aan de wettelijke reserve	6920	43.051,8	37.681,7	38.968,46
aan de overige reserves	6921	5.864,44	117.118,16	42.311,91
<b>Over te dragen winst (verlies) (+)/(-)</b>	14	14.482,79	30.502,68	14.959,64
<b>Tussenkoms van de vennoten in het verlies</b>	794			
<b>Uit te keren winst</b>	694/6	828.139,62	583.291,14	864.437,92
Vergoeding van het kapitaal	694	828.139,62	583.291,14	864.437,92
Bestuurders of zaakvoerders	695			
Andere rechthebbenden	696			

## Jaarverslag Alterfin cvba 2015

### 1. Overzicht van de ontwikkeling en resultaten van Alterfin

**Portefeuille:** Eind 2015 bedroeg het totale bedrag aan investeringen die Alterfin beheert (met inbegrip van de investeringen voor derden) 59.12 miljoen EUR (+3.8% in vergelijking met 2014), verspreid over 132 partners uit 30 verschillende landen. 71.5% van de portefeuille was geïnvesteerd in Latijns-Amerika, 20.5% in Afrika, 6.6% in Azië, 0.8% in het Midden Oosten en 0.5% in Internationaal.

56.1% van de portefeuille werd geïnvesteerd in microfinanciering, 40% in landbouw (fair trade) en 3.8% in fondsen (mix MFI en landbouw).

Eigen portefeuille van Alterfin komt overeen met 78,1 % van de totale beheerde portefeuille.

Alterfin beheert ook portefeuille voor rekening van derden. Alterfin is in juli 2012 begonnen met het aanbrengen en opvolgen van Fair Trade partners voor Calvert Social Investment Foundation. De portefeuille van Calvert bedroeg op 31 december 2015, 1.291.528 EUR.

Verder verleent Alterfin diensten (partneropvolging) voor de externe fondsen Fefisol (focus op Afrika) en Fopepro (focus op Latijns-Amerika), met een uitstaande portefeuille van respectievelijk 8.174.955 EUR en 3.477.162 EUR op 31 december 2015. De meeste activiteiten in Afrika zijn ontwikkeld door Fefisol.

Alterfin werd ook aangesteld als portfolio manager voor het fonds Kampani, dat in maart 2015 werd opgericht. Dit fonds richt zich op de lange termijn financiering van bedrijven die samenwerken met organisaties van en voor kleine producenten in het Zuiden. Kampani heeft nog geen uitstaande portefeuille, de eerste investeringen van het fonds zijn gepland in 2016.

**Balans:** Op 31 december 2015 bedroeg het balanstotaal 93.512.465 EUR (+11.50%).

Het kapitaal van Alterfin bedroeg eind 2015 50.869.188 EUR (+16.31%) samengebracht door nieuwe en bestaande vennoten. Op 31 december 2015 telde Alterfin 5.574 vennoten (+11.43%).

Vermeldenswaard bij de balans is de convergentie tussen:

- de evolutie van het geplaatst kapitaal (50.869.188 EUR; +16.31%) enerzijds en de evolutie van de geldbeleggingen en liquide middelen (47.097.275 EUR; +18.11%) anderzijds
- de evolutie van de kredietportefeuille (42.575.914 EUR; +5.54%) enerzijds en de evolutie van de schulden anderzijds (39.989.689 EUR; +5.98%).

Deze beide convergenties illustreren de politiek van Alterfin waarbij het gemobiliseerde kapitaal van Alterfin wordt aangewend als garantie voor het verwerven van kredietlijnen in U.S. dollar bij de huisbankiers van Alterfin. Hiermee wordt dan aan partnerorganisaties kredieten verstrekt.

#### Resultatenrekening:

De totale financiële en operationele inkomsten van Alterfin bedroegen 5.541.863 EUR (+32.11%).

De toename van de inkomsten die verband houden met onze portefeuille 3.620.095 EUR (+23.80%) is voornamelijk toe te schrijven aan de groei van die portefeuille en niet aan een stijging van de rentevoeten die aan onze partners worden gevraagd.

De stijging van de inkomsten uit beleggingen in euro (in het Noorden) 1.600.417 EUR (+46.53%), is voornamelijk toe te schrijven aan de groei van onze activiteiten en ook aan meerwaarden gerealiseerd op de verkoop van sommige obligaties.

De financiële kosten (zonder wisselresultaten) bedroegen 1.246.030 EUR (+21.25%). De stijging houdt verband met de groei van onze activiteiten.

De bedrijfskosten zijn gestegen: 1.708.890 EUR (+35.8%). Dit houdt ondermeer verband met de groei van onze activiteiten en met de stijging van de invorderingskosten voor dubieuze kredieten.

Dankzij het gestegen bedrag van de notionele interesten tengevolge van de sterke kapitaalsverhoging in 2015 dient Alterfin bijna geen belasting te betalen.

Het nettoresultaat van het boekjaar bedraagt 861.036 EUR (+14.25%), ondanks de waardeverminderingen op onze kredietportefeuille (1.530.228 EUR) en het negatieve uitzonderlijke resultaat naar aanleiding van een waardevermindering op onze participatie in Fopepro (194.734 EUR).

De Algemene Vergadering van de aandeelhouders die plaatsvindt op zaterdag 19 maart 2016 zal beslissen over de aanwending van het nettoresultaat.

## Jaarverslag Alterfin cvba 2014

### 1. Overzicht van de ontwikkeling en resultaten van Alterfin

**Portefeuille:** Eind 2014 bedroeg de portefeuille van Alterfin 42.882.575 EUR (+52%) verspreid over 114 partners uit 26 verschillende landen. 82% van de portefeuille was geïnvesteerd in Latijns-Amerika, 8,5% in Afrika, 7,6% in Azië, 1,4% in het Midden Oosten en 0,5% in Internationaal.

49,8% van de portefeuille werd geïnvesteerd in microfinanciering, 43,8% in landbouw (fair trade) en 6,4% in fondsen (mix MFI en landbouw). Alterfin werkt voornamelijk via kredietverlening (94,4%) en vooral in USD (87%).

Alterfin beheert ook portefeuilles voor rekening van derden. Alterfin is in juli 2012 begonnen met het aanbrengen en opvolgen van Fair Trade partners voor Calvert Social Investment Foundation. De portefeuille van Calvert bedroeg op 31 december 2014, 4.370.298 EUR.

Verder verleent Alterfin diensten (partneropvolging) voor de externe fondsen FEFISOL (focus op Afrika) en FOPEPRO (focus op Latijns-Amerika), met een uitstaande portefeuille van respectievelijk 6.544.882 EUR en 3.184.559 EUR op 31 december 2014. De meeste activiteiten in Afrika zijn ontwikkeld door FEFISOL.

Alterfin beheert geen contracten meer voor responsAbility (rA) omdat rA in 2012 besliste om de samenwerking met Alterfin te beëindigen en zelf interne capaciteit op te bouwen.

**Balans:** Het kapitaal van Alterfin bedroeg eind 2014 43.734.063 EUR (+28%) samengebracht door 5.002 vennoten (+18%). Het balanstotaal (voor winstverdeling) bedroeg 83.865.987 EUR (+36%). Vermeldenswaard bij de balans is de convergentie tussen:

- de evolutie van het geplaatst kapitaal (43.734.063 EUR; +28%) enerzijds en de evolutie van de geldbeleggingen en liquide middelen (39.875.894 EUR; +24%) anderzijds
- de evolutie van de kredietportefeuille (40.342.835 EUR; +55%) enerzijds en de evolutie van de schulden anderzijds (37.732.123; +50%).

Deze beide convergenties illustreren de politiek van Alterfin waarbij het gemobiliseerde kapitaal van Alterfin wordt aangewend als garantie voor het verwerven van kredietlijnen in U.S. dollar bij de huisbankiers van Alterfin. Hiermee wordt dan aan partnerorganisaties kredieten verstrekt.

### Resultatenrekening:

De totale financiële en operationele inkomsten van Alterfin bedroegen 4.194.730 (+21%).

De toename van de inkomsten die verband houden met onze portefeuille 2.924.063 EUR (+30%) is voornamelijk toe te schrijven aan de groei van die portefeuille en niet aan een stijging van de rentevoeten die aan onze partners worden gevraagd.

De financiële kosten (zonder wisselresultaten) bedroegen 1.027.681 EUR (+21%). De stijging houdt verband met de groei van onze activiteiten.

De bedrijfskosten zijn niet meer gestegen: 1.258.410 EUR (+1%). Dit houdt ondermeer verband met de beperking van onze marketing campagnes.

Dankzij het bedrag van de notionele interesten tengevolge van de sterke kapitaalsverhoging in 2014 dient Alterfin bijna geen belasting te betalen.

Het nettoresultaat van het boekjaar bedraagt 753.634 EUR (-3,30% in vergelijking met 2013). Het resultaat is sterk beïnvloed door de waardeverminderingen op onze portefeuille (751.508 EUR) en het negatieve uitzonderlijke resultaat (538.734 EUR) naar aanleiding van een waardevermindering op vastgoed in Paraguay en onze participatie in FOPEPRO.

De Algemene Vergadering van de aandeelhouders die plaats vindt op zaterdag 28 maart 2015 zal beslissen over de aanwending van het nettoresultaat.

## Jaarverslag Alterfin cvba 2013

### 1. Overzicht van de ontwikkeling en resultaten van Alterfin

Portefeuille: Eind 2013 bedroeg de portefeuille van Alterfin 28.189.189 EUR (+11%) verspreid over 114 partners met een uitstaand saldo bij 101 van deze partners uit 24 verschillende landen. 84,9% van de portefeuille was geïnvesteerd in Latijns-Amerika, 7,2% in Afrika, 5,6% in Azië, 1,4% in het Midden Oosten en 0,8% in Internationaal. 49,8% van de portefeuille werd geïnvesteerd in microfinanciering, 43,8% in landbouw (fair trade) en 6,4% in fondsen (mix MFI en landbouw). Alterfin werkt voornamelijk via kredietverlening (94,4%) en verleent financiering vooral in USD (87%).

Alterfin beheert ook portefeuille voor rekening van derden.

Op 31 december 2013 bedroeg de portefeuille van responsAbility 468.962 EUR (-96%). Alterfin beheert momenteel de laatste contracten omdat responsAbility in 2012 besliste om de samenwerking met Alterfin te beëindigen en zelf interne capaciteit op te bouwen.

Alterfin is in juli 2012 begonnen met het aanbrengen en opvolgen van Fair Trade partners voor Calvert Social Investment Foundation. In mei 2013 werd een nieuwe deelname gesloten met Calvert. De portefeuille van Calvert bedroeg op 31 december 2013, 4.198.758 EUR.

Verder verleent Alterfin diensten (partneropvolging) voor de externe fondsen FEFISOL (focus op Afrika) en FOPEPRO (focus op Latijns-Amerika), met een uitstaande portefeuille van respectievelijk 3.349.897 EUR en 2.507.835 EUR op 31 december 2013. De meeste activiteiten in Afrika zijn ontwikkeld door FEFISOL.

Balans: Het kapitaal van Alterfin bedroeg eind 2013 34.225.187,50 EUR (+37%) samengebracht door 4.403 vennoten (+30%). Het balanstotaal (voor winstverdeling) bedroeg 61.802.292,76 EUR (+24%). Vermeldenswaard bij de balans is de convergentie tussen:

- de evolutie van het geplaatst kapitaal (34.225.187,50 EUR; +37%) enerzijds en de evolutie van de geldbeleggingen en liquide middelen (32.184.609,69 EUR; +34%) anderzijds
- de evolutie van de kredietportefeuille (26.099.074,29 EUR; +14%) enerzijds en de evolutie van de schulden anderzijds (25.117.015,14 EUR; +13%).

Deze beide convergenties illustreren de politiek van Alterfin waarbij het gemobiliseerde kapitaal van Alterfin wordt aangewend als garantie voor het verwerven van kredietlijnen in U.S. dollar bij de huisbankiers van Alterfin. Hiermee wordt dan aan partnerorganisaties kredieten verstrekt.

Resultatenrekening: De totale inkomsten van Alterfin bedroegen 4.511.892,68 (+25%) en werden vooral beïnvloed door de stijging van de inkomsten uit de eigen portefeuille van Alterfin (+21%). De financiële kosten (zonder wisselresultaten) bedroegen 848.265 EUR en de operationele kosten 1.246.618 EUR (+24,7%).

Het nettoresultaat van het boekjaar bedraagt 779.369,13 EUR. De Algemene Vergadering van de aandeelhouders die doorgaat op zaterdag 29 maart 2014 zal beslissen over de aanwending van dit resultaat.



### APPENDIX 3: Unaudited income statement and balance sheet on 30 September 2016

<b>P&amp;L of Alterfin c.v.b.a</b>			
	<b>31/12/2014</b>	<b>31/12/2015</b>	<b>30/09/2016</b>
Income from Alterfin portfolio	2,924,063	3,620,095	2,264,140
Income from portfolio management third parties	177,908	320,436	279,617
Income from commissions	521	914	380
Income from EUR investments	1,092,238	1,600,417	840,484
<b>Total financial and operational income</b>	<b>4,194,730</b>	<b>5,541,863</b>	<b>3,384,621</b>
Financial costs	-1,027,681	-1,246,030	-814,848
<b>Financial margin</b>	<b>3,167,049</b>	<b>4,295,833</b>	<b>2,569,772</b>
Personnel	-894,162	-1,088,255	-891,855
Office	-99,451	-91,036	-84,903
Marketing and communication	-104,287	-183,501	-57,261
Services	-47,137	-35,834	-46,852
Monitoring portfolio	-113,372	-122,710	-123,419
Recovery portfolio		-187,555	-484,823
<b>Total Operational costs</b>	<b>-1,258,410</b>	<b>-1,708,890</b>	<b>-1,689,113</b>
<b>Gross operational margin</b>	<b>1,908,639</b>	<b>2,586,943</b>	<b>880,659</b>
Write-downs on credit portfolio	-881,706	-1,604,015	-801,703
Recoveries	130,198	73,788	127,788
Political risk insurance	-48,038	-66,281	-55,800
Commissions for Alterfin guarantee fund	-14,031	-15,163	-14,504
<b>Net operational margin</b>	<b>1,095,063</b>	<b>975,271</b>	<b>136,440</b>
Currency exchange result	117,118	5,864	-22,235
Extraordinary result	-457,580	-119,735	54,516
Taxes	-967	-364	0
<b>Net margin</b>	<b>753,634</b>	<b>861,036</b>	<b>168,722</b>

## Balance sheet of Alterfin c.v.b.a.

Assets	Audited		Non-audited	
	31/12/2014	31/12/2015	30/09/2016	
Cash at bank	126,471	1,816,509	2,693,692	
Gross loan portfolio	42,500,201	46,472,560	39,615,587	
Write-downs on loans	-2,157,365	-3,896,646	-4,471,394	
Other accounts receivable	475,894	643,020	519,501	
Short term EUR investments	10,510,710	22,166,622	16,869,986	
Long term EUR investments	29,242,674	23,114,144	30,689,682	
<b>EUR Investments</b>	<b>39,753,384</b>	<b>45,280,766</b>	<b>47,559,668</b>	
<b>Total Current Assets</b>	<b>80,698,585</b>	<b>90,316,209</b>	<b>85,917,054</b>	
Financial fixed assets	1,466,218	1,808,446	1,732,919	
Property and Equipment	259,227	121,432	148,569	
Depreciation Prop. and Equipment	-88,719	-102,099	-112,006	
Other fixed assets	995	995	995	
Depreciation of other fixed assets	-909	-995	-995	
<b>Total Fixed Assets</b>	<b>1,636,812</b>	<b>1,827,779</b>	<b>1,769,482</b>	
Accrued interest portfolio	795,092	741,321	711,922	
Accrued interest banks	720,295	615,193	638,278	
Deferred charges	15,203	11,963	31,313	
<b>Total Transitory Accounts</b>	<b>1,530,590</b>	<b>1,368,477</b>	<b>1,381,513</b>	
<b>Total Assets</b>	<b>83,865,987</b>	<b>93,512,465</b>	<b>89,068,049</b>	

Equity and Liabilities		Audited		Non-audited	
		31/12/2014	31/12/2015	30/09/2016	
Paid-in capital		43,734,063	50,869,188	55,874,625	
Accumulated results		14,960	30,503	14,483	
Result of the period		753,634	861,036	168,722	
Legal reserve		267,692	305,373	348,425	
General risks reserve		1,129,924	1,247,042	1,252,907	
<b>Total Equity</b>		<b>45,900,272</b>	<b>53,313,142</b>	<b>57,659,162</b>	
Short Term Liabilities (<1 year)		32,056,928	38,841,136	25,258,674	
Long Term Liabilities (>1 year)		5,022,216	590,349	5,079,502	
Other liabilities		652,979	558,204	788,710	
<b>Total Liabilities</b>		<b>37,732,123</b>	<b>39,989,689</b>	<b>31,126,886</b>	
Accrued interest		118,538	113,754	146,093	
Taxes due		115,054	95,881	135,909	
<b>Total Transitory Accounts</b>		<b>233,592</b>	<b>209,634</b>	<b>282,001</b>	
<b>Total Equity and Liabilities</b>		<b>83,865,987</b>	<b>93,512,465</b>	<b>89,068,049</b>	

## APPENDIX 4: Investment Strategy

### SECTION I – MISSION, ELIGIBLE INVESTMENTS

#### INVESTMENT MISSION

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 that is then channeled to organizations in the South.

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, NGOs in the nineties started to look for new methods to make development cooperation more sustainable.

#### ELIGIBLE INVESTMENTS

*Alterfin invests in two types of organizations (sectors):*

- MFIs (the microfinance sector): thanks to the financing by Alterfin, the MFIs are able to grant many small (micro) credits to their members or clients; and
- POs involved in sustainable agriculture, including Fair Trade (the sustainable agriculture sector): in this case, the loan of Alterfin is used to finance the crops of the producers, the marketing of their produce or the purchase of some new machinery.

*This is done through the following investments:*

- Loans: senior or subordinated, secured or unsecured, of various maturities and amounts, subject to limits, IC approval and appropriate documentation.
- Strategic equity participations: purchase of an equity stake in the target MFI or PO partner, subject to IC and Board approval.

### SECTION II - PORTFOLIO MANAGEMENT

#### STRATEGIC DEVELOPMENT

##### **Geographical balance:**

To date, the portfolio is massively exposed to Latin America. To dilute this risk, without compromising our historical commitment to the Latin American microfinance and sustainable agriculture sectors, we propose to grow the relative importance of the African and Asian exposures. The proposed addition of new countries such as Indonesia and the Philippines for Southeast Asia and Kyrgyzstan, Mongolia, Nepal and Tajikistan for Central Asia is only approved by the Board in so far as i) one new country is proposed at a time (with in-depth country analysis and demonstration that we have adequate resources to evaluate, execute and monitor the proposed investment), ii) the proposal includes several projects rather than a one-off and iii) it is IC-Special Quorum and Board approved.

##### **Sector balance:**

Although the objective previously set by the Board was to have a 50-50% balance between the microfinance and sustainable agriculture sectors, the accumulation of defaults in the latter have forced to re-calibrate this in 2014. We propose to target a 60-40% balance (give or take 5%). Whilst in relative terms, the microfinance sector will now be predominant, in absolute terms, the sustainable agriculture sector will continue to benefit from a growth in investments, due to our overall portfolio growth.

##### **Product balance:**

To date, the portfolio has a strong bias towards coffee. We propose to keep it under the 20% limit and to introduce new products (commodities) and grow the exposures on other already approved products (commodities).



## SECTION III – RISK AND LIMITS

### ECONOMIC CAPITAL

EC is the amount of risk capital that Alterfin estimates in order to remain solvent at a given confidence level and time horizon. It measures and reports market and operational risks across Alterfin. EC measures risk using economic realities rather than accounting and regulatory rules, which have been known to be misleading. As a result, it is thought to give a more realistic representation of a firm's solvency.

EC models for large financial institutions tend to be quite complex, involving the calculation of correlation factors. At this stage of Alterfin's development, we would propose a more basic model, based on the calculation of (the maximum) loss for the Alterfin portfolio at a one-year time horizon:

$$\text{LOSS} = \text{Probability of Default (PD)} * \text{Exposure at Default (EAD)} * \text{Loss Given Default (LGD)}$$

Where:

PD, in the absence of a better system, is set for each Partner Risk Category and sector

EAD is equal to outstanding amount net of write-downs

LGD is 100% minus any value for compliant collateral or risk mitigation (see below and section VI)

Partner Risk Category	MFI sector	PO sector
Low	2.5%	5%
Low/Medium	5%	10%
Medium	10%	20%
Medium/High	15%	30%
High	20%	40%

(Estimated PD on a 1-year horizon, to be annually updated)

Collateral / risk mitigation	Recovery (in %)	LGD (in %)
None	0%	100%
Mortgage	Value * Discount Factor X1 if EoD <6 months, X1.5 if <18 months, X2 beyond	100% - Recovery
Pagares, sales contracts	20%	80%
Promissory Note	20%	80%
Corporate guarantee	50%	50%
Bank guarantee	50%	50%
Government guarantee	100%	0%

(Estimated LGD on a 1-year horizon)

We propose to set an initial overall limit for EC (or “maximum loss”) as 15% of the total share capital in EUR. The total Loss can be calculated for the entire portfolio on a weekly basis, for review by the IC. The calculations will be made according to three different scenarii (optimistic, median and pessimistic). These calculations will be based on the above PD levels (for the median scenario), on PD reduced by 50% (for the optimistic scenario) and on PD increased by 50% (for the pessimistic scenario). New deals are approved as long as the overall limit is not breached. For the purpose of benchmarking against the overall limit, the median scenario will be taken into consideration.

For the avoidance of doubt, EC is solely focused on economic risk and does not take social impact into consideration. Should a proposal demonstrate great social impact but not comply with the overall limit, the proposal can be approved as a one-off by IC on a Special Quorum.

### PORTFOLIO LIMITS

The following limits are called portfolio limits because they are calculated against the total portfolio in EUR kept on balance sheet.

#### **Credit (Partner) risk and limits:**

Alterfin invests in institutions that in turn fund crops, sustainable agriculture production investments or assign loans to persons who often cannot put forward realistic collateral. Thus it cannot be ruled out that the investments made by Alterfin could be insolvent at some point in time. As a result of which, the investment made by Alterfin in these credits (partners) could be lost.

*Alterfin manages this risk by:*

- Carrying out a rigorous financial analysis;
- Assessing the company planning;
- Evaluating the management and the Board of Directors;
- Regularly reporting on the evolution of the activities;
- Following-up regularly on site.

In order to limit the concentration of risk to a specific institution's creditworthiness, we propose to implement the following Credit (Partner) Limits:

<b>Partner Risk Category</b>	<b>MFI sector</b>	<b>PO sector</b>
<b>Low</b>	3%	2%
<b>Low/Medium</b>	2.5%	1.5%
<b>Medium</b>	2%	1%
<b>Medium/High</b>	1.5%	0.75%
<b>High</b>	1%	0.5%

(Maximum Exposure as a Percentage of Total Portfolio in EUR)

#### **Country risk and limits:**

Alterfin invests in developing countries that are subject to significant country risks. These risks include political risk (for example war or civil war) and transfer risk (impossibility to recuperate the invested funds from the country due to the currency shortage or other government measures).

To cover these risks, Alterfin entered into an insurance policy from Delcredere Ducreire, which insures the following list of countries up to 4.50 million EUR per country: Burkina Faso, Cambodia, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Ivory Coast, Kenya, Nicaragua, Niger, Panama, Peru. The portfolios in Bolivia and Ecuador are insured up to 3.375 million EUR

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. The portfolio invested in Fair Trade partners is therefore not insured with Delcredere Ducreire.

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 limits 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 i) Alterfin's own information, ii) of information from specialised agencies such as Standard & Poor's (S&P) and Credendo, and iii) Alterfin's risk capacity adjusted to the mission drive potential for each country.

<b>Category</b>	<b>Max. country/capital ratio</b>	<b>Max. country/portfolio ratio</b>
<b>Minimal risk</b>	15% of the capital	20% of total portfolio
	Chile, Costa Rica, Mexico, Morocco, Peru, Uruguay	
<b>Modest risk</b>	10% of the capital	15% of total portfolio
	Colombia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua	
<b>Increased risk</b>	5% of the capital	10% of total portfolio

Argentina, Benin, Bolivia, Burundi, Cambodia, Côte d'Ivoire, Democratic Republic of Congo, Dominican Republic, Kenya, Laos, Niger, Palestine, Paraguay, Senegal, Tanzania, Togo, Uganda, Zambia.
--

### Market risk and limits:

The investments are also exposed to market and environmental risks that cannot be hedged from an insurance perspective. These risks include among others things the factors relating to the economic environment, legal uncertainties and the quality of the local regulations on partner institutions.

Alterfin analyses these aspects carefully and in addition uses a healthy geographic distribution in the composition of the portfolio in order to limit the risks as far as possible. Despite the experience of our investment managers, there is no guarantee that enough attractive investments will be identified that the optimum distribution in the portfolio will be achieved. Each contract is the result of a negotiation and the approval of both the Investment Committee and the respective partner is required to complete the transaction.

For our microfinance activity, the objective is that the sector exposure is set at 60% (give or take 5%).

For our sustainable agriculture activity, the objective is that the sector exposure is set at 40% (give or take 5%). The exposure to specific products (commodities) should also be aligned with the following limits:

<b>Tier I Products</b>	Coffee	20%
<b>Tier II Products</b>	Cocoa, funds	10%
<b>Tier III Products</b>	Wine, honey, sesame, Brazil nuts, rice, sugar cane, olive oil, green products, tara, banana, soy, cashew nuts, blueberries, mangos	5%

(Maximum Exposure as a Percentage of Total Portfolio in EUR)

### Exchange rate risk and limits:

Alterfin mitigates as much as possible its exchange rate risk.

Each investment in USD is match-funded in USD by, as the case may be i) tapping on the USD liquidity facilities provided by our banks in the North, ii) accessing USD funding through bonds, loans and deposits issued by Alterfin, or iii) using cross-currency swaps, spot and forward EUR-USD transactions.

Alterfin does not run any exchange risk on the principal amount of its investments denominated in USD. However, it runs a marginal exchange risk on the net margin earned on these investments. Each year, such foreign exchange depreciation (appreciation) is added to our Provisions for General Risks.

Alterfin actively manages the exchange rate risk in local currency. The exchange rate risk on the participations in local currency is fully hedged by using cross-currency swaps, spot and forward foreign exchange transactions and other relevant hedging techniques. In this way, the exchange rate risk is transformed into counterparty credit risk.

### Interest rate risk and limits:

On the one hand, Alterfin draws debt financing or raises capital through share issuance and, on the other hand, Alterfin makes loans to MFIs and producers' associations involved in sustainable agriculture. Over time, the interest rates at which these operations take place are subject to market fluctuations. Alterfin shall continuously ensure that the margin between the debit and credit interests remains sufficient in order to further Alterfin's growth. Our investment managers manage this risk by (i) using matching interest rate structures for incoming as well as outgoing transactions (fixed interest rates or floating interest rates on both sides) and (ii) by determining a "minimum" return for all loan transactions.

Residual interest rate risk is addressed in the ALM Policy.

**Liquidity risk:**

The liquidity risk of the investments is quite limited given the relative liquidity and the maturity of the loan portfolio. The available cash (including available credit lines) and the outstanding loans that are due during the coming year are sufficient to fulfill the necessary financial obligations and to cover possible loan defaults.

In cases where Alterfin needs to reimburse itself through the liquidation of collateral, there is some liquidity risk that can be quite substantial. We have expressed that risk through the use of a multiplication factor in the discounting of the collateral value. In essence, the longer it takes to liquidate a collateral, the less liquid it is perceived to be.

**SECTION IV – GOVERNANCE****FRONT OFFICE AND BACK OFFICE DIVIDE***Front office:*

IMs, previously known as CMs, are responsible for the i) origination of deals, ii) negotiations with clients / partners in the South, iii) structuring of eligible investments, iv) submitting proposals to the relevant approval process (see further description of the process below) and v) monitoring of ongoing deals. Post EoD, they remain involved in the recovery process up to a point.

*Back office:*

Back Office is providing transactional support and overall control. The Head of Finance and Administration heads the Back office and is a voting member of the IC (see Section IV).

The GM is assuming the role of Head of Risk, hence the PM responsibility for all Alterfin portfolios.

**APPROVAL PROCESS AND AUTHORISED SIGNATURES**

Following up on the comments made at the Alterfin offsite in November 2014 and on the priorities defined by the Board of Directors at the 4<sup>th</sup> December 2014 meeting for the new GM, please find below the new investment approval process that was approved on its own by the Board of Directors on 12<sup>th</sup> February 2015.

*Proposed steps for the transformation of the investment approval process:*

- Merge the Internal Credit Committee (ICC) and the External Credit Committee (ECC) into the Investment Committee (IC);
- Hold it weekly to allow the Front-office to present deals in a flexible manner. Every Tuesday from 1pm-3pm for Normal Quorum and 5pm-7pm for Special Quorum (the latter does not require long notification prior to meeting but it meets usually once a month);
- Formalize the organization of the IC, chaired by the General Manager, with a strict agenda and some very clear voting:
  - Comment minutes of previous IC meeting, formally approve them and save them on the server;
  - Review Overall Risk Report (ORR) + Events of Default (EoD) report and Recovery Processes (see below);
  - New proposals and repeat proposals;
  - Partner reviews (frequency of review based on Credit Scoring);
- Composition of the IC (total of up to 8 voting (V) members and 2 non-voting members):
  - Voting members:*
    - 4 from Alterfin: GM + Head of Finance and Administration + Head of Legal & Compliance (when hired) + one Portfolio Manager;
    - 2 from Alterfin Board of Directors;
    - 2 external expert;
  - Non-voting members:*
    - Business Manager (for reporting, information support and participation to the discussions);
    - One staff (for minutes);

- Special Quorum: 5/8 V, with at least 1 Board AND 1 external expert OR 2 external experts, for i) transactions > USD1mn, ii) for new counterparts, iii) for subordinated loans, iv) for transactions longer than 3 years, v) for unsecured transactions and vi) for equity investments (also requiring Board approval);
- Normal Quorum: 3/8 V with no Board member and external, for transactions = or < USD1mn;
- 30-40 min max per application;
- Review of new application:
  - Everybody has read the file;
  - New, shorter template, max 12-15 pages;
  - Including cover page having Scoring Web Chart + summary + Portfolio impact metrics calculated by PM;
  - Recommendation of investment signed by IM.

*All deals require prior approval and appropriate signing:*

	<b>Approval process</b>	<b>Authorised signatures</b>
<b>Credit facilities</b>	IC	GM
<b>Loans</b>	IC	GM
<b>Equity investments</b>	IC, Board	GM and Chairperson of the Board
<b>Complex or multiple investment deals</b>	IC, Board (approval of final term sheet)	GM and Board member (if relevant)
<b>Notarial acts</b>	GM	GM and Saul Castro for Latam, GM for rest of the world

*Determination of which IC quorum is necessary:*

IC Normal Quorum	=< USD1mn, AND existing partner (credit), AND senior loan, AND transaction shorter or equal to 3 years, AND secured transaction
IC Special Quorum	IF > USD1mn, OR new partner (credit), OR subordinated loan, OR transaction longer than 3 years, OR unsecured transaction OR equity investment

## SECTION V - PRICING POLICY

The following is a pricing matrix for guidance purposes. Rates agreed with partners in the South should not deviate substantially from the below.

<b>Partner Risk Category</b>	<b>MFI sector</b>	<b>PO sector</b>
<b>Low</b>	7%	8%
<b>Low/Medium</b>	7.5%	8.5%
<b>Medium</b>	8%	9%
<b>Medium/High</b>	8.5%	10%
<b>High</b>	9%	11%

(Annual rates for a loan amount denominated in USD or EUR)

After initial discussions with the partner, the IM will submit a proposed pricing to the IC. Any deviation from the above matrix should be justified and, in any case, should not go beyond 0.75% either way. NB: since our funding in EUR is cheaper than that in USD, the pricing in EUR would benefit accordingly.

## SECTION VI - COLLATERAL POLICY

### THE VALUE OF COLLATERAL

Not all collateral is creditworthy or eligible as a risk mitigation tool. The following over-collateralization rates or collateral discount factors are meant to assess the relative lack of creditworthiness or lack of liquidity for each type of collateral.

As a general rule, the value of the collateral after application of the relevant discount factors must be at least equal to the value of the proposed investment.

- **Pagares, sales contracts, IOUs, promissory notes:** for these contracts to be considered as effective, a specific rate of over-collateralization is needed to mitigate its credit risk.

Partner Risk Category	Over-collateralization
Low	110%
Low/Medium	115%
Medium	120%
Medium/High	130%
High	140%

(Over-collateralization rate of the invested amount)

- **Residential property:** based on recent (less than 6 months) valuation from independent third party expert, apply a discount factor of 15% for city centre location (in main city) and 30% for other locations. Double the discount factors if the valuation is older than 6 months or not from an independent third party expert
- **Commercial property:** based on recent (less than 6 months) valuation from independent third party expert, apply a discount factor of 20% for city centre location (in main city) and 40% for other locations. Double the discount factors if the valuation is older than 6 months or not from an independent third party expert
- **For all collateral requiring a local sale of assets:** an additional discount rate of 35% will be applied to the net value calculated after application of the above factors. This is due to additional costs caused by taxes (withholding tax) and miscellaneous charges (e.g. property agent, notary, lawyer, bank charges).

Type of Property	Main City	Town / Rural	Non-compliant Valuation
Residential	15%	30%	X1.5
Commercial	20%	40%	X1.5
Discount for taxes and fees	35%	35%	n/a

(Discount Factor % on the value of the proposed collateral)

#### ADDITIONAL CONDITIONS

- Properties: 1<sup>st</sup> rank mortgage, with proper registration of ownership interest, duly signed and registered with the relevant authorities, saved on the server
- Sales contracts:
  - Continuous monitoring by IMs (template for monitoring, saved on the server), avoid concentration of sales contracts on the last month
  - Analysis of commodity price sensitivity
  - Analysis of third party creditworthiness in case of substantial exposure.

#### GLOSSARY

CM: Credit manager  
 IM: Investment manager  
 PM: Portfolio manager  
 IC: Investment committee  
 NGO: Non-governmental development organization  
 PO: Producer organization  
 MFI: Microfinance institution  
 GM: General manager  
 PD: Probability of default  
 EAD: Exposure at default  
 LGD: Loss given default

DF: Discount factor  
 EC: Economic capital  
 ICC: Internal credit committee  
 ECC: External credit committee  
 PrL: Product (commodity) limit  
 PL: Partner limit  
 CL: Country limit  
 ERL: Exchange rate limit  
 CEL: Counterparty exposure limit  
 EoD: Event of default  
 FTE: Full time employee  
 DD: Due diligence  
 ORR: Overall risk report

## APPENDIX 5: Portfolio report on June 30 2016

# Portfolio Report June 30, 2016

## 1. Overview Total Portfolio

End of June 2016, the total portfolio at Alterfin (including the portfolios of Fopepro, Fefisol, Calvert, ImpactAssets and Kampani managed by Alterfin) amounted to **EUR 54.9 million (USD 60.8 million)**.

		2013	2014	2015	Q1 2016	Q2 2016
Exchange rate USD/EUR		1.3766	1.21548	1.09254	1.13123	1.10825
<b>Portfolio Alterfin</b>		<b>€ 28,189,189</b>	<b>€ 42,882,575</b>	<b>€ 46,176,813</b>	<b>€ 41,608,167</b>	<b>€ 40,732,434</b>
Partners with outstanding Alterfin	#	101	108	107	105	110
<b>Portfolio responsAbility</b>		<b>€ 468,962</b>	<b>€ -</b>	<b>€ -</b>	<b>€ -</b>	<b>€ -</b>
Partners with outstanding rA	#	1	-	-	-	-
<b>Portfolio FOPEPRO</b>		<b>€ 2,507,835</b>	<b>€ 3,184,559</b>	<b>€ 3,477,162</b>	<b>€ 2,851,159</b>	<b>€ 2,785,873</b>
Partners with outstanding Fopepro	#	18	22	22	19	18
<b>Portfolio FEFISOL</b>		<b>€ 3,349,897</b>	<b>€ 6,544,882</b>	<b>€ 8,174,955</b>	<b>€ 8,844,656</b>	<b>€ 8,173,861</b>
Partners with outstanding Fefisol	#	11	22	22	21	22
<b>Portfolio Calvert Foundation</b>		<b>€ 4,198,758</b>	<b>€ 4,370,298</b>	<b>€ 1,291,528</b>	<b>€ 1,247,356</b>	<b>€ 1,047,639</b>
Partners with outstanding Calvert	#	8	8	3	3	2
<b>Portfolio Others</b>		<b>€ -</b>	<b>€ -</b>	<b>€ -</b>	<b>€ 1,663,676</b>	<b>€ 2,201,464</b>
Partners with outstanding Others	#	-	-	-	4	9
<b>Total Portfolio managed for others</b>	<b>EUR</b>	<b>10,525,452</b>	<b>14,099,739</b>	<b>12,943,645</b>	<b>14,606,847</b>	<b>14,208,837</b>
Growth vs previous Q	%	29%	16%	-3%	13%	-3%
Growth vs same quarter previous	%	-44%	34%	-8%	-12%	5%
<b>Total Portfolio managed by Alterfin</b>	<b>EUR</b>	<b>38,714,641</b>	<b>56,982,313</b>	<b>59,120,458</b>	<b>56,215,014</b>	<b>54,941,270</b>
Growth vs previous Q	%	14%	17%	6%	-5%	-2.3%
Growth vs same quarter previous	%	-12%	47%	4%	-9%	-4.1%
<b>Total Partners with outstanding</b>	<b>#</b>	<b>116</b>	<b>131</b>	<b>132</b>	<b>128</b>	<b>134</b>
<b>Total Smallholder Agriculture</b>	<b>EUR</b>	<b>19,842,974</b>	<b>25,885,877</b>	<b>23,658,804</b>	<b>23,590,268</b>	<b>20,719,490</b>
<b>Total Microfinance</b>	<b>EUR</b>	<b>17,066,573</b>	<b>29,178,815</b>	<b>33,188,097</b>	<b>30,395,015</b>	<b>31,941,685</b>
<b>Total Funds</b>	<b>EUR</b>	<b>1,805,094</b>	<b>1,917,621</b>	<b>2,273,558</b>	<b>2,229,731</b>	<b>2,280,095</b>

\* Some partners are part of more than one portfolio which means that the total number of partners with an outstanding does not correspond to the sum of outstanding partners of each portfolio.

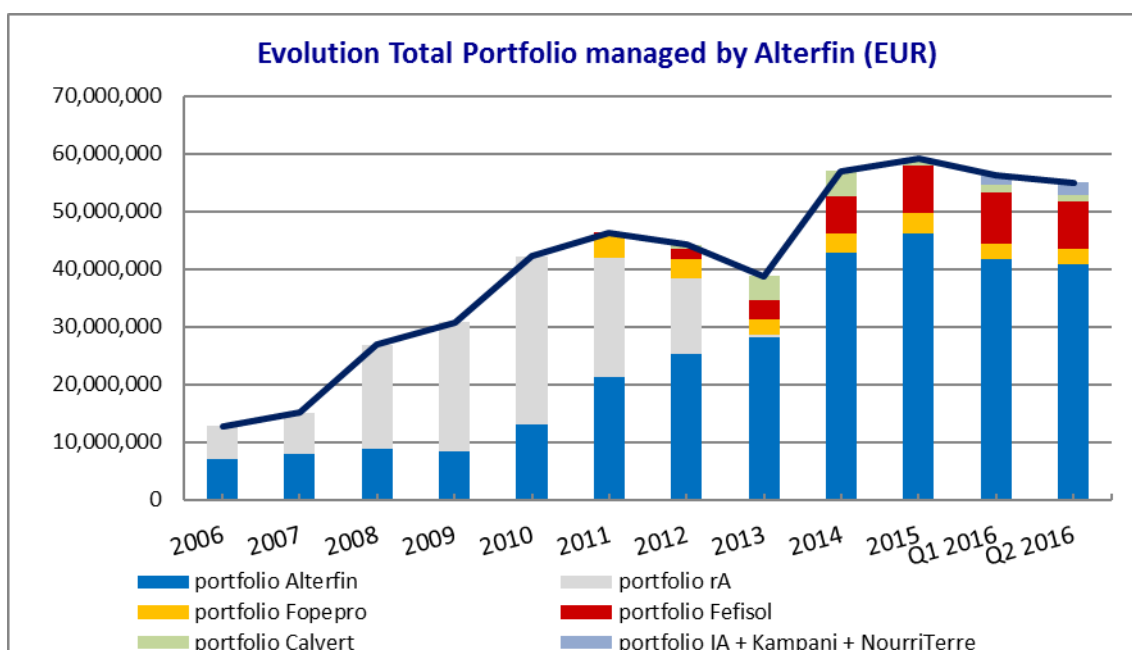
- 10 of the 18 partners with outstanding of Fopepro are also partners of Alterfin.
- 9 of the 22 partners with outstanding of Fefisol are also partners of Alterfin (incl. Bio4Ever, fully provisioned Alterfin).
- The partners with outstanding of Calvert, ImpactAssets, Kampani and NourriTerre are also partners of Alterfin.

In the tables below regarding total portfolio managed by Alterfin, 'Gross' means total portfolio as due by the partners, not yet taking into account provisioning.

Region	Gross Q1 2016	Gross Q2 2016
Latin America	71.3%	71.6%
Africa	23.4%	23.3%
Asia	3.8%	4.0%
International	0.6%	0.6%
Middle East	0.9%	0.5%
Sector	Gross Q1 2016	Gross Q2 2016
Microcredit	54.1%	58.1%
Sustainable Agriculture	42.0%	37.7%
Funds	4.0%	4.2%

Fund	Gross Q1 2016	Gross Q2 2016
Alterfin	74.0%	74.1%
Fefisol	15.7%	14.9%
Fopepro	5.1%	5.1%
ImpactAssets	2.7%	3.6%
Calvert	2.2%	1.9%
Kampani	0.3%	0.3%
NourriTerre	0.0%	0.1%

- Compared to Q1 2016, the total portfolio managed has decreased by 2.3% in EUR (-4.3% in USD).
- Alterfin's own portfolio corresponds to 74.1% of total portfolio managed, which is the same as last quarter.
- Alterfin bought out 1 partner from Calvert in order to terminate the MPA.
- The outstanding portfolio managed for ImpactAssets increased to around 2M EUR.
- Quadia (NourriTerre), a Swiss impact investment fund, started to participate in 1 loan.

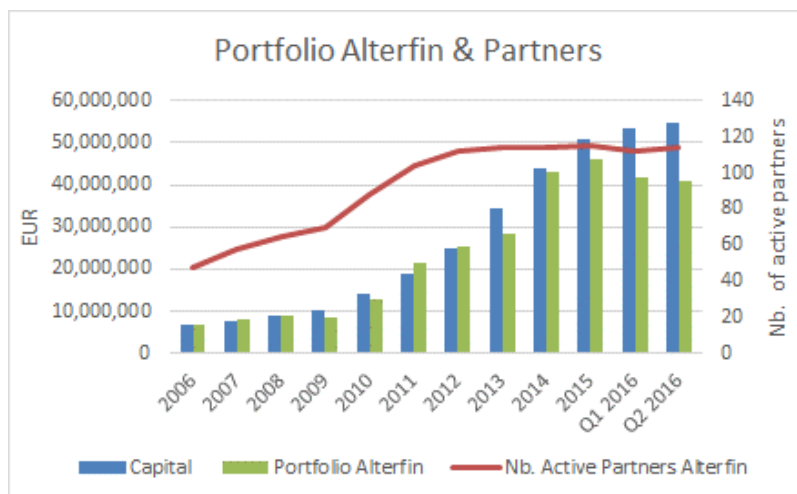




## 2. Portfolio Alterfin

### 2.1. Portfolio

At June 2016, Alterfin's own portfolio amounted to EUR 40.7 million (or USD 45.1 million), spread over 114 active partner organizations. The capital increased to 54.6M EUR.



#### Evolution portfolio Q2 2016:

- The portfolio represents 75% of capital (78% in Q1).
- Decrease in portfolio between Q1 and Q2 2016: -2.1% in EUR (-4.1% in USD).
- In Q2 2016, 5 new partners were added to the portfolio:
  - Bolivian Shoji, beans & chia, Bolivia
  - Pymecapital, funds, Latin-America
  - Faces, MFI, Ecuador
  - Icam Uganda, cocoa, Uganda
  - Nucafe, coffee, Uganda
- 3 partners are put as non-active by Q2 2016

#### Breakdown per currency:

In order to mitigate currency risk for the partner and be more competitive in several countries, Alterfin decided to increase the proportion of loans in local currency. Hedging is done through MFX or through the Garantie Fond.

Portfolio by Currency						
Currency	Hedged Currency	Gross* Q1 2016 in %	Gross* Q2 2016 in %	Net* Q2 2016 in %	Gross Q2 2016 EUR	Net Q2 2016 EUR
USD		85.34%	84.86%	84.58%	34,567,065	32,912,583
EUR		10.76%	10.94%	11.27%	4,455,587	4,383,849
EUR	USD		0.25%	0.27%	103,767	103,767
KES	EUR	0.96%	0.98%	1.03%	399,463	399,463
KES		0.41%	0.42%	0.20%	172,753	77,201
PEN	USD	0.76%	0.73%	0.77%	297,767	297,767
PEN		0.44%	0.46%	0.49%	189,306	189,306
XOF	EUR	1.05%	1.07%	1.12%	437,204	437,204
XOF		0.01%	0.01%	0.01%	3,430	3,430
CRC	USD	0.21%	0.22%	0.23%	90,232	90,232
LAK		0.06%	0.04%	0.04%	15,858	15,858
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>40,732,434</b>	<b>38,910,662</b>

\*gross: full outstanding; net: remaining after provisioning

**Breakdown per sector and duration:**

For the Alterfin portfolio, the sustainable agriculture sector (SA) stands at 35.2%, the MFI concentration at 59.3% and Funds at 5.6%, reflecting the sector target set in the new investment policy.

Portfolio by Sector and duration										
Sector	Past Due	Prepayed	Current Month	1-6 Months	7-12 Months	13-24 Months	25-36 Months	> 3 years	Investments	Grand Total
Sust. Agric.	2,673,883	-85,151	1,874,896	2,228,101	5,089,963	1,954,365	411,627	170,267		14,317,952
Funds	0			451,162				270,697	1,558,236	2,280,095
Microcredit	432,037		146,869	4,516,982	5,397,370	8,465,517	4,816,718	180,465	178,429	24,134,387
<b>Grand Total</b>	<b>3,105,921</b>	<b>-85,151</b>	<b>2,021,764</b>	<b>7,196,245</b>	<b>10,487,333</b>	<b>10,419,882</b>	<b>5,228,345</b>	<b>621,429</b>	<b>1,736,666</b>	<b>40,732,434</b>
<b>in %</b>	<b>8%</b>	<b>0%</b>	<b>5%</b>	<b>18%</b>	<b>26%</b>	<b>26%</b>	<b>13%</b>	<b>2%</b>	<b>4%</b>	<b>100%</b>

The part that is not due, includes amounts from dubious partners (see risk report for more details).

**Disbursements from 01/01 to 30/06/2016:**

The previous information (evolution and breakdowns) is based on the outstanding portfolio. The volume and distribution of the disbursements made during the year is detailed in the table below:

Sector	RegionName	Total
Agriculture	Latin America	€ 6,852,091.55
	Africa	€ 2,239,478.08
<b>Agriculture Total</b>		<b>€ 9,091,569.63</b>
Funds	Latin America	€ 721,858.79
<b>Funds Total</b>		<b>€ 721,858.79</b>
Microfinance	Latin America	€ 2,436,273.40
<b>MicrofinanceTotal</b>		<b>€ 2,436,273.40</b>
<b>Grand Total</b>		<b>€ 12,249,701.82</b>

In 2015, 19 million EUR were disbursed for Agriculture and 8.5 million EUR for Microfinance.

## 2.2. Country risk assessment

To cover the country risk (expropriation and government action, war risk and transfer risk), Alterfin insures its microfinance portfolio with Delcredere, except for DR Congo, Palestine, International, former Nicaragua deals and deals above the insured limit (Ecuador). New deals in Nicaragua can be insured again. In Q1 2016, we had to increase the insured plafond per country up to 4,500,000 EUR. For Ecuador and Bolivia, we can only insure up to 75% of this plafond (=3,375,000 EUR).

In March 2012, Alterfin decided not to insure the country risk for agricultural loans anymore with Delcredere. When financing a Sustainable Agriculture partner, Alterfin requires export sales contracts with foreign buyers as collateral to reduce the risk factors inherent to the partner's country.

as collateral to reduce the risk factors inherent to the partner's country.

Insured ONDD (update 30/06/16)	
Overall Limit: 4.500.000 EUR	
Limit Ecuador and Bolivia: 3.375.000 EUR	
CountryName	NET Outst. EUR
Ecuador	3,214,527
El Salvador	2,801,714
Bolivia	2,295,285
Cambodia	2,179,111
Nicaragua	2,030,228
Peru	1,838,178
Panama	1,353,485
Guatemala	1,240,695
Honduras	1,204,006
Kenya	476,665
Costa Rica	442,139
Burkina Faso	300,000
Ivory Coast	137,204
Colombia	78,813
Niger	3,430
Grand Total	19,595,481

Not insured ONDD (update 30/06/16)		
Sector	CountryName	Net Outst. EUR
Fair Trade	Peru	3,131,783
	Paraguay	1,396,937
	Honduras	1,166,151
	Chile	1,092,091
	Bolivia	1,046,695
	Argentina	1,007,907
	Guatemala	912,421
	Nicaragua	859,078
	Ivory Coast	821,256
	Uganda	556,000
	Senegal	460,000
	Burundi	360,929
	Palestine	255,285
	Mexico	106,530
	Tanzania	62,665
	Ecuador	46,019
	DR Congo	27,070
Fair Trade Total		13,308,816
Funds	Africa	1,050,000
	Latin America	913,368
	International	316,727
Funds Total		2,280,095
Microcredit	Ecuador	2,210,695
	Nicaragua	1,579,066
	Peru	74,122
	DR Congo	54,139
	Laos	15,858
Microcredit Total		3,933,881
Grand Total		19,522,792

In addition, Alterfin also limits the concentration per country to a certain percentage of the portfolio.

The limits for each country are determined according to three categories: minimal, modest or increased risk. These categories are determined on the basis of information from specialized agencies such as Standard & Poor's (S&P) and Delcredere.

Portfolio by Country						
Country	limits	Q1 2016 Gross in %	Q2 2016 Gross in %	Q2 2016 Net in %	Gross Q2 2016 EUR	Net Q2 2016 EUR
<i>Africa</i>	N.A.	2.1%	2.6%	2.7%	1,050,000	1,050,000
Argentina	10.0%	2.9%	2.5%	2.6%	1,007,907	1,007,907
Bolivia	10.0%	8.5%	9.0%	8.5%	3,648,771	3,304,083
Burkina Faso	10.0%	0.7%	0.7%	0.8%	300,000	300,000
Burundi	10.0%	0.4%	0.9%	0.9%	360,929	360,929
Cambodia	10.0%	5.1%	5.3%	5.6%	2,179,111	2,179,111
Chile	20.0%	4.3%	2.7%	2.8%	1,092,091	1,092,091
Colombia	15.0%	0.2%	0.2%	0.2%	78,813	78,813
Costa Rica	20.0%	2.1%	1.1%	1.1%	442,139	442,139
DR Congo	10.0%	0.3%	0.2%	0.2%	81,209	81,209
Ecuador	10.0%	10.3%	13.4%	14.1%	5,471,241	5,471,241
El Salvador	15.0%	7.1%	6.9%	7.2%	2,801,714	2,801,714
Guatemala	15.0%	6.3%	6.0%	5.5%	2,428,325	2,153,116
Honduras	10.0%	10.0%	6.5%	6.1%	2,631,930	2,370,157
<i>International</i>	20.0%	0.8%	0.8%	0.8%	316,727	316,727
Ivory Coast	10.0%	3.8%	2.5%	2.5%	1,030,198	958,460
Kenya	10.0%	1.4%	1.4%	1.2%	572,216	476,665
Laos	10.0%	0.1%	0.0%	0.0%	15,858	15,858
<i>Latin America</i>	N.A.	2.5%	2.2%	2.3%	913,368	913,368
Mexico	20.0%	0.3%	0.3%	0.0%	106,530	5,470
Nicaragua	10.0%	9.6%	11.0%	11.5%	4,468,372	4,468,372
Niger	10.0%	0.0%	0.0%	0.0%	3,430	3,430
Palestine	10.0%	1.2%	0.6%	0.7%	255,285	255,285
Panama	20.0%	3.2%	3.3%	3.5%	1,353,485	1,353,485
Paraguay	10.0%	3.3%	3.4%	3.6%	1,396,937	1,396,937
Peru	20.0%	12.3%	13.9%	12.9%	5,647,182	5,006,761
Senegal	10.0%	1.1%	1.1%	1.2%	460,000	460,000
Tanzania	10.0%	0.3%	0.2%	0.1%	62,665	31,333
Uganda	10.0%	0.0%	1.4%	1.4%	556,000	556,000
<b>Grand Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>40,732,434</b>	<b>38,910,662</b>

- Alterfin has an active portfolio in 26 countries (Uganda back in).
- Ecuador: some partnerships have been renewed and a new one added, but the concentration should come down by the end of the year.

### 3. Third party funds

#### 3.1. FOPEPRO

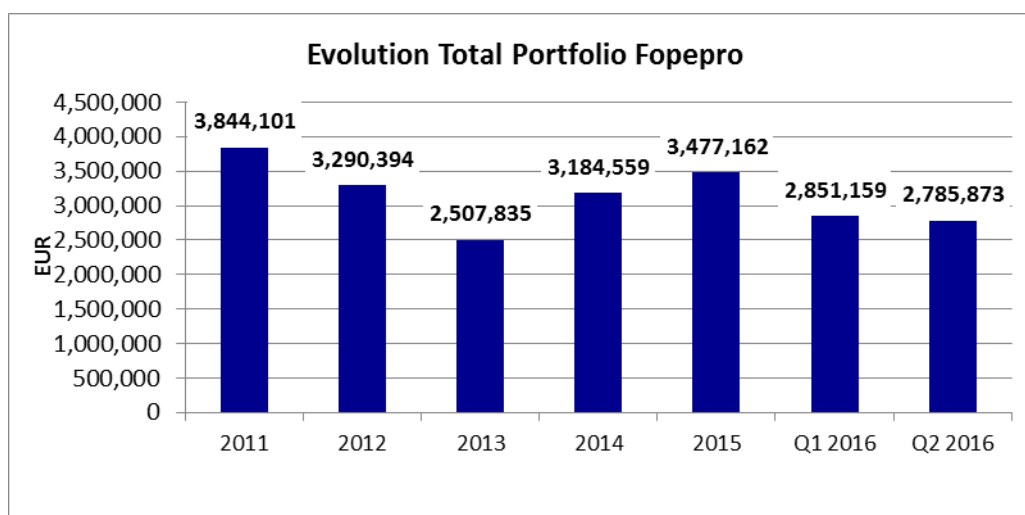
Fopepro was established in 2009 by Alterfin, SIDI and FOGAL as a fund to finance smallholder farmers in the Andean countries (Bolivia, Peru, Ecuador and Colombia), Central America (Nicaragua, Guatemala, Honduras and El Salvador) and Paraguay.

Investment decisions are made by an independent investment committee, composed of four members: two nominated by the founders (Alterfin and SIDI), and two independent members.

BID Fomin loan has been fully repaid in May 2016.

#### Portfolio overview

At June of 2016, FOPEPRO's portfolio stood at **EUR 2.8 million** spread over **18 organizations with an outstanding balance**.



#### Outstanding portfolio at 30/06/2016:

Partner	Country	Region	Currency	Product	Gross Outstanding EUR	Net Outstanding EUR
ADEL IXCAN	Guatemala	Latin America	USD	Microcredit	69.479	-
APAVAM	Peru	Latin America	USD	Coffee	66.970	-
ARASY	Paraguay	Latin America	USD	Sesame	124.645	-
CEPESIU	Ecuador	Latin America	USD	Microcredit	225.581	225.581
CIPRIAN GRIMALDES FLORES	Bolivia	Latin America	USD	Rice	178.296	-
COCAFCAL	Honduras	Latin America	USD	Coffee	225.581	225.581
COMIXMUL	Honduras	Latin America	USD	Microcredit	65.794	-
CREDIFLORIDA	Peru	Latin America	USD	Microcredit	135.349	135.349
ECOLOGIC COFFEE	Bolivia	Latin America	USD	Coffee	225.581	-
EMPRENDER	Bolivia	Latin America	USD	Microcredit	180.465	180.465
Frontera	Peru	Latin America	USD	Coffee	180.465	180.465
MANDUVIRA	Paraguay	Latin America	USD	Sugar cane	232.868	116.434
NAKHAKI	Bolivia	Latin America	USD	Coffee	180.465	-
PETRONA PILLCO NAVIA	Bolivia	Latin America	USD	Rice	69.200	-
SAES	Bolivia	Latin America	USD	Coffee	225.581	225.581
SAMI TEXTILES	Bolivia	Latin America	USD	Textiles	135.349	121.814
SCAES	El Salvador	Latin America	USD	Honey	38.624	-
Union El Ejido	Ecuador	Latin America	USD	Microcredit	225.581	225.581
<b>Grand Total</b>					<b>2.785.873</b>	<b>1.636.849</b>

### 3.2. FEFISOL

In 2008, Alterfin in collaboration with SIDI (France) and Etimos (Italy) set up FEFISOL, a fund for Africa. The fund is operational since 2011. FEFISOL is entirely dedicated to Africa and at least 75 % of its investments are to be made in Sub-Saharan Africa (up to 25 % of the portfolio may be invested in North Africa). All countries of the African continent are eligible. Alterfin's activities in Africa were developed preferably through the fund.

FEFISOL has indeed more financing opportunities in local currency and more opportunities to provide equity and funds for technical assistance. FEFISOL funds are also used to increase funding where Alterfin cannot take additional risks.

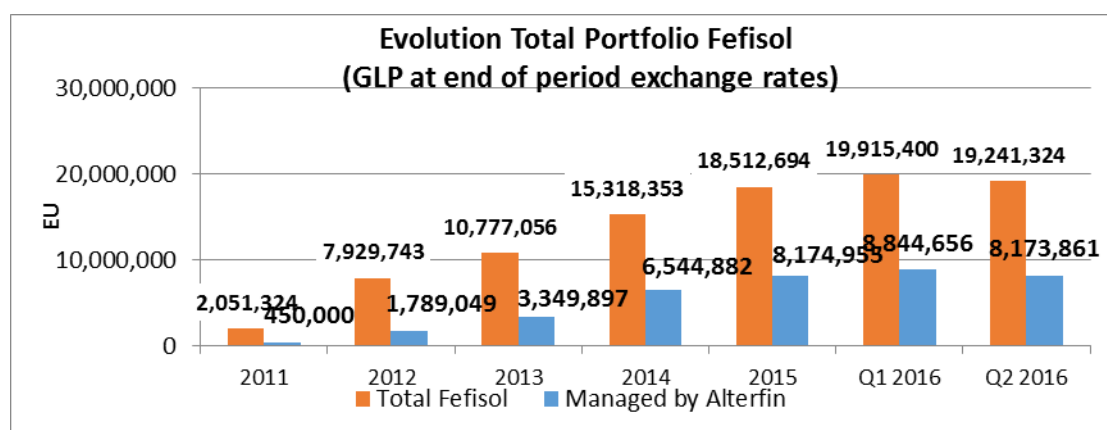
#### Situation at 30/6/2016:

An additional amount of EUR 194,122.28 has been drawn down on 18/04/2016, reaching the total Alterfin committed amount of EUR 1,050,000.

#### Portfolio overview

Total portfolio Fefisol:

Total portfolio at 30/6 amounts to 19.2M EUR.



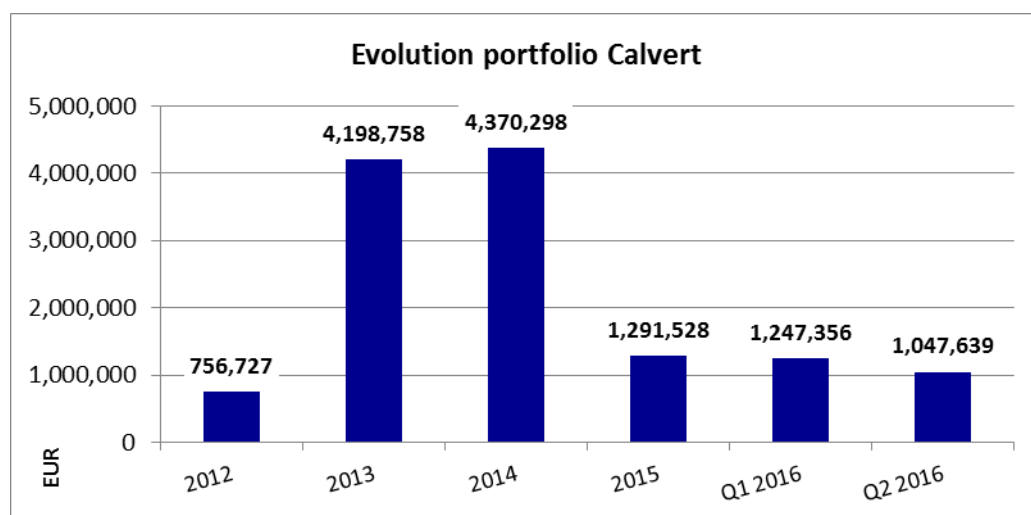
#### Outstanding portfolio managed by Alterfin at 30/06/2016: EUR 8,173,861

Partnername	Country	Region	Currency	Product	Gross Outstanding EUR	Net outstanding EUR
ADOK TIMO	Kenya	Africa	KES	Microcredit	84.653	-
ALKARAMA	Morocco	Africa	MAD	Microcredit	657.133	657.133
BIMAS Kenya Ltd	Kenya	Africa	KES	Microcredit	587.816	587.816
BIO4EVER	Togo	Africa	EUR	Soya	68.280	-
ECLOF KENYA	Kenya	Africa	KES	Microcredit	213.751	213.751
ENCOT	Uganda	Africa	GHS	Microcredit	291.050	291.050
ICAM	Uganda	Africa	EUR	Cocoa	294.000	294.000
ID GHANA FNGO	Ghana	Africa	GHS	Microcredit	332.129	332.129
INMAA	Morocco	Africa	MAD	Microcredit	202.195	202.195
JITEGEMEA	Kenya	Africa	KES	Microcredit	128.251	128.251
JUHUDI KILIMO	Kenya	Africa	KES	Microcredit	529.925	529.925
KIXICREDITO	Angola	Africa	USD	Microcredit	900.657	900.657
KPD	Tanzania	Africa	USD	Coffee	151.009	-
MARLINE	Togo	Africa	EUR	Coffee & Cocoa	219.900	-
MUSONI	Kenya	Africa	KES	Microcredit	846.099	846.099
PAIDEK	Congo, Dem.Rep	Africa	USD	Microcredit	225.164	225.164
PAMF BF	Burkina Faso	Africa	XOF	Microcredit	750.049	750.049
PAMF CI	Ivory Coast	Africa	XOF	Microcredit	945.184	945.184
PHYMA	Kenya	Africa	EUR	Fruits & vegetables	135.426	135.426
SFC	Ghana	Africa	EUR	Shea Butter	28.470	28.470
SMT	Sierra Leone	Africa	SLL	Microcredit	210.994	210.994
VERT LDT	Kenya	Africa	EUR	Fruits & Vegetables	371.724	371.724
<b>Grand Total</b>					<b>8.173.861</b>	<b>7.650.018</b>

### 3.3. CALVERT

Calvert Foundation exclusively finances the smallholder's agricultural sector through loan participations with Alterfin. We started managing funds for them in July 2012 on an experimental basis. The first loan was disbursed to Naranjillo, a cooperative of cocoa producers in Peru. During May 2013, a new master participation agreement (MPA) was signed with Calvert Foundation envisaging them to approve up to USD 10 million by the end of 2013. As the agreement was not favourable to Alterfin (full subordination), we decided to early terminate it.

In Q2 2016, we bought out the investment loan of Divisoria in order to end the MPA. The 2 remaining partners in delay are Naranjillo and Arasy.



#### Outstanding portfolio at 30/06/2016

Partner	Country	Region	Currency	Product	Outstanding EUR
Naranjillo	Peru	Latin America	USD	Cocoa	676.743
Arasy	Paraguay	Latin America	USD	Sesame	370.897
<b>Grand Total</b>					<b>1.047.639</b>

Partners in red: in default

### 3.4. KAMPANI

Alterfin, Vredeseilanden, Louvain Coopération, King Baudouin Foundation, Boerenbond (MRBB) and a private investor set up a social investment fund. Kampani will invest in businesses of producer organisations of smallholder farmers located in selected countries in the South. By targeting the missing middle, Kampani aims to increase the farmers' income, improve their position in agricultural product chains, contribute to the development of their communities, increase local and regional food security, and contribute to the safeguarding of our planet.

The fund was launched on January 29th, 2015. Alterfin is the fund manager. Alterfin committed 200,000 EUR (50,000 EUR drawn down).

On June 26th, 2015 there was a first capital increase including SIDI, Trias and 2 private investors.

Total capital after closing is 2.250 M EUR

#### Outstanding:

- Horamama (Cococa), coffee, Burundi

#### Pipeline:

- Coopecan, Alpaca, Peru: moving to implementation phase conditionally approved.

- Vert, fruits and vegetables, Kenya: moving to implementation phase approved.
- Café Peru, coffee, Peru: start of the formal due diligence phase not approved (more analysis needed).

### 3.5. IMPACTASSETS

From February onwards, Alterfin started managing agricultural sector loans (working capital + term loans) on behalf of ImpactAssets (IA), a US based Impact investor. IA mobilizes funds in the US via 5-year notes. The first closing amounts to 6.6M USD. Alterfin receives a 2.1% commission on outstanding portfolio.

During Q2, 5 loans were disbursed by ImpactAssets, and 3 other loans were approved by IA and already advanced by Alterfin (included in Alterfin Portfolio). 4 loans are scheduled for July/August and 3 will be renewed during July/August, targeting an outstanding of 6.3M USD.

Outstanding portfolio at 30/6:

Partner	Country	Region	Currency	Product	Outstanding EUR
Beneficio Santa Rosa	Honduras	Latin America	USD	Coffee	161.527
COCAFELOL	Honduras	Latin America	USD	Coffee	-12.096
Café de Altura	Costa Rica	Latin America	USD	Coffee	139.928
Apicoop	Chile	Latin America	USD	Honey	812.091
COCAFAL	Honduras	Latin America	USD	Coffee	347.395
Wiraccocha	Peru	Latin America	USD	Quinoa	225.581
COOPECAN	Peru	Latin America	USD	Textiles	295.141
<b>Grand Total</b>					<b>1.969.567</b>

Pipeline:

		DEPLOYED		OUTSTANDING	
Today	27-Jun-16	\$3.562.090	56%	\$2.182.771	34%
Incl deals ready disbursement & repayments coffee	A.s.a.p.	\$4.592.090	72%	\$2.892.090	45%
Incl deals scheduled for July/August	31-Aug-16	\$6.515.000	102%	\$4.815.000	75%
Incl coffee against Letter of Intent July/August	31-Aug-16	\$8.065.000	126%	\$6.365.000	100%

### 3.6. QUADIA

Quadia is a regulated investment manager based in Switzerland and specialized in social and environmental finance, with close to USD 150 million invested in over 25 companies, projects and funds. A first participation in a loan to 'La Riojana' was done in May. This has enabled us to reduce our exposure on 'La Riojana'. A second participation in a loan to our partner 'Terral' was done in July.

Outstanding at 30/6:

Partner	Country	Region	Currency	Product	Outstanding EUR
La Riojana	Argentina	Latin America	USD	Wine	67.674
<b>Grand Total</b>					<b>67.674</b>



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